

108TH CONGRESS  
1ST SESSION

# S. 1285

To reform the postal laws of the United States.

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IN THE SENATE OF THE UNITED STATES

JUNE 18, 2003

Mr. CARPER introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

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## 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—MODERN SERVICE STANDARDS

- Sec. 301. Establishment of modern service standards.
- Sec. 302. Postal service plan.
- Sec. 303. Postal Network Modernization Commission.
- Sec. 304. Closure and consolidation of facilities.
- Sec. 305. Congressional consideration of commission report.
- Sec. 306. Nonappealability to Postal Regulatory Commission.

#### TITLE IV—PROVISIONS RELATING TO FAIR COMPETITION

- Sec. 401. Postal Service Competitive Products Fund.
- Sec. 402. Assumed Federal income tax on competitive products income.
- Sec. 403. Unfair competition prohibited.
- Sec. 404. Suits by and against the Postal Service.
- Sec. 405. International postal arrangements.
- Sec. 406. Change-of-address order involving a commercial mail receiving agency.
- Sec. 407. Exception for competitive products.

#### TITLE V—GENERAL PROVISIONS

- Sec. 501. Qualification requirements for Governors.
- Sec. 502. Obligations.
- Sec. 503. Private carriage of letters.
- Sec. 504. Rulemaking authority.
- Sec. 505. Noninterference with collective bargaining agreements, etc.
- Sec. 506. Bonus authority.

#### TITLE VI—ENHANCED REGULATORY COMMISSION

- Sec. 601. Reorganization and modification of certain provisions.
- Sec. 602. Authority for Postal Regulatory Commission to issue subpoenas.
- Sec. 603. Appropriations for the Postal Regulatory Commission.
- Sec. 604. Resignation of the Postal Rate Commission.

#### TITLE VII—INSPECTORS GENERAL

- Sec. 701. Inspector General of the Postal Regulatory Commission.
- Sec. 702. Inspector General of the United States Postal Service to be appointed by the President.

#### TITLE VIII—EVALUATIONS

- Sec. 801. Definition.
- Sec. 802. Assessments of ratemaking, classification, and other provisions.
- Sec. 803. Study on equal application of laws to competitive products.
- Sec. 804. Greater diversity in Postal Service executive and administrative schedule management positions.
- Sec. 805. Contracts with women, minorities, and small businesses.
- Sec. 806. Rates for periodicals.
- Sec. 807. Assessment of certain rate deficiencies.

TITLE IX—MISCELLANEOUS; TECHNICAL AND CONFORMING  
AMENDMENTS

- Sec. 901. Employment of postal police officers.  
 Sec. 902. Date of postmark to be treated as date of appeal in connection with the closing or consolidation of post offices.  
 Sec. 903. Provisions relating to benefits under chapter 81 of title 5, United States Code, for officers and employees of the former Post Office Department.  
 Sec. 904. Obsolete provisions.  
 Sec. 905. Expanded contracting authority.  
 Sec. 906. Investments.  
 Sec. 907. Repeal of section 5403.  
 Sec. 908. 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;

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

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

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

9   **SEC. 102. POSTAL SERVICES.**

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

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

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

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

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

23          (2) Section 2003(b)(1) of title 39, United States  
24 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, 3622,  
7 and 3623 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

1           “(7) bound printed matter, subject to any  
2           changes the Postal Regulatory Commission may  
3           make under section 3642.

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

8           **“§ 3622. Modern rate regulation**

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

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

17                 “(1) To reduce the administrative burden of the  
18                 ratemaking process.

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

21                 “(3) To maximize incentives to reduce costs  
22                 and increase efficiency.

23                 “(4) To enhance mail security and deter ter-  
24                 rorism by promoting secure, sender-identified mail.

1           “(5) To allow the Postal Service pricing flexi-  
2           bility, including the ability to use pricing to promote  
3           intelligent mail and encourage increased mail volume  
4           during nonpeak periods.

5           “(6) To assure adequate revenues, including re-  
6           tained earnings, to maintain financial stability and  
7           meet the service standards established under section  
8           3691.

