To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill and other information that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

**APPROPRIATIONS: HOUSE APPROPRIATIONS REPORTS FY11 TRANSPORTATION-HUD BILL**

On July 20, the House Appropriations Committee marked up its bill making FY 2011 appropriations for the Department of Transportation and the Department of Housing and Urban Development.

The mark is $1.34 billion below the President’s request and $500 million below 2010. The total enacted for 2010 was $67.9 billion; the President’s request was $68.74 billion; and the Chairman’s Mark is $67.4 billion.

The bill includes:

**Department of Transportation**

- $45.2 billion, $4.1 billion above 2010 and $3.9 billion above the request, for highway infrastructure
- $11.3 billion, $500 million above 2010 and $575 million above the President’s request, to support bus and rail projects, including capital expenditures
- $250 million for transit operating assistance grants
- Aviation Safety Programs: $1.3 billion, $70.42 million above 2010 and $10.5 million above the request
- Highway Safety Programs: $891.2 million for the programs of the National Highway Traffic Safety Administration, $13.6 million above the request and $18.5 million above 2010.
- Passenger Rail Grant Program: $1.4 billion, $400 million above the request, to expand and improve intercity passenger rail
- Amtrak: $1.77 billion; $201.9 million above 2010 and $151.5 million above the budget request to make capital investments including improvements to Amtrak’s fleet and upgrades to Amtrak stations to ensure they are accessible for the disabled. This increase above FY 2010 will save or create an additional 1,130 jobs, according to the Committee.

- Livable Communities: $150 million within HUD and $527 million within DOT.

**Department of Housing and Urban Development**

- $2.5 billion, $455 million above the request and matching FY2010, to help Public Housing
- HOPE VI: $200 million, zero funded in the President’s budget and matching 2010, for grants to rehabilitate public housing
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- Community Development Block Grant (CDBG): $4.35 billion, $97.9 million above 2010 and $28 million below the budget request
- Foreclosure Mitigation and Housing Counseling Funds: $113 million, equal to the request, to support foreclosure counseling for families through NeighborWorks America and $88 million, equal to the request, for the Department of Housing and Urban Development’s housing counseling assistance program to provide help for low and moderate income families before they purchase a home
- Veterans Affairs Supportive Housing Vouchers: $75 million, no funding requested in the President’s budget, for housing vouchers for homeless veterans, coordinated with supportive services from the VA Medical Centers.
- Housing and Services for Homeless Persons Demonstration: $85 million, equal to the request, for a new demonstration coordinated between HUD and HHS to couple housing vouchers and mainstream health services for 10,000 homeless persons and individuals.
- Public Housing Operating Fund: $4.849 billion, $54 million above 2010 and equal to the request, to support public housing units’ maintenance and energy costs. The public housing inventory consists of more than 1.1 million units of housing to support low-income persons, whose average income level is $13,346
- Section 8 Tenant Based Rental Assistance: $19.4 billion, $1.2 billion above 2010 and $155 million below the request, to renew all vouchers currently in use allowing more than two million low income families to stay in their homes
- Section 8 Project-Based Rental Assistance: $9.4 billion; $819 million above 2010 and equal to the President’s request, to support the 1.3 million units of housing assisted. The average annual income of a resident of this form of housing is $11,217, and more than 57 percent are either elderly or disabled, according to the Committee
  - Housing for the Elderly: $825 million; $551 million above the request, to support affordable housing for the elderly
  - Housing for the Disabled: $300 million; $210 million above the request
- Indian Housing Block Grant: $700 million; $120 million above the request.
- Housing for Persons with AIDS (HOPWA): $350 million; $15 million above FY 2010 and $10 million above the budget request
- Homeless Assistance Grants: $2.2 billion; $335 million above 2010 and $145 million above the President’s request.
- Reverse Mortgages: $150 million; $100 million below the request, to support elderly homeowners and assist them in keeping their homes rather than moving to assisted living facilities.

Brownfields Redevelopment: $17.5 million; $17.5 million above the request and equal to the level provided in 2010.

Programs not funded include:
- National Infrastructure Innovation and Finance Fund (I Fund): No funding is provided for this new initiative, requested by the President at $4 billion.
- Transforming Rental Assistance: No funding is provided for this new initiative, requested by the President at $350 million.
- Catalytic Competition Grants: No funding is provided for this new initiative, requested by the President at $150 million.

