

Feature Story

OMB Seeks Comment on Supporting Documents for Updated Social Cost of Carbon

The Office of Management and Budget will be [seeking comment](#) on the Technical Support Document (TSD) for the updated social cost of carbon (SCC), entitled [Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866](#). This action is in response to a request for comments initiated in August by the Department of Energy on whether it was appropriate for DOE to rely on a new SCC value in a final rulemaking without first undergoing public comment. The SCC, which is used by agencies “to estimate the value to society of marginal reductions in carbon emissions,” was updated earlier this year through the release of a TSD which did not receive public input; the significantly increased SCC values were then incorporated into DOE’s final rule after it had gone through the public comment process. In November, OMB published an updated TSD, on which it is now seeking comment. Specifically, OMB is seeking comment on “selection of the three [integrated assessment models] for use in the analysis and the synthesis of the resulting SCC estimates, as outlined in the 2010 TSD the model inputs used to develop the SCC estimates, including economic growth, emissions trajectories, climate sensitivity and intergenerational discounting; how the distribution of SCC estimates should be represented in regulatory impact analyses; and the strengths and limitations of the overall approach.” [Comments](#) are due on January 27th, 2014; Read our analysis [here](#).

Opinion

- Our Worst Fears About Dodd-Frank's FSOC Are Being Confirmed
- Yet Another Government Agency Is Keeping Tabs On You
- Piano Sonata in FTC Minor
- The SEC Is Not the IRS
- Big Sexy Holiday Fun With The Unified Agenda Of Federal Regulations

Marketplace of Ideas

American Action Forum

- CFPB Final Integrated Mortgage Disclosure Rule, *Dan Goldbeck*
- Week in Regulation, *Sam Batkins*
- Publication Dates of the Unified Agenda of Federal Regulation, *Sam Batkins*

American Enterprise Institute

- The case for repealing Dodd-Frank, *Peter Wallison*
- Public Interest Comment: Don't ban compensation for bone-marrow donors, *Sally Satel & Alan Viard*

Center for Progressive Reform

- Dangerous dust and deadly delay: OSHA's proposed silica rule, *Robert Verchick*

In the News

Politics & Regulatory Reform

- [Administration issues regulatory road map](#), *The Hill*
- [Easier road seen for Obama regs](#), *The Hill*
- [Greece Stifled by Overregulation, Says OECD](#), *Wall Street Journal*
- [New IRS rules add both clarity and confusion about the role of advocacy groups in politics](#), *Washington Post*
- [Obama administration proposes rule that would rein in political activity of nonprofits](#), *Washington Post*
- [Chamber targets 'regulatory branch'](#), *The Hill*
- [Chamber war on 'vast regulatory state'](#), *The Hill*
- [E-Cigarette, Fracking Rule Changes Seen in 2014 Surge](#), *Bloomberg*

Financial Markets & Housing

- [Gensler Gives Wall Street Two Months to Meet Overseas Policy](#), *Bloomberg*
- [Banks' Too-Big-to-Fail Debate Hurts Gas Securities](#), *Bloomberg*
- [More trouble for Volcker Rule](#), *The Hill*
- [Obama nominee would lead CFTC at pivotal time](#), *The Hill*
- [SEC oil rule rewrite won't come any time soon](#), *The Hill*
- [No Penalties Planned in Swaps Probe](#), *Wall Street Journal*
- [NY Comptroller Supports Pay Ratio Rules](#), *Wall Street Journal*
- [SEC Charges Two Firms over Trading Practices](#), *Wall Street Journal*
- [SEC ups efforts to combat manipulations of 'microcap' stocks](#), *Washington Post*
- [CFPB gaining wider clout over student-loan servicers](#), *Washington Post*
- [Small banks fear regulation 'tidal wave'](#), *The Hill*
- [Watchdogs slam SEC's retreat on corporate cash](#), *The Hill*



- Should Congress have to pass a bill twice? OIRA's interference endangers pilots, *James Goodwin*

Competitive Enterprise Institute

- Cataloging Washington's Hidden Costs, Part 3: The Costs of Regulatory Benefits, *Wayne Crews*
- Labor Agencies Regulatory Agendas, *Trey Kovacs*

Free State Foundation

- Cooperative Federalism and the IP Transition: The Need to Clarify Federal Jurisdiction Over IP-based Services, *Sarah K. Leggin*