9           “(c) FACTORS.—In establishing or revising such sys-  
10          tem, the Postal Regulatory Commission shall take into ac-  
11          count—

12           “(1) the establishment and maintenance of a  
13           fair and equitable schedule for rates and classifica-  
14           tion system;

15           “(2) the value of the mail service actually pro-  
16           vided each class or type of mail service to both the  
17           sender and the recipient, including but not limited to  
18           the collection, mode of transportation, and priority  
19           of delivery;

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

24           “(4) the effect of rate increases upon the gen-  
25           eral public, business mail users, and enterprises in

1 the private sector of the economy engaged in the de-  
2 livery of mail matter other than letters;

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

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

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

14 “(8) the relative value to the people of the  
15 kinds of mail matter entered into the postal system  
16 and the desirability and justification for special clas-  
17 sifications and services of mail;

18 “(9) the importance of providing classifications  
19 with extremely high degrees of reliability and speed  
20 of delivery and of providing those that do not re-  
21 quire high degrees of reliability and speed of deliv-  
22 ery;

23 “(10) the desirability of special classifications  
24 from the point of view of both the user and of the  
25 Postal Service;

1           “(11) the educational, cultural, scientific, and  
2           informational value to the recipient of mail matter;  
3           and

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

6           “(d) ALLOWABLE PROVISIONS.—The system for reg-  
7           ulating rates and classes for market-dominant products  
8           may include—

9           “(1) price caps, revenue targets, or other form  
10          of incentive regulation;

11          “(2) cost-of-service regulation; or

12          “(3) such other form of regulation as the Com-  
13          mission considers appropriate to achieve, consistent  
14          with subsection (c), the objectives of subsection (b).

15          “(e) REQUIREMENTS.—The system for regulating  
16          rates and classes for market-dominant products shall—

17          “(1) establish a schedule whereby rates, when  
18          necessary, would increase at regular intervals by  
19          predictable amounts; and

20          “(2) establish procedures whereby rates may be  
21          increased on a expedited basis when an unexpected  
22          decline in revenue or increase in costs threatens the  
23          ability of the Postal Service to maintain service at  
24          the standards established by the Postal Regulatory  
25          Commission under section 3691.



1           “(C) other terms and conditions that meet  
2           the requirements of subsections (b) and (c).

3           “(b) REQUIREMENTS.—A service agreement under  
4 this section may only be entered into if the agreement will  
5 benefit the contracting mailer, the Postal Service, and  
6 mailers who are not parties to the agreement and if each  
7 of the following conditions is met:

8           “(1) The total revenue generated under the  
9           agreement—

10           “(A) will cover all costs attributable to the  
11           Postal Service; and

12           “(B) will result in a greater contribution to  
13           the institutional costs of the Postal Service than  
14           would have been granted had the agreement not  
15           been entered into.

16           “(2) Rates and fees for other mailers will not  
17           increase as a result of the agreement.

18           “(3) The agreement pertains exclusively to  
19           products in the market-dominant category of mail.

20           “(4) The agreement will not preclude or materi-  
21           ally hinder similarly situated mail users from enter-  
22           ing into agreements with the Postal Service on the  
23           same, or substantially the same, terms, and the  
24           Postal Service remains willing and able to enter into  
25           such.

1       “(c) LIMITATIONS.—A service agreement under this  
2 section shall—

3               “(1) be for a term of not to exceed 3 years; and

4               “(2) provide that such agreement shall be sub-  
5 ject to the cancellation authority of the Commission  
6 under section 3662.

7       “(d) NOTICE REQUIREMENTS.—

8               “(1) IN GENERAL.—At least 30 days before a  
9 service agreement under this section is to take ef-  
10 fect, the Postal Service shall file with the Postal  
11 Regulatory Commission and publish in the Federal  
12 Register the following:

13                       “(A) With respect to each condition under  
14 subsection (b), information in sufficient detail  
15 to demonstrate the bases for the Postal Serv-  
16 ice’s view that such condition would be met.

