

[DISCUSSION DRAFT]

MAY 3, 2004

108TH CONGRESS
2D SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

M. introduced the following bill; which was referred to the Committee on

A BILL

To reform the postal laws of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Postal Accountability and Enhancement Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—DEFINITIONS; POSTAL SERVICES



- Sec. 101. Definitions.
- Sec. 102. Postal services.
- Sec. 103. Financial transparency.

TITLE II—MODERN RATE REGULATION

- Sec. 201. Provisions relating to market-dominant products.
- Sec. 202. Provisions relating to competitive products.
- Sec. 203. Provisions relating to experimental and new products.
- Sec. 204. Reporting requirements and related provisions.
- Sec. 205. Complaints; appellate review and enforcement.
- Sec. 206. Clerical amendment.

TITLE III—PROVISIONS RELATING TO FAIR COMPETITION

- Sec. 301. Postal Service Competitive Products Fund.
- Sec. 302. Assumed Federal income tax on competitive products income.
- Sec. 303. Unfair competition prohibited.
- Sec. 304. Suits by and against the Postal Service.
- Sec. 305. International postal arrangements.
- Sec. 306. Redesignation.
- Sec. 307. Exception for competitive products.

TITLE IV—GENERAL PROVISIONS

- Sec. 401. Qualification requirements for Governors.
- Sec. 402. Obligations.
- Sec. 403. Private carriage of letters.
- Sec. 404. Rulemaking authority.
- Sec. 405. Noninterference with collective bargaining agreements, etc.
- Sec. 406. Bonus authority.
- Sec. 407. Mediation in collective-bargaining disputes.

TITLE V—ENHANCED REGULATORY COMMISSION

- Sec. 501. Reorganization and modification of certain provisions relating to the Postal Regulatory Commission.
- Sec. 502. Authority for Postal Regulatory Commission to issue subpoenas.
- Sec. 503. Appropriations for the Postal Regulatory Commission.
- Sec. 504. Redesignation of the Postal Rate Commission.
- Sec. 505. Officer of the Postal Regulatory Commission representing the general public.

TITLE VI—INSPECTORS GENERAL

- Sec. 601. Inspector General of the Postal Regulatory Commission.
- Sec. 602. Inspector General of the United States Postal Service to be appointed by the President.

TITLE VII—EVALUATIONS

- Sec. 701. Universal postal service study.
- Sec. 702. Assessments of ratemaking, classification, and other provisions.
- Sec. 703. Study on equal application of laws to competitive products.
- Sec. 704. Greater diversity in Postal Service Executive and administrative schedule management positions.
- Sec. 705. Plan for assisting displaced workers.
- Sec. 706. Contracts with women, minorities, and small businesses.



- Sec. 707. Rates for periodicals.
- Sec. 708. Assessment of certain rate deficiencies.
- Sec. 709. Definition.

TITLE VIII—MISCELLANEOUS; TECHNICAL AND CONFORMING
AMENDMENTS

- Sec. 801. Employment of postal police officers.
- Sec. 802. Date of postmark to be treated as date of appeal in connection with the closing or consolidation of post offices.
- Sec. 803. Provisions relating to benefits under chapter 81 of title 5, United States Code, for officers and employees of the former Post Office Department.
- Sec. 804. Obsolete provisions.
- Sec. 805. Expanded contracting authority.
- Sec. 806. Investments.
- Sec. 807. Repeal of section 5403.
- Sec. 808. Reduced rates.
- Sec. 809. [Hazardous matter.]
- Sec. 810. Technical and conforming amendments.

TITLE IX—POSTAL PENSION FUNDING REFORM AMENDMENTS

- Sec. 901. [To be provided].

1 **TITLE I—DEFINITIONS; POSTAL**
2 **SERVICES**

3 **SEC. 101. DEFINITIONS.**

4 Section 102 of title 39, United States Code, is
5 amended by striking “and” at the end of paragraph (3),
6 by striking the period at the end of paragraph (4) and
7 inserting a semicolon, and by adding at the end the fol-
8 lowing:

9 “(5) ‘postal service’ means the carriage of let-
10 ters, printed matter, or mailable packages, including
11 acceptance, collection, processing, delivery, or other
12 services supportive or ancillary thereto;



1 “(6) ‘product’ means a postal service with a
2 distinct cost or market characteristic for which a
3 rate or rates are, or may reasonably be, applied;

4 “(7) ‘rates’, as used with respect to products,
5 includes fees for postal services;

6 “(8) ‘market-dominant product’ or ‘product in
7 the market-dominant category of mail’ means a
8 product subject to subchapter I of chapter 36;

9 “(9) ‘competitive product’ or ‘product in the
10 competitive category of mail’ means a product sub-
11 ject to subchapter II of chapter 36;

12 “(10) ‘Consumer Price Index’ means the Con-
13 sumer Price Index for All Urban Consumers pub-
14 lished monthly by the Bureau of Labor Statistics of
15 the Department of Labor; and

16 “(11) ‘year’, as used in chapter 36 (other than
17 subchapters I and VI thereof), means a fiscal year.”.

18 **SEC. 102. POSTAL SERVICES.**

19 (a) IN GENERAL.—Section 404 of title 39, United
20 States Code, is amended—

21 (1) in subsection (a), by striking paragraph (6)
22 and by redesignating paragraphs (7) through (9) as
23 paragraphs (6) through (8), respectively; and

24 (2) by adding at the end the following:



1 “(e) Nothing in this title shall be considered to permit
2 or require that the Postal Service provide any special non-
3 postal or similar services.”

4 (b) CONFORMING AMENDMENTS.—(1) Section
5 1402(b)(1)(B)(ii) of the Victims of Crime Act of 1984 (98
6 Stat. 2170; 42 U.S.C. 10601(b)(1)(B)(ii)) is amended by
7 striking “404(a)(8)” and inserting “404(a)(7)”.

8 (2) Section 2003(b)(1) of title 39, United States
9 Code, is amended by striking “and nonpostal”.

10 **SEC. 103. FINANCIAL TRANSPARENCY.**

11 (a) IN GENERAL.—Section 101 of title 39, United
12 States Code, is amended by redesignating subsections (d)
13 through (g) as subsections (e) through (h), respectively,
14 and by inserting after subsection (c) the following:

15 “(d) As an establishment that provides both market-
16 dominant and competitive products, the Postal Service
17 shall be subject to a high degree of transparency, including
18 in its finances and operations, to ensure fair treatment
19 of customers of the Postal Service’s market-dominant
20 products and companies competing with the Postal Serv-
21 ice’s competitive products.”

22 (b) CONFORMING AMENDMENT.—Section 5001 of
23 title 39, United States Code, is amended by striking
24 “101(e) and (f)” and inserting “101(f) and (g)”.



1 **TITLE II—MODERN RATE**
2 **REGULATION**

3 **SEC. 201. PROVISIONS RELATING TO MARKET-DOMINANT**
4 **PRODUCTS.**

5 (a) IN GENERAL.—Chapter 36 of title 39, United
6 States Code, is amended by striking sections 3621 and
7 3622 and inserting the following:

8 **“§ 3621. Applicability; definitions**

9 “(a) APPLICABILITY.—This subchapter shall apply
10 with respect to—

11 “(1)(A) single piece first-class letters (both do-
12 mestic and international);

13 “(B) single piece first-class cards (both domes-
14 tic and international);

15 “(C) single piece parcels (both domestic and
16 international); and

17 “(D) special services;

18 “(2) all first-class mail not included under
19 paragraph (1);

20 “(3) periodicals;

21 “(4) standard mail;

22 “(5) media mail;

23 “(6) library mail; and

24 “(7) bound printed matter,



1 subject to any changes the Postal Regulatory Commission
2 may make under section 3642.

3 “(b) RULE OF CONSTRUCTION.—Mail matter re-
4 ferred to in subsection (a) shall, for purposes of this sub-
5 chapter, be considered to have the meaning given to such
6 mail matter under the mail classification schedule.

7 **“§ 3622. Modern rate regulation**

8 “(a) AUTHORITY GENERALLY.—The Postal Regu-
9 latory Commission shall, within 24 months after the date
10 of the enactment of this section, by regulation establish
11 (and may from time to time thereafter by regulation re-
12 vise) a modern system for regulating rates and classes for
13 market-dominant products.

14 “(b) OBJECTIVES.—Such system shall be designed to
15 achieve the following objectives:

16 “(1) To maximize incentives to reduce costs
17 and increase efficiency.

18 “(2) To create predictability and stability in
19 rates.

20 “(3) To maintain high quality service stand-
21 ards.

22 “(4) To allow the Postal Service pricing flexi-
23 bility.

24 “(5) To assure adequate revenues, including re-
25 tained earnings, to maintain financial stability.



1 “(6) To reduce the administrative burden of the
2 ratemaking process.

3 “(c) FACTORS.—In establishing or revising such sys-
4 tem, the Postal Regulatory Commission shall take into
5 account—

6 “(1) the establishment and maintenance of a
7 fair and equitable schedule for rates and classifica-
8 tion system;

9 “(2) the value of the mail service actually pro-
10 vided each class or type of mail service to both the
11 sender and the recipient, including but not limited to
12 the collection, mode of transportation, and priority
13 of delivery;

14 “(3) the direct and indirect postal costs attrib-
15 utable to each class or type of mail service plus that
16 portion of all other costs of the Postal Service rea-
17 sonably assignable to such class or type;

18 “(4) the effect of rate increases upon the gen-
19 eral public, business mail users, and enterprises in
20 the private sector of the economy engaged in the de-
21 livery of mail matter other than letters;

22 “(5) the available alternative means of sending
23 and receiving letters and other mail matter at rea-
24 sonable costs;



1 “(6) the degree of preparation of mail for deliv-
2 ery into the postal system performed by the mailer
3 and its effect upon reducing costs to the Postal
4 Service;

5 “(7) simplicity of structure for the entire sched-
6 ule and simple, identifiable relationships between the
7 rates or fees charged the various classes of mail for
8 postal services;

9 “(8) the relative value to the people of the
10 kinds of mail matter entered into the postal system
11 and the desirability and justification for special clas-
12 sifications and services of mail;

13 “(9) the importance of providing classifications
14 with extremely high degrees of reliability and speed
15 of delivery and of providing those that do not re-
16 quire high degrees of reliability and speed of deliv-
17 ery;

18 “(10) the desirability of special classifications
19 from the point of view of both the user and of the
20 Postal Service;

21 “(11) the educational, cultural, scientific, and
22 informational value to the recipient of mail matter;
23 and

24 “(12) the policies of this title as well as such
25 other factors as the Commission deems appropriate.



1 “(d) ALLOWABLE PROVISIONS.—The system for reg-
2 ulating rates and classes for market-dominant products
3 may include one or more of the following:

4 “(1) Price caps, revenue targets, or other form
5 of incentive regulation.

6 “(2) Cost-of-service regulation.

7 “(3) Such other form of regulation as the Com-
8 mission considers appropriate to achieve, consistent
9 with subsection (c), the objectives of subsection (b).

10 “(e) LIMITATION.—In the administration of this sec-
11 tion, the Commission shall not permit the average rate in
12 any subclass of mail to increase at an annual rate greater
13 than the comparable increase in the Consumer Price
14 Index, unless it has, after notice and opportunity for a
15 public hearing and comment, determined that such in-
16 crease is reasonable and equitable and necessary to enable
17 the Postal Service, under best practices of honest, effi-
18 cient, and economical management, to maintain and con-
19 tinue the development of postal services of the kind and
20 quality adapted to the needs of the United States.

21 “(f) TRANSITION RULE.—Until regulations under
22 this section first take effect, rates and classes for market-
23 dominant products shall remain subject to modification in
24 accordance with the provisions of this chapter and section



1 407, as such provisions were last in effect before the date
2 of the enactment of this section.”.

3 (b) REPEALED SECTIONS.—Sections 3623, 3624,
4 3625, and 3628 of title 39, United States Code, are re-
5 pealed.

6 (c) REDESIGNATION.—Chapter 36 of title 39, United
7 States Code (as in effect after the amendment made by
8 section 501(a)(2), but before the amendment made by sec-
9 tion 202) is amended by striking the heading for sub-
10 chapter II and inserting the following:

11 “SUBCHAPTER I—PROVISIONS RELATING TO
12 MARKET-DOMINANT PRODUCTS”.

13 **SEC. 202. PROVISIONS RELATING TO COMPETITIVE PROD-**
14 **UCTS.**

15 Chapter 36 of title 39, United States Code, is amend-
16 ed by inserting after section 3629 the following:

17 “SUBCHAPTER II—PROVISIONS RELATING TO
18 COMPETITIVE PRODUCTS

19 “§ 3631. **Applicability; definitions and updates**

20 “(a) APPLICABILITY.—This subchapter shall apply
21 with respect to—

22 “(1) priority mail;

23 “(2) expedited mail;

24 “(3) mailgrams;

25 “(4) international mail; and



1 “(5) parcel post,
2 subject to subsection (d) and any changes the Postal Reg-
3 ulatory Commission may make under section 3642.

4 “(b) DEFINITION.—For purposes of this subchapter,
5 the term ‘costs attributable’, as used with respect to a
6 product, means the direct and indirect postal costs attrib-
7 utable to such product.

8 “(c) RULE OF CONSTRUCTION.—Mail matter re-
9 ferred to in subsection (a) shall, for purposes of this sub-
10 chapter, be considered to have the meaning given to such
11 mail matter under the mail classification schedule.

12 “(d) LIMITATION.—Notwithstanding any other provi-
13 sion of this section, nothing in this subchapter shall be
14 considered to apply with respect to any product then cur-
15 rently in the market-dominant category of mail.

16 **“§ 3632. Action of the Governors**

17 “(a) AUTHORITY TO ESTABLISH RATES AND CLASS-
18 ES.—The Governors, with the written concurrence of a
19 majority of all of the Governors then holding office, shall
20 establish rates and classes for products in the competitive
21 category of mail in accordance with the requirements of
22 this subchapter and regulations promulgated under sec-
23 tion 3633.

24 “(b) PROCEDURES.—



1 “(1) IN GENERAL.—Rates and classes shall be
2 established in writing, complete with a statement of
3 explanation and justification, and the date as of
4 which each such rate or class takes effect.

5 “(2) PUBLICATION.—The Governors shall cause
6 each rate and class decision under this section and
7 the record of the Governors’ proceedings in connec-
8 tion with such decision to be published in the Fed-
9 eral Register by such date before the effective date
10 of any new rates or classes as the Governors con-
11 sider appropriate.

12 “(c) TRANSITION RULE.—Until regulations under
13 section 3633 first take effect, rates and classes for com-
14 petitive products shall remain subject to modification in
15 accordance with the provisions of this chapter and section
16 407, as such provisions were as last in effect before the
17 date of the enactment of this section.

18 **“§ 3633. Provisions applicable to rates for competitive**
19 **products**

20 “The Postal Regulatory Commission shall, within
21 180 days after the date of the enactment of this section,
22 promulgate (and may from time to time thereafter revise)
23 regulations—

24 “(1) to prohibit the subsidization of competitive
25 products by market-dominant products;



1 “(2) to ensure that each competitive product
2 covers its costs attributable; and

3 “(3) to ensure that all competitive products col-
4 lectively make a reasonable contribution to the insti-
5 tutional costs of the Postal Service.”.

6 **SEC. 203. PROVISIONS RELATING TO EXPERIMENTAL AND**
7 **NEW PRODUCTS.**

8 Subchapter III of chapter 36 of title 39, United
9 States Code, is amended to read as follows:

10 “SUBCHAPTER III—PROVISIONS RELATING TO
11 EXPERIMENTAL AND NEW PRODUCTS

12 “§ 3641. **Market tests of experimental products**

13 “(a) **AUTHORITY.—**

14 “(1) **IN GENERAL.—**The Postal Service may
15 conduct market tests of experimental products in ac-
16 cordance with this section.

17 “(2) **PROVISIONS WAIVED.—**A product shall
18 not, while it is being tested under this section, be
19 subject to the requirements of sections 3622, 3633,
20 or 3642, or regulations promulgated under those
21 sections.

22 “(b) **CONDITIONS.—**A product may not be tested
23 under this section unless it satisfies each of the following:

24 “(1) **SIGNIFICANTLY DIFFERENT PRODUCT.—**
25 The product is, from the viewpoint of the mail users,



1 significantly different from all products offered by
2 the Postal Service within the 2-year period preceding
3 the start of the test.

4 “(2) MARKET DISRUPTION.—The introduction
5 or continued offering of the product will not create
6 an unfair or otherwise inappropriate competitive ad-
7 vantage for the Postal Service or any mailer, par-
8 ticularly in regard to small business concerns (as de-
9 fined under subsection (h)).

10 “(3) CORRECT CATEGORIZATION.—The Postal
11 Service identifies the product, for the purpose of a
12 test under this section, as either market dominant or
13 competitive, consistent with the criteria under sec-
14 tion 3642(b)(1). Costs and revenues attributable to
15 a product identified as competitive shall be included
16 in any determination under section 3633(3) (relating
17 to provisions applicable to competitive products col-
18 lectively).

19 “(c) NOTICE.—

20 “(1) IN GENERAL.—At least 30 days before ini-
21 tiating a market test under this section, the Postal
22 Service shall file with the Postal Regulatory Com-
23 mission and publish in the Federal Register a
24 notice—



1 “(A) setting out the basis for the Postal
2 Service’s determination that the market test is
3 covered by this section; and

4 “(B) describing the nature and scope of
5 the market test.