For more information, go to: http://appropriations.house.gov/. The California Institute will prepare an analysis of the bill and its California implications when more detailed documentation is available from the Appropriations Committee.

**Appropriations: Senate Appropriations Reports FY11 Transportation, HUD and Related Agencies**

On July 21, 2010, the Senate Appropriations committee approved its FY 2011 Transportation, Housing and Urban Development appropriations bill by a vote of 17-12.

Overall, the bill includes budget authority of $67.9 billion, unchanged from the 2010 enacted level. Total funding, including limitations on obligations related to programs funded by the Highway Trust Fund, is $122.5 billion. The total funding level is $0.3 billion or 0.26 percent above the equivalent 2010 enacted level, and $0.7 billion or about 0.59 percent below the President’s Request.

Significant items include:

**Department of Transportation**

- Funding for Significant Transportation Projects: $800 million for grants to support significant transportation projects in a wide variety of modes, including highways and bridges, public transportation, passenger and freight railroads, and port infrastructure. The funding requires the Secretary to allocate no less than $200 million for projects in rural communities.
- Intercity and High Speed Rail Grants: $1 billion for investments in intercity and high speed rail grants.
- Highway Investments: An additional $613 million in funding above the budget request is provided for the Federal-Aid Highway program.
- Transit Investments: An additional $180 million above the President’s budget request for the transit “New Starts” program. This funding supports projects across the Nation that will provide new or expanded public transportation services.
- Airport Investments: $3.5 billion for capital investments at airports across the country.
- Automobile Safety: $900 million for vehicle and driver safety programs, which is $30 million over last year’s level.
- Rail Safety: $150 million is provided for grants to invest in railroad safety technology, including positive train control.
- Aviation Safety: $15 million is provided to hire an additional 150 aviation safety inspectors.
- Motor Carrier Safety: An increase of $20 million is provided to improve motor carrier safety oversight and inspections, new entrant motor carrier safety compliance reviews, and implement high priority safety recommendations made by the National Traffic Safety Administration on the regulation of hours of service.
- Planning Capacity Grants: $200 million split evenly between the Federal Transit and Highway Administrations to help transportation planning agencies improve their models and better coordinate transportation and housing forecasts.
- Transit Energy Efficiency Grants: $100 million for grants to help transit agencies make cutting-edge and innovative capital investments that will reduce the energy consumption or greenhouse gas emissions of their operations.

**Department of Housing and Urban Development**

- Section 8 Tenant-based rental assistance: $19.5 billion for housing choice vouchers. This level of funding is $1.3 billion above the fiscal year 2010 enacted level and $55 million below the President’s request.
- Public Housing: $2.5 billion for the public housing capital fund, an increase of $467 million above the President’s budget and $10 million above the fiscal year 2010 enacted level.
- Project-based rental assistance: $9.4 billion for the project-based section 8 program, including over $9.1 billion for the renewal of all expiring project-based contracts for a full 12 months.
- Homeless Assistance grants: $2.055 billion for homeless assistance grants.
- Housing for the Elderly: $825 million for housing for our nation’s low-income elderly
- Housing opportunities for persons with AIDS (HOPWA): $340 million to increase housing assistance for persons living with HIV/AIDS.
- Native American housing block grants: $700 million for Native American housing block grants.

This level of funding is $120 million above President’s budget and equal to the fiscal year 2010 enacted level.

- Community Development Block Grants (CDBG): $3.99 billion is provided for CDBG grant funding for States and communities across the Nation.
- HOME Investment Partnership: $1.825 billion for the HOME Investment Partnership program, which is equal to the level of funding provided in fiscal year 2010 and $175 million above the President’s budget.
- Housing Counseling: A total of $225 million for housing counseling efforts.
- Sustainable Communities Initiative: $150 million within HUD’s Community Development Fund to promote integrated housing and transportation planning.

For more information, visit: [http://www.appropriations.senate.gov](http://www.appropriations.senate.gov). The California Institute will prepare an analysis of the bill and its California implications when more detailed documentation is available from the Appropriations Committee.

**Appropriations: Senate Appropriations Reports FY 2011 Funding for Energy and Water Development**

On July 22, the U.S. Senate Appropriations Subcommittee on Energy and Water Development today approved the Fiscal-Year 2011 bill would provide a total of $34.968 billion for the Army Corps of Engineers, the Department of the Interior, and the Department of Energy (DOE). The Subcommittee legislation is $376.3 million below President Obama’s budget request and $1.503 billion above the FY 2010 enacted level. The bill passed the full committee by a vote of 17 to 12.

