

DAILY NEWS CLIPS

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BOEHNER: 'CLEARLY THERE'S SOME MOVEMENT' IN HIGHWAY NEGOTIATIONS

By Keith Laing
The Hill
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House Speaker John Boehner (R-Ohio) said Thursday that "clearly there's some movement" in negotiations in Congress about a new transportation spending bill.

Asked during a news conference for an update on the bicameral negotiations, which are coming down to the wire because of a June 30 deadline for the expiration of the current funding for road and transit projects, Boehner said lawmakers were "continuing to do our work" on the highway conference.

"I met with the the Republican conferees today on the highway bill. They've been heavily engaged," he said. "And clearly there's some movement that's been under way since the meeting I had with Sen. [Harry] Reid [D-Nev.] and Sen. [Barbara] Boxer [D-Calif.]."

Boehner's comments echoed optimistic statements from the Senate majority leader, Reid, who told reporters earlier on Thursday that the transportation negotiations were "certainly in a lot better shape than we were 24 hours ago."

"I don't think we'll need an extension," Reid said during a news conference at the Capitol. "I hope not."

Reid said Congress reaching an agreement would be "wonderful for the country." Boehner said Thursday that the GOP wanted a deal just as badly.

"House Republicans want to get a highway bill done," he said. "We just want to make sure it's a bill that includes real reforms to ensure that taxpayer funds are paying for legitimate projects that support economic activity, not planting more flowers in beautification projects around the country."

Boehner said Republicans in the House would continue pushing for the highway bill compromise to include a mandate forcing the Obama administration to approve the controversial Keystone XL oil pipeline, which Democrats in the Senate have staunchly opposed.

Boehner said Thursday that the Keystone provision in the highway bill was a "bipartisan job creating" initiative.

If the House and Senate do not reach an agreement on at least an extension of transportation funding by June 30, the federal government's ability to spend money on road and transit projects will expire. Missing the deadline would also end the government's authorization to collect the 18.4-cents-per-gallon tax on gasoline that is traditionally used to fund transportation projects.

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U.S. LAWMAKERS VOICE OPTIMISM ON TRANSPORTATION BILL TALKS

By David Lawder

Reuters

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** Road, rail funding extension may not be needed-Reid*

** Top negotiators aim for highway package next week*

** Keystone oil pipeline not yet touched in Congress' talks*

Prospects for a deal to fund U.S. transportation projects over the long term appeared to brighten somewhat on Thursday as key House and Senate lawmakers described their negotiations in more optimistic terms.

Senate Majority Leader Harry Reid said the talks had improved in the last 24 hours and he was hopeful for an agreement before current authority for road, bridge and rail funding expires on June 30.

Congress has been struggling to approve a long-term transportation bill since last fall. Nearly 3 million construction jobs depend on the outcome.

House of Representatives Republicans have insisted on consolidating some federal transportation programs and streamlining environmental reviews of road projects in order to speed up construction. They also want to drop a proposal to use gasoline taxes to help pay for ancillary transportation "enhancements" such as bicycle lanes, flower beds and other streetscape improvements.

After marathon meetings over the past two days, the top negotiators on the measure, Democratic Senator Barbara Boxer and Republican Representative John Mica, issued a joint statement voicing optimism.

"The conferees have moved forward toward a bipartisan, bicameral agreement on a highway reauthorization bill. Both House and Senate conferees will continue to work with a goal of completing a package by next week," they said.

Mica and Boxer did not provide any details on the progress they have made towards a deal. The basis of their negotiations is a two-year, \$109 billion measure passed by the Democratic-controlled Senate.

Representative Bill Shuster, a key House Republican negotiator on the transportation measure, said on the House floor the conference committee was moving toward accepting some Republican demands for funding reforms.

Earlier this week several lawmakers negotiating on Senate and House of Representatives differences over the highway funds had said they could not be done by the deadline and another stop-gap extension of current funding was inevitable.

"I don't think we'll need an extension. I hope not," Reid told reporters on Thursday. "I can't guarantee to anyone here that we're going to get a highway bill, but we're certainly in much better shape than we were 24 hours ago."

But the negotiations on the core highway and rail funding policy have thus far not tackled the thornier issue of whether to include the Republican proposal to approve the Canada-to-Texas Keystone XL oil pipeline.

Democrats and President Barack Obama oppose fast-tracking approvals for the \$7 billion project until environmental review can be completed. If Republicans still insist on Keystone's inclusion, the talks are more likely to collapse.

House Speaker John Boehner also acknowledged "some movement" in the talks since he met with Reid on the deadlock on Tuesday.