6 “(2) SAFEGUARDS.—For a competitive experi-
7 mental product, the provisions of section 504(g)
8 shall be available with respect to any information re-
9 quired to be filed under paragraph (1) to the same
10 extent and in the same manner as in the case of any
11 matter described in section 504(g)(1). Nothing in
12 paragraph (1) shall be considered to permit or re-
13 quire the publication of any information as to which
14 confidential treatment is accorded under the pre-
15 ceding sentence (subject to the same exception as set
16 forth in section 504(g)(3)).

17 “(d) DURATION.—

18 “(1) IN GENERAL.—A market test of a product
19 under this section may be conducted over a period
20 of not to exceed 24 months.

21 “(2) EXTENSION AUTHORITY.—If necessary in
22 order to determine the feasibility or desirability of a
23 product being tested under this section, the Postal
24 Regulatory Commission may, upon written applica-
25 tion of the Postal Service (filed not later than 60



1 days before the date as of which the testing of such
2 product would otherwise be scheduled to terminate
3 under paragraph (1)), extend the testing of such
4 product for not to exceed an additional 12 months.

5 “(e) DOLLAR-AMOUNT LIMITATION.—

6 “(1) IN GENERAL.—A product may be tested
7 under this section only if the total revenues that are
8 anticipated, or in fact received, by the Postal Service
9 from such product do not exceed \$10,000,000 in any
10 year, subject to paragraph (2) and subsection (g).

11 “(2) EXEMPTION AUTHORITY.—The Postal
12 Regulatory Commission may, upon written applica-
13 tion of the Postal Service, exempt the market test
14 from the limit in paragraph (1) if the total revenues
15 that are anticipated, or in fact received, by the Post-
16 al Service from such product do not exceed
17 \$50,000,000 in any year, subject to subsection (g).
18 In reviewing an application under this paragraph,
19 the Postal Regulatory Commission shall approve
20 such application if it determines that—

21 “(A) the product is likely to benefit the
22 public and meet an expected demand;

23 “(B) the product is likely to contribute to
24 the financial stability of the Postal Service; and



1 “(C) the product is not likely to result in
2 unfair or otherwise inappropriate competition.

3 “(f) CANCELLATION.—If the Postal Regulatory Com-
4 mission at any time determines that a market test under
5 this section fails, with respect to any particular product,
6 to meet one or more of the requirements of this section,
7 it may order the cancellation of the test involved or take
8 such other action as it considers appropriate. A determina-
9 tion under this subsection shall be made in accordance
10 with such procedures as the Commission shall by regula-
11 tion prescribe.

12 “(g) ADJUSTMENT FOR INFLATION.—For purposes
13 of each year following the year in which occurs the dead-
14 line for the Postal Service’s first report to the Postal Reg-
15 ulatory Commission under section 3652(a), each dollar
16 amount contained in this section shall be adjusted by the
17 change in the Consumer Price Index for such year (as de-
18 termined under regulations of the Commission).

19 “(h) DEFINITION OF A SMALL BUSINESS CON-
20 CERN.—The criteria used in defining small business con-
21 cerns or otherwise categorizing business concerns as small
22 business concerns shall, for purposes of this section, be
23 established by the Postal Regulatory Commission in con-
24 formance with the requirements of section 3 of the Small
25 Business Act.



1 “(i) EFFECTIVE DATE.—Market tests under this
2 subchapter may be conducted in any year beginning with
3 the first year in which occurs the deadline for the Postal
4 Service’s first report to the Postal Regulatory Commission
5 under section 3652(a).

6 **“§ 3642. New products and transfers of products be-**
7 **tween the market-dominant and competi-**
8 **tive categories of mail**

9 “(a) IN GENERAL.—Upon request of the Postal Serv-
10 ice or users of the mails, or upon its own initiative, the
11 Postal Regulatory Commission may change the list of
12 market-dominant products under section 3621 and the list
13 of competitive products under section 3631 by adding new
14 products to the lists, removing products from the lists, or
15 transferring products between the lists.

16 “(b) CRITERIA.—All determinations by the Postal
17 Regulatory Commission under subsection (a) shall be
18 made in accordance with the following criteria:

19 “(1) The market-dominant category of products
20 shall consist of each product in the sale of which the
21 Postal Service exercises sufficient market power that
22 it can effectively set the price of such product sub-
23 stantially above costs, raise prices significantly, de-
24 crease quality, or decrease output, without risk of
25 losing business to other firms offering similar prod-



1 ucts. The competitive category of products shall con-
2 sist of all other products.

3 “(2) EXCLUSION OF PRODUCTS COVERED BY
4 POSTAL MONOPOLY.—A product covered by the post-
5 al monopoly shall not be subject to transfer under
6 this section from the market-dominant category of
7 mail. For purposes of the preceding sentence, the
8 term ‘product covered by the postal monopoly’
9 means any product the conveyance or transmission
10 of which is reserved to the United States under sec-
11 tion 1696 of title 18, subject to the same exception
12 as set forth in the last sentence of section 409(e)(1).

13 “(3) ADDITIONAL CONSIDERATIONS.—In mak-
14 ing any decision under this section, due regard shall
15 be given to—

16 “(A) the availability and nature of enter-
17 prises in the private sector engaged in the deliv-
18 ery of the product involved;

19 “(B) the views of those who use the prod-
20 uct involved on the appropriateness of the pro-
21 posed action; and

22 “(C) the likely impact of the proposed ac-
23 tion on small business concerns (within the
24 meaning of section 3641(h)).



1 “(c) TRANSFERS OF SUBCLASSES AND OTHER SUB-
2 ORDINATE UNITS ALLOWABLE.—Nothing in this title
3 shall be considered to prevent transfers under this section
4 from being made by reason of the fact that they would
5 involve only some (but not all) of the subclasses or other
6 subordinate units of the class of mail or type of postal
7 service involved (without regard to satisfaction of min-
8 imum quantity requirements standing alone).

9 “(d) NOTIFICATION AND PUBLICATION REQUIRE-
10 MENTS.—

11 “(1) NOTIFICATION REQUIREMENT.—The Post-
12 al Service shall, whenever it requests to add a prod-
13 uct or transfer a product to a different category, file
14 with the Postal Regulatory Commission and publish
15 in the Federal Register a notice setting out the basis
16 for its determination that the product satisfies the
17 criteria under subsection (b) and, in the case of a
18 request to add a product or transfer a product to
19 the competitive category of mail, that the product
20 meets the regulations promulgated by the Postal
21 Regulatory Commission pursuant to section 3633.
22 The provisions of section 504(g) shall be available
23 with respect to any information required to be filed.

24 “(2) PUBLICATION REQUIREMENT.—The Postal
25 Regulatory Commission shall, whenever it changes



1 the list of products in the market-dominant or com-
2 petitive category of mail, prescribe new lists of prod-
3 ucts. The revised lists shall indicate how and when
4 any previous lists (including the lists under sections
5 3621 and 3631) are superseded, and shall be pub-
6 lished in the Federal Register.

7 “(e) PROHIBITION.—Except as provided in section
8 3641, no product that involves the carriage of letters,
9 printed matter, or mailable packages may be offered by
10 the Postal Service unless it has been assigned to the mar-
11 ket-dominant or competitive category of mail (as appro-
12 priate) either—

13 “(1) under this subchapter; or

14 “(2) by or under any other provision of law.”.

15 **SEC. 204. REPORTING REQUIREMENTS AND RELATED PRO-**
16 **VISIONS.**

17 (a) REDESIGNATION.—Chapter 36 of title 39, United
18 States Code (as in effect before the amendment made by
19 subsection (b)) is amended by striking the heading for
20 subchapter IV and inserting the following:

21 “SUBCHAPTER V—POSTAL SERVICES,
22 COMPLAINTS, AND JUDICIAL REVIEW”.

23 (b) REPORTS AND COMPLIANCE.—Chapter 36 of title
24 39, United States Code, is amended by inserting after sub-
25 chapter III the following:



1 “SUBCHAPTER IV—REPORTING
2 REQUIREMENTS AND RELATED PROVISIONS

3 **“§ 3651. Annual reports by the Commission**

4 “(a) IN GENERAL.—The Postal Regulatory Commis-
5 sion shall submit an annual report to the President and
6 the Congress concerning the operations of the Commission
7 under this title, including the extent to which regulations
8 are achieving the objectives under sections 3622 and 3633,
9 respectively.

10 “(b) ADDITIONAL INFORMATION.—In addition to the
11 information required under subsection (a), each report
12 under this section shall also include, with respect to the
13 period covered by such report, an estimate of the costs
14 incurred by the Postal Service in providing—

15 “(1) postal services to areas of the Nation
16 where, in the judgment of the Postal Regulatory
17 Commission, the Postal Service either would not
18 provide services at all or would not provide such
19 services in accordance with the requirements of this
20 title if the Postal Service were not required to pro-
21 vide prompt, reliable, and efficient services to pa-
22 trons in all areas and all communities, including as
23 required under the first sentence of section 101(b);

24 “(2) free or reduced rates for postal services as
25 required by this title; and



1 “(3) other public services or activities which, in
2 the judgment of the Postal Regulatory Commission,
3 would not otherwise have been provided by the Post-
4 al Service but for the requirements of law.

5 The Commission shall detail the bases for its estimates
6 and the statutory requirements giving rise to the costs
7 identified in each report under this section.

8 “(c) INFORMATION FROM POSTAL SERVICE.—The
9 Postal Service shall provide the Postal Regulatory Com-
10 mission with such information as may, in the judgment
11 of the Commission, be necessary in order for the Commis-
12 sion to prepare its reports under this section.

13 **“§ 3652. Annual reports to the Commission**

14 “(a) COSTS, REVENUES, AND RATES.—Except as
15 provided in subsection (c), the Postal Service shall, no
16 later than 90 days after the end of each year, prepare and
17 submit to the Postal Regulatory Commission a report (to-
18 gether with such nonpublic annex thereto as the Commis-
19 sion may require under subsection (e))—

20 “(1) which shall analyze costs, revenues, and
21 rates in sufficient detail to demonstrate that the
22 rates in effect for all products during such year com-
23 plied with all applicable requirements of this title;
24 and



1 “(2) which shall, for each market-dominant
2 product provided in such year, provide—

3 “(A) market information, including mail
4 volumes; and

5 “(B) measures of the quality of service af-
6 forded by the Postal Service in connection with
7 such product, including—

8 “(i) the service standard applicable to
9 such product;

10 “(ii) the level of service (described in
11 terms of speed of delivery and reliability)
12 provided; and

13 “(iii) the degree of customer satisfac-
14 tion with the service provided.

15 Before submitting a report under this subsection (includ-
16 ing any annex thereto and the information required under
17 subsection (b)), the Postal Service shall have the informa-
18 tion contained in such report (and annex) audited by the
19 Inspector General. The results of any such audit shall be
20 submitted along with the report to which it pertains.

21 “(b) Information Relating to Workshare Discounts.

22 “(1) IN GENERAL.—The Postal Service shall in-
23 clude, in each report under subsection (a), the fol-
24 lowing information with respect to each market-dom-



1 inant product for which a workshare discount was in
2 effect during the period covered by such report:

3 “(A) The per-item cost avoided by the
4 Postal Service by virtue of such discount.

5 “(B) The percentage of such per-item cost
6 avoided that the per-item workshare discount
7 represents.

8 “(C) The per-item contribution made to in-
9 stitutional costs.

10 “(2) WORKSHARE DISCOUNT DEFINED.—For
11 purposes of this subsection, the term ‘workshare dis-
12 count’ refers to presorting, barcoding, dropshipping,
13 and other similar discounts, as further defined under
14 regulations which the Postal Regulatory Commission
15 shall prescribe.

16 “(c) MARKET TESTS.—In carrying out subsections
17 (a) and (b) with respect to experimental products offered
18 through market tests under section 3641 in a year, the
19 Postal Service—

20 “(1) may report summary data on the costs,
21 revenues, and quality of service by market test; and

22 “(2) shall report such data as the Postal Regu-
23 latory Commission requires.

24 “(d) SUPPORTING MATTER.—The Postal Regulatory
25 Commission shall have access, in accordance with such



1 regulations as the Commission shall prescribe, to the
2 working papers and any other supporting matter of the
3 Postal Service and the Inspector General in connection
4 with any information submitted under this section.

5 “(e) CONTENT AND FORM OF REPORTS.—

6 “(1) IN GENERAL.—The Postal Regulatory
7 Commission shall, by regulation, prescribe the con-
8 tent and form of the public reports (and any non-
9 public annex and supporting matter relating thereto)
10 to be provided by the Postal Service under this sec-
11 tion. In carrying out this subsection, the Commis-
12 sion shall give due consideration to—

13 “(A) providing the public with adequate in-
14 formation to assess the lawfulness of rates
15 charged;

16 “(B) avoiding unnecessary or unwarranted
17 administrative effort and expense on the part of
18 the Postal Service; and

19 “(C) protecting the confidentiality of com-
20 mercially sensitive information.

21 “(2) REVISED REQUIREMENTS.—The Commis-
22 sion may, on its own motion or on request of an in-
23 terested party, initiate proceedings (to be conducted
24 in accordance with regulations that the Commission
25 shall prescribe) to improve the quality, accuracy, or



1 completeness of Postal Service data required by the
2 Commission under this subsection whenever it shall
3 appear that—

4 “(A) the attribution of costs or revenues to
5 products has become significantly inaccurate or
6 can be significantly improved;

7 “(B) the quality of service data has be-
8 come significantly inaccurate or can be signifi-
9 cantly improved; or

10 “(C) such revisions are, in the judgment of
11 the Commission, otherwise necessitated by the
12 public interest.

13 “(f) CONFIDENTIAL INFORMATION.—

14 “(1) IN GENERAL.—If the Postal Service deter-
15 mines that any document or portion of a document,
16 or other matter, which it provides to the Postal Reg-
17 ulatory Commission in a nonpublic annex under this
18 section or pursuant to subsection (d) contains infor-
19 mation which is described in section 410(c) of this
20 title, or exempt from public disclosure under section
21 552(b) of title 5, the Postal Service shall, at the
22 time of providing such matter to the Commission,
23 notify the Commission of its determination, in writ-
24 ing, and describe with particularity the documents



1 (or portions of documents) or other matter for which
2 confidentiality is sought and the reasons therefor.

3 “(2) TREATMENT.—Any information or other
4 matter described in paragraph (1) to which the
5 Commission gains access under this section shall be
6 subject to paragraphs (2) and (3) of section 504(g)
7 in the same way as if the Commission had received
8 notification with respect to such matter under sec-
9 tion 504(g)(1).

10 “(g) OTHER REPORTS.—The Postal Service shall
11 submit to the Postal Regulatory Commission, together
12 with any other submission that it is required to make
13 under this section in a year, copies of its then most
14 recent—

15 “(1) comprehensive statement under section
16 2401(e);

17 “(2) performance plan under section 2803; and

18 “(3) program performance reports under sec-
19 tion 2804.

20 **“§ 3653. Annual determination of compliance**

21 “(a) OPPORTUNITY FOR PUBLIC COMMENT.—After
22 receiving the reports required under section 3652 for any
23 year, the Postal Regulatory Commission shall promptly
24 provide an opportunity for comment on such reports by
25 users of the mails, affected parties, and an officer of the



1 Commission who shall be required to represent the inter-
2 ests of the general public.

3 “(b) DETERMINATION OF COMPLIANCE OR NON-
4 COMPLIANCE.—Not later than 90 days after receiving the
5 submissions required under section 3652 with respect to
6 a year, the Postal Regulatory Commission shall make a
7 written determination as to—

8 “(1) whether any rates or fees in effect during
9 such year (for products individually or collectively)
10 were not in compliance with applicable provisions of
11 this chapter (or regulations promulgated there-
12 under);

13 “(2) whether any performance goals established
14 under section 2803 or 2804 for such year were not
15 met; and

16 “(3) whether any market-dominant product
17 failed to meet any service standard during such
18 year.

19 If, with respect to a year, no instance of noncompliance
20 is found under this subsection to have occurred in such
21 year, the written determination shall be to that effect.

22 “(c) IF ANY NONCOMPLIANCE IS FOUND.—If, for a
23 year, a timely written determination of noncompliance is
24 made under subsection (b), the Postal Regulatory Com-
25 mission shall take appropriate action in accordance with



1 subsections (c)–(d) of section 3662 (as if a complaint aver-
2 ring such noncompliance had been duly filed and found
3 under such section to be justified).

4 “(d) REBUTTABLE PRESUMPTION.—A timely written
5 determination described in the last sentence of subsection
6 (b) shall, for purposes of any proceeding under section
7 3662, create a rebuttable presumption of compliance by
8 the Postal Service (with regard to the matters described
9 in paragraphs (1) through (3) of subsection (b)) during
10 the year to which such determination relates.”.

11 **SEC. 205. COMPLAINTS; APPELLATE REVIEW AND EN-**
12 **FORCEMENT.**

13 Chapter 36 of title 39, United States Code, is amend-
14 ed by striking sections 3662 and 3663 and inserting the
15 following:

16 **“§ 3662. Rate and service complaints**

17 “(a) IN GENERAL.—Interested persons (including an
18 officer of the Postal Regulatory Commission representing
19 the interests of the general public) who believe the Postal
20 Service is not operating in conformance with the require-
21 ments of chapter 1, 4, or 6, or this chapter (or regulations
22 promulgated under any of those chapters) may lodge a
23 complaint with the Postal Regulatory Commission in such
24 form and manner as the Commission may prescribe.

25 “(b) PROMPT RESPONSE REQUIRED.—



1 “(1) IN GENERAL.—The Postal Regulatory
 2 Commission shall, within 90 days after receiving a
 3 complaint under subsection (a), either—

4 “(A) begin proceedings on such complaint;

5 or

6 “(B) issue an order dismissing the com-
 7 plaint (together with a statement of the reasons
 8 therefor).