The George Washington University Regulatory Studies Center

- Seeking Comment on the Social Cost of Carbon, *Susan E. Dudley*
- Public Interest Comment on the Securities and Exchange Commission's Proposed Rule: Pay Ratio Disclosure, *Korok Ray*
- SEC Lacks Economic Justification for Proposed Pay Ratio Disclosure Rule, *Korok Ray*
- Public Interest Comment: Proposed Standards for Occupational Exposure to Respirable Crystalline Silica, *Susan E. Dudley & Andrew P. Morriss*

Heritage Foundation

- Volcker Rule Gets Stuck on Reality, *Norbert Michel & James Gattuso*
- Loaded DICE: An EPA Model Not Ready for the Big Game, *Kevin Dayaratna & David W. Kreutzer*
- The Thanksgiving Menu: Overstuffed with Regulations, *Diane Katz*

The Mercatus Center

- Behavioral Economics and Biased Regulators, *James C. Cooper*
- Payday Lending, Bank Overdraft Protection, and Fair Competition at the Consumer Financial Protection Bureau, *Robert L. Clarke & Todd Zywicki*

- Logan City's Adventures in Micro-Hydropower: How Federal Regulations Discourage Renewable Energy Development, *Hansen, Simmons, Yonk & Sim*

- Regulatory Landscape: Burdens on Small Financial Institutions, *Hester Peirce*
- PUBLIC INTEREST COMMENT: Occupational Exposure to Respirable Crystalline Silica, *Michael Marlow*

Penn Program on Regulation

- Dangerous Dust and Deadly Delay: OSHA's Proposed Silica Rule, *Robert R. M. Verchick*
- Are IRS Revenue Rulings Eligible for Chevron Review?, *Kristin E. Hickman*

[CEOs push back on pay-ratio rule](#), *The Hill*

[Bureau steps up student loan oversight](#), *The Hill*

[Chamber urges overhaul of economic crisis panel](#), *The Hill*

[SEC backs off corporate giving regs](#), *The Hill*

[Volcker Rule Set for Dec. 10 Approval by U.S. Regulators](#), *Bloomberg*

[U.S. Chamber Wants Tougher Standard for Systemic Risk Label](#),

Bloomberg

[U.S. Chamber seeks changes to financial risk council](#), *Reuters*

[Regulators set to approve tougher Volcker Rule](#), *The Hill*

[Wall Street Sweats Out Volcker Rule Impact on Revenue](#), *Bloomberg*

[Regulator O'Malia Cites 'Insanity' in U.S. Overseas Swaps Policy](#),

Bloomberg

Energy & Environment

[Feds reveal data behind 'social cost of carbon'](#), *The Hill*

[EPA posts ambitious regulatory agenda](#), *The Hill*

[Park Service withdraws comments on fracking rule](#), *Washington Post*

[Both parties reject EPA fire hydrant guidance](#), *The Hill*

[EPA chief defends emissions listening tour](#), *The Hill*

[EPA fracking study could hurt energy boom -U.S. business leader](#), *Reuters*

[British government backs BP in fight with EPA](#), *Washington Post*

[Greens weigh in on EPA fracking guidance](#), *The Hill*

Health & Safety

[Obamacare Small Business Health Market Delayed for 1 Year](#), *Bloomberg*

[ObamaCare's success could hinge on IRS regs](#), *The Hill*

[Affordable Care Act rules that employers have an eye on](#), *Washington Post*

[Latest health law delay: small business website](#), *Washington Post*

[Health law business insurance site delayed 1 year](#), *Washington Post*

[HealthCare.gov meets deadline for fixes, Obama administration says](#),

Washington Post

[Mental Health Parity Rule Clarifies Standards For Treatment Limits](#),

Washington Post

[Year-end signups crucial test for health care site](#), *Washington Post*

[FDA preps for expanded drug oversight](#), *The Hill*

[OSHA looks for chemical safety update](#), *The Hill*

Technology

[New FCC chairman vows to promote competition](#), *Washington Post*

Rulemaking

Food and Drug Administration

FDA Seeks Nominations for Drugs for Difficult-to-Compound List

The Food and Drug Administration published a [proposed rule](#) announcing that the agency is planning "to develop a list of drug products that present demonstrable difficulties for compounding (difficult-to-compound list). To identify candidates for this list, FDA is encouraging interested groups and individuals to nominate specific drug products or categories of drug products and is describing the information that should be provided to the Agency in support of each nomination." In a concurrent [proposed rule](#), FDA is also accepting nominations for bulk drug substances for use in pharmacy compounding. After it receives nominations, FDA will consult with the Pharmacy Compounding Advisory Committee and issue its difficult-to-compound list and its bulk drug substances list as proposed rules under traditional notice-and-comment procedures. [Comments](#) are due on March 4th, 2014.



