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## Will There Be a Budget Resolution?

"Paygo" rules, once a little-known budget technicality, are now proving to be the main impediment in reaching a budget resolution for FY 2005, which begins on October 1, 2004.

Previously, paygo rules were a requirement that applied equally to increases in mandatory (mostly entitlement) spending or tax cuts. Increases in spending or decreases in revenue could not be passed unless they were offset or paid for by decreases in other spending, increases in other revenue, or with a 60-vote "super" majority in the Senate. The purpose of the paygo rule requirements was to enforce budget discipline, which provided that in order to increase spending (whether in programs or through tax expenditures) the increases had to be paid for.

In order to easily extend previously passed tax cuts, legislators and the administration are insisting that paygo rules apply only to mandatory spending and not to tax cuts. Some of the tax cuts looking to be extended include, the "marriage penalty," the child tax credit, and the expansion of the 10 percent tax bracket (seen as benefiting the middle-class.) Republicans have made no secret of their desire to pass even more tax cuts (including cuts to the wealthiest Americans) without having to offset the cost. This administration's efforts have been concentrated on making sure that paygo rules only apply to mandatory spending and not to tax cuts because it is really committed to cutting more and more taxes. Unfortunately, when the administration cuts taxes they are really cutting off the flow of federal money to social service programs.

Advocates of tax cuts favor paygo rules only apply to spending programs, not to tax cuts. But others are concerned about the size of projected deficits, uncertainty about the cost of the war in Iraq, spending needs that

will increase exponentially during the next few decades for Social Security retirement benefits and health care, and the costs of tax cuts already passed by this administration in 2001, 2002, and 2003. Even for members of Congress who are not concerned about the service cuts made necessary by the tax cuts (or who celebrate the goal of shrinking government to the size it can be "drowned in the bathtub"), growing budget deficits are an incentive to extend budget discipline of offsetting both mandatory spending and tax expenditures.

A variety of compromises are being considered -- applying paygo to tax cuts for three years; exempting the three middle income tax cuts that expire this year; and/or, exempting any tax cuts included in the protected reconciliation amount. Nevertheless, there has been no final agreement. While discussions will continue this week, it is likely that Congress may proceed to the appropriations process without a budget resolution (which they may do after May 15). The failure to pass a resolution is seen by some as an improvement over any budget resolution likely to pass. (For more on this point of view, see the Center on Budget and Policy Priorities [analysis](#).) However, it should be noted that the discretionary spending limit might be only \$814 billion set in the FY 2004 resolution, and not the proposed budget resolution limit of \$821 billion, unless a new limit is agreed upon. The failure to pass a budget resolution, into which language raising the debt ceiling could be quietly included, will also force a politically embarrassing debate on raising the debt limit, currently at \$7.384 trillion. That limit is likely to be exceeded sometime this summer, and must be extended in order not to push the government into default on its debt. Many experts think that if a budget resolution is not achieved by May 15, there will be no budget resolution -- the first time in thirty years that a Congress controlled by the majority has failed to pass a resolution.

In the meantime, On April 28, the House passed [H.R. 4181](#) making the expiring "marriage penalty" benefit permanent. In a small victory for low-income families, the tax cuts were extended to families who file for the Earned Income Tax Credit. However, the bill has no offset for its \$105 billion cost over ten years, as estimated by the [Joint Committee on Taxation](#). Families with incomes below \$40,000 will only receive only 8 percent of the marriage penalty benefit when it is fully in place in 2010. This week, the House is also expected to consider permanent extension of the child tax credit and expansion of the 10 percent income tax bracket -- again without offsetting the cost.

## Senate Votes to Continue Internet Tax Ban

On April 29, under heavy pressure by the telecommunications industry, the Senate voted 93-3 on [S. 150](#) a bill that extends the moratorium on Internet access taxes for four years from its expiration date of November 1, 2003.