9 “(2) TREATMENT OF COMPLAINTS NOT TIMELY
 10 ACTED ON.—For purposes of section 3663, any com-
 11 plaint under subsection (a) on which the Commis-
 12 sion fails to act in the time and manner required by
 13 paragraph (1) shall be treated in the same way as
 14 if it had been dismissed pursuant to an order issued
 15 by the Commission on the last day allowable for the
 16 issuance of such order under paragraph (1).

17 “(c) ACTION REQUIRED IF COMPLAINT FOUND TO
 18 BE JUSTIFIED.—If the Postal Regulatory Commission
 19 finds the complaint to be justified, it shall order that the
 20 Postal Service take such action as the Commission con-
 21 siders appropriate in order to achieve compliance with the
 22 applicable requirements and to remedy the effects of any
 23 noncompliance (such as ordering unlawful rates to be ad-
 24 justed to lawful levels, ordering the cancellation of market
 25 tests, ordering the Postal Service to discontinue providing



1 loss-making products, or requiring the Postal Service to
2 make up for revenue shortfalls in competitive products).

3 “(d) AUTHORITY TO ORDER FINES IN CASES OF DE-
4 LIBERATE NONCOMPLIANCE.—In addition, in cases of de-
5 liberate noncompliance by the Postal Service with the re-
6 quirements of this title, the Postal Regulatory Commission
7 may order, based on the nature, circumstances, extent,
8 and seriousness of the noncompliance, a fine (in the
9 amount specified by the Commission in its order) for each
10 incidence of noncompliance. Fines resulting from the pro-
11 vision of competitive products shall be paid out of the
12 Competitive Products Fund established in section 2011.
13 All receipts from fines imposed under this subsection shall
14 be deposited in the general fund of the Treasury of the
15 United States.

16 **“§ 3663. Appellate review**

17 “A person adversely affected or aggrieved by a final
18 order or decision of the Postal Regulatory Commission
19 may, within 30 days after such order or decision becomes
20 final, institute proceedings for review thereof by filing a
21 petition in the United States Court of Appeals for the Dis-
22 trict of Columbia. The court shall review the order or deci-
23 sion in accordance with section 706 of title 5, and chapter
24 158 and section 2112 of title 28, on the basis of the record



1 before the Commission. For purposes of this section, the
 2 term 'person' includes the Postal Service.

3 **“§ 3664. Enforcement of orders**

4 “The several district courts have jurisdiction specifi-
 5 cally to enforce, and to enjoin and restrain the Postal
 6 Service from violating, any order issued by the Postal Reg-
 7 ulatory Commission.”.

8 **SEC. 206. CLERICAL AMENDMENT.**

9 Chapter 36 of title 39, United States Code, is amend-
 10 ed by striking the heading and analysis for such chapter
 11 and inserting the following:

“CHAPTER 36—POSTAL RATES, CLASSES AND SERVICES

“SUBCHAPTER I—PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS

“Sec.

“3621. Applicability; definitions.

“3622. Modern rate regulation.

“[3623. Repealed].

“[3624. Repealed].

“[3625. Repealed].

“3626. Reduced Rates.

“3627. Adjusting free rates.

“[3628. Repealed].

“3629. Reduced rates for voter registration purposes.

“SUBCHAPTER II—PROVISIONS RELATING TO COMPETITIVE PRODUCTS

“3631. Applicability; definitions and updates.

“3632. Action of the Governors.

“3633. Provisions applicable to rates for competitive products.

“3634. Assumed Federal income tax on competitive products.

“SUBCHAPTER III—PROVISIONS RELATING TO EXPERIMENTAL AND NEW
 PRODUCTS

“3641. Market tests of experimental products.

“3642. New products and transfers of products between the market-dominant
 and competitive categories of mail.

“SUBCHAPTER IV—REPORTING REQUIREMENTS AND RELATED PROVISIONS

“3651. Annual reports by the Commission.

“3652. Annual reports to the Commission.

“3653. Annual determination of compliance.

“SUBCHAPTER V—POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW

“3661. Postal Services.

“3662. Rate and service complaints.

“3663. Appellate review.

“3664. Enforcement of orders.

“SUBCHAPTER VI—GENERAL

“3681. Reimbursement.

“3682. Size and weight limits.

“3683. Uniform rates for books; films, other materials.

“3684. Limitations.

“3685. Filing of information relating to periodical publications.

“3686. Bonus authority.”

1 **TITLE III—PROVISIONS RELAT-**
2 **ING TO FAIR COMPETITION**

3 **SEC. 301. POSTAL SERVICE COMPETITIVE PRODUCTS**
4 **FUND.**

5 (a) PROVISIONS RELATING TO POSTAL SERVICE
6 COMPETITIVE PRODUCTS FUND AND RELATED MAT-
7 TERS.—

8 (1) IN GENERAL.—Chapter 20 of title 39,
9 United States Code, is amended by adding at the
10 end the following:

11 **“§ 2011. Provisions relating to competitive products**

12 “(a) There is established in the Treasury of the
13 United States a revolving fund, to be called the Postal
14 Service Competitive Products Fund, which shall be avail-
15 able to the Postal Service without fiscal year limitation
16 for the payment of—

17 “(1) costs attributable to competitive products;

18 and



1 “(2) all other costs incurred by the Postal Serv-
2 ice, to the extent allocable to competitive products.
3 For purposes of this subsection, the term ‘costs attrib-
4 utable’ has the meaning given such term by section 3631.

5 “(b) There shall be deposited in the Competitive
6 Products Fund, subject to withdrawal by the Postal
7 Service—

8 “(1) revenues from competitive products;

9 “(2) amounts received from obligations issued
10 by the Postal Service under subsection (e);

11 “(3) interest and dividends earned on invest-
12 ments of the Competitive Products Fund; and

13 “(4) any other receipts of the Postal Service
14 (including from the sale of assets), to the extent al-
15 locable to competitive products.

16 “(c) If the Postal Service determines that the moneys
17 of the Competitive Products Fund are in excess of current
18 needs, it may invest such amounts as it considers appro-
19 priate in—

20 “(1) obligations of, or obligations guaranteed
21 by, the Government of the United States; and

22 “(2) in accordance with regulations which the
23 Secretary of the Treasury shall prescribe (by not
24 later than 18 months after the date of the enact-
25 ment of the Postal Accountability and Enhancement



1 Act), such other obligations or securities as it deems
2 appropriate.

3 “(d) The Postal Service may, in its sole discretion,
4 provide that moneys of the Competitive Products Fund be
5 deposited in a Federal Reserve bank or a depository for
6 public funds.

7 “(e)(1) Subject to the limitations specified in section
8 2005(a), the Postal Service is authorized to borrow money
9 and to issue and sell such obligations as it determines nec-
10 essary to provide for competitive products and deposit
11 such amounts in the Competitive Products Fund, except
12 that the Postal Service may pledge only assets related to
13 the provision of competitive products (as determined
14 under subsection (h) or, for purposes of any period before
15 accounting practices and principles under subsection (h)
16 have been established and applied, the best information
17 available from the Postal Service, including the audited
18 statements required by section 2008(e)), and the revenues
19 and receipts from such products, for the payment of the
20 principal of or interest on such obligations, for the pur-
21 chase or redemption thereof, and for other purposes inci-
22 dental thereto, including creation of reserve, sinking, and
23 other funds which may be similarly pledged and used, to
24 such extent and in such manner as it deems necessary or
25 desirable.



1 “(2) The Postal Service may enter into binding cov-
2 enants with the holders of such obligations, and with the
3 trustee, if any, under any agreement entered into in con-
4 nection with the issuance thereof with respect to—

5 “(A) the establishment of reserve, sinking, and
6 other funds;

7 “(B) application and use of revenues and re-
8 ceipts of the Competitive Products Fund;

9 “(C) stipulations concerning the subsequent
10 issuance of obligations or the execution of leases or
11 lease purchases relating to properties of the Postal
12 Service; and

13 “(D) such other matters as the Postal Service
14 considers necessary or desirable to enhance the mar-
15 ketability of such obligations.

16 “(3) Obligations issued by the Postal Service under
17 this subsection—

18 “(A) may not be purchased by the Secretary of
19 the Treasury;

20 “(B) shall not be exempt either as to principal
21 or interest from any taxation now or hereafter im-
22 posed by any State or local taxing authority;

23 “(C) shall not be obligations of, nor shall pay-
24 ment of the principal thereof or interest thereon be



1 guaranteed by, the Government of the United
2 States, and the obligations shall so plainly state; and

3 “(D) notwithstanding the provisions of the Fed-
4 eral Financing Bank Act of 1973 or any other provi-
5 sion of law (except as specifically provided by ref-
6 erence to this subparagraph in a law enacted after
7 this subparagraph takes effect), shall not be eligible
8 for purchase by, commitment to purchase by, or sale
9 or issuance to, the Federal Financing Bank.

10 “(4)(A) This paragraph applies with respect to the
11 period beginning on the date of the enactment of this
12 paragraph and ending at the close of the 5-year period
13 which begins on the date on which the Postal Service
14 makes its submission under subsection (h)(1).

15 “(B) During the period described in subparagraph
16 (A), nothing in subparagraph (A) or (D) of paragraph (3)
17 or the last sentence of section 2006(b) shall, with respect
18 to any obligations sought to be issued by the Postal Serv-
19 ice under this subsection, be considered to affect such obli-
20 gations’ eligibility for purchase by, commitment to pur-
21 chase by, or sale or issuance to, the Federal Financing
22 Bank.

23 “(C) The Federal Financing Bank may elect to pur-
24 chase such obligations under such terms, including rates
25 of interest, as the Bank and the Postal Service may agree,



1 but at a rate of yield no less than the prevailing yield on
2 outstanding marketable securities of comparable maturity
3 issued by entities with the same credit rating as the rating
4 then most recently obtained by the Postal Service under
5 subparagraph (D), as determined by the Bank.

6 “(D) In order to be eligible to borrow under this
7 paragraph, the Postal Service shall first obtain a credit
8 rating from a nationally recognized credit rating organiza-
9 tion. Such rating—

10 “(i) shall be determined taking into account
11 only those assets and activities of the Postal Service
12 which are described in section 3634(a)(2) (relating
13 to the Postal Service’s assumed taxable income from
14 competitive products); and

15 “(ii) may, before final rules of the Postal Regu-
16 latory Commission under subsection (h) are issued
17 (or deemed to have been issued), be based on the
18 best information available from the Postal Service,
19 including the audited statements required by section
20 2008(e).

21 “(f) The receipts and disbursements of the Competi-
22 tive Products Fund shall be accorded the same budgetary
23 treatment as is accorded to receipts and disbursements of
24 the Postal Service Fund under section 2009a.



1 “(g) A judgment against the Postal Service or the
2 Government of the United States (or settlement of a
3 claim) shall, to the extent that it arises out of activities
4 of the Postal Service in the provision of competitive prod-
5 ucts, be paid out of the Competitive Products Fund.

6 “(h)(1) The Postal Service, in consultation with an
7 independent, certified public accounting firm and such
8 other advisors as it considers appropriate, shall develop
9 recommendations regarding—

10 “(A) the accounting practices and principles
11 that should be followed by the Postal Service with
12 the objectives of (i) identifying and valuing the as-
13 sets and liabilities of the Postal Service associated
14 with providing, and the capital and operating costs
15 incurred by the Postal Service in providing, competi-
16 tive products, and (ii) preventing the subsidization
17 of such products by market-dominant products; and

18 “(B) the substantive and procedural rules that
19 should be followed in determining the Postal Serv-
20 ice’s assumed Federal income tax on competitive
21 products income for any year (within the meaning of
22 section 3634).

23 Such recommendations shall be submitted to the Postal
24 Regulatory Commission no earlier than 6 months, and no



1 later than 12 months, after the effective date of this sec-
2 tion.

3 “(2)(A) Upon receiving the recommendations of the
4 Postal Service under paragraph (1), the Commission shall
5 give interested parties, including the Postal Service, users
6 of the mails, and an officer of the Commission who shall
7 be required to represent the interests of the general public,
8 an opportunity to present their views on those rec-
9 ommendations through submission of written data, views,
10 or arguments with or without opportunity for oral presen-
11 tation, or in such other manner as the Commission con-
12 siders appropriate.

13 “(B) After due consideration of the views and other
14 information received under subparagraph (A), the Com-
15 mission shall by rule—

16 “(i) provide for the establishment and applica-
17 tion of the accounting practices and principles which
18 shall be followed by the Postal Service;

19 “(ii) provide for the establishment and applica-
20 tion of the substantive and procedural rules de-
21 scribed in paragraph (1)(B); and

22 “(iii) provide for the submission by the Postal
23 Service to the Postal Regulatory Commission of an-
24 nual and other periodic reports setting forth such in-
25 formation as the Commission may require.



1 Final rules under this subparagraph shall be issued not
2 later than 12 months after the date on which the Postal
3 Service makes its submission to the Commission under
4 paragraph (1) (or by such later date as the Commission
5 and the Postal Service may agree to). If final rules are
6 not issued by the Commission by the deadline under the
7 preceding sentence, the recommendations submitted by
8 the Postal Service under paragraph (1) shall be treated
9 as the final rules. The Commission is authorized to pro-
10 mulgate regulations revising such rules.

11 “(C) Reports described in subparagraph (B)(iii) shall
12 be submitted at such time and in such form, and shall
13 include such information, as the Commission by rule re-
14 quires. The Commission may, on its own motion or on re-
15 quest of an interested party, initiate proceedings (to be
16 conducted in accordance with such rules as the Commis-
17 sion shall prescribe) to improve the quality, accuracy, or
18 completeness of Postal Service data under such subpara-
19 graph whenever it shall appear that—

20 “(i) the quality of the information furnished in
21 those reports has become significantly inaccurate or
22 can be significantly improved; or

23 “(ii) such revisions are, in the judgment of the
24 Commission, otherwise necessitated by the public in-
25 terest.



1 “(D) A copy of each report described in subpara-
2 graph (B)(iii) shall also be transmitted by the Postal Serv-
3 ice to the Secretary of the Treasury and the Inspector
4 General of the United States Postal Service.

5 “(i) The Postal Service shall render an annual report
6 to the Secretary of the Treasury concerning the operation
7 of the Competitive Products Fund, in which it shall ad-
8 dress such matters as risk limitations, reserve balances,
9 allocation or distribution of moneys, liquidity require-
10 ments, and measures to safeguard against losses. A copy
11 of its then most recent report under this subsection shall
12 be included with any other submission that it is required
13 to make to the Postal Regulatory Commission under sec-
14 tion 3652(g).”.

15 (2) CLERICAL AMENDMENT.—The analysis for
16 chapter 20 of title 39, United States Code, is
17 amended by adding after the item relating to section
18 2010 the following:

“2011. Provisions relating to competitive products.”.

19 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

20 (1) DEFINITION.—Section 2001 of title 39,
21 United States Code, is amended by striking “and”
22 at the end of paragraph (1), by redesignating para-
23 graph (2) as paragraph (3), and by inserting after
24 paragraph (1) the following:



1 “(2) ‘Competitive Products Fund’ means the
2 Postal Service Competitive Products Fund estab-
3 lished by section 2011; and”.

4 (2) CAPITAL OF THE POSTAL SERVICE.—Sec-
5 tion 2002(b) of title 39, United States Code, is
6 amended by striking “Fund,” and inserting “Fund
7 and the balance in the Competitive Products
8 Fund,”.

9 (3) POSTAL SERVICE FUND.—

10 (A) PURPOSES FOR WHICH AVAILABLE.—
11 Section 2003(a) of title 39, United States Code,
12 is amended by striking “title.” and inserting
13 “title (other than any of the purposes, func-
14 tions, or powers for which the Competitive
15 Products Fund is available).”.

16 (B) DEPOSITS.—Section 2003(b) of title
17 39, United States Code, is amended by striking
18 “‘There’” and inserting “‘Except as otherwise
19 provided in section 2011, there’”.

20 (4) RELATIONSHIP BETWEEN THE TREASURY
21 AND THE POSTAL SERVICE.—Section 2006 of title
22 39, United States Code, is amended—

23 (A) in subsection (b), by adding at the end
24 the following: “Nothing in this chapter shall be
25 considered to permit or require the Secretary of



1 the Treasury to purchase any obligations of the
2 Postal Service other than those issued under
3 section 2005.”; and

4 (B) in subsection (c), by inserting “under
5 section 2005” before “shall be obligations”.

6 **SEC. 302. ASSUMED FEDERAL INCOME TAX ON COMPETI-**
7 **TIVE PRODUCTS INCOME.**

8 Subchapter II of chapter 36 of title 39, United States
9 Code, as amended by section 202, is amended by adding
10 at the end the following:

11 **“§ 3634. Assumed Federal income tax on competitive**
12 **products income**

13 “(a) DEFINITIONS.—For purposes of this section—

14 “(1) the term ‘assumed Federal income tax on
15 competitive products income’ means the net income
16 tax that would be imposed by chapter 1 of the Inter-
17 nal Revenue Code of 1986 on the Postal Service’s
18 assumed taxable income from competitive products
19 for the year; and

20 “(2) the term ‘assumed taxable income from
21 competitive products’, with respect to a year, refers
22 to the amount representing what would be the tax-
23 able income of a corporation under the Internal Rev-
24 enue Code of 1986 for the year, if—



1 “(A) the only activities of such corporation
2 were the activities of the Postal Service allo-
3 cable under section 2011(h) to competitive
4 products; and

5 “(B) the only assets held by such corpora-
6 tion were the assets of the Postal Service allo-
7 cable under section 2011(h) to such activities.

