

107TH CONGRESS
2D SESSION

H. R. 4970

To reform the postal laws of the United States.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2002

Mr. MCHUGH (for himself and Mr. BURTON of Indiana) introduced the following bill; which was referred to the Committee on Government Reform

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.

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. Change-of-address order involving a commercial mail receiving agency.
- 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.

TITLE V—ENHANCED REGULATORY COMMISSION

- Sec. 501. Reorganization and modification of certain provisions.
- 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.

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—NATIONAL COMMISSION; EVALUATIONS

- Sec. 701. National Commission on the Future of the Postal Service.
- 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. Technical and conforming amendments.

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’ refers to the physical deliv-
10 ery of letters, printed matter, or packages weighing
11 up to 70 pounds, including physical acceptance, col-
12 lection, sorting, transportation, or other services an-
13 cillary thereto;

14 “(6) ‘product’ means a postal service with a
15 distinct cost or market characteristic for which a
16 rate is applied;

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

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

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

4 “(10) ‘Consumer Price Index’ means the Con-
5 sumer Price Index for All Urban Consumers pub-
6 lished monthly by the Bureau of Labor Statistics of
7 the Department of Labor; and

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

10 **SEC. 102. POSTAL SERVICES.**

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

13 (1) in subsection (a), by striking paragraph (6)
14 and by redesignating paragraphs (7) through (9) as
15 paragraphs (6) through (8), respectively; and

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

17 “(c) Nothing in this title shall be considered to permit
18 or require that the Postal Service provide any special non-
19 postal or similar services.”.

20 (b) CONFORMING AMENDMENTS.—(1) Section
21 1402(b)(1)(B)(ii) of the Victims of Crime Act of 1984 (98
22 Stat. 2170; 42 U.S.C. 10601(b)(1)(B)(ii)) is amended by
23 striking “404(a)(8)” and inserting “404(a)(7)”.

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

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 (except for parcel post);

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, but before the amendment made by section
9 202) is amended by striking the heading for subchapter
10 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 “(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 only be
7 tested under this section if the total revenues that
8 are anticipated, or in fact received, by the Postal
9 Service from such product do not exceed
10 \$10,000,000 in any year, subject to paragraph (2)
11 and subsection (g).

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

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

24 “(B) the product is likely to contribute to
25 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 physical delivery of let-
9 ters, printed matter, or packages may be offered by the
10 Postal Service unless it has been assigned to the market-
11 dominant or competitive category of mail (as appropriate)
12 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 farded 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 DIS-
22 COUNTS.

23 “(1) IN GENERAL.—The Postal Service shall in-
24 clude, in each report under subsection (a), the fol-
25 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-

1 mission shall take appropriate action in accordance with
2 section 3662.

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

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

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

15 **“§ 3662. Rate and service complaints**

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

24 “(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 action may include ordering unlawful
24 rates to be adjusted to lawful levels, ordering the cancella-
25 tion of market tests, ordering the Postal Service to dis-

1 continue providing loss-making products, and requiring
2 the Postal Service to make up for revenue shortfalls in
3 competitive products.

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

17 **“§ 3663. Appellate review**

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

1 158 and section 2112 of title 28, on the basis of the record
2 before the Commission.

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. Change-of-address order involving a commercial mail receiving agency.
- “3687. 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—

1 “(1) costs attributable to competitive products;
2 and

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

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

10 “(1) revenues from competitive products;

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

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

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

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

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

24 “(2) in accordance with regulations which the
25 Secretary of the Treasury shall prescribe (by not

1 later than 18 months after the date of the enact-
2 ment of the Postal Accountability and Enhancement
3 Act), such other obligations or securities as it deems
4 appropriate.

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

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

1 such extent and in such manner as it deems necessary or
2 desirable.

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

7 “(A) the establishment of reserve, sinking, and
8 other funds;

9 “(B) application and use of revenues and re-
10 cepts of the Competitive Products Fund;

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

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

18 “(3) Obligations issued by the Postal Service under
19 this subsection—

20 “(A) may not be purchased by the Secretary of
21 the Treasury;

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

1 “(C) shall not be obligations of, nor shall pay-
2 ment of the principal thereof or interest thereon be
3 guaranteed by, the Government of the United
4 States, and the obligations shall so plainly state; and

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

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

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

1 “(C) The Federal Financing Bank may elect to pur-
2 chase such obligations under such terms, including rates
3 of interest, as the Bank and the Postal Service may agree,
4 but at a rate of yield no less than the prevailing yield on
5 outstanding marketable securities of comparable maturity
6 issued by entities with the same credit rating as the rating
7 then most recently obtained by the Postal Service under
8 subparagraph (D), as determined by the Bank.

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

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

18 “(ii) may, before final rules of the Postal Regu-
19 latory Commission under subsection (h) are issued
20 (or deemed to have been issued), be based on the
21 best information available from the Postal Service,
22 including the audited statements required by section
23 2008(e).

24 “(f) The receipts and disbursements of the Competi-
25 tive Products Fund shall be accorded the same budgetary

1 treatment as is accorded to receipts and disbursements of
2 the Postal Service Fund under section 2009a.

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

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

12 “(A) the accounting practices and principles
13 that should be followed by the Postal Service with
14 the objectives of identifying the capital and oper-
15 ating costs incurred by the Postal Service in pro-
16 viding competitive products, and preventing the
17 cross-subsidization of such products by market-domi-
18 nant products; and

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

24 Such recommendations shall be submitted to the Postal
25 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 siderers 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 COMPETITIVE PRODUCTS INCOME.**
7

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 Customs Service and other appropriate Fed-
2 eral agencies shall apply the customs laws of the United
3 States and all other laws relating to the importation or
4 exportation of such shipments in the same manner to both
5 shipments by the Postal Service and similar shipments by
6 private companies.

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

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

24 “(4) The provisions of this subsection shall take ef-
25 fect 6 months after the date of the enactment of this sub-

1 section or such earlier date as the Customs Service may
2 determine in writing.”.

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

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

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

17 **SEC. 306. CHANGE-OF-ADDRESS ORDER INVOLVING A COM-**
18 **MERCIAL MAIL RECEIVING AGENCY.**

19 (a) REDESIGNATION.—Chapter 36 of title 39, United
20 States Code (as in effect before the amendment made by
21 section 204(a)) is amended by striking the heading for
22 subchapter V and inserting the following:

23 “SUBCHAPTER VI—GENERAL”.