While extension of the ban was heralded as a victory for Internet users, this bill benefits the telecom industry, not consumers. For more about the Internet tax ban and efforts to make it permanent, see a previous OMB Watch [analysis](#).

Under this compromise bill, states that had begun taxing Internet access services prior to 1998 can continue to do so through the end of the four-year moratorium, and states that taxed Digital Subscriber Line transactions even after 1998 would be allowed to continue taxation for two years. The bill also includes language that allows states to continue to tax telephone service even as it moves over to the Internet (VoIP), however, the definition of Internet access remains troublingly broad.

The good news is that the Senate did not vote to make the ban on Internet taxation permanent. The bad news is that the continuation of the ban will deprive states of much-needed revenue and primarily benefits industry, not consumers.

It is still uncertain whether the bill will go to conference with the House.

## Economy and Jobs Watch: GDP Up, But Risks Remain

Gross domestic product (GDP) rose by a 4.2 percent annual rate in the first quarter, according to the Bureau of Economic Analysis. This is about the same as the 4.1 percent rate from the last quarter of 2003, and shows the economy growing at a steady, if not exceptionally strong, rate. However, forecasters had expected growth to come in at a stronger 5 percent rate.

Excluding spending on national defense, the economy grew at an annual rate of just 3.5 percent. In addition, cutbacks at the state and local level are providing a drag on the economy -- lowering GDP growth by 0.3 percentage points. Declines in state and local expenditures -- largely due to funding crises at the state level -- have contributed to a lower growth four of the last 5 quarters. Federal tax policy has contributed to the weak financial situation of the states, and we can expect additional harm to growth in the future.

An increase in the rate of inflation as measured by the GDP deflator is of additional concern. The price index rose at an annual rate of 2.5 percent compared with 1.5 percent from the previous quarter. Prices rose across the board, but were most prevalent in non-durable consumer goods, and imports.

The overall economy has begun to stabilize, but significant risks remain. Employment continues to be a concern, especially in the manufacturing sector, with the economy failing to provide enough jobs. An acceleration of the inflation rate will put pressure on the Federal Reserve to raise interest rates. Indeed, market rates have already begun to rise, thus threatening the housing market, which has been exceptionally strong throughout the past few years. Fewer home sales, and less mortgage refinancing will lead to less consumer consumption. In addition, higher rates will mean a greater interest burden for borrowers -- a problem with potentially huge consequences given high levels of private debt.

Failure to address economic weakness -- in particular for those most in need -- continues to be a hallmark of current fiscal policy.

## DHS Receives Few CII Submissions

Only two companies and two associations have submitted information to the Department of Homeland Security (DHS) that will be kept secret under the Critical Infrastructure Information (CII) program, according to an April 21 testimony. At the time of the testimony, DHS had been operating the program for two months.

The DHS Assistant Secretary for Infrastructure Protection, Robert Liscouski, revealed the low number of submissions while testifying before a joint session of the House Select Committee on Homeland Security's Subcommittee on Cybersecurity, Science and Research & Development and the Subcommittee on Infrastructure and Border Protection. Liscouski expressed gratitude that the agency has not been inundated with submissions in its beginning stages.

As evidenced in comments to DHS during the proposed rule comment period, the private sector worried that the CII program did not provide adequate protections and information would still become public. These fears might account for the lack of submissions.

It was previously unknown what resources would be allocated to the program; Liscouski stated in his testimony that the program has 32 people on staff. It is unclear what tasks the staff is working on and why they are grateful for a slow start given the high number of staffing resources.

Public interest groups expressed concern throughout the development of the CII program that the guidelines would open the door to abuse because companies, not DHS, decide what information qualifies as CII. After submission, the government is prohibited from publicly disclosing the information. Moreover, any submitted information may not be used for any regulatory action to correct problems with a facility's infrastructure. Additionally, the CII program provides liability immunity for companies that submit, protecting them if an accident were to occur.