Earlier this month, Boehner floated the idea of a six-month extension of current funding, which would remove the threat of a halt in road and rail construction until after the Nov. 6 elections.

Democrats have balked at that idea, saying it would deplete the Highway Trust Fund because falling gasoline tax collections were insufficient to fund current projects.

They say U.S. states also would delay the start of new longer-term projects - and the hiring of hundreds of thousands of workers - due to the lack of funding certainty.

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CONSERVATIVES SHOULD BREAK TRANSPORTATION BILL GRIDLOCK

Washington Examiner Editorial

June 21, 2012

The spending and debt crises of the past few years in Washington have forced an important debate about the proper role of government, and the need for prioritizing government spending.

The failed \$800 billion stimulus, TARP, countless bailouts and Congress' failure to make a serious attempt at controlling our \$16 trillion debt have given many conservatives rightful anger over how Washington spends our money.

Unfortunately, well-placed mistrust in Congress' ability to spend our tax dollars is now jeopardizing legitimate spending projects, chief among them this year's transportation funding bill. If Congress fails to act by June 30, important transportation projects critical to our national defense and our economy will lose their funding. The effects on our already suffering economy will be far-reaching and profound.

While there are important disagreements between members of the House and Senate on this bill, enough consensus exists on the broad framework that there's no excuse for not passing it in time.

First, the current framework does not contain any earmarks. This is a monumental achievement in its own right considering "Bridge to nowhere" and "John Murtha's airport" served to make transportation earmarks the poster children of wasteful pork spending.

Second, the myriad of highway spending categories that used to serve as hiding places for pet projects has been reduced from 87 down to 21.

Third, thanks to the leadership of Senator Jim Inhofe and conservatives in the House, the cumbersome and unnecessary environmental review process for road construction projects will see significant reform. How much reform is up for debate, but we're going to get something better than what we have now, that much is assured.

Fourth, not passing a bill will hurt our already suffering economy.

While big-government Democrats mistakenly place their economic faith in the religion of government spending, conservatives know the economic pump is best primed by a robust private sector. Government cannot do much to stoke job creation on its own, as evidenced by President Obama's repeated failures during the past three years. But government can play a profound role in stalling job creation and hurting economic growth. Failure to pass a transportation bill would have a negative effect on commerce and the businesses that count on safe and reliable roads.

Perhaps most importantly, those of us who believe in constitutional conservatism understand that unlike all the things the Federal Government wastes our money on, transportation spending is at the core of what constitutes legitimate spending.

Article One, Section Eight of the Constitution specifically lists interstate road-building as one of the delineated powers and responsibilities vested in the federal government. In Federalist Paper #42, James Madison makes an early case for the federal government's role in maintaining a healthy infrastructure,

by stating "Nothing which tends to facilitate the intercourse between the states, can be deemed unworthy of the public care."

Let's be clear - the legislation before Congress is still the product of a Democratically-controlled Senate, and far from conservative perfection. But there can be no denying that it represents a marked improvement over previous transportation funding bills. Enough progress has been made, victories won, and concessions secured from Democrats, that conservatives should feel comfortable dropping their objections and working to ensure passage of a bill before June 30.

The road to reforming government spending will be long and winding, but conservatives have us headed in the right direction.

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PHILIP MORRIS LOWERS FULL YEAR EARNINGS FORECAST AGAIN

By Erin Sugar
Proactive Investors
June 21, 2012

Global tobacco company Philip Morris International (NYSE:PM) Thursday lowered its fiscal 2012 earnings forecast for the second time this year due to the strengthening US dollar.

The 10-cent decrease to between \$5.10 and \$5.20 a share follows a five-cent decrease in April. This compares with earnings of \$4.85 in 2011.

The cigarette maker, with brands such as Marlboro, now expects a negative currency impact of 25 cents a share to earnings for 2012, compared with a 19-cent benefit last year.

Excluding this 25 cent impact, diluted earnings per share are anticipated to rise between 10 and 12 per cent, the company said, versus adjusted earnings of \$4.88 in 2011.

The company's chairman and CEO Louis Camilleri, speaking at an investor day event in Switzerland, said it now sees a soft second-quarter performance in the EU, due to quarterly declines in sales in the region, particularly in Spain and Italy.

Philip Morris distributes its products across roughly 160 countries, with seven of the world's top 15 international brands under its name, including Marlboro.

In 2011, the company held an estimated 16 per cent share of the total international cigarette market outside of the United States, or a 26.1 per cent share if China is excluded.