17                       “(B) A description of the type of mail the  
18 agreement involves.

19                       “(C) The mail preparation, processing,  
20 transportation, administration, or other addi-  
21 tional functions, if any, the mail user is to per-  
22 form under the agreement.

23                       “(D) The services or benefits the Postal  
24 Service is to perform under the agreement.

1           “(E) The rates and fees payable by the  
2           mail user during the term of the agreement.

3           “(2) AGREEMENTS LESS THAN NATIONAL IN  
4           SCOPE.—In the case of a service agreement under  
5           this section that is less than national in scope, the  
6           information described under paragraph (1) shall also  
7           be published by the Postal Service in a manner de-  
8           signed to afford reasonable notice to persons within  
9           any geographic area to which such agreement (or  
10          any amendment thereto) pertains.

11          “(e) EQUAL TREATMENT REQUIRED.—If the Postal  
12          Service enters into a negotiated service agreement with a  
13          mailer under this section, the Postal Service shall make  
14          such agreement available to other mailers on the same  
15          terms and conditions.

16          “(f) COMPLAINTS.—Any person who believes that a  
17          service agreement under this section is not (or, in the case  
18          of a proposed agreement or a proposed amendment to a  
19          service agreement under this section, would not be) in con-  
20          formance with the requirements of this section and regula-  
21          tions thereunder, or who aggrieved by a decision of the  
22          Postal Service not to enter into an agreement under this  
23          section, may file a complaint with the Postal Regulatory  
24          Commission in accordance with section 3662.

25          “(g) POSTAL REGULATORY COMMISSION ROLE.—

1           “(1) REGULATIONS.—The Postal Regulatory  
2 Commission may promulgate such regulations re-  
3 garding service agreements as the Commission de-  
4 termines necessary to implement the requirements of  
5 this section.

6           “(2) REVIEW.—The Postal Regulatory Commis-  
7 sion may review any agreement or proposed agree-  
8 ment under this section and may suspend, cancel, or  
9 prevent such agreement if the Commission finds that  
10 the agreement does not meet the requirements of  
11 this section or the regulations thereunder.

12          “(h) INTERPRETATION.—The determination of  
13 whether the revenue generated under the agreement meets  
14 the requirements of (b)(1)(B) shall be based on the actual  
15 contribution of the mail involved, not on the average con-  
16 tribution made by the mail classification most similar to  
17 the services performed under the agreement.

18          “(i) RATE DISCOUNTS.—In the administration of this  
19 section, the Postal Regulatory Commission shall not per-  
20 mit rate discounts for additional mail preparation, proc-  
21 essing, transportation, or other functions that exceed the  
22 costs avoided by the Postal Service by virtue of the addi-  
23 tional functions performed by the mailer. Such discounts  
24 are allowable only if the Commission has, after notice and  
25 opportunity for a public hearing and comment, determined

1 that such discounts are reasonable and equitable and are  
 2 necessary to enable the Postal Service, under best prac-  
 3 tices of honest, efficient, and economical management, to  
 4 maintain and continue the development of postal services  
 5 of the kind and quality adapted to the needs of the United  
 6 States consistent with the service standards established  
 7 under section 3691.”.

8 (b) REPEALED SECTIONS.—Sections 3624, 3625,  
 9 and 3628 of title 39, United States Code, are repealed.

10 (c) REDESIGNATION.—Chapter 36 of title 39, United  
 11 States Code (as in effect after the amendment made by  
 12 section 601, but before the amendment made by section  
 13 202) is amended by striking the heading for subchapter  
 14 II and inserting the following:

15 “SUBCHAPTER I—PROVISIONS RELATING TO  
 16 MARKET-DOMINANT PRODUCTS”.

17 **SEC. 202. PROVISIONS RELATING TO COMPETITIVE PROD-**  
 18 **UCTS.**

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

21 “SUBCHAPTER II—PROVISIONS RELATING TO  
 22 COMPETITIVE PRODUCTS

23 **“§ 3631. Applicability; definitions and updates**

24 “(a) APPLICABILITY.—This subchapter shall apply  
 25 with respect to—

- 1           “(1) priority mail;  
2           “(2) expedited mail;  
3           “(3) mailgrams;  
4           “(4) international mail; and  
5           “(5) parcel post,

6 subject to subsection (d) and any changes the Postal Reg-  
7 ulatory Commission may make under section 3642.