The low level of initial participation by industry in the CII program does not solve the issues raised by the public interest groups. The four submissions thus far may represent serious safety problems that the government can

now neither forces the companies to correct nor inform the public about.

DHS published the [interim final rule for CII](#) Feb. 20. See [OMB Watch's Homeland Security page](#) for more background on CII.

## Administration Removes Web Information on Women's Issues

The current administration is removing information pertaining to women's issues from government websites, according to a new report by the [National Council for Research on Women \(NCRW\)](#). The report, "[Missing: Information About Women's Lives](#)" cites a number of examples from the Department of Labor (DOL), the Centers for Disease Control (CDC), the Department of Health and Human Services (HHS), and other agencies as it catalogs how the Bush administration is removing or distorting information.

The report documents how agencies such as the Women's Bureau within the DOL have changed under the new administration. A number of publications that women across the country use to protect themselves in the workplace have been removed from websites, including a report entitled *Don't Work in the Dark – Know Your Rights*, easily available online in 1999. Even the mission statement of the agency has changed, revealing a new modus operandi to provide less information. The former mission statement described the bureau's mandate "to advocate and inform women directly and the public as well, of women's rights and employment issues" and "to ensure that the voices of working women are heard, and their priorities represent in the public policy arena." The new 2002 statement reads, "We will empower women to enhance their potential for securing more satisfying employment as they seek to balance their work-life needs." There is no mention of informing women of their rights or advocating on their behalf.

The Census Bureau also twisted data to give a rosier impression of how women are faring in the workplace. In 2000, the website acknowledged, "Women have almost achieved parity in education attainment...but no earnings equality." In 2003, the "Facts and Features" page stated the earnings gap between women and men, 76 cents compared to a dollar respectively, showed that women's salaries were pegged "at an all-time high."

Other examples include CDC's unwillingness to provide information on [how condom use can protect women from HIV and other sexually transmitted diseases](#) on its website. This information was found online in a fact sheet before it was revised in December 2002. Moreover, HHS released a report documenting the racial and ethnic disparities in health care. The executive summary was altered to appear more positive than the evidence concluded, [as was admitted by HHS Secretary Tommy Thompson](#).

The NCRW report outlines a number of other examples in which the current administration is twisting information to fit its ideology. An extensive list is being posted and updated on NCRW's website under the [MisInformation Exchange](#). This ongoing problem of government secrecy and hiding information from the public is manifesting itself in almost every government agency. For other examples, read a few of OMB Watch's previous articles -- "[Government Web Pages Altered to Hide Information](#)", "[Office of Special Counsel Scrubs Website](#)", and "[White House Stamps Out EPA Findings on Climate Change](#)".

## 2 FEC Commissioners Propose Revised Rule on Political Committees

Two of the six Federal Election Commission's (FEC) six Commissioners have proposed a scaled-down version of the controversial proposed rule extending federal campaign finance rules to independent organizations. The [proposal](#), drafted by Commissioners Michael Toner (R) and Scott Thomas (D), excludes organizations exempt under Section 501(c) of the Internal Revenue Code and some Section 527 groups from regulation. However, it incorporates thresholds that are vague and leave exempted organizations open to similar regulatory restrictions in the future. There is no proposed effective date, but Toner has been an advocate of quick action. The FEC will consider the proposed rule at its May 13 meeting.

The Toner-Thomas proposal would impose hard money limits on 527 organizations that receive contributions or spend more than \$1,000 in a calendar year and whose major purpose is “the nomination or election of one or more Federal or non-Federal candidates”. The only 527s exempted are:

- Candidate campaigns,
- Groups working solely on ballot initiatives,
- Committees formed solely to work on non-federal elections,
- Elections where no federal candidate appears on the ballot, or
- Groups whose only purpose is to influence non-elective offices or leadership positions in political parties.

When an organization meets FEC criteria for “political committee” status it must adhere to contribution limits, including a ban on funding from corporations (including private foundations) and a \$5,000 limit on individual donations.