8 “(b) COMPUTATION AND TRANSFER REQUIRE-
9 MENTS.—The Postal Service shall, for each year beginning
10 with the year in which occurs the deadline for the Postal
11 Service’s first report to the Postal Regulatory Commission
12 under section 3652(a)—

13 “(1) compute its assumed Federal income tax
14 on competitive products income for such year; and

15 “(2) transfer from the Competitive Products
16 Fund to the Postal Service Fund the amount of that
17 assumed tax.

18 “(c) DEADLINE FOR TRANSFERS.—Any transfer re-
19 quired to be made under this section for a year shall be
20 due on or before the January 15th next occurring after
21 the close of such year.”.

22 **SEC. 303. UNFAIR COMPETITION PROHIBITED.**

23 (a) SPECIFIC LIMITATIONS.—Chapter 4 of title 39,
24 United States Code, is amended by adding after section
25 404 the following:



1 **“§ 404a. Specific Limitations**

2 “(a) Except as specifically authorized by law, the
3 Postal Service may not—

4 “(1) establish any rule or regulation (including
5 any standard) the effect of which is to preclude com-
6 petition or establish the terms of competition unless
7 the Postal Service demonstrates that the regulation
8 does not create an unfair competitive advantage for
9 itself or any entity funded (in whole or in part) by
10 the Postal Service;

11 “(2) compel the disclosure, transfer, or licens-
12 ing of intellectual property to any third party (such
13 as patents, copyrights, trademarks, trade secrets,
14 and proprietary information); or

15 “(3) obtain information from a person that pro-
16 vides (or seeks to provide) any product, and then
17 offer any product or service that uses or is based in
18 whole or in part on such information, without the
19 consent of the person providing that information,
20 unless substantially the same information is obtained
21 (or obtainable) from an independent source or is
22 otherwise obtained (or obtainable).

23 “(b) The Postal Regulatory Commission shall pre-
24 scribe regulations to carry out this section.

25 “(c) Any party (including an officer of the Commis-
26 sion representing the interests of the general public) who



1 believes that the Postal Service has violated this section
2 may bring a complaint in accordance with section 3662.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) GENERAL POWERS.—Section 401 of title
5 39, United States Code, is amended by striking
6 “The” and inserting “Subject to the provisions of
7 section 404a, the”.

8 (2) SPECIFIC POWERS.—Section 404(a) of title
9 39, United States Code, is amended by striking
10 “Without” and inserting “Subject to the provisions
11 of section 404a, but otherwise without”.

12 (c) CLERICAL AMENDMENT.—The analysis for chap-
13 ter 4 of title 39, United States Code, is amended by insert-
14 ing after the item relating to section 404 the following:
“404a. Specific limitations.”.

15 **SEC. 304. SUITS BY AND AGAINST THE POSTAL SERVICE.**

16 (a) IN GENERAL.—Section 409 of title 39, United
17 States Code, is amended by striking subsections (d) and
18 (e) and inserting the following:

19 “(d)(1) For purposes of the provisions of law cited
20 in paragraphs (2)(A) and (2)(B), respectively, the Postal
21 Service—

22 “(A) shall be considered to be a ‘person’, as
23 used in the provisions of law involved; and

24 “(B) shall not be immune under any other doc-
25 trine of sovereign immunity from suit in Federal



1 court by any person for any violation of any of those
2 provisions of law by any officer or employee of the
3 Postal Service.

4 “(2) This subsection applies with respect to—

5 “(A) the Act of July 5, 1946 (commonly re-
6 ferred to as the ‘Trademark Act of 1946’ (15 U.S.C.
7 1051 and following)); and

8 “(B) the provisions of section 5 of the Federal
9 Trade Commission Act to the extent that such sec-
10 tion 5 applies to unfair or deceptive acts or prac-
11 tices.

12 “(e)(1) To the extent that the Postal Service, or other
13 Federal agency acting on behalf of or in concert with the
14 Postal Service, engages in conduct with respect to any
15 product which is not reserved to the United States under
16 section 1696 of title 18, the Postal Service or other Fed-
17 eral agency (as the case may be)—

18 “(A) shall not be immune under any doctrine of
19 sovereign immunity from suit in Federal court by
20 any person for any violation of Federal law by such
21 agency or any officer or employee thereof; and

22 “(B) shall be considered to be a person (as de-
23 fined in subsection (a) of the first section of the
24 Clayton Act) for purposes of—



1 “(i) the antitrust laws (as defined in such
2 subsection); and

3 “(ii) section 5 of the Federal Trade Com-
4 mission Act to the extent that such section 5
5 applies to unfair methods of competition.

6 For purposes of the preceding sentence, any private car-
7 riage of mail allowable by virtue of section 601 shall not
8 be considered a service reserved to the United States
9 under section 1696 of title 18.

10 “(2) No damages, interest on damages, costs or at-
11 torney’s fees may be recovered under the antitrust laws
12 (as so defined) from the Postal Service or any officer or
13 employee thereof acting in an official capacity for any con-
14 duct with respect to a product in the market-dominant
15 category of mail.

16 “(3) This subsection shall not apply with respect to
17 conduct occurring before the date of the enactment of this
18 subsection.

19 “(f) To the extent that the Postal Service engages
20 in conduct with respect to the provision of competitive
21 products, it shall be considered a person for the purposes
22 of the Federal bankruptcy laws.

23 “(g)(1) Each building constructed or altered by the
24 Postal Service shall be constructed or altered, to the max-
25 imum extent feasible as determined by the Postal Service,



1 in compliance with one of the nationally recognized model
2 building codes and with other applicable nationally recog-
3 nized codes.

4 “(2) Each building constructed or altered by the
5 Postal Service shall be constructed or altered only after
6 consideration of all requirements (other than procedural
7 requirements) of zoning laws, land use laws, and applica-
8 ble environmental laws of a State or subdivision of a State
9 which would apply to the building if it were not a building
10 constructed or altered by an establishment of the Govern-
11 ment of the United States.

12 “(3) For purposes of meeting the requirements of
13 paragraphs (1) and (2) with respect to a building, the
14 Postal Service shall—

15 “(A) in preparing plans for the building, con-
16 sult with appropriate officials of the State or polit-
17 ical subdivision, or both, in which the building will
18 be located;

19 “(B) upon request, submit such plans in a
20 timely manner to such officials for review by such
21 officials for a reasonable period of time not exceed-
22 ing 30 days; and

23 “(C) permit inspection by such officials during
24 construction or alteration of the building, in accord-
25 ance with the customary schedule of inspections for



1 construction or alteration of buildings in the locality,
2 if such officials provide to the Postal Service—

3 “(i) a copy of such schedule before con-
4 struction of the building is begun; and

5 “(ii) reasonable notice of their intention to
6 conduct any inspection before conducting such
7 inspection.

8 Nothing in this subsection shall impose an obligation on
9 any State or political subdivision to take any action under
10 the preceding sentence, nor shall anything in this sub-
11 section require the Postal Service or any of its contractors
12 to pay for any action taken by a State or political subdivi-
13 sion to carry out this subsection (including reviewing
14 plans, carrying out on-site inspections, issuing building
15 permits, and making recommendations).

16 “(4) Appropriate officials of a State or a political
17 subdivision of a State may make recommendations to the
18 Postal Service concerning measures necessary to meet the
19 requirements of paragraphs (1) and (2). Such officials
20 may also make recommendations to the Postal Service
21 concerning measures which should be taken in the con-
22 struction or alteration of the building to take into account
23 local conditions. The Postal Service shall give due consid-
24 eration to any such recommendations.



1 “(5) In addition to consulting with local and State
2 officials under paragraph (3), the Postal Service shall es-
3 tablish procedures for soliciting, assessing, and incor-
4 porating local community input on real property and land
5 use decisions.

6 “(6) For purposes of this subsection, the term ‘State’
7 includes the District of Columbia, the Commonwealth of
8 Puerto Rico, and a territory or possession of the United
9 States.

10 “(h)(1) Notwithstanding any other provision of law,
11 legal representation may not be furnished by the Depart-
12 ment of Justice to the Postal Service in any action, suit,
13 or proceeding arising, in whole or in part, under any of
14 the following:

15 “(A) Subsection (d) or (e) of this section.

16 “(B) Subsection (f) or (g) of section 504 (relat-
17 ing to administrative subpoenas by the Postal Regu-
18 latory Commission).

19 “(C) Section 3663 (relating to appellate re-
20 view).

21 The Postal Service may, by contract or otherwise, employ
22 attorneys to obtain any legal representation that it is pre-
23 cluded from obtaining from the Department of Justice
24 under this paragraph.



1 “(2) In any circumstance not covered by paragraph
2 (1), the Department of Justice shall, under section 411,
3 furnish the Postal Service such legal representation as it
4 may require, except that, with the prior consent of the
5 Attorney General, the Postal Service may, in any such cir-
6 cumstance, employ attorneys by contract or otherwise to
7 conduct litigation brought by or against the Postal Service
8 or its officers or employees in matters affecting the Postal
9 Service.

10 “(3)(A) In any action, suit, or proceeding in a court
11 of the United States arising in whole or in part under any
12 of the provisions of law referred to in subparagraph (B)
13 or (C) of paragraph (1), and to which the Commission
14 is not otherwise a party, the Commission shall be per-
15 mitted to appear as a party on its own motion and as
16 of right.

17 “(B) The Department of Justice shall, under such
18 terms and conditions as the Commission and the Attorney
19 General shall consider appropriate, furnish the Commis-
20 sion such legal representation as it may require in connec-
21 tion with any such action, suit, or proceeding, except that,
22 with the prior consent of the Attorney General, the Com-
23 mission may employ attorneys by contract or otherwise for
24 that purpose.



1 “(i) A judgment against the Government of the
2 United States arising out of activities of the Postal Service
3 shall be paid by the Postal Service out of any funds avail-
4 able to the Postal Service, subject to the restriction speci-
5 fied in section 2011(g).”.

6 (b) TECHNICAL AMENDMENT.—Section 409(a) of
7 title 39, United States Code, is amended by striking “Ex-
8 cept as provided in section 3628 of this title,” and insert-
9 ing “Except as otherwise provided in this title,”.

10 **SEC. 305. INTERNATIONAL POSTAL ARRANGEMENTS.**

11 (a) IN GENERAL.—Section 407 of title 39, United
12 States Code, is amended to read as follows:

13 **“§ 407. International postal arrangements**

14 “(a) It is the policy of the United States—

15 “(1) to promote and encourage communications
16 between peoples by efficient operation of inter-
17 national postal services and other international deliv-
18 ery services for cultural, social, and economic pur-
19 poses;

20 “(2) to promote and encourage unrestricted and
21 undistorted competition in the provision of inter-
22 national postal services and other international deliv-
23 ery services, except where provision of such services
24 by private companies may be prohibited by law of
25 the United States;



1 “(3) to promote and encourage a clear distinc-
2 tion between governmental and operational respon-
3 sibilities with respect to the provision of inter-
4 national postal services and other international deliv-
5 ery services by the Government of the United States
6 and by intergovernmental organizations of which the
7 United States is a member; and

8 “(4) to participate in multilateral and bilateral
9 agreements with other countries to accomplish these
10 objectives.

11 “(b)(1) The Secretary of State shall be responsible
12 for formulation, coordination, and oversight of foreign pol-
13 icy related to international postal services and other inter-
14 national delivery services, and shall have the power to con-
15 clude treaties, conventions and amendments related to
16 international postal services and other international deliv-
17 ery services, except that the Secretary may not conclude
18 any treaty, convention, or other international agreement
19 (including those regulating international postal services)
20 if such treaty, convention, or agreement would, with re-
21 spect to any competitive product, grant an undue or un-
22 reasonable preference to the Postal Service, a private pro-
23 vider of international postal or delivery services, or any
24 other person.



1 “(2) In carrying out the responsibilities specified in
2 paragraph (1), the Secretary of State shall exercise pri-
3 mary authority for the conduct of foreign policy with re-
4 spect to international postal services and international de-
5 livery services, including the determination of United
6 States positions and the conduct of United States partici-
7 pation in negotiations with foreign governments and inter-
8 national bodies. In exercising this authority, the
9 Secretary—

10 “(A) shall coordinate with other agencies as ap-
11 propriate, and in particular, shall give full consider-
12 ation to the authority vested by law or Executive
13 order in the Postal Regulatory Commission, the De-
14 partment of Commerce, the Department of Trans-
15 portation, and the Office of the United States Trade
16 Representative in this area;

17 “(B) shall maintain continuing liaison with
18 other executive branch agencies concerned with post-
19 al and delivery services;

20 “(C) shall maintain continuing liaison with the
21 Committee on Government Reform of the House of
22 Representatives and the Committee on Govern-
23 mental Affairs of the Senate;

24 “(D) shall maintain appropriate liaison with
25 both representatives of the Postal Service and rep-



1 representatives of users and private providers of inter-
2 national postal services and other international deliv-
3 ery services to keep informed of their interests and
4 problems, and to provide such assistance as may be
5 needed to ensure that matters of concern are
6 promptly considered by the Department of State or
7 (if applicable, and to the extent practicable) other
8 executive branch agencies; and

9 “(E) shall assist in arranging meetings of such
10 public sector advisory groups as may be established
11 to advise the Department of State and other execu-
12 tive branch agencies in connection with international
13 postal services and international delivery services.

14 “(3) The Secretary of State shall establish an advi-
15 sory committee (within the meaning of the Federal Advi-
16 sory Committee Act) to perform such functions as the Sec-
17 retary considers appropriate in connection with carrying
18 out subparagraphs (A) through (D) of paragraph (2).

19 “(c)(1) Before concluding any treaty, convention, or
20 amendment that establishes a rate or classification for a
21 product subject to subchapter I of chapter 36, the Sec-
22 retary of State shall request the Postal Regulatory Com-
23 mission to submit a decision on whether such rate or clas-
24 sification is consistent with the standards and criteria es-
25 tablished by the Commission under section 3622.



1 “(2) The Secretary shall ensure that each treaty, con-
2 vention, or amendment concluded under subsection (b) is
3 consistent with a decision of the Commission adopted
4 under paragraph (1), except if, or to the extent, the Sec-
5 retary determines, by written order, that considerations of
6 foreign policy or national security require modification of
7 the Commission’s decision.

8 “(d) Nothing in this section shall be considered to
9 prevent the Postal Service from entering into such com-
10 mercial or operational contracts related to providing inter-
11 national postal services and other international delivery
12 services as it deems appropriate, except that—

13 “(1) any such contract made with an agency of
14 a foreign government (whether under authority of
15 this subsection or otherwise) shall be solely contrac-
16 tual in nature and may not purport to be inter-
17 national law; and

18 “(2) a copy of each such contract between the
19 Postal Service and an agency of a foreign govern-
20 ment shall be transmitted to the Secretary of State
21 and the Postal Regulatory Commission not later
22 than the effective date of such contract.

23 “(e)(1) With respect to shipments of international
24 mail that are competitive products within the meaning of
25 section 3631 that are exported or imported by the Postal



1 Service, the Bureau of Customs and Border Protection of
2 the Department of Homeland Security and other appro-
3 priate Federal agencies shall apply the customs laws of
4 the United States and all other laws relating to the impor-
5 tation or exportation of such shipments in the same man-
6 ner to both shipments by the Postal Service and similar
7 shipments by private companies.

8 “(2) For purposes of this subsection, the term ‘pri-
9 vate company’ means a private company substantially
10 owned or controlled by persons who are citizens of the
11 United States.

12 “(3) In exercising the authority pursuant to sub-
13 section (b) to conclude new treaties, conventions and
14 amendments related to international postal services and
15 to renegotiate such treaties, conventions and amendments,
16 the Secretary of State shall, to the maximum extent prac-
17 ticable, take such measures as are within the Secretary’s
18 control to encourage the governments of other countries
19 to make available to the Postal Service and private compa-
20 nies a range of nondiscriminatory customs procedures that
21 will fully meet the needs of all types of American shippers.
22 The Secretary of State shall consult with the United
23 States Trade Representative and the Commissioner of
24 Customs, Department of Homeland Security in carrying
25 out this paragraph.



1 “(4) The provisions of this subsection shall take ef-
2 fect 6 months after the date of the enactment of this sub-
3 section or such earlier date as the Bureau of Customs and
4 Border Protection of the Department of Homeland Secu-
5 rity may determine in writing.”.

6 (b) **EFFECTIVE DATE.**—Notwithstanding any provi-
7 sion of the amendment made by subsection (a), the au-
8 thority of the United States Postal Service to establish
9 the rates of postage or other charges on mail matter con-
10 veyed between the United States and other countries shall
11 remain available to the Postal Service until—

12 (1) with respect to market-dominant products,
13 the date as of which the regulations promulgated
14 under section 3622 of title 39, United States Code
15 (as amended by section 201(a)) take effect; and

16 (2) with respect to competitive products, the
17 date as of which the regulations promulgated under
18 section 3633 of title 39, United States Code (as
19 amended by section 202) take effect.

20 **SEC. 306. REDESIGNATION.**

21 Chapter 36 of title 39, United States Code (as in ef-
22 fect before the amendment made by section 204(a)) is
23 amended by striking the heading for subchapter V and in-
24 serting the following:



1 “SUBCHAPTER VI—GENERAL”.

2 **SEC. 307. EXCEPTION FOR COMPETITIVE PRODUCTS.**

3 (a) **IN GENERAL.**—Section 403(c) of title 39, United
4 States Code, is amended by striking “user.” and inserting
5 “user, except that this subsection shall not apply to com-
6 petitive products.”.

7 (b) **EFFECTIVE DATE.**—The amendments made by
8 this section shall apply with respect to services, classifica-
9 tions, rates, and fees, to the extent provided or applicable
10 (as the case may be) on or after the date as of which the
11 regulations promulgated under section 3633 of title 39,
12 United States Code (as amended by section 202) take ef-
13 fect.