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

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

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

20 **“§ 3632. Action of the Governors**

21           “(a) AUTHORITY TO ESTABLISH RATES AND CLASS-  
22 ES.—The Governors, with the written concurrence of a  
23 majority of all of the Governors then holding office, shall  
24 establish rates and classes for products in the competitive  
25 category of mail in accordance with the requirements of

1 this subchapter and regulations promulgated under sec-  
2 tion 3633.

3 “(b) PROCEDURES.—

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

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

15 “(c) TRANSITION RULE.—Until regulations under  
16 section 3633 first take effect, rates and classes for com-  
17 petitive products shall remain subject to modification in  
18 accordance with the provisions of this chapter and section  
19 407, as such provisions were as last in effect before the  
20 date of the enactment of this section.

21 **“§ 3633. Provisions applicable to rates for competitive**  
22 **products**

23 “The Postal Regulatory Commission shall, within  
24 180 days after the date of the enactment of this section,

1 promulgate (and may from time to time thereafter revise)  
2 regulations—

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

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

7 “(3) to ensure that all competitive products col-  
8 lectively cover their share of the institutional costs  
9 of the Postal Service.”.

10 **SEC. 203. PROVISIONS RELATING TO EXPERIMENTAL AND**  
11 **NEW PRODUCTS.**

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

14 “SUBCHAPTER III—PROVISIONS RELATING TO  
15 EXPERIMENTAL AND NEW PRODUCTS

16 “§ 3641. **Market tests of experimental products**

17 “(a) **AUTHORITY.**—

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

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

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

3           “(1) SIGNIFICANTLY DIFFERENT PRODUCT.—

4       The product is, from the viewpoint of the mail users,  
5 significantly different from all products offered by  
6 the Postal Service within the 2-year period preceding  
7 the start of the test.

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

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

23       “(c) NOTICE.—

24           “(1) IN GENERAL.—At least 30 days before ini-  
25 tiating a market test under this section, the Postal

1 Service shall file with the Postal Regulatory Com-  
2 mission and publish in the Federal Register a no-  
3 tice—

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

7 “(B) describing the nature and scope of  
8 the market test.

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

20 “(d) DURATION.—

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

24 “(2) EXTENSION AUTHORITY.—If necessary in  
25 order to determine the feasibility or desirability of a

1 product being tested under this section, the Postal  
2 Regulatory Commission may, upon written applica-  
3 tion of the Postal Service (filed not later than 60  
4 days before the date as of which the testing of such  
5 product would otherwise be scheduled to terminate  
6 under paragraph (1)), extend the testing of such  
7 product for not to exceed an additional 12 months.

8 “(e) DOLLAR-AMOUNT LIMITATION.—

9 “(1) IN GENERAL.—A product may only be  
10 tested under this section if the total revenues that  
11 are anticipated, or in fact received, by the Postal  
12 Service from such product do not exceed  
13 \$10,000,000 in any year, subject to paragraph (2)  
14 and subsection (g).

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

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

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

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

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

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

23          “(h) DEFINITION OF A SMALL BUSINESS CON-  
24          CERN.—The criteria used in defining small business con-  
25          cerns or otherwise categorizing business concerns as small

1 business concerns shall, for purposes of this section, be  
2 established by the Postal Regulatory Commission in con-  
3 formance with the requirements of section 3 of the Small  
4 Business Act.

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

10 **“§ 3642. New products and transfers of products be-**  
11 **tween the market-dominant and competi-**  
12 **tive categories of mail**

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

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

23 “(1) The market-dominant category of products  
24 shall consist of each product in the sale of which the  
25 Postal Service exercises sufficient market power that

1 it can effectively set the price of such product sub-  
2 stantially above costs, raise prices significantly, de-  
3 crease quality, or decrease output, without risk of  
4 losing business to other firms offering similar prod-  
5 ucts. The competitive category of products shall con-  
6 sist of all other products.