The expenses of any 527’s communication that “promotes, supports, attacks or opposes a clearly identified candidate for federal office” or promotes or opposes any political party would count as an “expenditure” toward the \$1,000 threshold. Expenses of partisan voter mobilization activities would also count. Nonpartisan voter mobilization expenses would not count if there is no effort to determine how someone would vote and the messages do not include language that “promotes, supports, attacks or opposes a clearly identified candidate for federal office.”

Like the original proposed rule, this narrower draft fails to define what is meant by “promotes, supports, attacks or opposes,” and whether it applies when referring to a public official and actions in their official capacity, without reference to an election. As a result, the Toner-Thomas proposal could have a negative impact on issue advocacy and grassroots lobbying when carried out by a 527 organization. Toner told the Bureau of National Affairs, a trade publication, he sees this as a “valid concern,” but that these groups can operate through a 501(c) organization. This position fails to consider the negative tax consequences that could result. More importantly, it invites future regulation of 501(c) groups under these same vague standards.

The Toner-Thomas proposal includes new rules on how regulated independent political committees must allocate their hard (regulated) and soft (unregulated) funds. Costs of administration, voter drives and communications that promote parties but do not mention federal candidates would have to be paid for with 50 percent hard money. All communications that “promotes, supports, attacks or oppose” a federal candidate would have to be paid for with 100 percent hard dollars. This is much stricter than the proposed rule, which would require between 15-36 percent of costs be paid with hard money. Current allocation rules do not have minimum thresholds, and there have been complaints that some independent 527 organizations have only allocated token portion of their budgets to be paid for with hard dollars, while publicly stating a major purpose of influencing the federal election.

Election law attorney Bob Bauer has posted an example of how use of the “promote, support, oppose or attack” approach would favor incumbents on his “More Soft Money Hard Law” website. The example illustrates how \$12.6 million in federal funding was spent on ads and other publications that promote the new Medicare drug program, and credit the president and Congress with “some of the most significant improvements to the program since its inception in 1965.” If a group opposed to the drug bill wanted to counter this information and criticize the ad or policy, they would have to refer to the president, who is a clearly identified federal candidate. This in turn could trigger “political committee” status at the FEC, limiting their ability to raise funds for their issue campaign.

## Related Developments

The Supreme Court, in *Leake v. North Carolina Right to Life, Inc.* (U. S. No. 03-910, 4/26/04), has ordered reconsideration of a case involving regulation of independent political committees. Last September, the U.S. Court of Appeals for the Fourth Circuit struck down a North Carolina law subjecting “issue advocacy” groups to the state’s \$4,000 contribution limit, holding the state did not have sufficient evidence that independent political committees pose a threat of corruption.

The North Carolina Attorney General petitioned the Supreme Court after its decision upholding the Bipartisan Campaign Reform Act of 2002, asking that the *Leake* case be reconsidered.

## IRS Warns Charities Against Engaging in Political Campaign Activities

Last week the Internal Revenue Service (IRS) issued a [news release](#) reminding charity groups to stay out of partisan political activities during this election year. This year's notice was very early in the political season, providing another indication that the presidential sweepstakes are already underway. Organizations tax-exempt under 501(c)(3) of the Tax Code are prohibited from participating or intervening in any political campaign on behalf of, or in opposition to, any candidate for public office.

The IRS notice explains that it uses a facts and circumstances test to decide whether an organization is engaging in prohibited political activity. Using an example of a sponsored debate or forum, the IRS said if the debate or forum shows a preference for or against a certain candidate it becomes a prohibited activity. Debate or forum sponsors can be seen as providing preferential treatment by giving the candidates spun questions, not giving each candidate the same opportunity to answer, and not asking a broad set of questions that covers many issue areas.