24 (b) CHANGE-OF-ADDRESS ORDER INVOLVING A COM-
25 MERCIAL MAIL RECEIVING AGENCY.—Subchapter VI of

1 chapter 36 of title 39, United States Code (as so redesignated by subsection (a)) is amended by adding at the end
2 the following:
3

4 **“§ 3686. Change-of-address order involving a commercial mail receiving agency**
5

6 “(a) For the purpose of this section, the term ‘commercial mail receiving agency’ or ‘CMRA’ means a private
7 business that acts as the mail receiving agent for specific
8 clients.
9

10 “(b) Upon termination of an agency relationship between an addressee and a commercial mail receiving
11 agency—
12

13 “(1) the addressee or, if authorized to do so, the CMRA may file a change-of-address order with
14 the Postal Service with respect to such addressee;
15

16 “(2) a change-of-address order so filed shall, to the extent practicable, be given full force and effect;
17 and
18

19 “(3) any mail for the addressee that is delivered to the CMRA after the filing of an appropriate order
20 under this subsection shall be subject to subsection
21 (c).
22

23 “(c) Mail described in subsection (b)(3) shall, if
24 marked for forwarding and remailed by the CMRA, be forwarded by the Postal Service in the same manner as, and
25

1 subject to the same terms and conditions (including limita-
 2 tions on the period of time for which a change-of-address
 3 order shall be given effect) as apply to, mail forwarded
 4 directly by the Postal Service to the addressee.”.

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

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

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

17 **TITLE IV—GENERAL**
 18 **PROVISIONS**

19 **SEC. 401. QUALIFICATION REQUIREMENTS FOR GOV-**
 20 **ERNORS.**

21 (a) IN GENERAL.—Section 202(a) of title 39, United
 22 States Code, is amended by striking “(a)” and inserting
 23 “(a)(1)” and by striking the fourth sentence and inserting
 24 the following: “The Governors shall represent the public
 25 interest generally, and at least 4 of the Governors shall

1 be chosen solely on the basis of their demonstrated ability
2 in managing organizations or corporations (in either the
3 public or private sector) of substantial size; for purposes
4 of this sentence, an organization or corporation shall be
5 considered to be of substantial size if it employs at least
6 50,000 employees. The Governors shall not be representa-
7 tives of specific interests using the Postal Service, and
8 may be removed only for cause.”.

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

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

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

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

1 “(i) such office may not, in the case of any per-
2 son commencing service after that expiration date,
3 be filled by any person other than an individual cho-
4 sen from among persons nominated for such office
5 with the unanimous concurrence of all labor organi-
6 zations described in section 206(a)(1); and

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

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

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

1 39, United States Code (as amended by subsection (a))
2 shall be met beginning not later than 9 years after the
3 date of the enactment of this Act.

4 **SEC. 402. OBLIGATIONS.**

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

11 (b) INCREASE RELATING TO OBLIGATIONS ISSUED
12 FOR CAPITAL IMPROVEMENTS.—The third sentence of
13 section 2005(a)(1) of title 39, United States Code, is
14 amended by striking “\$2,000,000,000” and inserting
15 “\$3,000,000,000”.

16 (c) INCREASE IN MAXIMUM OUTSTANDING OBLIGA-
17 TIONS ALLOWABLE.—Paragraph (2) of section 2005(a) of
18 title 39, United States Code, is amended—

19 (1) by striking “and” at the end of subpara-
20 graph (B); and

21 (2) by striking subparagraph (C) and inserting
22 the following:

23 “(C) \$15,000,000,000 for each of fiscal years
24 1992 through 2002; and

1 “(D) \$25,000,000,000 for fiscal year 2003 and
2 each fiscal year thereafter.”.

3 (d) LIMITATIONS ON OBLIGATIONS OUTSTANDING.—

4 (1) IN GENERAL.—Subsection (a) of section
5 2005 of title 39, United States Code, is amended by
6 adding at the end the following:

7 “(3) For purposes of applying the respective limita-
8 tions under this subsection, the aggregate amount of obli-
9 gations issued by the Postal Service which are outstanding
10 as of any one time, and the net increase in the amount
11 of obligations outstanding issued by the Postal Service for
12 the purpose of capital improvements or for the purpose
13 of defraying operating expenses of the Postal Service in
14 any fiscal year, shall be determined by aggregating the
15 relevant obligations issued by the Postal Service under this
16 section with the relevant obligations issued by the Postal
17 Service under section 2011.”.

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

23 (e) AMOUNTS WHICH MAY BE PLEDGED, ETC.—

24 (1) OBLIGATIONS TO WHICH PROVISIONS
25 APPLY.—The first sentence of section 2005(b) of

1 title 39, United States Code, is amended by striking
2 “such obligations,” and inserting “obligations issued
3 by the Postal Service under this section,”.

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

9 “(2) Notwithstanding any other provision of this
10 section—

11 “(A) the authority to pledge assets of the Post-
12 al Service under this subsection shall be available
13 only to the extent that such assets are not related
14 to the provision of competitive products (as deter-
15 mined under section 2011(h) or, for purposes of any
16 period before accounting practices and principles
17 under section 2011(h) have been established and ap-
18 plied, the best information available from the Postal
19 Service, including the audited statements required
20 by section 2008(e)); and

21 “(B) any authority under this subsection relat-
22 ing to the pledging or other use of revenues or re-
23 ceipts of the Postal Service shall be available only to
24 the extent that they are not revenues or receipts of
25 the Competitive Products Fund.”.

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

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

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

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

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

12 “(3) such carriage is within the scope of serv-
13 ices described by regulations of the United States
14 Postal Service (as in effect on July 1, 2001) that
15 purport to permit private carriage by suspension of
16 the operation of this section (as then in effect).

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

20 (b) EFFECTIVE DATE.—This section shall take effect
21 on the date as of which the regulations promulgated under
22 section 3633 of title 39, United States Code (as amended
23 by section 202) take effect.

24 **SEC. 404. RULEMAKING AUTHORITY.**

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

1 “(2) to adopt, amend, and repeal such rules
2 and regulations, not inconsistent with this title, as
3 may be necessary in the execution of its functions
4 under this title and such other functions as may be
5 assigned to the Postal Service under any provisions
6 of law outside of this title;”.