Department of the Treasury

OCC, Fed Board, FDIC Propose Liquidity Requirements Consistent with Basel Liquidity Ratio

The Office of the Comptroller of the Currency, Federal Reserve Board, and the Federal Deposit Insurance Corporation published a [proposed rule](#) “that would implement a quantitative liquidity requirement consistent with the liquidity coverage ratio standard established by the Basel Committee on Banking Supervision. The requirement is designed to promote the short-term resilience of the liquidity risk profile of internationally active banking organizations, thereby improving the banking sector's ability to absorb shocks arising from financial and economic stress, as well as improvements in the measurement and management of liquidity risk. The proposed rule would apply to all internationally active banking organizations, generally, bank holding companies, certain savings and loan holding companies, and depository institutions with more than \$250 billion in total assets or more than \$10 billion in on-balance sheet foreign exposure, and to their consolidated subsidiaries that are depository institutions with \$10 billion or more in total consolidated assets. The proposed rule would also apply to companies designated for supervision by the Board by the Financial Stability Oversight Council under section 113 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that do not have significant insurance operations and to their consolidated subsidiaries that are depository institutions with \$10 billion or more in total consolidated assets. The Board also is proposing on its own a modified liquidity coverage ratio standard that is based on a 21-calendar day stress scenario rather than a 30 calendar-day stress scenario for bank holding companies and savings and loan holding companies without significant insurance or commercial operations that, in each case, have \$50 billion or more in total consolidated assets.” [Comments](#) are due on January 31st, 2014.

Internal Revenue Service

IRS Proposes to Limit Political Activities by Tax-Exempt 501(c)(4) Organizations

The Internal Revenue Service published a [proposed rule](#) redefining allowable activity undertaken by non-profit 501(c)(4) organizations, which are defined in the tax code as “[c]ivic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.” Current regulations, established in 1959, define ‘promotion of social welfare’ as “operated primarily for the purpose of bringing about civic betterments and social improvements.” The rules further elaborate that “promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office.” Currently, IRS determines whether social welfare organizations are meeting their tax-exempt status requirements on a case-by-case basis. “The Treasury Department and the IRS recognize that more definitive rules with respect to political activities related to candidates—rather than the existing, fact-intensive analysis—would be helpful in applying the rules regarding qualification for tax-exempt status under section 501(c)(4). Although more definitive rules might fail to capture (or might sweep in) activities that would (or would not) be captured under the IRS' traditional facts and circumstances approach, adopting rules with sharper distinctions in this area would provide greater certainty and reduce the need for detailed factual analysis in determining whether an organization is described in section 501(c)(4). Accordingly, the Treasury Department and the IRS propose to amend Treas. Reg. § 1.501(c)(4)-1(a)(2) to identify specific political activities that would be considered candidate-related political activities that do not promote social welfare.” [Comments](#) are due on February 27th, 2014.

Federal Deposit Insurance Corporation

FDIC Adopts Annual Stress Test Scenario Guidance in Final Rule

The Federal Deposit Insurance Corporation published a [final rule](#) adopting its November 20th interim guidance establishing the processes and factors to be used by FDIC in developing and distributing the stress test scenarios. “A key component of the annual stress test is the development of the stress test scenarios that are provided to covered banks on or before November 15th of each year by the FDIC. Scenarios are those sets of conditions that affect the U.S. economy or the financial condition of a covered bank that the FDIC annually determines are appropriate for use in the stress tests, including, but not limited to, baseline, adverse, and severely adverse scenarios. Each scenario includes the values of the variables specified for each quarter over the stress test horizon. The variables specified for each scenario generally address economic activity, asset prices, and other measures of financial market conditions for the United States and key foreign countries.”