It is important to note, however, that charities can engage in a number of nonpartisan election related activities and should not shy away from doing so. Using the same example of a candidate debate or forum, the IRS said a charity could legally host such an activity provided that it ensures:

- All viable candidates are invited;
- The location is free of political considerations;
- A broad range of important voter issues are addressed;
- Questions are impartial in nature and presentation;
- All candidates are given an equal opportunity to respond;
- The moderator and/or questioner panel is impartial, and informs the audience that candidate positions do not reflect the positions of the sponsoring organization;
- The results are only reported, without editorial comment, through the sponsor's regular channels of communication.

Other allowable activities include voter guides, candidate questionnaires, candidate briefings, and get-out-the-vote and voter registration drives. To learn more about these permissible election year activities visit the [Voter Activity and Electoral Advocacy](#) section of NPAction.

## HHS Bows to Political Pressure, Pulls Funding from Conference

After an intensive campaign by conservative groups, Health and Human Services (HHS) pulled partial funding for the Global Health Council's 31st annual conference. Conservatives objected to some of the topics and speakers that were part of the April 26 conference and claimed that federal dollars given to fund the event was actually being used to lobby. To ensure the government and others that federal dollars were not being used for lobbying, the conference sponsors segregated its lobbying component in a separate "pre-conference" day. The fact that HHS would give in to political pressure is disturbing, especially since the accusations made were based on inaccurate and incomplete facts.

The [Global Health Council's response](#) said the \$1 million, four day conference, which attracts about 2,000 health experts and advocates from around the world, will go on as planned in early June, despite withdrawal of \$360,000 in federal funds. The political convictions of HHS' action is highlighted by the weak facts supporting its stated reason for withdrawing funding, which was that the conference would use federal funds for lobbying. But the conference "Advocacy Day," which includes visits to Capitol Hill, takes place the day before the conference officially opens. The [conference agenda](#) does not include any further activity that could be viewed as lobbying. Bill Pierce of HHS told the press that the Council was "unable to delineate for us, breaking it out, how our money was going to be spent and not commingled with lobbying activity." However, it appears at least a portion of the funds were to be spent to cover travel costs of 50 public health professionals from developing countries that are scheduled to present papers at the conference.

Global Health Council's president Nils Daulaire said they do not use federal funds for restricted activities, and are

careful to have balance in viewpoints presented. The conservative groups objecting to federal assistance for the conference had noted that the agenda includes speakers from Planned Parenthood, but Daulaire said there are also speakers that support abstinence only and a representative from the President's Advisory Committee on HIV/AIDS. Daulaire said, "There are many things that the professional community has divergent views on, and we believe the best way to deal with this is to have a free and open exchange."

This free and open discussion of issues was enough to cause House Republican aides Sheila Maloney and John Casey to send an email alert to pro-life groups. The result was a campaign by the Traditional Values Coalition and others asking HHS to withhold the money. 12 members of Congress also wrote HHS objecting to the conference funding.

An aide to Senator Patrick Leahy (D-VT), who will be presenting an award at the conference, said, "this was a manufactured issue, handled opportunistically by the White House to satisfy some of their political base."

## Treasury Dept. Hosts Dialog on Terrorist Financing and Charities

On April 28, representatives of nonprofits and foundations met with Department of Treasury (Treasury) officials to voice their concern over the anti-terrorist funding guidelines. The representatives questioned the guidelines usefulness and spoke on its potential negative impact on legitimate charitable activities. Treasury Secretary John Snow told the group his department would listen carefully and try to incorporate nonprofit comments into the final guidelines.

Participants in the meeting were groups, including OMB Watch, that responded to the Treasury's request for public comments (IRS Announcement 2003-29) on the guidelines last August. OMB Watch's comments called for Treasury to withdraw the guidelines because they are overbroad, place unnecessary burdens on charities, and are inconsistent with federal and state laws. Treasury noted several ways terrorists divert funds to finance their operations, including diversion of charitable assets, sale of untaxed cigarettes and transportation of bulk cash, but no real information was given on which methods are the biggest problems.