Shares of Philip Morris traded down more than 2 per cent Thursday afternoon, at \$86.3.

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ROLL YOUR OWN INDUSTRY SUES STATE

KMAS News Radio – Mason County, Washington

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HB 2565, which mandates taxing roll your own smokes at the same rate as traditionally manufactured cigarettes, is set to go into effect on July 1st. Now, a group representing the “roll your own” industry is suing the state on the grounds that it’s a new tax. New taxes require a two-thirds majority to pass the legislature, and HB 2565 did not pass with that margin. The state contends that it is not a new tax, but simply a measure closing a tax loophole. District 35 State

District 35 State Senator Tim Sheldon says, that point of contention makes this lawsuit a whole lot more than just about taxes on tobacco.

Plaintiffs in the lawsuit against the state are asking the courts to delay implementation of HB 2565 until the case is settled.

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TIM EYMAN COMMENTARY: TWO-THIRDS FOR TAX INCREASES NEEDED NOW MORE THAN EVER

Opinion by Tim Eyman

The Chronicle (WA)

June 21, 2012

For 20 years, the voters have approved initiatives making it tougher to raise taxes. Whether you are a Republican, Democrat, or independent voter, most everyone agrees it’s better to incentivize politicians to prioritize spending and reform government rather than increase taxes.

Olympia has proven time and again that if it’s easy to raise taxes, they will. And they’ve consistently illustrated that without these tougher-to-raise-taxes policies, they’ll impose higher taxes on regular taxpayers who are ill-equipped to fight back.

Olympia politicians may talk a lot about “closing corporate loopholes” and “forcing the rich to pay their fair share” but whenever taxes are increased, powerful lobbyists protect their clients and you and I get stuck with higher sales taxes, property taxes, beer taxes, candy taxes, gas taxes, cigarette taxes, and utility taxes.

The two-thirds vote requirement for the Legislature to raise taxes has been approved by voters four times (we’re working hard to give voters a fifth opportunity with this year’s Initiative 1185). During legislative sessions it’s been in effect, it’s done exactly what the voters wanted, making tax increases a last resort and forcing elected officials to work together to prioritize spending and reform government.

But during sessions that the legislature has suspended the two-thirds requirement, it's only been a debate about which taxes to increase, how to much to increase them, and which poor and working class taxpayers get targeted.

Twenty years of experience has removed all doubt that politicians cannot be trusted to make tax increases a last resort without the two-thirds.

Democrat politicians and their big-monied special interest groups have consistently tried to convince voters to reject this policy at the ballot box. They've failed every time. But rather than accept the clear and consistent decision of the people, they've embarked on a repeated effort to sue the voters.

On three separate occasions, the state Supreme Court has exercised judicial restraint and allowed both sides to exercise their powers: the Legislature's power to ignore the law and the people's power to pass it.

It is a political tug-of-war over an important public policy and the courts have recognized that both sides are fully capable of defending their position without judicial intervention.

A Seattle judge recently ruled differently than the state Supreme Court has previously.

Fortunately, the ruling will be "stayed" pending appeal, meaning the two-thirds will remain in effect until the high court rules. There are plenty of reasons to be optimistic that the Supreme Court will reject the Seattle judge's reasoning:

- In 1994, the court found that individual legislators and special interest groups lack standing to bring lawsuits like this.
- Lawsuits aren't valid if the Legislature doesn't exhaust all their remedies before going to court. They could have appealed the ruling of the chair and passed the tax increase; they didn't.
- This Seattle judge didn't just say that initiatives cannot set a higher tax vote threshold; the ruling said the Legislature couldn't impose it upon themselves. Article II, section 9 of the Constitution reads: "Each house may determine the rules of its own proceedings." This broad ruling flies in the face of the doctrine of separation of powers.
- A law is constitutional unless the Constitution expressly prohibits it. Our Constitution does not.
- Just two years ago, a unanimous court rejected a very similar lawsuit under very similar circumstances (one chamber passed a tax increase and a lawsuit was filed challenging the two-thirds). That 9-0 opinion, authored by Justice Mary Fairhurst, the most liberal justice on the state supreme court, resulted in a "finding this a political question" that should be resolved through the legislative process.

Article I, section 1 of our state Constitution reads: All political power is inherent in the people, and governments derive their just powers from the consent of the governed. Article I, section 2 reads: The first power reserved by the people is the initiative.

It is simply inconceivable that the Constitution's authors — people who were deeply committed to limiting the power of government — intended to prohibit the Legislature and the people from making it tougher to raise taxes.

Our Constitution exists to protect the people from the government, not to protect the government from the people.

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