Federal Reserve System

Fed Board Adopts Final Policy Statement Establishing its Approach to Designing Stress Test Scenarios

The Federal Reserve Board published a [final policy statement](#) explaining the approach the Board will adopt for designing scenarios for the annual stress tests pursuant to the Dodd-Frank Act. “In order to enhance the transparency of the scenario design process, on November 23, 2012, the Board published for public comment a proposed policy statement (proposed policy statement) that would be used to develop scenarios for annual supervisory and company-run stress tests under the stress testing rules issued under the Dodd-Frank Act and the capital plan rule. The proposed policy statement outlined the characteristics of the supervisory stress test scenarios and explained the considerations and procedures that underlie the formulation of these scenarios... The proposed policy statement provided a broad description of the baseline, adverse, and severely adverse scenarios and described the types of variables that the Board would expect to include in the macroeconomic scenarios and in the market shock component of the stress test scenarios applicable to companies with significant trading activity. The proposed policy statement also described the Board's approach to developing the macroeconomic scenarios and market shocks, as well as the relationship between the macroeconomic scenario and the market shock components. The Board noted that it may determine that material modifications to the proposed policy statement are appropriate if the supervisory stress test framework expands materially to include additional components or other scenarios that are currently not captured.”

Department of Transportation

NHTSA Finalizes Rule Requiring Seat Belts in New Over-the-Road Buses

The National Highway Traffic Safety Administration issued a [final rule](#) that amends the Federal motor vehicle safety standard (FMVSS) on occupant crash protection to require lap/shoulder seat belts for each passenger seating position in all new over-the-road buses, and in other new buses with a gross vehicle weight rating (GVWR) greater than 26,000 pounds. “The notice of proposed rulemaking (NPRM) preceding this final rule... proposed to call buses with a GVWR greater than 11,793 kg (26,000 lb) “motorcoaches,” and proposed to apply seat belt requirements to those vehicles. This final rule fulfills a statutory mandate on motorcoach safety set forth in the “Moving Ahead for Progress in the 21st Century Act”. The final rule also furthers the first priority of NHTSA's goal in the 2007 plan by enhancing the safety of all heavy buses used in intercity bus transportation, while attending to the Motorcoach Enhanced Safety Act's focus on over-the-road buses. NHTSA's 2007 plan, “NHTSA's Approach to Motorcoach Safety,” sought to research improvements to bus safety. The final rule is based on scientific data from an extensive test program completed in 2009 at NHTSA's Vehicle Research and Test Center. The annualized benefits using a 3% and 7% discount rate range from \$28.5 - \$158.6 million and the costs range from \$21.8 - \$121.1. This rule was considered final on November 25, 2013, and is intended to significantly reduce the risk of fatality and serious injury in frontal crashes and the risk of occupant ejection in rollovers, thus considerably enhancing the safety of these vehicles.

Agencies

Transportation Security Administration

TSA Institutes \$85 Application Fee for TSA Pre Check Program for Trusted Travelers

The Transportation Security Administration published a [notice](#) announcing an \$85 application fee for TSA's new Pre-Check program for trusted travelers. “Members of the public may apply to this TSA program by voluntarily providing biometric and biographic information and paying a fee. TSA will use these fees from applicants to fund selected activities of the TSA Pre✓™ Application Program, including the cost of conducting the security threat assessment and adjudicating the application. Successful applicants will be eligible to receive expedited screening at participating U.S. airport security checkpoints, including use of a dedicated screening lane and more limited physical screening.”

Federal Deposit Insurance Corporation

FDIC & OCC Publish Joint Guidance for Consumer Protection Related to Deposit Advance Products

The Federal Deposit Insurance Corporation, in conjunction with the Office of the Comptroller of the Currency, [issued](#) a final supervisory guidance addressing sound banking practices and consumer protection related to deposit advance products. “The Guidance is intended to ensure that banks are aware of the significant risks associated with deposit advance products and supplements the FDIC's existing guidance on payday loans and subprime lending.



Although the FDIC encourages banks to respond to customers' small-dollar credit needs in a responsible manner and with reasonable terms and conditions, deposit advance products pose a variety of credit, reputation, operational, and compliance risks to banks... Typically, the bank does not analyze the customer's ability to repay the loan based on recurring debits or other indications of a need for residual income to pay other bills. The decision to advance credit to customers, based solely on the amount and frequency of their deposits, stands in contrast to banks' traditional underwriting standards for other products, which typically include an assessment of the ability to repay the loan based on an analysis of the customer's finances.”

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