14 **TITLE IV—GENERAL**
15 **PROVISIONS**

16 **SEC. 401. QUALIFICATION REQUIREMENTS FOR GOV-**
17 **ERNORS.**

18 (a) **IN GENERAL.**—Section 202(a) of title 39, United
19 States Code, is amended by striking “(a)” and inserting
20 “(a)(1)” and by striking the fourth sentence and inserting
21 the following: “The Governors shall represent the public
22 interest generally, and at least 4 of the Governors shall
23 be chosen solely on the basis of their demonstrated ability
24 in managing organizations or corporations (in either the
25 public or private sector) of substantial size; for purposes



1 of this sentence, an organization or corporation shall be
2 considered to be of substantial size if it employs at least
3 50,000 employees. The Governors shall not be representa-
4 tives of specific interests using the Postal Service, and
5 may be removed only for cause.”.

6 (b) CONSULTATION REQUIREMENT.—Section 202(a)
7 of title 39, United States Code, is amended by adding at
8 the end the following:

9 “(2) In selecting the individuals described in para-
10 graph (1) for nomination for appointment to the position
11 of Governor, the President should consult with the Speak-
12 er of the House of Representatives, the minority leader
13 of the House of Representatives, the majority leader of
14 the Senate, and the minority leader of the Senate.”.

15 (c) RESTRICTION.—Section 202(b) of title 39, United
16 States Code, is amended by striking “(b)” and inserting
17 “(b)(1)”, and by adding at the end the following:

18 “(2)(A) Notwithstanding any other provision of this
19 section, in the case of the office of the Governor the term
20 of which is the first one scheduled to expire at least 4
21 months after the date of the enactment of this
22 paragraph—

23 “(i) such office may not, in the case of any per-
24 son commencing service after that expiration date,
25 be filled by any person other than an individual cho-



1 sen from among persons nominated for such office
2 with the unanimous concurrence of all labor organi-
3 zations described in section 206(a)(1); and

4 “(ii) instead of the term that would otherwise
5 apply under the first sentence of paragraph (1), the
6 term of any person so appointed to such office shall
7 be 3 years.

8 “(B) Except as provided in subparagraph (A), an ap-
9 pointment under this paragraph shall be made in conform-
10 ance with all provisions of this section that would other-
11 wise apply.”.

12 (d) APPLICABILITY.—The amendment made by sub-
13 section (a) shall not affect the appointment or tenure of
14 any person serving as a Governor of the Board of Gov-
15 ernors of the United States Postal Service pursuant to an
16 appointment made before the date of the enactment of this
17 Act, or, except as provided in the amendment made by
18 subsection (c), any nomination made before that date;
19 however, when any such office becomes vacant, the ap-
20 pointment of any person to fill that office shall be made
21 in accordance with such amendment. The requirement set
22 forth in the fourth sentence of section 202(a)(1) of title
23 39, United States Code (as amended by subsection (a))
24 shall be met beginning not later than 9 years after the
25 date of the enactment of this Act.



1 **SEC. 402. OBLIGATIONS.**

2 (a) **PURPOSES FOR WHICH OBLIGATIONS MAY BE**
3 **ISSUED.**—The first sentence of section 2005(a)(1) of title
4 39, United States Code, is amended by striking “title.”
5 and inserting “title, other than any of the purposes for
6 which the corresponding authority is available to the Post-
7 al Service under section 2011.”.

8 (b) **LIMITATION ON NET ANNUAL INCREASE IN OB-**
9 **LIGATIONS ISSUED FOR CERTAIN PURPOSES.**—The third
10 sentence of section 2005(a)(1) of title 39, United States
11 Code, is amended to read as follows: “In any one fiscal
12 year, the net increase in the amount of obligations out-
13 standing issued for the purpose of capital improvements
14 and the net increase in the amount of obligations out-
15 standing issued for the purpose of defraying operating ex-
16 penses of the Postal Service shall not exceed a combined
17 total of \$3,000,000,000.” .

18 (c) **LIMITATIONS ON OBLIGATIONS OUTSTANDING.**—

19 (1) **IN GENERAL.**—Subsection (a) of section
20 2005 of title 39, United States Code, is amended by
21 adding at the end the following:

22 “(3) For purposes of applying the respective limita-
23 tions under this subsection, the aggregate amount of obli-
24 gations issued by the Postal Service which are outstanding
25 as of any one time, and the net increase in the amount
26 of obligations outstanding issued by the Postal Service for



1 the purpose of capital improvements or for the purpose
 2 of defraying operating expenses of the Postal Service in
 3 any fiscal year, shall be determined by aggregating the
 4 relevant obligations issued by the Postal Service under this
 5 section with the relevant obligations issued by the Postal
 6 Service under section 2011.”.

7 (2) CONFORMING AMENDMENT.—The second
 8 sentence of section 2005(a)(1) of title 39, United
 9 States Code, is amended by striking “any such obli-
 10 gations” and inserting “obligations issued by the
 11 Postal Service which may be”.

12 (d) AMOUNTS WHICH MAY BE PLEDGED, ETC.—

13 (1) OBLIGATIONS TO WHICH PROVISIONS
 14 APPLY.—The first sentence of section 2005(b) of
 15 title 39, United States Code, is amended by striking
 16 “such obligations,” and inserting “obligations issued
 17 by the Postal Service under this section,”.

18 (2) ASSETS, REVENUES, AND RECEIPTS TO
 19 WHICH PROVISIONS APPLY.—Subsection (b) of sec-
 20 tion 2005 of title 39, United States Code, is amend-
 21 ed by striking “(b)” and inserting “(b)(1)”, and by
 22 adding at the end the following:

23 “(2) Notwithstanding any other provision of this
 24 section—



1 “(A) the authority to pledge assets of the Post-
2 al Service under this subsection shall be available
3 only to the extent that such assets are not related
4 to the provision of competitive products (as deter-
5 mined under section 2011(h) or, for purposes of any
6 period before accounting practices and principles
7 under section 2011(h) have been established and ap-
8 plied, the best information available from the Postal
9 Service, including the audited statements required
10 by section 2008(e)); and

11 “(B) any authority under this subsection relat-
12 ing to the pledging or other use of revenues or re-
13 ceipts of the Postal Service shall be available only to
14 the extent that they are not revenues or receipts of
15 the Competitive Products Fund.”.

16 **SEC. 403. PRIVATE CARRIAGE OF LETTERS.**

17 (a) IN GENERAL.—Section 601 of title 39, United
18 States Code, is amended by striking subsection (b) and
19 inserting the following:

20 “(b) A letter may also be carried out of the mails
21 when—

22 “(1) the amount paid for the private carriage of
23 the letter is at least the amount equal to 6 times the
24 rate then currently charged for the 1st ounce of a
25 single-piece first class letter;



1 “(2) the letter weighs at least 12½ ounces; or

2 “(3) such carriage is within the scope of serv-
3 ices described by regulations of the United States
4 Postal Service (as in effect on July 1, 2003) that
5 purport to permit private carriage by suspension of
6 the operation of this section (as then in effect).

7 “(c) Any regulations necessary to carry out this sec-
8 tion shall be promulgated by the Postal Regulatory Com-
9 mission.”.

10 (b) EFFECTIVE DATE.—This section shall take effect
11 on the date as of which the regulations promulgated under
12 section 3633 of title 39, United States Code (as amended
13 by section 202) take effect.

14 **SEC. 404. RULEMAKING AUTHORITY.**

15 Paragraph (2) of section 401 of title 39, United
16 States Code, is amended to read as follows:

17 “(2) to adopt, amend, and repeal such rules
18 and regulations, not inconsistent with this title, as
19 may be necessary in the execution of its functions
20 under this title and such other functions as may be
21 assigned to the Postal Service under any provisions
22 of law outside of this title;”.



1 **SEC. 405. NONINTERFERENCE WITH COLLECTIVE BAR-**
2 **GAINING AGREEMENTS, ETC.**

3 (a) NONINTERFERENCE WITH COLLECTIVE BAR-
4 GAINING AGREEMENTS.—Except as provided in section
5 407, nothing in this Act or any amendment made by this
6 Act shall restrict, expand, or otherwise affect any of the
7 rights, privileges, or benefits of either employees of or
8 labor organizations representing employees of the United
9 States Postal Service under chapter 12 of title 39, United
10 States Code, the National Labor Relations Act, any hand-
11 book or manual affecting employee labor relations within
12 the United States Postal Service, or any collective bar-
13 gaining agreement.

14 (b) FREE MAILING PRIVILEGES CONTINUE UN-
15 CHANGED.—Nothing in this Act or any amendment made
16 by this Act shall affect any free mailing privileges ac-
17 corded under section 3217 or sections 3403 through 3406
18 of title 39, United States Code.

19 **SEC. 406. BONUS AUTHORITY.**

20 Subchapter VI of chapter 36 of title 39, United
21 States Code (as so redesignated by section 306) is amend-
22 ed by adding at the end the following:

23 **“§ 3686. Bonus authority**

24 “(a) IN GENERAL.—The Postal Service may establish
25 one or more programs to provide bonuses or other rewards



1 to officers and employees of the Postal Service to achieve
2 the objectives of this chapter.

3 “(b) WAIVER OF LIMITATION ON COMPENSATION.—

4 “(1) IN GENERAL.—Under any such program,
5 the Postal Service may award a bonus or other re-
6 ward in excess of the limitation set forth in the last
7 sentence of section 1003(a), if such program has
8 been approved under paragraph (2).

9 “(2) APPROVAL PROCESS.—If the Postal Serv-
10 ice wishes to have the authority, under any program
11 described in subsection (a), to award bonuses or
12 other rewards in excess of the limitation referred to
13 in paragraph (1)—

14 “(A) the Postal Service shall make an ap-
15 propriate request to the Postal Regulatory
16 Commission, in such form and manner as the
17 Commission requires; and

18 “(B) the Postal Regulatory Commission
19 shall approve any such request if it finds that
20 the program is likely to achieve the objectives of
21 this chapter.

22 “(3) REVOCATION AUTHORITY.—If the Postal
23 Regulatory Commission finds that a program pre-
24 viously approved under paragraph (2) is not achiev-
25 ing the objectives of this chapter, the Commission



1 may revoke or suspend the authority of the Postal
 2 Service to continue such program until such time as
 3 appropriate corrective measures have, in the judg-
 4 ment of the Commission, been taken.

5 “(c) REPORTING REQUIREMENT RELATING TO BO-
 6 NUSES OR OTHER REWARDS.—Included in its comprehen-
 7 sive statement under section 2401(e) for any period shall
 8 be—

9 “(1) the name of each person receiving a bonus
 10 or other reward during such period which would not
 11 have been allowable but for the provisions of sub-
 12 section (b);

13 “(2) the amount of the bonus or other reward;
 14 and

15 “(3) the amount by which the limitation re-
 16 ferred to in subsection (b)(1) was exceeded as a re-
 17 sult of such bonus or other reward.”.

18 **SEC. 407. MEDIATION IN COLLECTIVE-BARGAINING DIS-**
 19 **PUTES.**

20 (a) IN GENERAL.—Section 1207(b) of title 39,
 21 United States Code, is amended by striking all that follows
 22 “the Director of the Federal Mediation and Conciliation
 23 Service shall” and inserting “, within 10 days appoint a
 24 mediator of nationwide reputation and professional stat-
 25 ure, and who is also a member of the National Academy



1 of Arbitrators. The parties shall cooperate with the medi-
2 ator in an effort to reach an agreement and shall meet
3 and negotiate in good faith at such times and places that
4 the mediator, in consultation with the parties, shall di-
5 rect.”.

6 (b) PROVISIONS RELATING TO ARBITRATION
7 BOARDS.—Section 1207(c) of title 39, United States
8 Code, is amended—

9 (1) in paragraph (1)—

10 (A) by striking “90” and inserting “60”;

11 (B) by striking “not members of the fact-
12 finding panel,”; and

13 (C) by striking all that follows “shall be
14 made” and inserting “from a list of names pro-
15 vided by the Director. This list shall consist of
16 not less than 9 names of arbitrators of nation-
17 wide reputation and professional stature, who
18 are also members of the National Academy of
19 Arbitrators, and whom the Director has deter-
20 mined are available and willing to serve.”; and

21 (2) in paragraph (3), by striking “factfinding
22 panel” and inserting “mediation”.

23 (c) CONFORMING AMENDMENT.—Section 1207(d) of
24 title 39, United States Code, is amended by striking “fact-



1 finding panel will be established” and inserting “mediator
2 shall be appointed”.

3 **TITLE V—ENHANCED**
4 **REGULATORY COMMISSION**

5 **SEC. 501. REORGANIZATION AND MODIFICATION OF CER-**
6 **TAIN PROVISIONS RELATING TO THE POSTAL**
7 **REGULATORY COMMISSION.**

8 (a) **TRANSFER AND REDESIGNATION.**—Title 39,
9 United States Code, is amended—

10 (1) by inserting after chapter 4 the following:

11 **“CHAPTER 5—POSTAL REGULATORY**
12 **COMMISSION**

“Sec.

“501. Establishment.

“502. Commissioners.

“503. Rules; regulations; procedures.

“504. Administration.

13 **“§ 501. Establishment**

14 “The Postal Regulatory Commission is an inde-
15 pendent establishment of the executive branch of the Gov-
16 ernment of the United States.

17 **“§ 502. Commissioners**

18 “(a) The Postal Regulatory Commission is composed
19 of 5 Commissioners, appointed by the President, by and
20 with the advice and consent of the Senate. The Commis-
21 sioners shall be chosen solely on the basis of their technical
22 qualifications, professional standing, and demonstrated



1 expertise in economics, accounting, law, or public adminis-
2 tration, and may be removed by the President only for
3 cause. Each individual appointed to the Commission shall
4 have the qualifications and expertise necessary to carry
5 out the responsibilities accorded Commissioners under the
6 Postal Accountability and Enhancement Act. Not more
7 than 3 of the Commissioners may be adherents of the
8 same political party.

9 “(b) A Commissioner may continue to serve after the
10 expiration of his term until his successor has qualified,
11 except that a Commissioner may not so continue to serve
12 for more than 1 year after the date upon which his term
13 otherwise would expire under subsection (e).

14 “(c) One of the Commissioners shall be designated
15 as Chairman by, and shall serve in the position of Chair-
16 man at the pleasure of, the President.

17 “(d) The Commissioners shall by majority vote des-
18 ignate a Vice Chairman of the Commission. The Vice
19 Chairman shall act as Chairman of the Commission in the
20 absence of the Chairman.

21 “(e) The Commissioners shall serve for terms of 6
22 years.”;

23 (2) by striking, in subchapter I of chapter 36
24 (as in effect before the amendment made by section



1 201(c)), the heading for such subchapter I and all
2 that follows through section 3602; and

3 (3) by redesignating sections 3603 and 3604 as
4 sections 503 and 504, respectively, and transferring
5 such sections to the end of chapter 5 (as inserted by
6 paragraph (1)).

7 (b) APPLICABILITY.—The amendment made by sub-
8 section (a)(1) shall not affect the appointment or tenure
9 of any person serving as a Commissioner on the Postal
10 Regulatory Commission (as so redesignated by section
11 504) pursuant to an appointment made before the date
12 of the enactment of this Act or any nomination made be-
13 fore that date, but, when any such office becomes vacant,
14 the appointment of any person to fill that office shall be
15 made in accordance with such amendment.

16 (c) CLERICAL AMENDMENT.—The analysis for part
17 I of title 39, United States Code, is amended by inserting
18 after the item relating to chapter 4 the following:

“5. Postal Regulatory Commission 501”.

19 **SEC. 502. AUTHORITY FOR POSTAL REGULATORY COMMIS-**
20 **SION TO ISSUE SUBPOENAS.**

21 Section 504 of title 39, United States Code (as so
22 redesignated by section 501) is amended by adding at the
23 end the following:

24 “(f)(1) Any Commissioner of the Postal Regulatory
25 Commission, any administrative law judge appointed by



1 the Commission under section 3105 of title 5, and any
2 employee of the Commission designated by the Commis-
3 sion may administer oaths, examine witnesses, take depo-
4 sitions, and receive evidence.

5 “(2) The Chairman of the Commission, any Commis-
6 sioner designated by the Chairman, and any administra-
7 tive law judge appointed by the Commission under section
8 3105 of title 5 may, with respect to any proceeding con-
9 ducted by the Commission under this title—

10 “(A) issue subpoenas requiring the attendance
11 and presentation of testimony by, or the production
12 of documentary or other evidence in the possession
13 of, any covered person; and

14 “(B) order the taking of depositions and re-
15 sponses to written interrogatories by a covered per-
16 son.

17 The written concurrence of a majority of the Commis-
18 sioners then holding office shall, with respect to each sub-
19 poena under subparagraph (A), be required in advance of
20 its issuance.

21 “(3) In the case of contumacy or failure to obey a
22 subpoena issued under this subsection, upon application
23 by the Commission, the district court of the United States
24 for the district in which the person to whom the subpoena
25 is addressed resides or is served may issue an order requir-



1 ing such person to appear at any designated place to tes-
2 tify or produce documentary or other evidence. Any failure
3 to obey the order of the court may be punished by the
4 court as a contempt thereof.

5 “(4) For purposes of this subsection, the term ‘cov-
6 ered person’ means an officer, employee, agent, or con-
7 tractor of the Postal Service.