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

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

20 “(A) the availability and nature of enter-  
21 prises in the private sector engaged in the deliv-  
22 ery of the product involved;

23 “(B) the views of those who use the prod-  
24 uct involved on the appropriateness of the pro-  
25 posed action; and

1           “(C) the likely impact of the proposed ac-  
2           tion on small business concerns (within the  
3           meaning of section 3641(h)).

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

12          “(d) NOTIFICATION AND PUBLICATION REQUIRE-  
13   MENTS.—

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

1 The provisions of section 504(g) shall be available  
2 with respect to any information required to be filed.

3 “(2) PUBLICATION REQUIREMENT.—The Postal  
4 Regulatory Commission shall, whenever it changes  
5 the list of products in the market-dominant or com-  
6 petitive category of mail, prescribe new lists of prod-  
7 ucts. The revised lists shall indicate how and when  
8 any previous lists (including the lists under sections  
9 3621 and 3631) are superseded, and shall be pub-  
10 lished in the Federal Register.

11 “(e) PROHIBITION.—Except as provided in section  
12 3641, no product that involves the physical delivery of let-  
13 ters, printed matter, or packages may be offered by the  
14 Postal Service unless it has been assigned to the market-  
15 dominant or competitive category of mail (as appropriate)  
16 either—

17 “(1) under this subchapter; or

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

19 **SEC. 204. REPORTING REQUIREMENTS AND RELATED PRO-**  
20 **VISIONS.**

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

1 “SUBCHAPTER V—POSTAL SERVICES,  
2 COMPLAINTS, AND JUDICIAL REVIEW”.

3 (b) REPORTS AND COMPLIANCE.—Chapter 36 of title  
4 39, United States Code, is amended by inserting after sub-  
5 chapter III the following:

6 “SUBCHAPTER IV—REPORTING  
7 REQUIREMENTS AND RELATED PROVISIONS

8 **“§ 3651. Annual reports by the Commission**

9 “(a) IN GENERAL.—The Postal Regulatory Commis-  
10 sion shall submit an annual report to the President and  
11 the Congress concerning the operations of the Commission  
12 under this title, including the extent to which regulations  
13 are achieving the objectives under sections 3622, 3633,  
14 and 3691.

15 “(b) INFORMATION FROM POSTAL SERVICE.—The  
16 Postal Service shall provide the Postal Regulatory Com-  
17 mission with such information as may, in the judgment  
18 of the Commission, be necessary in order for the Commis-  
19 sion to prepare its reports under this section.

20 **“§ 3652. Annual reports to the Commission**

21 “(a) COSTS, REVENUES, RATES, AND SERVICE.—Ex-  
22 cept as provided in subsection (c), the Postal Service shall,  
23 no later than 90 days after the end of each year, prepare  
24 and submit to the Postal Regulatory Commission a report

1 (together with such nonpublic annex thereto as the Com-  
2 mission may require under subsection (e))—

3 “(1) which shall analyze costs, revenues, rates,  
4 and quality of service in sufficient detail to dem-  
5 onstrate that all products during such year complied  
6 with all applicable requirements of this title; and

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

9 “(A) market information, including mail  
10 volumes; and

11 “(B) measures of the service afforded by  
12 the Postal Service in connection with such prod-  
13 uct, including—

14 “(i) the level of service (described in  
15 terms of speed of delivery and reliability)  
16 provided; and

17 “(ii) the degree of customer satisfac-  
18 tion with the service provided.

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

1       “(b) INFORMATION RELATING TO WORKSHARE DIS-  
2 COUNTS.

3               “(1) IN GENERAL.—The Postal Service shall in-  
4 clude, in each report under subsection (a), the fol-  
5 lowing information with respect to each market-dom-  
6 inant product for which a workshare discount was in  
7 effect during the period covered by such report:

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

10                      “(B) The percentage of such per-item cost  
11 avoided that the per-item workshare discount  
12 represents.