7 **SEC. 405. NONINTERFERENCE WITH COLLECTIVE BAR-**
8 **GAINING AGREEMENTS, ETC.**

9 (a) **NONINTERFERENCE WITH COLLECTIVE BAR-**
10 **GAINING AGREEMENTS.**—Nothing in this Act or any
11 amendment made by this Act shall restrict, expand, or
12 otherwise affect any of the rights, privileges, or benefits
13 of either employees of or labor organizations representing
14 employees of the United States Postal Service under chap-
15 ter 12 of title 39, United States Code, the National Labor
16 Relations Act, any handbook or manual affecting employee
17 labor relations within the United States Postal Service,
18 or any collective bargaining agreement.

19 (b) **FREE MAILING PRIVILEGES CONTINUE UN-**
20 **CHANGED.**—Nothing in this Act or any amendment made
21 by this Act shall affect any free mailing privileges ac-
22 corded under section 3217 or sections 3403 through 3406
23 of title 39, United States Code.

1 **SEC. 406. BONUS AUTHORITY.**

2 Title 39, United States Code, is amended by adding
3 after section 3686 (as added by section 306(b)) the fol-
4 lowing:

5 **“§ 3687. Bonus authority**

6 “(a) IN GENERAL.—The Postal Service may establish
7 one or more programs to provide bonuses or other rewards
8 to officers and employees of the Postal Service to achieve
9 the objectives of this chapter.

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

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

16 “(2) APPROVAL PROCESS.—If the Postal Serv-
17 ice wishes to have the authority, under any program
18 described in subsection (a), to award bonuses or
19 other rewards in excess of the limitation referred to
20 in paragraph (1)—

21 “(A) the Postal Service shall make an ap-
22 propriate request to the Postal Regulatory
23 Commission, in such form and manner as the
24 Commission requires; and

25 “(B) the Postal Regulatory Commission
26 shall approve any such request if it finds that

1 the program is likely to achieve the objectives of
2 this chapter.

3 “(3) REVOCATION AUTHORITY.—If the Postal
4 Regulatory Commission finds that a program pre-
5 viously approved under paragraph (2) is not achiev-
6 ing the objectives of this chapter, the Commission
7 may revoke or suspend the authority of the Postal
8 Service to continue such program until such time as
9 appropriate corrective measures have, in the judg-
10 ment of the Commission, been taken.

11 “(c) REPORTING REQUIREMENT RELATING TO BO-
12 NUSES OR OTHER REWARDS.—Included in its comprehen-
13 sive statement under section 2401(e) for any period shall
14 be—

15 “(1) the name of each person receiving a bonus
16 or other reward during such period which would not
17 have been allowable but for the provisions of sub-
18 section (a)(2);

19 “(2) the amount of the bonus or other reward;
20 and

21 “(3) the amount by which the limitation re-
22 ferred to in subsection (a)(2) was exceeded as a re-
23 sult of such bonus or other reward.”.

1 **TITLE V—ENHANCED**
2 **REGULATORY COMMISSION**

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

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

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

9 **“CHAPTER 5—POSTAL REGULATORY**
10 **COMMISSION**

“Sec.

“501. Establishment.

“502. Commissioners.

“503. Rules; regulations; procedures.

“504. Administration.

11 **“§ 501. Establishment**

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

15 **“§ 502. Commissioners**

16 “(a) The Postal Regulatory Commission is composed
17 of 5 Commissioners, appointed by the President, by and
18 with the advice and consent of the Senate. The Commis-
19 sioners shall be chosen solely on the basis of their technical
20 qualifications, professional standing, and demonstrated
21 expertise in economics, accounting, law, or public adminis-
22 tration, and may be removed by the President only for

1 cause. Each individual appointed to the Commission shall
2 have the qualifications and expertise necessary to carry
3 out the enhanced responsibilities accorded Commissioners
4 under the Postal Accountability and Enhancement Act.
5 Not more than 3 of the Commissioners may be adherents
6 of the same political party.

7 “(b) No Commissioner shall be financially interested
8 in any enterprise in the private sector of the economy en-
9 gaged in the delivery of mail matter.

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

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

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

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

24 (2) by striking, in subchapter I of chapter 36
25 (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 8G(f) 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 8G(f) 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, 2002.

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, 1002, by striking “Postal Rate Commission” each
20 place it appears and inserting “Postal Regulatory Com-
21 mission”;

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 **TITLE VI—INSPECTORS**
2 **GENERAL**

3 **SEC. 601. INSPECTOR GENERAL OF THE POSTAL REGU-**
4 **LATORY COMMISSION.**

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

9 (b) **ADMINISTRATION.**—Section 504 of title 39,
10 United States Code (as so redesignated by section 501)
11 is amended by adding after subsection (g) (as added by
12 section 502) the following:

13 “(h)(1) Notwithstanding any other provision of this
14 title or of the Inspector General Act of 1978, the authority
15 to select, appoint, and employ officers and employees of
16 the Office of Inspector General of the Postal Regulatory
17 Commission, and to obtain any temporary or intermittent
18 services of experts or consultants (or an organization of
19 experts or consultants) for such Office, shall reside with
20 the Inspector General of the Postal Regulatory Commis-
21 sion.

22 “(2) Except as provided in paragraph (1), any exer-
23 cise of authority under this subsection shall, to the extent
24 practicable, be in conformance with the applicable laws
25 and regulations that govern selections, appointments and

1 employment, and the obtaining of any such temporary or
2 intermittent services, within the Postal Regulatory Com-
3 mission.”.

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

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

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

10 **SEC. 602. INSPECTOR GENERAL OF THE UNITED STATES**

11 **POSTAL SERVICE TO BE APPOINTED BY THE**

12 **PRESIDENT.**

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

16 (1) in paragraph (1)—

17 (A) by striking “and” before “the chief ex-
18 ecutive officer of the Resolution Trust Corpora-
19 tion”;

20 (B) by striking “and” before “the Chair-
21 person of the Federal Deposit Insurance Cor-
22 poration”; and

23 (C) by inserting “the Postmaster General;”
24 after “Social Security Administration;”; and

25 (2) in paragraph (2)—

1 (A) by striking “or” before “the Veterans’
2 Administration”; and

3 (B) by inserting “the United States Postal
4 Service,” after “Social Security Administra-
5 tion,”.