Highlights of the appropriations are:

**Department of Energy**

The Subcommittee legislation would provide $28.346 billion for the Department of Energy.

- The Office of Science would receive $5.012 billion, which is $109.4 million below the President’s budget request, but $108.3 million above FY 2010.
- The Advanced Research Projects Agency-Energy (ARPA-E) would receive $200 million to develop high-risk, but promising future energy technologies.
- Energy and Efficiency and Renewable Energy programs would receive $2.288 billion, which is $68 million below the President’s budget request, but $45 million above FY 2010;
- Electricity and Energy Reliability would receive $190.2 million, which is $4 million above the request and $18 million above FY 2010. The funding would provide increased investment to support renewable energy integration into the electric transmission grid.
- Nuclear Energy would receive $783.2 million, which is $40.9 million below the President’s budget request and $3 million below FY 2010.
- The Energy Information Administration would receive $119 million, which is $9.8 million below the President’s budget request and $8 million above FY 2010.
- Non-Defense Environmental Cleanup would receive $244.2 million, which is $19 million above the President’s budget request and even with FY 2010.
- Defense Environmental Cleanup would receive $5.263 billion, which is $325 million below the President’s budget request.
**Corps of Engineers**

The Subcommittee legislation would provide $5.320 billion for the Army Corps of Engineers. This level is $416 million above the President’s budget request.

**Department of the Interior**

The Subcommittee legislation would provide $1.133 billion for the Department of the Interior. This level is $25 million above the President’s budget request.

- The Bureau of Reclamation’s Water and Related Resources account would receive $939 million, which is $25 million above the President’s budget request.
- The Bureau of Reclamation’s Central Valley Project Restoration Fund account would receive $50 million, which is equal to the budget request.
- The Bureau of Reclamation’s California Bay-Delta Restoration account would receive $40 million, which is equal to the budget request.
- The Bureau of Reclamation’s Policy and Administration account would receive $61 million, which is equal to the President’s request.

For more information, visit: [http://www.appropriations.senate.gov](http://www.appropriations.senate.gov). The California Institute will prepare an analysis of the bill and its California implications when more detailed documentation is available from the Appropriations Committee.

**Appropriations: Senate Appropriations Marks Up Commerce, Justice, Science**

The Senate Appropriations Committee approved its FY 2011 Appropriations for the Departments of Commerce and Justice, and Science programs on July 22, 2010.

The Subcommittee mark totals $60.1 billion in discretionary budget authority for fiscal year 2011, $4.3 billion below fiscal year 2010, and $400 million below the President’s request.

Below is some of the major funding included in the bill:

**Department of Justice**

The bill provides a total of $29.9 billion for the Department of Justice, which is $1.82 billion above the enacted level, and $160 million above the President’s budget request. Included is:

- **State and Local Law Enforcement** – The Committee provides a total of $3.7 billion for state and local law enforcement, which is $30 million above the enacted level and $260 million above the President’s budget request:
  - SCAAP is funded at $300 million, which is $30 million less than the $330 million appropriated in the House bill, the same amount as appropriated in FY2010.
  - $520 million for Byrne Justice Assistance Grants (JAG), state formula grants to assist local law enforcement
  - $586 million for Community Oriented Policing Service (COPS) grants, including $400 million for a COPS hiring program
  - $490 million for juvenile justice and delinquency prevention
  - $468 million to prevent violence against women
  - $399 million to prevent, investigate and prosecute crimes against children

**Department of Commerce**

The bill provides a total of $9 billion for the Department of Commerce.

- **Office of Science and Technology Policy (OSTP)** - The bill provides $7 million for OSTP, equal to the budget request.
- **National Aeronautics and Space Administration (NASA)** - The bill provides $19 billion for NASA, $278 million above the Fiscal Year 2010 level and equal to the President’s request. The total funding includes $1.6 billion for Space Shuttle operations; $2.78 billion for Space Station operations; $3 billion for development of the next generation Crew Launch Vehicle and Crew Exploration Vehicle; $5 billion for science; and $904 million for aeronautics and space technology research. The bill restructures NASA’s
human spaceflight programs, providing for a new heavy lift launch vehicle and crew capsule for exploring beyond low-Earth orbit, extending the life of the International Space Station through 2020, supporting the burgeoning commercial space industry, investing in new technology development, and allowing one additional Space Shuttle flight, if determined to be safe.