Concerns raised at the meeting included lack of information about the number of cases where charities are used as conduits for terrorist financing, whether the guidelines are truly voluntary, the negative impact on international grantmaking and failure to distinguish between public charities and private foundations, and the witting and unwitting use of charities to funnel money for terrorist purposes. Participants also pointed out that corporate philanthropy, which is subject to less transparency than private foundations, needs more attention in this area.

Treasury officials reviewed the nature of the problem from their perspective: charities are being unwittingly used to funnel money to terrorists, that some charities are being created for this purposes or used to raise funds, and individuals within charities misdirect aid. They are interested in revisions to the guidelines that will prevent or minimize the risk of these things occurring.

Several "red flag" factors were cited as indicators that charitable funds might be diverted to terrorists. These included:

- Small charities, especially if there is only one staff person that signs checks
- Grants made primarily to third world charities or other causes overseas
- Money given to families of suicide bombers

### Related Developments

Senate Finance Committee leadership has written Treasury Secretary John Snow asking for details on their efforts to shut down sources of terrorist financing. Senators Charles Grassley (R-IA) and Max Baucus (D-MT) asked for a response by May 17.

A federal court in California has ruled that the portion of the PATRIOT Act defining "expert advice or assistance" as a form of material support for terrorism is unconstitutionally overbroad. In *Humanitarian Law Project v. Ashcroft*, C.D. CA, No. 03-6107 (ABC), 3/17/04, the court granted an injunction against enforcement of the provision. The Humanitarian Law Project (HLP) works for peaceful resolution of conflicts, and wished to provide assistance to the Kurdistan Workers Party in Turkey and the Liberation Tigers of Tamil Eelam in Sri Lanka, but both groups are on the government's list of terrorist organizations. HLP can now provide advice on international law, the art of peacekeeping and negotiation and United Nations procedures.

- Lack of documentation to show a charity is actively fundraising
- Few or no small donors
- No fundraising events
- Charitable objectives and expenditures do not match
- Overlapping corporate officers and bank signatory
- Multiple corporations located at the same address
- Use of multiple corporations to collect funds and funnel to foreign beneficiaries
- Account transactions that are inconsistent with past transactions or withdrawals
- Charity with offices overseas or affiliated with overseas charities that make significant donations to.

Treasury officials described four cases of charities accused of diverting assets to terrorists that were shut down by the federal government, and noted "one bad apple spoils the barrel." One international nonprofit participating in the meeting said the red flag factors are what international grantmaking looks like, and should be refined to better distinguish between legitimate activities and charities that abuse their status and divert funds. There was a suggestion that more consultation with nonprofits would produce better red flags.

Treasury officials were clear that the guidelines would be revised after receiving more nonprofit input. They have revised the Introduction to the Guidelines to stress that they are voluntary, and agreed to follow up meetings with the nonprofits.

## In the Name of Charity or Political Gain?

Sen. Blanche Lincoln (D-AK) cordially invites you to meet with your Senators, provided you can pay \$2,500 to \$100,000.

According to a brochure obtained by TIME, Lincoln will be the host of a late-night concert party called Rockin' on the Dock of the Bay during the weekend of the Democratic convention, with proceeds going to CureSearch. \$100,000 donors will get 100 free tickets, backstage passes to meet the rock band, a "premium bar" and the chance to groove with Democratic Senators. Lincoln and other Democrats say that the fundraiser is a great opportunity to raise a substantial amount of money for cancer research. CureSearch is a program of the National Childhood Cancer Foundation and the Children's Oncology Group.

Watchdog groups Democracy 21, Common Cause, and the National Committee for Responsive Philanthropy have filed complaints against Sen. Tom DeLay (R-TX) for hosting similar charity events during the weekend of the Republican convention (previously reported by OMB Watch.) However, Lincoln and DeLay's charity events have notable differences. For example, Lincoln's event is one night only and is tied to a long-standing, well-known national charity. Conversely, DeLay's is hosting several events throughout the week with proceeds going to benefit a charity, Celebrations for Children, Inc., which was created for the sole purpose of raising money during the week of the convention and is strongly tied to DeLay himself.