8 “(g)(1) If the Postal Service determines that any doc-
9 ument or other matter it provides to the Postal Regulatory
10 Commission pursuant to a subpoena issued under sub-
11 section (f), or otherwise at the request of the Commission
12 in connection with any proceeding or other purpose under
13 this title, contains information which is described in sec-
14 tion 410(c) of this title, or exempt from public disclosure
15 under section 552(b) of title 5, the Postal Service shall,
16 at the time of providing such matter to the Commission,
17 notify the Commission, in writing, of its determination
18 (and the reasons therefor).

19 “(2) No officer or employee of the Commission may,
20 with respect to any information as to which the Commis-
21 sion has been notified under paragraph (1)—

22 “(A) use such information for purposes other
23 than the purposes for which it is supplied; or



1 “(B) permit anyone who is not an officer or
2 employee of the Commission to have access to any
3 such information.

4 “(3) Paragraph (2) shall not prevent information
5 from being furnished under any process of discovery estab-
6 lished under this title in connection with a proceeding
7 under this title. The Commission shall, by regulations
8 based on rule 26(c) of the Federal Rules of Civil Proce-
9 dure, establish procedures for ensuring appropriate con-
10 fidentiality for any information furnished under the pre-
11 ceding sentence.”.

12 **SEC. 503. APPROPRIATIONS FOR THE POSTAL REGU-**
13 **LATORY COMMISSION.**

14 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-
15 section (d) of section 504 of title 39, United States Code
16 (as so redesignated by section 501) is amended to read
17 as follows:

18 “(d) There are authorized to be appropriated, out of
19 the Postal Service Fund, such sums as may be necessary
20 for the Postal Regulatory Commission. In requesting an
21 appropriation under this subsection for a fiscal year, the
22 Commission shall prepare and submit to the Congress
23 under section 2009 a budget of the Commission’s ex-
24 penses, including expenses for facilities, supplies, com-
25 pensation, and employee benefits.”.



1 (b) BUDGET PROGRAM.—

2 (1) IN GENERAL.—The next to last sentence of
3 section 2009 of title 39, United States Code, is
4 amended to read as follows: “The budget program
5 shall also include separate statements of the
6 amounts which (1) the Postal Service requests to be
7 appropriated under subsections (b) and (c) of section
8 2401, (2) the Office of Inspector General of the
9 United States Postal Service requests to be appro-
10 priated, out of the Postal Service Fund, under sec-
11 tion 8J(e) of the Inspector General Act of 1978, and
12 (3) the Postal Regulatory Commission requests to be
13 appropriated, out of the Postal Service Fund, under
14 section 504(d) of this title.”.

15 (2) CONFORMING AMENDMENT.—Section
16 2003(e)(1) of title 39, United States Code, is
17 amended by striking the first sentence and inserting
18 the following: “The Fund shall be available for the
19 payment of (A) all expenses incurred by the Postal
20 Service in carrying out its functions as provided by
21 law, subject to the same limitation as set forth in
22 the parenthetical matter under subsection (a); (B)
23 all expenses of the Postal Regulatory Commission,
24 subject to the availability of amounts appropriated
25 pursuant to section 504(d); and (C) all expenses of



1 the Office of Inspector General, subject to the avail-
2 ability of amounts appropriated pursuant to section
3 8J(e) of the Inspector General Act of 1978.”.

4 (c) EFFECTIVE DATE.—

5 (1) IN GENERAL.—The amendments made by
6 this section shall apply with respect to fiscal years
7 beginning on or after October 1, 2004.

8 (2) SAVINGS PROVISION.—The provisions of
9 title 39, United States Code, that are amended by
10 this section shall, for purposes of any fiscal year be-
11 fore the first fiscal year to which the amendments
12 made by this section apply, continue to apply in the
13 same way as if this section had never been enacted.

14 **SEC. 504. REDESIGNATION OF THE POSTAL RATE COMMIS-**
15 **SION.**

16 (a) AMENDMENTS TO TITLE 39, UNITED STATES
17 CODE.—Title 39, United States Code, is amended in sec-
18 tions 404, 503–504 (as so redesignated by section 501),
19 1001, and 1002 by striking “Postal Rate Commission”
20 each place it appears and inserting “Postal Regulatory
21 Commission”.

22 (b) AMENDMENTS TO TITLE 5, UNITED STATES
23 CODE.—Title 5, United States Code, is amended in sec-
24 tions 104(1), 306(f), 2104(b), 3371(3), 5314 (in the item
25 relating to Chairman, Postal Rate Commission), 5315 (in



1 the item relating to Members, Postal Rate Commission),
2 5514(a)(5)(B), 7342(a)(1)(A), 7511(a)(1)(B)(ii),
3 8402(c)(1), 8423(b)(1)(B), and 8474(c)(4) by striking
4 “Postal Rate Commission” and inserting “Postal Regu-
5 latory Commission”.

6 (c) AMENDMENT TO THE ETHICS IN GOVERNMENT
7 ACT OF 1978.—Section 101(f)(6) of the Ethics in Govern-
8 ment Act of 1978 (5 U.S.C. App.) is amended by striking
9 “Postal Rate Commission” and inserting “Postal Regu-
10 latory Commission”.

11 (d) AMENDMENT TO THE REHABILITATION ACT OF
12 1973.—Section 501(b) of the Rehabilitation Act of 1973
13 (29 U.S.C. 791(b)) is amended by striking “Postal Rate
14 Office” and inserting “Postal Regulatory Commission”.

15 (e) AMENDMENT TO TITLE 44, UNITED STATES
16 CODE.—Section 3502(5) of title 44, United States Code,
17 is amended by striking “Postal Rate Commission” and in-
18 serting “Postal Regulatory Commission”.

19 (f) OTHER REFERENCES.—Whenever a reference is
20 made in any provision of law (other than this Act or a
21 provision of law amended by this Act), regulation, rule,
22 document, or other record of the United States to the
23 Postal Rate Commission, such reference shall be consid-
24 ered a reference to the Postal Regulatory Commission.



1 **SEC. 505. OFFICER OF THE POSTAL REGULATORY COMMIS-**
2 **SION REPRESENTING THE GENERAL PUBLIC.**

3 (a) IN GENERAL.—Chapter 5 of title 39, United
4 States Code (as added by this Act) is amended by adding
5 after section 504 the following:

6 **“§ 505. Officer of the Postal Regulatory Commission**
7 **representing the general public**

8 “The Postal Regulatory Commission shall designate
9 an officer of the Postal Regulatory Commission in all pub-
10 lic proceedings (such as developing rules, regulations, and
11 procedures) who shall represent the interests of the gen-
12 eral public.”.

13 (b) CLERICAL AMENDMENT.—The analysis for chap-
14 ter 5 of title 39, United States Code (as amended by sec-
15 tion 501(a)(1)) is amended by adding after the item relat-
16 ing to section 504 the following:

“505. Officer of the Postal Regulatory Commission representing the general
public.”.

17 **TITLE VI—INSPECTORS**
18 **GENERAL**

19 **SEC. 601. INSPECTOR GENERAL OF THE POSTAL REGU-**
20 **LATORY COMMISSION.**

21 (a) IN GENERAL.—Paragraph (2) of section 8G(a)
22 of the Inspector General Act of 1978 is amended by insert-
23 ing “the Postal Regulatory Commission,” after “the
24 United States International Trade Commission,”.



1 (b) ADMINISTRATION.—Section 504 of title 39,
 2 United States Code (as so redesignated by section 501)
 3 is amended by adding after subsection (g) (as added by
 4 section 502) the following:

5 “(h)(1) Notwithstanding any other provision of this
 6 title or of the Inspector General Act of 1978, the authority
 7 to select, appoint, and employ officers and employees of
 8 the Office of Inspector General of the Postal Regulatory
 9 Commission, and to obtain any temporary or intermittent
 10 services of experts or consultants (or an organization of
 11 experts or consultants) for such Office, shall reside with
 12 the Inspector General of the Postal Regulatory Commis-
 13 sion.

14 “(2) Except as provided in paragraph (1), any exer-
 15 cise of authority under this subsection shall, to the extent
 16 practicable, be in conformance with the applicable laws
 17 and regulations that govern selections, appointments and
 18 employment, and the obtaining of any such temporary or
 19 intermittent services, within the Postal Regulatory Com-
 20 mission.”.

21 (c) DEADLINE.—No later than 180 days after the
 22 date of the enactment of this Act—

23 (1) the first Inspector General of the Postal
 24 Regulatory Commission shall be appointed; and



1 (2) the Office of Inspector General of the Post-
2 al Regulatory Commission shall be established.

3 **SEC. 602. INSPECTOR GENERAL OF THE UNITED STATES**
4 **POSTAL SERVICE TO BE APPOINTED BY THE**
5 **PRESIDENT.**

6 (a) DEFINITIONAL AMENDMENTS TO THE INSPEC-
7 TOR GENERAL ACT OF 1978.—Section 11 of the Inspector
8 General Act of 1978 is amended—

9 (1) in paragraph (1)—

10 (A) by striking “or” before “the President
11 of the Export-Import Bank;” and

12 (B) by inserting “or the Governors of the
13 United States Postal Service (within the mean-
14 ing of section 102(3) of title 39, United States
15 Code);” after “the President of the Export-Im-
16 port Bank;”; and

17 (2) in paragraph (2)—

18 (A) by striking “or” before “the Export-
19 Import Bank;”; and

20 (B) by inserting “or the United States
21 Postal Service,” after “the Export-Import
22 Bank,”.

23 (b) SPECIAL PROVISIONS CONCERNING THE UNITED
24 STATES POSTAL SERVICE.—



1 'appropriate committees of Congress' to mean the Com-
2 mittee on Government Reform of the House of Represent-
3 atives, the Committee on Governmental Affairs of the Sen-
4 ate, and such other committees or subcommittees of Con-
5 gress as may be appropriate.

6 “(c) Notwithstanding any provision of paragraph (7)
7 or (8) of section 6(a), the Inspector General of the United
8 States Postal Service may select, appoint, and employ
9 such officers and employees as may be necessary for car-
10 rying out the functions, powers, and duties of the Office
11 of Inspector General and to obtain the temporary or inter-
12 mittent services of experts or consultants or an organiza-
13 tion of experts or consultants, subject to the applicable
14 laws and regulations that govern such selections, appoint-
15 ments, and employment, and the obtaining of such serv-
16 ices, within the United States Postal Service.

17 “(d) Nothing in this Act shall restrict, eliminate, or
18 otherwise adversely affect any of the rights, privileges, or
19 benefits of employees of the United States Postal Service,
20 or labor organizations representing employees of the
21 United States Postal Service, under chapter 12 of title 39,
22 United States Code, the National Labor Relations Act,
23 any handbook or manual affecting employee labor rela-
24 tions with the United States Postal Service, or any collec-
25 tive bargaining agreement.



1 “(e) There are authorized to be appropriated, out of
2 the Postal Service Fund, such sums as may be necessary
3 for the Office of Inspector General of the United States
4 Postal Service.”.

5 (2) RELATED PROVISIONS.—For certain related
6 provisions, see section 503(b).

7 (c) EXERCISE OF CERTAIN POWERS.—Section
8 6(e)(3) of the Inspector General Act of 1978 is amended—

9 (1) by striking “and the” before “Tennessee
10 Valley Authority”; and

11 (2) by inserting “, and United States Postal
12 Service” after “Tennessee Valley Authority”.

13 (d) AUDITS OF THE POSTAL SERVICE.—

14 (1) AUDITS.—Subsection (e) of section 2008 of
15 title 39, United States Code, is amended to read as
16 follows:

17 “(e)(1) At least once each year beginning with the
18 fiscal year commencing after the date of the enactment
19 of the Postal Accountability and Enhancement Act, the
20 financial statements of the Postal Service (including those
21 used in determining and establishing postal rates) shall
22 be audited by the Inspector General or by an independent
23 external auditor selected by the Inspector General.



1 “(2) Audits under this section shall be conducted in
2 accordance with applicable generally accepted government
3 auditing standards.

4 “(3) Upon completion of the audit required by this
5 subsection, the person who audits the statement shall sub-
6 mit a report on the audit to the Postmaster General.”.

7 (2) RESULTS OF INSPECTOR GENERAL’S AUDIT
8 TO BE INCLUDED IN ANNUAL REPORT.—Section
9 2402 of title 39, United States Code, is amended by
10 inserting after the first sentence the following:
11 “Each report under this section shall include a copy
12 of the report most recently received by the Post-
13 master General under section 2008(e)(3).”.

14 (3) COORDINATION PROVISIONS.—Section
15 2008(d) of title 39, United States Code, is
16 amended—

17 (A) by striking “(d) Nothing” and insert-
18 ing “(d)(1) Except as provided in paragraph
19 (2), nothing”; and

20 (B) by adding at the end the following:

21 “(2) An audit or report under paragraph (1) may not
22 be obtained without the prior written approval of the In-
23 spector General.”.

24 (4) TRANSITION PROVISION.—For purposes of
25 any fiscal year preceding the first fiscal year com-



1 mencing after the date of the enactment of this Act,
 2 the provisions of title 39, United States Code, shall
 3 be applied as if the amendments made by this sub-
 4 section had never been enacted.

5 (e) REPORTS.—Section 3013 of title 39, United
 6 States Code, is amended by striking “Postmaster Gen-
 7 eral” each place it appears and inserting “Chief Postal
 8 Inspector”.

9 (f) TECHNICAL AND CONFORMING AMENDMENTS.—

10 (1) RELATING TO THE INSPECTOR GENERAL
 11 ACT OF 1978.—(A) Subsection (a) of section 8G of
 12 the Inspector General Act of 1978 (as amended by
 13 section 601(a)) is further amended—

14 (i) in paragraph (2), by striking “the Post-
 15 al Regulatory Commission, and the United
 16 States Postal Service;” and inserting “and the
 17 Postal Regulatory Commission;” and

18 (ii) in paragraph (4), by striking “except
 19 that” and all that follows through “Code);” and
 20 inserting “except that, with respect to the Na-
 21 tional Science Foundation, such term means the
 22 National Science Board;”.

23 (B)(i) Subsection (f) of section 8G of such Act
 24 is repealed.



1 (ii) Subsection (e) of section 8G of such Act is
2 amended by striking “Except as provided under sub-
3 section (f) of this section, the” and inserting “The”.

4 (C) Section 8K of such Act (as so redesignated
5 by subsection (b)(1)(A)) is amended by striking the
6 matter after “8D,” and before “of this Act” and in-
7 serting “8E, 8F, 8H, or 8J”.

8 (2) RELATING TO TITLE 39, UNITED STATES
9 CODE.—(A) Subsection (e) of section 202 of title 39,
10 United States Code, is repealed.

11 (B) Paragraph (4) of section 102 of such title
12 39 (as amended by section 101) is amended to read
13 as follows:

14 “(4) ‘Inspector General’ means the Inspector
15 General of the United States Postal Service, ap-
16 pointed under section 3(a) of the Inspector General
17 Act of 1978;”.

18 (C) The first sentence of section 1003(a) of
19 such title 39 is amended by striking “chapters 2 and
20 12 of this title, section 8G of the Inspector General
21 Act of 1978, or other provision of law,” and insert-
22 ing “chapter 2 or 12 of this title, subsection (b) or
23 (c) of this section, or any other provision of law,”.

24 (D) Section 1003(b) of such title 39 is amended
25 by striking “respective” and inserting “other”.



1 (E) Section 1003(c) of such title 39 is amended
2 by striking “included” and inserting “includes”.

3 (3) RELATING TO THE ENERGY POLICY ACT OF
4 1992.—Section 160(a) of the Energy Policy Act of
5 1992 (42 U.S.C. 8262f(a)) is amended (in the mat-
6 ter before paragraph (1)) by striking all that follows
7 “(5 U.S.C. App.)” and before “shall—”.

8 (g) EFFECTIVE DATE; TRANSITION PROVISIONS.—

9 (1) EFFECTIVE DATE.—Except as provided in
10 paragraph (2) or subsection (e), this section and the
11 amendments made by this section shall take effect
12 on the date of the enactment of this Act.

13 (2) TRANSITION PROVISIONS.—

14 (A) PRESIDENTIAL APPOINTMENT AU-
15 THORITY AVAILABLE IMMEDIATELY.—The au-
16 thority to appoint an Inspector General of the
17 United States Postal Service in accordance with
18 the amendments made by this section shall be
19 available as of the effective date of this section.

20 (B) CONTINUATION IN OFFICE.—Pending
21 the appointment of an Inspector General of the
22 United States Postal Service in accordance with
23 the amendments made by this section, the indi-
24 vidual serving as the Inspector General of the
25 United States Postal Service on the day before



1 the effective date of this section may continue
2 to serve—

3 (i) in accordance with applicable pro-
4 visions of the Inspector General Act of
5 1978 and (except as provided in clause
6 (ii)) of title 39, United States Code, as last
7 in effect before the effective date of this
8 Act; but

9 (ii) subject to the provisions of such
10 title 39 as amended by subsections (d) and
11 (e) of this section (deeming any reference
12 to the “Inspector General” in such provi-
13 sions, as so amended, to refer to the indi-
14 vidual continuing to serve under authority
15 of this subparagraph) and subparagraph
16 (C).

17 (C) AUTHORIZATION OF APPROPRIA-
18 TIONS.—

19 (i) IN GENERAL.—Notwithstanding
20 any other provision of this subsection, sec-
21 tion 8J(e) of the Inspector General Act of
22 1978 (as amended by this section) shall be
23 effective for purposes of fiscal years begin-
24 ning on or after October 1, 2004.



1 (ii) SAVINGS PROVISION.—For pur-
2 poses of the fiscal year ending on Sep-
3 tember 30, 2004, funding for the Office of
4 Inspector General of the United States
5 Postal Service shall be made available in
6 the same manner as if this Act had never
7 been enacted.