**National Science Foundation (NSF)** - The bill provides $7.35 billion for NSF, $427 million above the Fiscal Year 2010 enacted level. The total includes $6 billion for research, $155 million for research equipment and facilities; and $892 million for education activities.

**National Institute of Standards and Technology (NIST)** – The bill provides $941 million for NIST, which is $84 million above the Fiscal Year 2010 level enacted level, not including supplemental funding and $32.7 million above the President’s request. The bill provides $70 million for the Technology Innovation Program (TIP), equal to the President’s request. The bill also includes $130 million for the Hollings Manufacturing Extension Partnership (MEP) Program, equal to the President’s request.

**National Oceanic and Atmospheric Administration (NOAA)** – The bill provides more than $5.5 billion for NOAA, $805 million above the Fiscal Year 2010 level, not including supplemental funding and the same level as the President’s budget request. The Committee bill includes: $537 million for the National Ocean Service; $1.0 billion for the National Weather Service; $909 million for the National Marine Fisheries Service; $2.1 billion for satellite programs; and $449 million for Oceanic and Atmospheric research, including climate science.

**Patent and Trademark Office (PTO)** – The bill continues the policy of providing PTO with full access to fees collected from inventors, estimated at $2.3 billion for Fiscal Year 2011.

Further information on the bill can be found at: [http://appropriations.senate.gov](http://appropriations.senate.gov). The California Institute will prepare an analysis of the bill and its California implications when more detailed documentation is available from the Appropriations Committee.

**Appropriations: House Appropriations Subcommittee Reports FY 2011 Interior, Environment and Related Agencies Bill**

The House Appropriations Interior and Environment Subcommittee approved its FY2011 Interior, Environment and Related Agency Appropriations bill on July 22, 2010. The bill provides $32.24 billion for the Department of the Interior, the Environmental Protection Agency, the US Forest Service, the Indian Health Service and a host of smaller environmental and cultural agencies. This amount is equal to last year, but $133 million below the President’s request.

Highlights include:
- $10 billion for the US Environmental Protection Agency, including over $3.2 billion for water and wastewater infrastructure assistance that will be used to assist 1208 American communities meet the clean and safe drinking water needs of their citizens. Of that amount, $1.9 billion funds the Clean Water State Revolving Fund, and $1.2 billion funds the Drinking Water State Revolving Fund to protect public health by improving drinking water systems.
- $455.5 million for climate change adaptation and scientific efforts, which is $9 million above the request and $91 million above 2010.
- $3.268 billion for wildland fire preparedness, suppression, hazardous fuels reduction and other fire fighting programs.
- For public lands the bill provides $25 million more than FY10 and almost $100 million above the request. This includes increases above the request for refuge management, land resource management at the BLM, increased operations of national parks, increases above last year for the national forest system, and restoration of the Legacy Road and Trail program.

Further information on the bill can be found at: [http://appropriations.house.gov](http://appropriations.house.gov). The California Institute will prepare an analysis of the bill and its California implications when more detailed documentation is available from the Appropriations Committee.
AGRICULTURE: SPECIALTY CROP AND ORGANIC AGRICULTURE PROGRAMS
ADDRESSED AT HEARING

On July 20, 2010, Congressman Dennis Cardoza (Atwater), Chairman of the House Agriculture Committee’s Subcommittee on Horticulture and Organic Agriculture, held a hearing to review specialty crop and organic agriculture programs in advance of the 2012 Farm Bill.

The Subcommittee heard from producers from operations of various sizes that grow a diversity of products, and they provided insight on U.S. Department of Agriculture (USDA) Farm Bill program implementation at the ground level.

"I am once again reminded of the extraordinary diversity of products and practices represented by the specialty and organic sectors of our nation’s agriculture industry," said Chairman Cardoza. "It is imperative we work together to address health and nutrition issues in this country by increasing accessibility to healthy fruits and vegetables. Based on what I have heard today, it is clear we have work to do but are on the right track."

Witnesses and the committee discussed the challenges facing growers and highlighted the successes and failures of current farm and agriculture policies.

"Given today’s regulatory burdens, programs in the farm bill will be even more important to helping our producers comply with potential federal mandates, remain competitive in the global marketplace, and continue to supply the world with the safest and most plentiful and abundant food supply," said Subcommittee Ranking Member Jean Schmidt (OH).