6 (b) SPECIAL PROVISIONS CONCERNING THE UNITED
7 STATES POSTAL SERVICE.—

8 (1) IN GENERAL.—The Inspector General Act
9 of 1978 is amended—

10 (A) by redesignating sections 8G (as
11 amended by section 601(a)), 8H, and 8I as sec-
12 tions 8H through 8J, respectively; and

13 (B) by inserting after section 8F the fol-
14 lowing:

15 “SPECIAL PROVISIONS CONCERNING THE UNITED STATES
16 POSTAL SERVICE

17 “SEC. 8G. (a) Notwithstanding the last two sentences
18 of section 3(a), the Inspector General of the United States
19 Postal Service shall report to and be under the general
20 supervision of the Postmaster General, but shall not re-
21 port to, or be subject to supervision by, any other officer
22 or employee of the United States Postal Service or its
23 Board of Governors. No such officer or employee (includ-
24 ing the Postmaster General) or member of such Board
25 shall prevent or prohibit the Inspector General from initi-
26 ating, carrying out, or completing any audit or investiga-

1 tion, or from issuing any subpoena during the course of
2 any audit or investigation.

3 “(b) In carrying out the duties and responsibilities
4 specified in this Act, the Inspector General of the United
5 States Postal Service shall have oversight responsibility
6 for all activities of the Postal Inspection Service, including
7 any internal investigation performed by the Postal Inspec-
8 tion Service. The Chief Postal Inspector shall promptly re-
9 port the significant activities being carried out by the
10 Postal Inspection Service to such Inspector General.

11 “(c) Any report required to be transmitted by the
12 Postmaster General to the appropriate committees or sub-
13 committees of the Congress under section 5(d) shall also
14 be transmitted, within the 7-day period specified under
15 such section, to the Committee on Government Reform of
16 the House of Representatives and the Committee on Gov-
17 ernmental Affairs of the Senate.

18 “(d) Notwithstanding any provision of paragraph (7)
19 or (8) of section 6(a), the Inspector General of the United
20 States Postal Service may select, appoint, and employ
21 such officers and employees as may be necessary for car-
22 rying out the functions, powers and duties of the Office
23 of Inspector General and to obtain the temporary or inter-
24 mittent services of experts or consultants or an organiza-
25 tion of experts or consultants, subject to the applicable

1 laws and regulations that govern such selections, appoint-
2 ments, and employment, and the obtaining of such serv-
3 ices, within the United States Postal Service.

4 “(e) Nothing in this Act shall restrict, eliminate, or
5 otherwise adversely affect any of the rights, privileges, or
6 benefits of employees of the United States Postal Service,
7 or labor organizations representing employees of the
8 United States Postal Service, under chapter 12 of title 39,
9 United States Code, the National Labor Relations Act,
10 any handbook or manual affecting employee labor rela-
11 tions with the United States Postal Service, or any collec-
12 tive bargaining agreement.

13 “(f) There are authorized to be appropriated, out of
14 the Postal Service Fund, such sums as may be necessary
15 for the Office of Inspector General of the United States
16 Postal Service.

17 “(g) As used in this section, ‘Board of Governors’ and
18 ‘Board’ each has the meaning given it by section 102 of
19 title 39, United States Code.”.

20 (2) RELATED PROVISIONS.—

For certain related provisions, see section 503(b).

21 (c) AUDITS OF THE POSTAL SERVICE.—

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

1 “(e)(1) At least once each year beginning with the
2 fiscal year commencing after the date of the enactment
3 of the Postal Accountability and Enhancement Act, the
4 financial statements of the Postal Service (including those
5 used in determining and establishing postal rates) shall
6 be audited by the Inspector General or by an independent
7 external auditor selected by the Inspector General.

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

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

14 (2) RESULTS OF INSPECTOR GENERAL’S AUDIT
15 TO BE INCLUDED IN ANNUAL REPORT.—Section
16 2402 of title 39, United States Code, is amended by
17 inserting after the first sentence the following:
18 “Each report under this section shall include, for the
19 most recent fiscal year for which a report under sec-
20 tion 2008(e) is available (unless previously trans-
21 mitted under the following sentence), a copy of such
22 report.”.

23 (3) COORDINATION PROVISIONS.—Section
24 2008(d) of title 39, United States Code, is
25 amended—

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

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

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

8 (4) SAVINGS PROVISION.—For purposes of any
9 fiscal year preceding the first fiscal year com-
10 mencing after the date of the enactment of this Act,
11 the provisions of title 39, United States Code, shall
12 be applied as if the amendments made by this sub-
13 section had never been enacted.

14 (d) REPORTS.—Section 3013 of title 39, United
15 States Code, is amended by striking “Postmaster Gen-
16 eral” each place it appears and inserting “Chief Postal
17 Inspector”.

18 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

19 (1) RELATING TO THE INSPECTOR GENERAL
20 ACT OF 1978.—(A) Subsection (a) of section 8H of
21 the Inspector General Act of 1978 (as amended by
22 section 601(a) and redesignated by subsection (b) of
23 this section) is further amended—

24 (i) in paragraph (2) by striking “the Post-
25 al Regulatory Commission, and the United

1 States Postal Service;” and inserting “and the
2 Postal Regulatory Commission;” and

3 (ii) in paragraph (4) by striking “except
4 that” and all that follows through “Code);” and
5 inserting “except that, with respect to the Na-
6 tional Science Foundation, such term means the
7 National Science Board;”.

8 (B)(i) Subsection (f) of section 8H of such Act
9 (as so redesignated) is repealed.

10 (ii) Subsection (c) of section 8H of such Act (as
11 so redesignated) is amended by striking “Except as
12 provided under subsection (f) of this section, the”
13 and inserting “The”.

14 (C) Section 8J of such Act (as so redesignated)
15 is amended—

16 (i) by striking all after “8D,” and before
17 “of this Act” and inserting “ 8E, 8F, 8G, or
18 8I”; and

19 (ii) by striking “8G(a)” and inserting
20 “8H(a)”.