During the week of the Republican convention, another charity event will take place in addition to DeLay's events. Republicans are hosting a "Rock the Apple...Georgia Style" in Manhattan. The concert is set up the same way as the one hosted by Lincoln. In fact, Aflac, a Georgia insurance company, is sponsoring both the Democrat and Republican concert events.



## Seat Belts Fail in Rollover Crashes, New Report Shows

Seat belts are not the last word on personal safety when vehicles roll over, according to a new Public Citizen report that reveals the inadequacy of current seat belt technology in preventing death and serious injury from rollover crashes.

When confronted with rollover deaths and injuries, industry and the Bush administration routinely shift the blame from unsafe vehicle design to the drivers and occupants themselves. The administration has insisted that increasing belt use is "the single most effective way to reduce traffic fatalities and serious injuries." When Congress raised the issue of sport utility vehicles' susceptibility to rollovers, the industry responded by deflecting the blame from vehicle design to SUV occupants' seat belt use. "If every SUV driver wore their seat belts, we'd save 1,000 lives a year," said one industry spokesperson. "We can make the vehicles safer, which we do, but we need the public to meet us halfway."

As Public Citizen's report shows, however, seat belt usage is not the answer that industry and the administration insist that it is. From 1992 to 2002, 22,000 people who died in rollovers were wearing their seat belts. Approximately 400 people die every year because they were ejected from their vehicles during rollovers despite wearing seat belts. Over 50 percent of those who were partially ejected during rollovers were belted, and the government itself estimates that 55 percent of those who died or were injured because the vehicle roof was crushed in a rollover were in fact wearing their safety belts.

The report, "Rolling Over on Safety: The Hidden Failures of Belts in Rollover Crashes," identifies several significant weaknesses in current belt technology that prevent them from working effectively during rollovers, among them the following:

- Some safety belt systems simply fail to remain latched at all during rollover crashes.
- Most belt straps are anchored to the frame of the vehicle rather than the seat itself. When vehicle frames are crushed and distorted during rollovers, these belts can release dangerous amounts of slack or be rendered inoperable altogether.
- Most belts lack a technology that pull back the slack in a belt strap when crash sensors are alerted. This technology, called rollover pretensioners, would help keep an occupant in the seat itself and not bouncing upward into the roof.

Because of these failures, Public Citizen calls for improved safety belt standards. With safety belts not the panacea promised by industry and the administration, the report also calls for passage of new protective standards that would make vehicles less prone to rollover and less dangerous during rollover crashes.

## EPA Delays but Refuses to Withdraw Mercury Rule

In the new timetable, the EPA will continue to accept comments on its proposed rules on emissions of mercury by power plants until March 15, 2005, and the rules will not be finally adopted until May 2005.

The proposed rule would limit power plants' emissions of mercury not by requiring the use of the most effective pollution reduction technology but, rather, by using a market-styled "cap-and-trade" program. In cap-and-trade programs, polluters are allotted credits, which are essentially limited rights to pollute that can in turn be traded with other polluters. Total emissions are in theory reduced by limits on the total number of available credits.

Unlike the alternative, an across-the-board requirement of the implementation of the maximum achievable control technology (MACT), cap and trade programs can result in pollution hot spots created by polluters who have purchased more pollution credits than their initial allotments. Even if a cap-and-trade program for mercury will achieve the same total reduction in mercury emissions as a MACT alternative, the cap-and-trade model does

not address the concerns of equity, or environmental justice, that some localities will be exposed to more intense amounts of mercury than others.

Opposition to the administration's proposed rule has been intense. Ten state attorneys general and environmental protection officers have called for more protective rules, and 45 senators urged Leavitt to withdraw the proposal altogether.

Further information on the rules and a template for voicing opposition to the rules can be found at [the National Resources Defense Council's website.](#)