The Food, Conservation and Energy Act of 2008 was the first Farm Bill to contain a separate title dedicated to horticulture and organic agriculture, addressing issues regarding specialty crop block grants, planting flexibility, pest and disease management, organic certification cost-share and conversation and specialty crop research. According to USDA’s Economic Research Service, specialty crops account for approximately 50 percent of all U.S. cash receipts of farm crops.

Written testimony provided by the witnesses is available on the Committee website: http://agriculture.house.gov/hearings/index.html.

INTELLECTUAL PROPERTY: FOREIGN AFFAIRS EXAMINES OVERSEAS IP PROTECTION


Witnesses were: The Honorable Victoria A. Espinel; U.S. Intellectual Property Enforcement Coordinator, Executive Office of the President; The Honorable John T. Morton, Assistant Secretary, U.S. Immigration and Customs Enforcement (ICE), U.S. Department of Homeland Security; and The Honorable Chris Israel, Co-Founder and Managing Partner, PCT Government Relations LLC (Former U.S. Coordinator for International Intellectual Property Enforcement).

In his opening remarks, Chairman Berman noted that last year the Committee held a hearing with witnesses from industry and labor to examine the impact of intellectual property theft on the U.S. economy, and today’s hearing was a continuation of that examination focusing on government efforts to stem the problem of piracy. He pointed out that “piracy and counterfeiting has become so effortless, and enforcement resources spread so thin, that the legitimate marketplace for music and movies is disappearing in countries such as Spain. The current situation is untenable. . . .” He commended the Obama Administration for taking “aggressive action to improve enforcement” and said the Joint Strategic Plan on Intellectual Property Enforcement, recently released by U.S. Intellectual Property Enforcement Coordinator Victoria Espinel “takes an important step in the right direction by including IP-enforcement guidelines stretching across eight different federal agencies.”

Berman also supported the recent ICE initiative to seize the domain names of Web sites that were unlawfully offering first-run movies, and wanted to explore at the hearing how Operation “In Our Sites”
could be used to stop enterprises that facilitate the theft of music, books and other products prone to counterfeiting.

Ms. Espinel discussed the Joint Strategic Plan and highlighted its emphasis on coordination, cooperation, and prioritization. “The overarching mission of this strategy is to ensure that all of the agencies that have a hand in enforcing intellectual property are working together in a coordinated fashion and in a manner that is consistent with the priorities of the Administration,” she said. To that end, the Coordinator is establishing an interagency working group to improve coordination of U.S. international capacity building and training, so that foreign governments have the tools necessary to strengthen intellectual property protection on their own. Priority will also be given to improving the effectiveness and coordination of intellectual property specialists stationed overseas. The government is also establishing a counterfeit pharmaceutical interagency committee to examine the numerous problems associated with unlicensed Internet pharmacies operating over the internet, health and safety risks in the United States associated with the distribution of counterfeits, and the proliferation of the distribution of counterfeit pharmaceuticals abroad.

Secretary Morton discussed ICE’s role in protecting intellectual property and cited joint investigations it has engaged in with China and Korea to halt violations. He detailed ICE’s initiative to stop illegal websites that distribute pirated content over the Internet. ICE has taken over the domain names of those sites and has posted banners on them announcing the seizure of the site by the U.S. government, and explaining the federal crime and punishment involved. ICE has also initiated a joint partnership with the public sector to exchange information on piracy and leads on violators, among other efforts.

The testimony of all the witnesses can be found at: http://foreignaffairs.house.gov.

**HEALTH: PROMOTING USE OF HEALTH INFORMATION TECHNOLOGY ADDRESSED AT HEARING**

On July 20, 2010, the Health Subcommittee (Chairman Pete Stark (Fremont)) of the House Ways and Means Committee held a hearing on efforts to promote the adoption of health information technology, specifically through Medicare incentives designed to encourage the meaningful use of electronic health records.

Witnesses included: David Blumenthal, National Coordinator for Health Information Technology, Department of Health and Human Services; Tony Trenkle, Director, Office of E-Health Standards and Services, Centers for Medicare and Medicaid Services; and Jonathan P. Hare, Chairman, Resilient Network Systems Inc., San Francisco, Calif.

According to the committee, the American Recovery and Reinvestment Act of 2009 (ARRA) (P.L. 111-5), signed into law on February 17, 2009, included the Health Information Technology for Economic and Clinical Health (HITECH) Act. The HITECH Act promotes adoption of health information technology (health IT) among hospitals, doctors, and healthcare providers. Health IT makes use of electronic health records (EHR) and other technologies to facilitate the ordering of tests or medications, aid in clinical decision-making, and allow for secure data sharing among providers.