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

1 (B) Paragraph (4) of section 102 of such title
2 39 (as amended by section 101) is amended to read
3 as follows:

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

8 (C) The first sentence of section 1003(a) of
9 such title 39 is amended by striking “chapters 2 and
10 12 of this title, section 8G of the Inspector General
11 Act of 1978, or other provision of law,” and insert-
12 ing “chapter 2 or 12 of this title, subsection (b) or
13 (c) of section 1003 of this title, or any other provi-
14 sion of law,”.

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

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

19 (3) RELATING TO THE FEDERAL PROPERTY
20 AND ADMINISTRATIVE SERVICES ACT OF 1949.—Sec-
21 tion 304C(b)(1) of the Federal Property and Admin-
22 istrative Services Act of 1949 (41 U.S.C.
23 254d(b)(1)) is amended by striking “8G” and insert-
24 ing “8H”.

1 (4) RELATING TO THE ENERGY POLICY ACT OF
2 1992.—Section 160(a) of the Energy Policy Act of
3 1992 (42 U.S.C. 8262f(a)) is amended (in the mat-
4 ter before paragraph (1)) by striking all that follows
5 “(5 U.S.C. App.)” and before “shall—”.

6 (f) EFFECTIVE DATE; ELIGIBILITY OF PRIOR IN-
7 SPECTOR GENERAL.—

8 (1) EFFECTIVE DATE.—

9 (A) IN GENERAL.—Except as provided in
10 subparagraph (B) or subsection (c), this section
11 and the amendments made by this section shall
12 take effect on the date of the enactment of this
13 Act.

14 (B) SPECIAL RULES.—

15 (i) IN GENERAL.—If the position of
16 Inspector General of the United States
17 Postal Service is occupied on the date of
18 enactment of this Act (other than by an in-
19 dividual serving due to a vacancy arising in
20 that position before the expiration of his or
21 her predecessor’s term), then, for purposes
22 of the period beginning on such date of en-
23 actment and ending on January 5, 2004,
24 or, if earlier, the date on which such indi-
25 vidual ceases to serve in that position, title

1 39, United States Code, and the Inspector
2 General Act of 1978 shall be applied as if
3 the amendments made by this section had
4 not been enacted, except—

5 (I) for those made by subsections
6 (c) and (d); and

7 (II) as provided in clause (ii).

8 (ii) AUTHORIZATION OF APPROPRIA-
9 TIONS.—

10 (I) IN GENERAL.—Notwith-
11 standing any other provision of this
12 paragraph, subsection (f) of section
13 8G of the Inspector General Act of
14 1978 (as amended by this section)
15 shall be effective for purposes of fiscal
16 years beginning on or after October 1,
17 2002.

18 (II) SAVINGS PROVISION.—For
19 purposes of the fiscal year ending on
20 September 30, 2002, funding for the
21 Office of Inspector General of the
22 United States Postal Service shall be
23 made available in the same manner as
24 if this Act had never been enacted.

1 (2) ELIGIBILITY OF PRIOR INSPECTOR GEN-
2 ERAL.—Nothing in this Act shall prevent any indi-
3 vidual who has served as Inspector General of the
4 United States Postal Service at any time before the
5 date of the enactment of this Act from being ap-
6 pointed to that position pursuant to the amendments
7 made by this section.

8 **TITLE VII—NATIONAL**
9 **COMMISSION; EVALUATIONS**

10 **SEC. 701. NATIONAL COMMISSION ON THE FUTURE OF THE**
11 **POSTAL SERVICE.**

12 (a) ESTABLISHMENT.—There is established a com-
13 mission to be known as the National Commission on the
14 Future of the Postal Service (hereinafter in this section
15 referred to as the “Commission”).

16 (b) DUTIES OF THE COMMISSION.—The Commission
17 shall examine the mission and role of the Postal Service
18 and shall make recommendations on how to improve the
19 efficiency and long-term viability of the Postal Service. In
20 carrying out this responsibility, the Commission shall
21 study and make recommendations on—

22 (1) the appropriate scope and standards for
23 universal postal service;

24 (2) how to address the human-capital chal-
25 lenges facing the Postal Service, including how em-

1 ployee-management relations within the Postal Serv-
2 ice may be improved;

3 (3) how to optimize the postal infrastructure,
4 including the best methods for providing retail serv-
5 ices that ensure convenience and access to cus-
6 tomers;

7 (4) how to ensure the safety and security of the
8 mail and of postal employees;

9 (5) how to minimize areas of inefficiency or
10 waste and improve operations involved in the collec-
11 tion, processing, or delivery of mail;

12 (6) what business model would best promote an
13 efficient, reliable, and innovative Postal Service that
14 can meet the needs of the Nation and its citizens;
15 and

16 (7) other issues that the Commission deter-
17 mines are relevant to ensuring the long-term viabil-
18 ity of the Postal Service.

19 (c) **POSTAL SERVICE TRANSFORMATION.**—In car-
20 rying out its responsibilities under this section, the Com-
21 mission shall examine issues raised and options presented
22 for the long term transformation of the Postal Service
23 in—

1 (1) the April 2002 report of the Postal Service
2 entitled “United States Postal Service Trans-
3 formation Plan”; and

4 (2) the February 2002 report of the General
5 Accounting Office entitled “U.S. Postal Service: De-
6 teriorating Financial Outlook Increases Need for
7 Transformation”.

8 (d) MEMBERSHIP.—

9 (1) NUMBER AND APPOINTMENT.—The Com-
10 mission shall be composed of 11 members, of
11 whom—

12 (A) 2 shall be appointed by the President;

13 (B) 2 shall be appointed by the majority
14 leader of the Senate;

15 (C) 2 shall be appointed by the minority
16 leader of the Senate;

17 (D) 2 shall be appointed by the Speaker of
18 the House of Representatives;

19 (E) 2 shall be appointed by the minority
20 leader of the House of Representatives; and

21 (F) 1 shall be appointed jointly by the
22 President, the majority leader of the Senate,
23 and the Speaker of the House of Representa-
24 tives, and shall serve as chair of the Commis-
25 sion.

1 (2) DEADLINE FOR APPOINTMENT.—Members
2 of the Commission shall be appointed by not later
3 than 90 days after the date of the enactment of this
4 Act.

5 (3) MEETINGS.—The Commission shall meet at
6 the call of its chair or a majority of its members.

7 (4) QUORUM.—A quorum shall consist of 6
8 members of the Commission, except that 4 members
9 may conduct a hearing under subsection (f).

