

Wednesday, April 18, 2007

House Meets At...	Votes Predicted At...
10:00 a.m. For Legislative Business	Last Vote: 7:00 p.m.
Fifteen "One-minutes" Per Side	

**Any anticipated Member absences for votes this week should be reported to the Office of the Majority Whip at 226-3210.**

### Floor Schedule and Procedure

- **Suspension Bills:** Today, the House will consider three suspension bills on the Suspension calendar. Bills considered on the Suspension calendar are debatable for 40 minutes; may not be amended; and require a two-thirds vote for passage. If a recorded vote is requested, it will be postponed.
  1. H.Res.\_\_\_\_ - Offering heartfelt condolences to the victims and their families regarding the horrific violence at Virginia Tech in Blacksburg, Virginia, and to students, faculty, administration and staff and their families who have been deeply affected by the tragic events that occurred there (Rep. Boucher – Education and Labor)
  2. H.Res.300 - Commending the achievements of the Rutgers University women's basketball team and applauding the character and integrity of their student-athletes (Rep. Pallone –Education and Labor)
  3. H.Res.\_\_\_\_\_ - Honoring the 53,000 soldiers, sailors, airmen, Marines, and civilians that comprise the Nation's special operations forces community (Rep. Smith (WA) – Armed Services)
- **H. Res. 302–Rule to provide for consideration of H.R. 1362, Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery (RECOVER) Act of 2007** (Rep. Alcee Hastings-Rules): The structured rule provides one hour of general debate equally divided and controlled by the Chairman and Ranking Minority Member of the Committee on Small Business. The bill as amended shall be considered as an original bill for the purpose of further amendment. No further amendments shall be in order except those [amendments printed in Part B of the Rules Committee report](#) accompanying the resolution. The rule provides one motion to recommit with or without instructions. Debate on the rule will be managed by Rep. Alcee Hastings and will proceed in the following order:

- One hour of debate on the rule.
  - Possible vote on a Democratic motion to move the previous question. **Democrats are urged to vote yes on the motion.**
  - Vote on adoption of the rule. **Democrats are urged to vote yes on adoption of the rule.**
- **H.R. 1361 - Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery (RECOVER) Act of 2007** (*Rep. Velazquez – Small Business*): Pursuant to the rule, debate on the bill will be managed by Small Business Committee Chair Rep. Nydia Velazquez, and consideration will proceed in the following order:
    - One hour of debate on the bill.
    - Debate and votes on amendments to the bill.
    - Possible debate and vote on a Republican motion to recommit the bill.
    - Vote on final passage of the bill. **Democrats are urged to vote yes on final passage.**
- **H. Res. 301–Rule to provide for consideration of H.R. 1257, Shareholder Vote on Executive Compensation Act** (*McGovern-Rules*): The open rule includes a preprinting requirement and provides one hour of general debate equally divided and controlled by the Chairman and Ranking Minority Member of the Committee on Financial Services. The rule makes in order only those amendments to the amendment in the nature of a substitute that are pre-printed in the *Congressional Record* on or before Tuesday, April 17, 2007 or are pro forma amendments for the purpose of debate. The rule provides that each amendment printed in the *Congressional Record* may be offered only by the Member who caused it to be printed or a designee, and that each amendment shall be considered as read. Provides one motion to recommit with or without instructions. Debate on the rule will be managed by Rep. James P. McGovern and will proceed in the following order:
    - One hour of debate on the rule
    - Possible vote on a Democratic motion to move the previous question. **Democrats are urged to vote yes on the motion.**
    - Vote on adoption of the rule. **Democrats are urged to vote yes on adoption of the rule.**
- **H.R. 1257 – Shareholder Vote on Executive Compensation Act** (*Rep. Frank – Financial Services*): Pursuant to the rule, debate on the bill will be managed by Financial Services Chair Rep. Barney Frank, and consideration will proceed in the following order:
    - One hour of debate on the bill.
    - Debate and votes on amendments to the bill.
    - Possible debate and vote on a Republican motion to recommit the bill.