8 (D) ELIGIBILITY OF PRIOR INSPECTOR
9 GENERAL.—Nothing in this Act shall prevent
10 any individual who has served as Inspector
11 General of the United States Postal Service at
12 any time before the date of the enactment of
13 this Act from being appointed to that position
14 pursuant to the amendments made by this sec-
15 tion.

16 **TITLE VII—EVALUATIONS**

17 **SEC. 701. UNIVERSAL POSTAL SERVICE STUDY.**

18 (a) REPORT BY THE POSTAL SERVICE.—The United
19 States Postal Service shall, within 12 months after the
20 date of the enactment of this Act, submit to the President,
21 the Congress, and the Postal Regulatory Commission, a
22 written report on universal postal service in the United
23 States (hereinafter in this section referred to as “universal
24 service”). Such report shall include at least the following:



1 (1) A comprehensive review of the history and
2 development of universal service, including how the
3 scope and standards of universal service have
4 evolved over time.

5 (2) The scope and standards of universal serv-
6 ice provided under current law (including sections
7 101 and 403 of title 39, United States Code) and
8 current rules, regulations, policy statements, and
9 practices of the Postal Service.

10 (3) A description of any geographic areas, pop-
11 ulations, communities, organizations, or other
12 groups or entities not currently covered by universal
13 service or that are covered but that are receiving
14 services deficient in scope or quality or both.

15 (4) The scope and standards of universal serv-
16 ice likely to be required in the future in order to
17 meet the needs and expectations of the American
18 public, including all types of mail users, based on
19 such assumptions or alternative sets of assumptions
20 as the Postal Service considers plausible.

21 (5) Such recommendations as the Postal Serv-
22 ice considers appropriate.

23 (b) REPORT BY THE POSTAL REGULATORY COMMIS-
24 SION.—The Postal Regulatory Commission shall, within
25 12 months after receiving the report of the Postal Service



1 under subsection (a), submit to the President and the
2 Congress a written report evaluating the report of the
3 Postal Service. The report of the Commission shall include
4 at least the following:

5 (1) Such comments and observations relating to
6 the matters addressed in the Postal Service's report
7 as the Commission considers appropriate.

8 (2) An estimate of the cost attributable to the
9 obligation to provide universal service under prior
10 and current law, respectively.

11 (3) An estimate of the likely cost of fulfilling
12 the obligation to provide universal service under—

13 (A) the assumptions or respective sets of
14 assumptions of the Postal Service described in
15 subsection (a)(4); and

16 (B) such other assumptions or sets of as-
17 sumptions as the Commission considers plau-
18 sible.

19 (4) Such additional topics and recommenda-
20 tions as the Commission considers appropriate.

21 (c) CONSULTATION.—In preparing the reports re-
22 quired by this section, the Postal Service and the Postal
23 Regulatory Commission—

24 (1) shall consult with each other, other Federal
25 agencies, users of the mails, enterprises in the pri-



1 private sector engaged in the delivery of mail, and the
2 general public; and

3 (2) shall address in their respective reports any
4 written comments received under this section.

5 (d) CLARIFYING PROVISION.—Nothing in this section
6 shall be considered to relate to any services that are not
7 postal services (within the meaning of section 102 of title
8 39, United States Code, as amended by section 101).

9 **SEC. 702. ASSESSMENTS OF RATEMAKING, CLASSIFICA-**
10 **TION, AND OTHER PROVISIONS.**

11 (a) IN GENERAL.—The Postal Regulatory Commis-
12 sion shall, at least every 5 years, submit a report to the
13 President and the Congress concerning—

14 (1) the operation of the amendments made by
15 the Postal Accountability and Enhancement Act;
16 and

17 (2) recommendations for any legislation or
18 other measures necessary to improve the effective-
19 ness or efficiency of the postal laws of the United
20 States.

21 (b) POSTAL SERVICE VIEWS.—A report under this
22 section shall be submitted only after reasonable oppor-
23 tunity has been afforded to the Postal Service to review
24 such report and to submit written comments thereon. Any
25 comments timely received from the Postal Service under



1 the preceding sentence shall be attached to the report sub-
2 mitted under subsection (a).

3 (c) SPECIFIC INFORMATION REQUIRED.—The Postal
4 Regulatory Commission shall include, as part of at least
5 its first report under subsection (a), the following:

6 (1) COST-COVERAGE REQUIREMENT RELATING
7 TO COMPETITIVE PRODUCTS COLLECTIVELY.—With
8 respect to section 3633 of title 39, United States
9 Code (as amended by this Act)—

10 (A) a description of how such section has
11 operated; and

12 (B) recommendations as to whether or not
13 such section should remain in effect and, if so,
14 any suggestions as to how it might be improved.

15 (2) COMPETITIVE PRODUCTS FUND.—With re-
16 spect to the Postal Service Competitive Products
17 Fund (under section 2011 of title 39, United States
18 Code, as amended by section 301), in consultation
19 with the Secretary of the Treasury—

20 (A) a description of how such Fund has
21 operated;

22 (B) any suggestions as to how the oper-
23 ation of such Fund might be improved; and

24 (C) a description and assessment of alter-
25 native accounting or financing mechanisms that



1 siders appropriate for bringing such legal discrimination
2 to an end.

3 (c) CONSULTATION.—In preparing its report, the
4 Federal Trade Commission shall consult with the United
5 States Postal Service, the Postal Regulatory Commission,
6 other Federal agencies, mailers, private companies that
7 provide delivery services, and the general public, and shall
8 append to such report any written comments received
9 under this subsection.

10 **SEC. 704. GREATER DIVERSITY IN POSTAL SERVICE EXECU-**
11 **TIVE AND ADMINISTRATIVE SCHEDULE MAN-**
12 **AGEMENT POSITIONS.**

13 (a) STUDY.—The Board of Governors shall study
14 and, within 1 year after the date of the enactment of this
15 Act, submit to the President and Congress a report con-
16 cerning the extent to which women and minorities are rep-
17 resented in supervisory and management positions within
18 the United States Postal Service. Any data included in the
19 report shall be presented in the aggregate and by pay level.

20 (b) PERFORMANCE EVALUATIONS.—The United
21 States Postal Service shall, as soon as practicable, take
22 such measures as may be necessary to ensure that, for
23 purposes of conducting performance appraisals of super-
24 visory or managerial employees, appropriate consideration
25 shall be given to meeting affirmative action goals, achiev-



1 ing equal employment opportunity requirements, and im-
2 plementation of plans designed to achieve greater diversity
3 in the workforce.

4 **SEC. 705. PLAN FOR ASSISTING DISPLACED WORKERS.**

5 (a) PLAN.—The United States Postal Service shall,
6 before the deadline specified in subsection (b), develop and
7 be prepared to implement, whenever necessary, a com-
8 prehensive plan under which reemployment assistance
9 shall be afforded to employees displaced as a result of the
10 automation or privatization of any of its functions.

11 (b) REPORT.—Not later than 1 year after the date
12 of the enactment of this Act, the United States Postal
13 Service shall submit to its Board of Governors and Con-
14 gress a written report describing its plan under this sec-
15 tion.

16 **SEC. 706. CONTRACTS WITH WOMEN, MINORITIES, AND**
17 **SMALL BUSINESSES.**

18 The Board of Governors shall study and, within 1
19 year after the date of the enactment of this Act, submit
20 to the President and the Congress a report concerning the
21 number and value of contracts and subcontracts the Post-
22 al Service has entered into with women, minorities, and
23 small businesses.



1 **SEC. 707. RATES FOR PERIODICALS.**

2 (a) IN GENERAL.—The United States Postal Service,
3 acting jointly with the Postal Regulatory Commission and
4 the General Accounting Office, shall study and submit to
5 the President and Congress a report concerning—

6 (1) the quality, accuracy, and completeness of
7 the information used by the Postal Service in deter-
8 mining the direct and indirect postal costs attrib-
9 utable to periodicals; and

10 (2) any opportunities that might exist for im-
11 proving efficiencies in the collection, handling, trans-
12 portation, or delivery of periodicals by the Postal
13 Service, including any pricing incentives for mailers
14 that might be appropriate.

15 (b) RECOMMENDATIONS.—The report shall include
16 recommendations for any administrative action or legisla-
17 tion that might be appropriate.

18 **SEC. 708. ASSESSMENT OF CERTAIN RATE DEFICIENCIES.**

19 (a) IN GENERAL.—Within 12 months after the date
20 of the enactment of this Act, the Office of Inspector Gen-
21 eral of the United States Postal Service shall study and
22 submit to the President, the Congress, and the United
23 States Postal Service, a report concerning the administra-
24 tion of section 3626(k) of title 39, United States Code.

25 (b) SPECIFIC REQUIREMENTS.—The study and re-
26 port shall specifically address the adequacy and fairness



1 of the process by which assessments under section 3626(k)
2 of title 39, United States Code, are determined and ap-
3 pealable, including—

4 (1) whether the Postal Regulatory Commission
5 or any other body outside the Postal Service should
6 be assigned a role; and

7 (2) whether a statute of limitations should be
8 established for the commencement of proceedings by
9 the Postal Service thereunder.

10 **SEC. 709. DEFINITION.**

11 For purposes of this title, the term “Board of Gov-
12 ernors” has the meaning given such term by section 102
13 of title 39, United States Code.

14 **TITLE VIII—MISCELLANEOUS;**
15 **TECHNICAL AND CON-**
16 **FORMING AMENDMENTS**

17 **SEC. 801. EMPLOYMENT OF POSTAL POLICE OFFICERS.**

18 Section 404 of title 39, United States Code, as
19 amended by sections 102 and 810(e), is further amended
20 by adding at the end the following:

21 **[(f)]** The Postal Service may employ guards for all
22 buildings and areas owned or occupied by the Postal Serv-
23 ice or under the charge and control of the Postal Service,
24 and may give such guards, with respect to such property,
25 any of the powers of special policemen provided by section



1 1315 of title 40, and, as to such property, the Postal Serv-
2 ice may take any action that the Secretary of Homeland
3 Security may take under such section.”.]

4 **SEC. 802. DATE OF POSTMARK TO BE TREATED AS DATE OF**
5 **APPEAL IN CONNECTION WITH THE CLOSING**
6 **OR CONSOLIDATION OF POST OFFICES.**

7 (a) IN GENERAL.—Section 404(b) of title 39, United
8 States Code, is amended by adding at the end the fol-
9 lowing:

10 “(6) For purposes of paragraph (5), any appeal re-
11 ceived by the Commission shall—

12 “(A) if sent to the Commission through the
13 mails, be considered to have been received on the
14 date of the Postal Service postmark on the envelope
15 or other cover in which such appeal is mailed; or

16 “(B) if otherwise lawfully delivered to the Com-
17 mission, be considered to have been received on the
18 date determined based on any appropriate docu-
19 mentation or other indicia (as determined under reg-
20 ulations of the Commission).”.

21 (b) EFFECTIVE DATE.—This section and the amend-
22 ments made by this section shall apply with respect to any
23 determination to close or consolidate a post office which
24 is first made available, in accordance with paragraph (3)
25 of section 404(b) of title 39, United States Code, after



1 the end of the 3-month period beginning on the date of
2 the enactment of this Act.

3 **SEC. 803. PROVISIONS RELATING TO BENEFITS UNDER**
4 **CHAPTER 81 OF TITLE 5, UNITED STATES**
5 **CODE, FOR OFFICERS AND EMPLOYEES OF**
6 **THE FORMER POST OFFICE DEPARTMENT.**

7 (a) IN GENERAL.—Section 8 of the Postal Reorga-
8 nization Act (39 U.S.C. 1001 note) is amended by insert-
9 ing “(a)” after “8.” and by adding at the end the fol-
10 lowing:

11 “(b) For purposes of chapter 81 of title 5, United
12 States Code, the Postal Service shall, with respect to any
13 individual receiving benefits under such chapter as an offi-
14 cer or employee of the former Post Office Department,
15 have the same authorities and responsibilities as it has
16 with respect to an officer or employee of the Postal Service
17 receiving such benefits.”.

18 (b) EFFECTIVE DATE.—This section and the amend-
19 ments made by this section shall be effective as of the first
20 day of the fiscal year in which this Act is enacted.

21 **SEC. 804. OBSOLETE PROVISIONS.**

22 (a) REPEAL.—

23 (1) IN GENERAL.—Chapter 52 of title 39,
24 United States Code, is repealed.



1 (2) CONFORMING AMENDMENTS.—(A) Section
2 5005(a) of title 39, United States Code, is
3 amended—

4 (i) by striking paragraph (1), and by re-
5 designating paragraphs (2) through (4) as
6 paragraphs (1) through (3), respectively; and

7 (ii) in paragraph (3) (as so designated by
8 clause (i)), by striking “(as defined in section
9 5201(6) of this title)”.

10 (B) Section 5005(b) of such title 39 is amended
11 by striking “(a)(4)” each place it appears and in-
12 serting “(a)(3)”.

13 (C) Section 5005(c) of such title 39 is amended
14 by striking “by carrier or person under subsection
15 (a)(1) of this section, by contract under subsection
16 (a)(4) of this section, or” and inserting “by contract
17 under subsection (a)(3) of this section or”.

18 (b) ELIMINATING RESTRICTION ON LENGTH OF CON-
19 TRACTS.—(1) Section 5005(b)(1) of title 39, United
20 States Code, is amended by striking “(or where the Postal
21 Service determines that special conditions or the use of
22 special equipment warrants, not in excess of 6 years)” and
23 inserting “(or such longer period of time as may be deter-
24 mined by the Postal Service to be advisable or appro-
25 priate)”.



1 (2) Section 5402(d) of such title 39 is amended by
2 striking “for a period of not more than 4 years”.

3 (3) Section 5605 of such title 39 is amended by strik-
4 ing “for periods of not in excess of 4 years”.

5 (c) CLERICAL AMENDMENT.—The analysis for part
6 V of title 39, United States Code, is amended by repealing
7 the item relating to chapter 52.

8 **SEC. 805. EXPANDED CONTRACTING AUTHORITY.**

9 (a) AMENDMENT TO TITLE 39, UNITED STATES
10 CODE.—

11 (1) CONTRACTS WITH AIR CARRIERS.—Sub-
12 section (d) of section 5402 of title 39, United States
13 Code, is amended to read as follows:

14 “(d)(1) The Postal Service may contract with any air
15 carrier for the transportation of mail by aircraft in inter-
16 state air transportation, including the rates therefor, ei-
17 ther through negotiations or competitive bidding.

18 “(2) Notwithstanding subsections (a) through (c), the
19 Postal Service may contract with any air carrier or foreign
20 air carrier for the transportation of mail by aircraft in
21 foreign air transportation, including the rates therefor, ei-
22 ther through negotiations or competitive bidding, except
23 that—

24 “(A) any such contract may be awarded only to
25 (i) an air carrier holding a certificate required by



1 section 41101 of title 49 or an exemption therefrom
2 issued by the Secretary of Transportation, (ii) a for-
3 eign air carrier holding a permit required by section
4 41301 of title 49 or an exemption therefrom issued
5 by the Secretary of Transportation, or (iii) a com-
6 bination of such air carriers or foreign air carriers
7 (or both);

8 “(B) mail transported under any such contract
9 shall not be subject to any duty-to-carry requirement
10 imposed by any provision of subtitle VII of title 49
11 or by any certificate, permit, or corresponding ex-
12 emption authority issued by the Secretary of Trans-
13 portation under that subtitle;

14 “(C) every contract that the Postal Service
15 awards to a foreign air carrier under this paragraph
16 shall be subject to the continuing requirement that
17 air carriers shall be afforded the same opportunity
18 to carry the mail of the country to and from which
19 the mail is transported and the flag country of the
20 foreign air carrier, if different, as the Postal Service
21 has afforded the foreign air carrier; and

22 “(D) the Postmaster General shall consult with
23 the Secretary of Defense concerning actions that af-
24 fect the carriage of military mail transported in for-
25 eign air transportation.



1 “(3) Paragraph (2) shall not be interpreted as sus-
2 pending or otherwise diminishing the authority of the Sec-
3 retary of Transportation under section 41310 of title 49.”.

4 (2) DEFINITIONS.—Subsection (e) of section
5 5402 of title 39, United States Code, is amended to
6 read as follows:

7 “(e) For purposes of this section, the terms ‘air car-
8 rier’, ‘air transportation’, ‘foreign air carrier’, ‘foreign air
9 transportation’, ‘interstate air transportation’, and ‘mail’
10 shall have the meanings given such terms in section 40102
11 of title 49.”.

12 (b) AMENDMENTS TO TITLE 49, UNITED STATES
13 CODE.—

14 (1) AUTHORITY OF POSTAL SERVICE TO PRO-
15 VIDE FOR INTERSTATE AIR TRANSPORTATION OF
16 MAIL.—Section 41901(a) of title 49, United States
17 Code, is amended to read as follows:

18 “(a) TITLE 39.—The United States Postal Service
19 may provide for the transportation of mail by aircraft in
20 air transportation under this chapter and under chapter
21 54 of title 39.”.

22 (2) SCHEDULES FOR CERTAIN TRANSPOR-
23 TATION OF MAIL.—Section 41902(b)(1) of title 49,
24 United States Code, is amended by inserting before



1 the semicolon at the end the following: “(other than
2 foreign air transportation of mail)”.

3 (3) PRICES FOR FOREIGN TRANSPORTATION OF
4 MAIL.—Section 41907 of title 49, United States
5 Code, is amended—

6 (A) by striking “(a) LIMITATIONS.—”; and

7 (B) by striking subsection (b).

8 (4) CONFORMING AMENDMENTS.—Sections
9 41107, 41901(b)(1), 41902(a), 41903(a), and
10 41903(b) of title 49, United States Code, are
11 amended by striking “in foreign air transportation
12 or”.