10 (5) VOTING.—The votes of at least 8 Commis-
11 sioners shall be required in order for any rec-
12 ommendation to be considered a recommendation of
13 the Commission.

14 (6) COMPENSATION.—Members of the Commis-
15 sion shall be paid at a rate to be established by the
16 President, not to exceed the rate payable for level I
17 of the Executive Schedule under section 5312 of title
18 5, United States Code.

19 (7) QUALIFICATIONS.—An individual appointed
20 to serve on the Commission shall have expertise in
21 mail delivery, organizational efficiency, labor rela-
22 tions, or other relevant subject areas.

23 (e) STAFF AND SUPPORT SERVICES.—

24 (1) EXECUTIVE DIRECTOR.—The Chairman
25 shall appoint an executive director of the Commis-

1 sion who shall be paid the rate of basic pay for level
2 V of the Executive Schedule.

3 (2) STAFF.—With the approval of the Commis-
4 sion, the executive director may appoint such per-
5 sonnel as the executive director considers appro-
6 priate.

7 (3) APPLICABILITY OF CIVIL SERVICE LAWS.—
8 The staff of the Commission shall be appointed with-
9 out regard to the provisions of title 5, United States
10 Code, governing appointments in the competitive
11 service, and shall be paid without regard to the pro-
12 visions of chapter 51 and subchapter III of chapter
13 53 of such title (relating to classification and Gen-
14 eral Schedule pay rates).

15 (4) EXPERTS AND CONSULTANTS.—With the
16 approval of the Commission, the executive director
17 may procure temporary and intermittent services
18 under section 3109(b) of title 5, United States Code.

19 (5) PHYSICAL FACILITIES.—The Administrator
20 of the General Services Administration shall locate
21 suitable office space for the operation of the Com-
22 mission. The facilities shall serve as the head-
23 quarters of the Commission and shall include all
24 necessary equipment and incidentals required for the
25 proper functioning of the Commission.

1 (f) POWERS OF THE COMMISSION.—

2 (1) HEARINGS AND OTHER ACTIVITIES.—For
3 the purpose of carrying out its duties, the Commis-
4 sion may hold such hearings and undertake such
5 other activities as the Commission determines to be
6 necessary to carry out its duties.

7 (2) STUDIES BY THE GENERAL ACCOUNTING
8 OFFICE.—Upon the request of the Commission, the
9 Comptroller General shall conduct such studies or
10 investigations as the Commission determines to be
11 necessary to carry out its duties.

12 (3) COST ESTIMATES BY THE POSTAL SERVICE
13 AND THE POSTAL REGULATORY COMMISSION.—The
14 Postal Service and the Postal Regulatory Commis-
15 sion, or both, shall provide to the Commission, upon
16 its request, such cost estimates as the Commission
17 determines to be necessary to carry out its duties.

18 (4) TECHNICAL ASSISTANCE.—Upon the re-
19 quest of the Commission, the head of a Federal
20 agency shall provide such technical assistance to the
21 Commission as the Commission determines to be
22 necessary to carry out its duties.

23 (5) OBTAINING INFORMATION.—The Commis-
24 sion may secure directly from any Federal agency
25 information necessary to enable it to carry out its

1 duties. Upon request of the chair of the Commission,
2 the head of such agency shall furnish such informa-
3 tion to the Commission.

4 (6) ADMINISTRATIVE SUPPORT SERVICES.—

5 Upon the request of the Commission, the Adminis-
6 trator of General Services shall provide to the Com-
7 mission on a reimbursable basis such administrative
8 support services as the Commission may request.

9 (7) PRINTING.—For purposes of costs relating
10 to printing and binding, including the cost of per-
11 sonnel detailed from the Government Printing Of-
12 fice, the Commission shall be deemed to be a com-
13 mittee of the Congress.

14 (g) REPORT.—Not later than 30 months after date
15 of the enactment of this Act, the Commission shall submit
16 a report to the President and Congress which shall contain
17 a detailed statement of the findings and conclusions of the
18 Commission, together with its recommendations for any
19 legislation or administrative action which the Commission
20 considers appropriate.

21 (h) TERMINATION.—The Commission shall terminate
22 30 days after the date of submission of the report required
23 under section (g).

24 (i) AUTHORIZATION OF APPROPRIATIONS.—There
25 are authorized to be appropriated from the Postal Service

1 Fund such sums as may be necessary to carry out this
2 section.

3 **SEC. 702. ASSESSMENTS OF RATEMAKING, CLASSIFICA-**
4 **TION, AND OTHER PROVISIONS.**

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

8 (1) the operation of the amendments made by
9 the Postal Accountability and Enhancement Act;
10 and

11 (2) recommendations for any legislation or
12 other measures necessary to improve the effective-
13 ness or efficiency of the postal laws of the United
14 States.

15 (b) POSTAL SERVICE VIEWS.—A report under this
16 section shall be submitted only after reasonable oppor-
17 tunity has been afforded to the Postal Service to review
18 such report and to submit written comments thereon. Any
19 comments timely received from the Postal Service under
20 the preceding sentence shall be attached to the report sub-
21 mitted under subsection (a).

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

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

5 (A) a description of how such section has
6 operated; and

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

10 (2) COMPETITIVE PRODUCTS FUND.—With re-
11 spect to the Postal Service Competitive Products
12 Fund (under section 2011 of title 39, United States
13 Code, as amended by section 301), in consultation
14 with the Secretary of the Treasury—

15 (A) a description of how such Fund has
16 operated;

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

19 (C) a description and assessment of alter-
20 native accounting or financing mechanisms that
21 might be used to achieve the objectives of such
22 Fund.

23 (3) ASSUMED FEDERAL INCOME TAX ON COM-
24 PETITIVE PRODUCTS FUND.—With respect to section
25 3634 of title 39, United States Code (as amended by

1 this Act), in consultation with the Secretary of the
2 Treasury—

3 (A) a description of how such section has
4 operated; and

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

8 **SEC. 703. STUDY ON EQUAL APPLICATION OF LAWS TO**
9 **COMPETITIVE PRODUCTS.**

10 (a) **IN GENERAL.**—The Federal Trade Commission
11 shall prepare and submit to the President and Congress,
12 within 1 year after the date of the enactment of this Act,
13 a comprehensive report identifying Federal and State laws
14 that apply differently to products of the United States
15 Postal Service in the competitive category of mail (within
16 the meaning of section 102 of title 39, United States Code,
17 as amended by section 101) and similar products provided
18 by private companies.