The HITECH Act includes several components that take important steps to increase adoption and use of health IT. First, it codifies the Office of the National Coordinator for Health Information Technology (ONCHIT) within the Department of Health and Human Services (HHS) and charges that office with developing and implementing a nationwide plan to guide the adoption of health IT. The legislation also authorizes $2 billion to fund programs designed to stimulate the spread of health IT, including grants to help set up regional health information exchanges and train health IT workforce. HITECH also established a program that will provide incentive payments through Medicare and Medicaid to doctors and hospitals who demonstrate “meaningful use” of a certified EHR system.

Last month, ONCHIT announced the process for certifying whether a given EHR product meets the standards needed to achieve meaningful use. On July 13, the Centers for Medicare and Medicaid Services (CMS) finalized the rules for the Medicare and Medicaid incentive program that will reward hospitals and doctors who are meaningfully using a certified product.
Jonathan P. Hare of Resilient Network Systems encouraged the committee to advance the development of a secure health information exchange in the 2011-2012 timeframe. He stated that the infrastructure necessary to enable data interoperability exists, has been successfully demonstrated many times, and is deployed today. He was concerned, however, that the problem has been a failure to develop a viable approach to connecting applications into a trusted network that enforces security and privacy, and gives patients sufficient control over their own data.

“I believe a different approach is possible,” he said. “A patient-centric network capable of enforcing robust security and privacy policies on a national scale.”


WORKFORCE/LABOR: HOUSE PASSES PRIVATE SECTOR TRAINING PARTNERSHIP BILL

On July 19, 2010, the House passed H.R.1855, the SECTORS Act, by voice vote under suspension of the rules. The bill establishes a grant program to promote industry and business sector partnerships that improve training efforts in industries that share a common workforce.

Under the bill, the Secretary of Labor is required to award competitive industry or sector partnership grants to eligible entities to develop strategies that: (1) encourage growth and competitiveness through work with employers within a targeted industry cluster; (2) help workers move toward economic self-sufficiency and ensure that they have access to supportive services; (3) address the needs of firms with limited human resources or in-house training capacity, including small- and medium-sized firms; and (4) coordinate with entities that carry out state and local workforce investment, economic development, and education activities.

Eligible partnerships could receive up to $2.5 million in grants for the first three years and up to an additional $1.5 million thereafter, under the bill.

More information can be found at: http://edlabor.house.gov.

INTELLECTUAL PROPERTY: COMMITTEE EXAMINES IMPACT OF IP ON ENTREPRENEURSHIP


Witnesses were: Steven Friedman, President, T3T, Inc., Tampa, FL, on behalf of Computer & Communications Industry Association; Rick Carnes, President, Songwriters Guild of America; Robert Holleyman, President & CEO, Business Software Alliance; Peter Carnes, CEO, Traffax Inc., Silver Spring, MD, on behalf of The Association for Competitive Technology; and William Mansfield, Director of Intellectual Property, ABRO Industries, South Bend, IN, on behalf of Motor & Equipment Manufacturers Association.

Mr. Holleyman discussed the adverse impact of piracy on software manufacturers, especially small business manufacturers. Small software developers are particularly disadvantaged, he said, because they generally lack the resources to devote to fighting infringement of their products. They also tend to have smaller product portfolios over which to spread the risk of software theft. He also addressed the problem of countries and companies that rely on stealing the software they use to run their companies. They avoid a cost that their US competitors – both large and small – must bear. When their products enter the US market, they are competing unfairly with those US producers, undermining sales of US goods and displacing American jobs, he said. BSA will soon be releasing a study to quantify the impact of this unfair competition. Preliminary results conservatively estimate that addressing this problem in China alone would add over 25,000 new US software jobs and many times that throughout the rest of the economy, Holleyman testified.

Mr. Carnes testified to the same adverse effect on songwriting. He said that music publishers will no longer hire staff songwriters because it is too risky to pay out money in advance for songs when they cannot be protected from piracy. He said the SGA supports the development of content delivery systems that can provide music in a quality formal and at a reasonable price, as the only current solution to the illegal downloading of music on peer-to-peer networks.
For the testimony of the witnesses, go to: http://house.gov/smbiz.