13 **SEC. 806. INVESTMENTS.**

14 Subsection (c) of section 2003 of title 39, United
15 States Code, is amended—

16 (1) by striking “(c) If” and inserting “(c)(1)
17 Except as provided in paragraph (2), if”; and

18 (2) by adding at the end the following:

19 “(2)(A) Nothing in this section shall be considered
20 to authorize any investment in any obligations or securi-
21 ties of a commercial entity.

22 “(B) For purposes of this paragraph, the term ‘com-
23 mercial entity’ means any corporation, company, associa-
24 tion, partnership, joint stock company, firm, society, or



1 other similar entity, as further defined under regulations
2 prescribed by the Postal Regulatory Commission.”.

3 **SEC. 807. REPEAL OF SECTION 5403.**

4 (a) IN GENERAL.—Section 5403 of title 39, United
5 States Code, is repealed.

6 (b) CLERICAL AMENDMENT.—The analysis for chap-
7 ter 54 of title 39, United States Code, is amended by re-
8 pealing the item relating to section 5403.

9 **SEC. 808. REDUCED RATES.**

10 Section 3626 of title 39, United States Code, is
11 amended—

12 (1) in subsection (a)—

13 (A) by striking all before paragraph (4)
14 and inserting the following:

15 “(a)(1) Except as otherwise provided in this section,
16 rates of postage for a class of mail or kind of mailer under
17 former section 4358, 4452(b), 4452(e), 4554(b), or
18 4554(e) of this title shall be established in accordance with
19 section 3622.

20 “(2) For the purpose of this subsection, the term
21 ‘regular-rate category’ means any class of mail or kind of
22 mailer, other than a class or kind referred to in section
23 2401(e).”; and



1 (B) by redesignating paragraphs (4)
2 through (7) as paragraphs (3) through (6), re-
3 spectively;

4 (2) in subsection (g), by adding at the end the
5 following:

6 “(3) For purposes of this section and former section
7 4358(a) through (c) of this title, those copies of an issue
8 of a publication entered within the county in which it is
9 published, but distributed outside such county on postal
10 carrier routes originating in the county of publication,
11 shall be treated as if they were distributed within the
12 county of publication.

13 “(4)(A) In the case of an issue of a publication, any
14 number of copies of which are mailed at the rates of post-
15 age for a class of mail or kind of mailer under former
16 section 4358(a) through (c) of this title, any copies of such
17 issue which are distributed outside the county of publica-
18 tion (excluding any copies subject to paragraph (3)) shall
19 be subject to rates of postage provided for under this para-
20 graph.

21 “(B) The rates of postage applicable to mail under
22 this paragraph shall be established in accordance with sec-
23 tion 3622.

24 “(C) This paragraph shall not apply with respect to
25 an issue of a publication unless the total paid circulation



1 of such issue outside the county of publication (not count-
2 ing recipients of copies subject to paragraph (3)) is less
3 than 5,000.”; and

4 (3) by adding at the end the following:

5 “(n) In the administration of this section, matter that
6 satisfies the circulation standards for requester publica-
7 tions shall not be excluded from being mailed at the rates
8 for mail under former section 4358 solely because such
9 matter is designed primarily for free circulation or for cir-
10 culation at nominal rates, or fails to meet the require-
11 ments of former section 4354(a)(5).”.

12 **SEC. 809. HAZARDOUS MATTER.**

13 **[TO BE PROVIDED.]**

14 **SEC. 810. TECHNICAL AND CONFORMING AMENDMENTS.**

15 (a) **REIMBURSEMENT.**—Section 3681 of title 39,
16 United States Code, is amended by striking “section
17 3628” and inserting “sections 3662 through 3664”.

18 (b) **SIZE AND WEIGHT LIMITS.**—Section 3682 of title
19 39, United States Code, is amended to read as follows:

20 **“§ 3682. Size and weight limits**

21 “The Postal Service may establish size and weight
22 limitations for mail matter in the market-dominant cat-
23 egory of mail consistent with regulations the Postal Regu-
24 latory Commission may prescribe under section 3622. The
25 Postal Service may establish size and weight limitations



1 for mail matter in the competitive category of mail con-
2 sistent with its authority under section 3632.”

3 (c) REVENUE FOREGONE, ETC.—Title 39, United
4 States Code, is amended—

5 (1) in section 503 (as so redesignated by sec-
6 tion 501), by striking “this chapter.” and inserting
7 “this title.”; and

8 (2) in section 2401(d), by inserting “(as last in
9 effect before enactment of the Postal Accountability
10 and Enhancement Act)” after “3626(a)” and after
11 “3626(a)(3)(B)(ii)”.

12 (d) APPROPRIATIONS AND REPORTING REQUIRE-
13 MENTS.—

14 (1) APPROPRIATIONS.—Subsection (e) of sec-
15 tion 2401 of title 39, United States Code, is
16 amended—

17 (A) by striking “Committee on Post Office
18 and Civil Service” each place it appears and in-
19 serting “Committee on Government Reform”;
20 and

21 (B) by striking “Not later than March 15
22 of each year,” and inserting “Each year,”.

23 (2) REPORTING REQUIREMENTS.—Sections
24 2803(a) and 2804(a) of title 39, United States



1 Code, are amended by striking “2401(g)” and in-
2 sserting “2401(e)”.

3 (e) AUTHORITY TO FIX RATES AND CLASSES GEN-
4 ERALLY; REQUIREMENT RELATING TO LETTERS SEALED
5 AGAINST INSPECTION.—Section 404 of title 39, United
6 States Code (as amended by section 102, but before the
7 amendment made by section 801) is further amended by
8 redesignating subsections (b) and (c) as subsections (d)
9 and (e), respectively, and by inserting after subsection (a)
10 the following:

11 “(b) Except as otherwise provided, the Governors are
12 authorized to establish reasonable and equitable classes of
13 mail and reasonable and equitable rates of postage and
14 fees for postal services in accordance with the provisions
15 of chapter 36. Postal rates and fees shall be reasonable
16 and equitable and sufficient to enable the Postal Service,
17 under best practices of honest, efficient, and economical
18 management, to maintain and continue the development
19 of postal services of the kind and quality adapted to the
20 needs of the United States.

21 “(c) The Postal Service shall maintain one or more
22 classes of mail for the transmission of letters sealed
23 against inspection. The rate for each such class shall be
24 uniform throughout the United States, its territories, and
25 possessions. One such class shall provide for the most ex-



1 peditious handling and transportation afforded mail mat-
 2 ter by the Postal Service. No letter of such a class of do-
 3 mestic origin shall be opened except under authority of
 4 a search warrant authorized by law, or by an officer or
 5 employee of the Postal Service for the sole purpose of de-
 6 termining an address at which the letter can be delivered,
 7 or pursuant to the authorization of the addressee.”.

8 (f) LIMITATIONS.—Section 3684 of title 39, United
 9 States Code, is amended by striking all that follows “any
 10 provision” and inserting “of this title.”.

11 (g) MISCELLANEOUS.—Title 39, United States Code,
 12 is amended—

13 (1) in section 1005(d)(2)—

14 (A) by striking “subsection (g) of section
 15 5532,”; and

16 (B) by striking “8344,” and inserting
 17 “8344”;

18 (2) in the analysis for part III, by striking the
 19 item relating to chapter 28 and inserting the fol-
 20 lowing:

“28. Strategic Planning and Performance Management 2801”.

21 (3) in section 3005(a)—

22 (A) in the matter before paragraph (1), by
 23 striking all that follows “nonmailable” and pre-
 24 cedes “(h),” and inserting “under section
 25 3001(d),”; and



1 (B) in the sentence following paragraph
2 (3), by striking all that follows “nonmailable”
3 and precedes “(h),” and inserting “under such
4 section 3001(d),”;

5 (4) in section 3210(a)(6)(C), by striking the
6 matter after “if such mass mailing” and before
7 “than 60 days” and inserting “is postmarked
8 fewer”; and

9 (5) by striking the heading for section 3627
10 and inserting the following:

11 “§ 3627. Adjusting free rates”.

12 **TITLE IX—POSTAL PENSION**
13 **FUNDING REFORM AMEND-**
14 **MENTS**

15 **SEC. 901. [TO BE PROVIDED].**



[REMAINING ISSUES]

Page 6, strike lines 15-16 (and make all necessary conforming amendments).

Page 12, strike lines 12-15 (and make all necessary conforming amendments).

[Legislative history: Committee to monitor retail entered package delivery services by the USPS. If, in the future, there is not effective competition in rural areas, or elsewhere, Committee will consider appropriate regulatory changes to the USPS.]

Page 13, strike lines 5-11, and insert the following:

1 “(2) PUBLICATION.—The Governors shall cause
2 each rate and class decision under this section and
3 the record of the Governors’ proceedings in connec-
4 tion with such decision to be published in the Fed-
5 eral Register at least 30 days before the effective
6 date of any new rates or classes.

7 “(3) In the case of rates or classes that the
8 Postal Regulatory Commission determines, by rule,
9 to not be of general applicability in the Nation as a
10 whole or in any substantial region of the Nation, the
11 Governors shall cause each decision under this sec-
12 tion and the record of the Governors’ proceedings in



1 connection with such decision to be filed with the
 2 Postal Regulatory Commission by such date before
 3 the effective date of any new rates or classes as the
 4 Governors consider appropriate, but in no case less
 5 than 15 days.

Page 17, strike lines 5-10, and insert the following:

6 “(e) DOLLAR-AMOUNT LIMITATION.—
 7 “(1) IN GENERAL.—A product may be tested
 8 under this section only if the total revenues that are
 9 anticipated, or in fact received, by the Postal Service
 10 from such product do not exceed \$10,000,000 na-
 11 tionwide in any year, subject to paragraph (2) and
 12 subsection (g). Notwithstanding the foregoing, the
 13 Postal Regulatory Commission shall limit the
 14 amount of revenues the Postal Service may obtain
 15 from any particular geographic market as necessary
 16 to prevent market disruption (as defined in sub-
 17 section (b)(2)).

In lieu of the proposed section 3642 (page 19, line
 6 through page 22, line 14) substitute a new section
 3642 so that the PRC can place new products in market
 dominant or competitive categories, based on their char-
 acteristics, but can only recommend transfers of existing
 products to Congress.



Page 24, strike lines 20-24, and insert the following:

1 “(1) which shall analyze costs, revenues, and
2 rates, using such methodologies as the Commission
3 shall by regulation prescribe, and in sufficient detail
4 to demonstrate that the rates in effect for all prod-
5 ucts during such year complied with all applicable
6 requirements of this title; and

Page 33, after line 2, insert the following (and make
all necessary conforming amendments):

7 “(d) **SUSPENSION AUTHORITY.**—The Postal Regu-
8 latory Commission may suspend implementation of rates
9 or classifications under section 3632 pending proceedings
10 under this section.

Page 34, after line 7, insert the following (and make
all necessary conforming amendments):

11 **SEC. 206. WORKSHARE DISCOUNTS.**

12 Title 39, United States Code, is amended by adding
13 after section 3686 (as added by section 406) the following:

14 **“§ 3687. Workshare discounts**

15 “(a) The Postal Service shall not provide Workshare
16 Discounts that exceed the costs avoided by the Postal
17 Service.

18 “(b) The Postal Service shall include, in each report
19 under subsection 3652(a), the following information with



1 respect to each product for which a workshare discount
2 was in effect during the period covered by such report:

3 “(1) The per-item cost avoided by the Postal
4 Service by virtue of such discount.

5 “(2) The percentage of such per-item cost
6 avoided that the per-item workshare discount rep-
7 resents.

8 “(3) The per-item contribution made to institu-
9 tional costs.

10 “(c) DEFINITION.—The term ‘Workshare Discount’
11 refers to rate discounts provided to mailers for presorting,
12 prebarcoding, or transportation work that would otherwise
13 be performed by the Postal Service, or as further defined
14 under standards proposed by the Postal Service and ap-
15 proved by the Postal Regulatory Commission.”.

Page 41, strike lines 6-17, and insert the following:

16 “(h)(1) The Secretary of the Treasury, in consulta-
17 tion with the Postal Service and an independent, certified
18 public accounting firm and such other advisors as it con-
19 siders appropriate, shall develop recommendations
20 regarding—

21 “(A) the accounting practices and principles
22 that should be followed by the Postal Service with
23 the objectives of (i) identifying and valuing the as-
24 sets and liabilities of the Postal Service associated



1 with providing, and the capital and operating costs
2 incurred by the Postal Service in providing, competi-
3 tive products, and (ii) preventing the subsidization
4 of such products by market-dominant products (in-
5 cluding the maximum feasible level of cost attribu-
6 tion consistent with sound business accounting prac-
7 tices); and

In lieu of section 307 (page 63, lines 2-13) substitute a new section that would add a 5-year study to the bill to evaluate the need for retaining the application of section 403(c) to competitive products based on the proven effectiveness of other competitive safeguards.

Page 69, strike lines 2-6, and insert the following:

8 “(3) such carriage is within the scope of serv-
9 ices described by regulations of the United States
10 Postal Service (as in effect on July 1, 2003) that
11 purport to permit private carriage by suspension of
12 the operation of this section (as then in effect), in-
13 cluding the definition of letter set out in 39 CFR
14 310.1.

Page 76, after line 4, insert the following (and make all necessary conforming amendments):

15 (b) 3632 DETERMINATIONS.—Section 503, as reded-
16 icated, is amended by adding at the end the following:

1 “Such rules shall include procedures applicable to deci-
2 sions made under section 3632, which balance, inter alia,
3 the need for protecting due process rights and ensuring
4 expeditious decision-making.”.

Page 88, after line 12, insert the following (and
make all necessary conforming amendments):

5 (d) PUBLIC CONTRACTS.—

6 (1) ADDITIONAL PROVISIONS APPLICABLE.—

7 Section 410(b)(5) of title 39, United States Code, is
8 amended—

9 (A) in subparagraph (A), by striking
10 “and” after the semicolon; and

11 (B) by adding after subparagraph (B) the
12 following:

13 “(C) the Anti-Kickback Act of 1986 (41
14 U.S.C. 51–58);

15 “(D) section 305 of the Federal Property
16 and Administrative Services Act of 1949 (41
17 U.S.C. 255) (relating to contract financing);

18 “(E) section 315 of the Federal Property
19 and Administrative Services Act of 1949 (41
20 U.S.C. 265) (relating to protecting contractor
21 employees from reprisal for disclosure of certain
22 information); and



1 “(F) section 27 of the Office of Federal
2 Procurement Policy Act (41 U.S.C. 423) (relat-
3 ing to restrictions on disclosing and obtaining
4 contractor bid or proposal information or source
5 selection information);”.

6 (2) REGULATIONS ON ALLOWABLE COSTS.—
7 Section 410 of title 39, United States Code, is
8 amended by adding at the end the following:

9 “(e) The Postal Service shall develop and issue pur-
10 chasing regulations to prohibit contract costs which are
11 not allowable under section 306(e)(1) of the Federal Prop-
12 erty and Administrative Services Act of 1949 (41 U.S.C.
13 256(e)(1)) and proceeding costs which are not allowable
14 under section 306(k) of such Act (41 U.S.C. 256(k)). Fur-
15 thermore, contractors shall be required, in a manner simi-
16 lar to that provided under section 306(h)(1) of such Act
17 (41 U.S.C. 256(h)(1)), to certify that all indirect costs
18 submitted to the Postal Service are allowable. The submis-
19 sion to the Postal Service of a proposal for settlement of
20 costs for any period after such costs have been accrued
21 that includes a cost that is expressly specified by statute
22 or regulation as being unallowable, with the knowledge
23 that such cost is unallowable, shall be subject to the provi-
24 sions of section 287 of title 18 and section 3729 of title
25 31. In a proceeding before a board of contract appeals,



1 the United States Court of Federal Claims, or any other
2 Federal court in which the reasonableness of indirect costs
3 for which a contractor seeks reimbursement from the
4 United States is in issue, the burden of proof shall be upon
5 the contractor to establish that those costs are reason-
6 able.”.

Page 99, strike line 13 and all that follows through
page 100, line 7, and insert the following:

7 (a) IN GENERAL.—The Federal Trade Commission
8 shall prepare and submit to the President, the Congress,
9 and the Postal Regulatory Commission, within 1 year
10 after the date of the enactment of this Act, a comprehen-
11 sive report identifying Federal and State laws that apply
12 differently to the United States Postal Service with re-
13 spect to the competitive category of mail (within the mean-
14 ing of section 102 of title 39, United States Code, as
15 amended by section 101) and private companies providing
16 similar products.

17 (b) RECOMMENDATIONS; ADJUSTMENTS.—The Fed-
18 eral Trade Commission shall include such recommenda-
19 tions as it considers appropriate for bringing such legal
20 discrimination to an end and, in the interim, to account
21 under section 3633, for the net economic effects provided
22 by those laws.



1 (c) CONSULTATION.—In preparing its report, the
2 Federal Trade Commission shall consult with the United
3 States Postal Service, the Postal Regulatory Commission,
4 other Federal agencies, mailers, private companies that
5 provide delivery services, and the general public, and shall
6 append to such report any written comments received
7 under this subsection.

8 (d) COMPETITIVE PRODUCT RATE REGULATION.—
9 The Postal Regulatory Commission shall take into account
10 the recommendations of the Federal Trade Commission in
11 promulgating or revising the regulations required by sec-
12 tion 3633 of title 39, United States Code.

Page 113, after line 11, insert provisions relating to
the following (and make all necessary conforming amend-
ments):

13 (b) PROVISIONS RELATING TO ELIGIBILITY FOR RE-
14 DUCED RATES **【COOPERATIVE MAIL】**.—**【TO BE PRO-**
15 **VIDED.】**