19 (b) **RECOMMENDATIONS.**—The Federal Trade Com-
20 mission shall include such recommendations as it con-
21 siders appropriate for bringing such legal discrimination
22 to an end.

23 (c) **CONSULTATION.**—In preparing its report, the
24 Federal Trade Commission shall consult with the United
25 States Postal Service, the Postal Regulatory Commission,

1 other Federal agencies, mailers, private companies that
2 provide delivery services, and the general public, and shall
3 append to such report any written comments received
4 under this subsection.

5 **SEC. 704. GREATER DIVERSITY IN POSTAL SERVICE EXECU-**
6 **TIVE AND ADMINISTRATIVE SCHEDULE MAN-**
7 **AGEMENT POSITIONS.**

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

15 (b) **PERFORMANCE EVALUATIONS.**—The United
16 States Postal Service shall, as soon as practicable, take
17 such measures as may be necessary to ensure that, for
18 purposes of conducting performance appraisals of super-
19 visory or managerial employees, appropriate consideration
20 shall be given to meeting affirmative action goals, achiev-
21 ing equal employment opportunity requirements, and im-
22 plementation of plans designed to achieve greater diversity
23 in the workforce.

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

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

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

13 **SEC. 706. CONTRACTS WITH WOMEN, MINORITIES, AND**
14 **SMALL BUSINESSES.**

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

21 **SEC. 707. RATES FOR PERIODICALS.**

22 (a) IN GENERAL.—The United States Postal Service,
23 acting jointly with the Postal Regulatory Commission and
24 the General Accounting Office, shall study and submit to
25 the President and Congress a report concerning—

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

5 (2) any opportunities that might exist for im-
6 proving efficiencies in the collection, handling, trans-
7 portation, or delivery of periodicals by the Postal
8 Service, including any pricing incentives for mailers
9 that might be appropriate.

10 (b) RECOMMENDATIONS.—The report shall include
11 recommendations for any administrative action or legisla-
12 tion that might be appropriate.

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

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

20 (b) SPECIFIC REQUIREMENTS.—The study and re-
21 port shall specifically address the adequacy and fairness
22 of the process by which assessments under section 3626(k)
23 of title 39, United States Code, are determined and ap-
24 pealable, including—

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

4 (2) whether a statute of limitations should be
5 established for the commencement of proceedings by
6 the Postal Service thereunder.

7 **SEC. 709. DEFINITION.**

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

11 **TITLE VIII—MISCELLANEOUS;**
12 **TECHNICAL AND CON-**
13 **FORMING AMENDMENTS**

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

15 Section 404 of title 39, United States Code, as
16 amended by sections 102 and 808(f), is further amended
17 by adding at the end the following:

18 “(f)(1) The Postal Service may employ guards for all
19 buildings and areas owned or occupied by the Postal Serv-
20 ice or under the charge and control of the Postal Service,
21 and such guards shall have, with respect to such property,
22 the powers of special policemen provided by the first sec-
23 tion of the Act cited in paragraph (2), and, as to such
24 property, the Postmaster General (or his designee) may
25 take any action that the Administrator of General Services

1 (or his designee) may take under section 2 or 3 of such
2 Act, attaching thereto penalties under the authority and
3 within the limits provided in section 4 of such Act.

4 “(2) The Act cited in this paragraph is the Act of
5 June 1, 1948 (62 Stat. 281), commonly known as the
6 ‘Protection of Public Property Act’.”.

7 **SEC. 802. DATE OF POSTMARK TO BE TREATED AS DATE OF**
8 **APPEAL IN CONNECTION WITH THE CLOSING**
9 **OR CONSOLIDATION OF POST OFFICES.**

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

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

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

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

24 (b) EFFECTIVE DATE.—This section and the amend-
25 ments made by this section shall apply with respect to any

1 determination to close or consolidate a post office which
2 is first made available, in accordance with paragraph (3)
3 of section 404(b) of title 39, United States Code, after
4 the end of the 3-month period beginning on the date of
5 the enactment of this Act.

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

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

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

21 (b) EFFECTIVE DATE.—This section and the amend-
22 ments made by this section shall take effect on October
23 1, 2001.

24 **SEC. 804. OBSOLETE PROVISIONS.**

25 (a) REPEAL.—

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

3 (2) CONFORMING AMENDMENTS.—(A) Section
4 5005(a) of title 39, United States Code, is
5 amended—

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

9 (ii) in paragraph (3) (as so designated by
10 clause (i)) by striking “(as defined in section
11 5201(6) of this title)”.

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

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

20 (b) ELIMINATING RESTRICTION ON LENGTH OF CON-
21 TRACTS.—(1) Section 5005(b)(1) of title 39, United
22 States Code, is amended by striking “(or where the Postal
23 Service determines that special conditions or the use of
24 special equipment warrants, not in excess of 6 years)” and

1 inserting “(or such length of time as may be determined
2 by the Postal Service to be advisable or appropriate)”.

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

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

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

10 **SEC. 805. EXPANDED CONTRACTING AUTHORITY.**

11 (a) AMENDMENT TO TITLE 39, UNITED STATES
12 CODE.—

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

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

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

1 “(A) any such contract may be awarded only to
2 (i) an air carrier holding a certificate required by
3 section 41101 of title 49 or an exemption therefrom
4 issued by the Secretary of Transportation, (ii) a for-
5 eign air carrier holding a permit required by section
6 41301 of title 49 or an exemption therefrom issued
7 by the Secretary of Transportation, or (iii) a com-
8 bination of such air carriers or foreign air carriers
9 (or both);

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

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

24 “(D) the Postmaster General shall consult with
25 the Secretary of Defense concerning actions that af-

1 fect the carriage of military mail transported in for-
2 eign air transportation.

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

6 (2) DEFINITIONS.—Subsection (e) of section
7 5402 of title 39, United States Code, is amended to
8 read as follows:

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

14 (b) AMENDMENTS TO TITLE 49, UNITED STATES
15 CODE.—

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

20 “(a) TITLE 39.—The United States Postal Service
21 may provide for the transportation of mail by aircraft in
22 air transportation under this chapter and under chapter
23 54 of title 39.”.