13                      “(C) The per-item contribution made to in-  
14 stitutional costs.

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

21       “(c) SERVICE AGREEMENTS AND MARKET TESTS.—  
22 In carrying out subsections (a) and (b) with respect to  
23 service agreements (including service agreements entered  
24 into under section 3623) and experimental products of-

1 fered through market tests under section 3641 in a year,  
2 the Postal Service—

3 “(1) may report summary data on the costs,  
4 revenues, and quality of service by service agreement  
5 and market test; and

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

8 “(d) SUPPORTING MATTER.—The Postal Regulatory  
9 Commission shall have access, in accordance with such  
10 regulations as the Commission shall prescribe, to the  
11 working papers and any other supporting matter of the  
12 Postal Service and the Inspector General in connection  
13 with any information submitted under this section.

14 “(e) CONTENT AND FORM OF REPORTS.—

15 “(1) IN GENERAL.—The Postal Regulatory  
16 Commission shall, by regulation, prescribe the con-  
17 tent and form of the public reports (and any non-  
18 public annex and supporting matter relating thereto)  
19 to be provided by the Postal Service under this sec-  
20 tion. In carrying out this subsection, the Commis-  
21 sion shall give due consideration to—

22 “(A) providing the public with adequate in-  
23 formation to assess the lawfulness of rates  
24 charged;

1           “(B) avoiding unnecessary or unwarranted  
2           administrative effort and expense on the part of  
3           the Postal Service; and

4           “(C) protecting the confidentiality of com-  
5           mercially sensitive information.

6           “(2) REVISED REQUIREMENTS.—The Commis-  
7           sion may, on its own motion or on request of an in-  
8           terested party, initiate proceedings (to be conducted  
9           in accordance with regulations that the Commission  
10          shall prescribe) to improve the quality, accuracy, or  
11          completeness of Postal Service data required by the  
12          Commission under this subsection whenever it shall  
13          appear that—

14           “(A) the attribution of costs or revenues to  
15           products has become significantly inaccurate or  
16           can be significantly improved;

17           “(B) the quality of service data has be-  
18           come significantly inaccurate or can be signifi-  
19           cantly improved; or

20           “(C) such revisions are, in the judgment of  
21           the Commission, otherwise necessitated by the  
22           public interest.

23          “(f) CONFIDENTIAL INFORMATION.—

24           “(1) IN GENERAL.—If the Postal Service deter-  
25           mines that any document or portion of a document,

1 or other matter, which it provides to the Postal Reg-  
2 ulatory Commission in a nonpublic annex under this  
3 section or pursuant to subsection (d) contains infor-  
4 mation which is described in section 410(c) of this  
5 title, or exempt from public disclosure under section  
6 552(b) of title 5, the Postal Service shall, at the  
7 time of providing such matter to the Commission,  
8 notify the Commission of its determination, in writ-  
9 ing, and describe with particularity the documents  
10 (or portions of documents) or other matter for which  
11 confidentiality is sought and the reasons therefor.

12 “(2) TREATMENT.—Any information or other  
13 matter described in paragraph (1) to which the  
14 Commission gains access under this section shall be  
15 subject to paragraphs (2) and (3) of section 504(g)  
16 in the same way as if the Commission had received  
17 notification with respect to such matter under sec-  
18 tion 504(g)(1).

19 “(g) OTHER REPORTS.—The Postal Service shall  
20 submit to the Postal Regulatory Commission, together  
21 with any other submission that the Postal Service is re-  
22 quired to make under this section in a year, copies of its  
23 then most recent—

24 “(1) comprehensive statement under section  
25 2401(e);

- 1           “(2) strategic plan under section 2802;  
2           “(3) performance plan under section 2803; and  
3           “(4) program performance reports under sec-  
4           tion 2804.

5   **“§ 3653. Annual determination of compliance**

6           “(a) OPPORTUNITY FOR PUBLIC COMMENT.—After  
7 receiving the reports required under section 3652 for any  
8 year, the Postal Regulatory Commission shall promptly  
9 provide an opportunity for comment on such reports by  
10 users of the mails, affected parties, and an officer of the  
11 Commission who shall be required to represent the inter-  
12 ests of the general public.