- Vote on final passage of the bill. **Democrats are urged to vote yes on final passage.**
- **Postponed Suspension Vote:** At some point today the House will take a recorded vote on the following suspension bill, which has already been debated.
  1. **H.Res.293** - Supporting the goals and ideals highlighted through National Volunteer Week

### **Bill Summary and Key Issues**

#### **H.R. 1362, the RECOVER Act**

- **Requires** the Small Business Administration (“SBA”) to develop a written disaster response plan and to maintain a disaster reserve corps of over 1,000 individuals;
- **Creates** an Associate Administrator for Disaster Assistance at SBA who would be responsible for maintaining the disaster plan and ensuring adequate training within SBA for disasters;
- **Requires** the SBA to impose a minimum possible deferment period of 12 months during which interest would continue to accrue on loans, and mandates that the repayment period begin when the final loan disbursement is made;
- **Increases** individual disaster loan limits from \$1.5 million to \$3 million;
- Authorizes new SBA disaster loans for incidents of national significance in coordination with FEMA;
- **Provides** immediate assistance to any entrepreneur currently participating in a small (under \$25,000) disaster-relief loan and requires annual reports from SBA to Congress on Disaster Assistance services provided; and
- **Provides** the SBA with authority to offer grants of up to \$100,000 for certain businesses that were severely affected by hurricanes Katrina, Rita or Wilma.

#### **Anticipated Amendments to H.R. 1362**

**Chabot (OH), #1,** The amendment would strike section 211, thereby requiring anyone receiving both a grant and a disaster loan to use the grant to repay the disaster loan thereby preventing the government from compensating the same person twice for the same disaster. – 10 minutes **VOTE NO**

**Chabot (OH), #2,** The amendment would strike section 210, thereby eliminating the authority of the Administrator of the Small Business Administration to offer grants to certain small businesses that were severely affected by Hurricanes Katrina, Rita, or Wilma but that were denied disaster loans. – 10 minutes **VOTE NO**

**Jindal (LA), #6,** The amendment would provide Hurricanes Katrina, Rita, and Wilma disaster victims with an option of receiving an increased four year deferment period for disaster loans. Section 204 of the underlying bill extends this option to future disaster victims; the amendment makes it retroactive to the 2005 hurricanes. – 10 minutes

(NOTE: This amendment is likely subject to a Pay-GO point of order)

## **H.R. 1257, The Shareholder Vote on Executive Compensation Act**

**H.R. 1257, The Shareholder Vote on Executive Compensation Act**, would empower shareholders to express their views on their company's executive compensation practices without setting any caps on the size or nature of executive compensation. H.R. 1257 requires only that public companies include on their proxy statement to shareholders:

- (1) an annual *nonbinding advisory vote* on their company's executive compensation disclosures (these disclosures are already required by the SEC); and
- (2) an additional *nonbinding advisory vote* if the company awards a new (not already disclosed) golden parachute package while simultaneously negotiating the purchase or sale of the company.

**H.R. 1257 Is a Balanced/Pro-Market Approach.** The nonbinding advisory vote will give shareholders a mechanism for supporting or opposing their company's executive compensation practices without diminishing the board's legal authority. Knowing that they will be subject to some collective shareholder accountability should give board members some pause before approving excessive compensation plans but it will not bind them or in any way require that they pursue any particular course.

**The Bill Does Not Cap, Limit or Change Any Executive's Compensation.** It simply requires that shareholders have a nonbinding say on their company's pay disclosures.

**Companies Are Already Required By SEC Rules To Disclose Compensation.** The SEC's recent executive compensation disclosure rules already require that companies disclose their compensation packages in their annual proxy. The annual vote requirement simply requires that companies (1) add a line to that disclosure permitting shareholders to approve or disapprove and (2) tally the votes.

**The Cost to Business Would be Minimal.** In its cost estimate, the only costs CBO expected from the annual vote would be to cover "any additional programming, paper, printing, postage and tabulation to allow for the shareholder vote" and concluded that a total of these *costs would "fall well below* the annual threshold for private sector mandates" (i.e. below \$131 million in 2007 for the entire country). Regarding the possible second vote (for companies providing a *new* golden parachute when negotiating a purchase or sale), CBO confirmed from industry and government that "such proxy solicitations occur infrequently. Therefore, **CBO expects that the incremental cost for the industry [of this possible second vote] would be minimal.**"

**Public Companies Will Have Time to Prepare for the Vote.** In response to suggestions by the business community to give business enough time to prepare, the nonbinding advisory vote would not be required until the 2009 proxy season.

**The Nonbinding Vote Has Been Used Successfully in Other Countries.** The nonbinding advisory vote approach has been used in the United Kingdom since 2003 and is now used in Australia as well.

The policy change is credited with improving management/shareholder dialogue on executive compensation matters and increasing the use of *long-term* performance targets in incentive compensation. It was recently adopted voluntarily by Aflac, and is currently pending before numerous U.S. public companies.

**H.R. 1257 is Widely Supported.** H.R. 1257 is supported by a number of institutional investors, shareholder advocates and pension funds.

### **Quote of the Day**

“The sun was warm but the wind was chill. You know how it is with an April day.” -Robert Frost

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