24 (2) SCHEDULES FOR CERTAIN TRANSPOR-
25 TATION OF MAIL.—Section 41902(b)(1) of title 49,

1 United States Code, is amended by inserting before
2 the semicolon at the end the following: “(other than
3 foreign air transportation of mail)”.

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

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

8 (B) by striking subsection (b).

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

14 **SEC. 806. INVESTMENTS.**

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

17 (1) by striking “(c) If” and inserting “(c)(1)

18 Except as provided in paragraph (2), if”; and

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

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

23 “(B) For purposes of this paragraph, the term ‘com-
24 mercial entity’ means any corporation, company, associa-
25 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. TECHNICAL AND CONFORMING AMENDMENTS.**

10 (a) REDUCED RATES.—Section 3626 of title 39,
11 United States Code, is 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(c), 4554(b), or
18 4554(c) 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(c).”; 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.”;

4 (3) in subsection (j)(1)(D)—

5 (A) by striking “and” at the end of sub-
6 clause (I); and

7 (B) by adding after subclause (II) the fol-
8 lowing:

9 “(III) clause (i) shall not apply to space
10 advertising in mail matter that otherwise quali-
11 fies for rates under former section 4452(b) or
12 4452(c) of this title, and satisfies the content
13 requirements established by the Postal Service
14 for periodical publications.”; and

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

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

23 (b) REIMBURSEMENT.—Section 3681 of title 39,
24 United States Code, is amended by striking “section
25 3628” and inserting “sections 3662 through 3664”.

1 (c) SIZE AND WEIGHT LIMITS.—Section 3682 of title
2 39, United States Code, is amended to read as follows:

3 **“§ 3682. Size and weight limits**

4 “The Postal Service may establish size and weight
5 limitations for mail matter in the market-dominant cat-
6 egory of mail consistent with regulations the Postal Regu-
7 latory Commission may prescribe under section 3622. The
8 Postal Service may establish size and weight limitations
9 for mail matter in the competitive category of mail con-
10 sistent with its authority under section 3632.”.

11 (d) REVENUE FOREGONE, ETC.—Title 39, United
12 States Code, is amended—

13 (1) in section 503 (as so redesignated by sec-
14 tion 501) by striking “this chapter.” and inserting
15 “this title.”; and

16 (2) in section 2401(d) by inserting “(as last in
17 effect before enactment of the Postal Accountability
18 and Enhancement Act)” after “3626(a)” and after
19 “3626(a)(3)(B)(ii)”.

20 (e) APPROPRIATIONS AND REPORTING REQUIRE-
21 MENTS.—

22 (1) APPROPRIATIONS.—Subsection (e) of sec-
23 tion 2401 of title 39, United States Code, is
24 amended—

1 (A) by striking “Committee on Post Office
2 and Civil Service” each place it appears and in-
3 sserting “Committee on Government Reform”;
4 and

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

7 (2) REPORTING REQUIREMENTS.—Sections
8 2803(a) and 2804(a) of title 39, United States
9 Code, are amended by striking “2401(g)” and in-
10 sserting “2401(e)”.

11 (f) AUTHORITY TO FIX RATES AND CLASSES GEN-
12 ERALLY; REQUIREMENT RELATING TO LETTERS SEALED
13 AGAINST INSPECTION.—Section 404 of title 39, United
14 States Code (as amended by section 102) is further
15 amended by redesignating subsections (b) and (c) as sub-
16 sections (d) and (e), respectively, and by inserting after
17 subsection (a) the following:

18 “(b) Except as otherwise provided, the Governors are
19 authorized to establish reasonable and equitable classes of
20 mail and reasonable and equitable rates of postage and
21 fees for postal services in accordance with the provisions
22 of chapter 36. Postal rates and fees shall be reasonable
23 and equitable and sufficient to enable the Postal Service,
24 under best practices of honest, efficient, and economical
25 management, to maintain and continue the development

1 of postal services of the kind and quality adapted to the
2 needs of the United States.

3 “(c) The Postal Service shall maintain one or more
4 classes of mail for the transmission of letters sealed
5 against inspection. The rate for each such class shall be
6 uniform throughout the United States, its territories, and
7 possessions. One such class shall provide for the most ex-
8 peditious handling and transportation afforded mail mat-
9 ter by the Postal Service. No letter of such a class of do-
10 mestic origin shall be opened except under authority of
11 a search warrant authorized by law, or by an officer or
12 employee of the Postal Service for the sole purpose of de-
13 termining an address at which the letter can be delivered,
14 or pursuant to the authorization of the addressee.”

15 (g) LIMITATIONS.—Section 3684 of title 39, United
16 States Code, is amended by striking all that follows “any
17 provision” and inserting “of this title.”

18 (h) MISCELLANEOUS.—Title 39, United States Code,
19 is amended—

20 (1) in section 410(b), by moving the left margin
21 of paragraph (10) 2 ems to the left;

22 (2) in section 1005(d)(2)—

23 (A) by striking “subsection (g) of section
24 5532,”; and

1 (B) by striking “8344,” and inserting
2 “8344”;

3 (3) in the analysis for part III, by striking the
4 item relating to chapter 28 and inserting the fol-
5 lowing:

“28. Strategic Planning and Performance Management 2801”;

6 (4) in subsections (h)(2) and (i)(2) of section
7 3001, by moving the left margin of subparagraph
8 (C) of each 2 ems to the left;

9 (5) in section 3005(a)—

10 (A) in the matter before paragraph (1), by
11 striking all that follows “nonmailable” and pre-
12 cedes “(h),” and inserting “under section
13 3001(d),”; and

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

18 (6) in section 3210(a)(6)(C), by striking the
19 matter after “if such mass mailing” and before
20 “than 60 days” and inserting “is postmarked
21 fewer”;

22 (7) in section 3626(a), by moving the left mar-
23 gin of paragraphs (3), (5), and (6) (as so redesign-
24 ated by subsection (a)(1)(B), and including each
25 subparagraph thereunder (if any)) 2 ems to the left;

1 (8) by striking the heading for section 3627
2 and inserting the following:

3 **“§ 3627. Adjusting free rates”; and**

4 (9) in section 5402(g)(1), by moving the left
5 margin of subparagraph (D) (including each clause
6 thereunder) 2 ems to the left.

○