13           “(b) DETERMINATION OF COMPLIANCE OR NON-  
14 COMPLIANCE.—Not later than 90 days after receiving the  
15 submissions required under section 3652 with respect to  
16 a year, the Postal Regulatory Commission shall make a  
17 written determination as to—

18           “(1) whether any rates or fees in effect during  
19 such year (for products individually or collectively)  
20 were not in compliance with applicable provisions of  
21 this chapter (or regulations promulgated there-  
22 under); or

23           “(2) whether any service standards in effect  
24 during such year were not met.

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

4 “(c) IF ANY NONCOMPLIANCE IS FOUND.—If, for a  
 5 year, a timely written determination of noncompliance is  
 6 made under subsection (b), the Postal Regulatory Com-  
 7 mission shall take appropriate action in accordance with  
 8 section 3662.

9 “(d) REBUTTABLE PRESUMPTION.—A timely written  
 10 determination described in the last sentence of subsection  
 11 (b) shall, for purposes of any proceeding under section  
 12 3662, create a rebuttable presumption of compliance by  
 13 the Postal Service (with regard to the matters described  
 14 in paragraphs (1) through (3) of subsection (b)) during  
 15 the year to which such determination relates.”.

16 **SEC. 205. COMPLAINTS; APPELLATE REVIEW AND EN-**  
 17 **FORCEMENT.**

18 Chapter 36 of title 39, United States Code, is amend-  
 19 ed by striking sections 3662 and 3663 and inserting the  
 20 following:

21 **“§ 3662. Rate and service complaints**

22 “(a) IN GENERAL.—Interested persons (including an  
 23 officer of the Postal Regulatory Commission representing  
 24 the interests of the general public) who believe the Postal  
 25 Service is not operating in conformance with the require-

1 ments of chapter 1, 4, or 6, or this chapter (or regulations  
2 promulgated under any of those chapters) may lodge a  
3 complaint with the Postal Regulatory Commission in such  
4 form and manner as the Commission may prescribe.

5 “(b) PROMPT RESPONSE REQUIRED.—

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

9 “(A) begin proceedings on such complaint;

10 or

11 “(B) issue an order dismissing the com-  
12 plaint (together with a statement of the reasons  
13 therefor).

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

22 “(c) ACTION REQUIRED IF COMPLAINT FOUND TO  
23 BE JUSTIFIED.—If the Postal Regulatory Commission  
24 finds the complaint to be justified, it shall order that the  
25 Postal Service take such action as the Commission con-

1   siders appropriate in order to achieve compliance with the  
2   applicable requirements and to remedy the effects of any  
3   noncompliance. Such action may include ordering unlawful  
4   rates to be adjusted to lawful levels, ordering the cancella-  
5   tion of market tests, ordering the Postal Service to dis-  
6   continue providing loss-making products, and requiring  
7   the Postal Service to make up for revenue shortfalls in  
8   competitive products.

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

22 **“§ 3663. Appellate review**

23       “A person adversely affected or aggrieved by a final  
24 order or decision of the Postal Regulatory Commission  
25 may, within 30 days after such order or decision becomes

1 final, institute proceedings for review thereof by filing a  
 2 petition in the United States Court of Appeals for the Dis-  
 3 trict of Columbia. The court shall review the order or deci-  
 4 sion in accordance with section 706 of title 5, and chapter  
 5 158 and section 2112 of title 28, on the basis of the record  
 6 before the Commission.

7 **“§ 3664. Enforcement of orders**

8 “The several district courts have jurisdiction specifi-  
 9 cally to enforce, and to enjoin and restrain the Postal  
 10 Service from violating, any order issued by the Postal Reg-  
 11 ulatory Commission.”.

12 **SEC. 206. CLERICAL AMENDMENT.**

13 Chapter 36 of title 39, United States Code, is amend-  
 14 ed by striking the heading and analysis for such chapter  
 15 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. Service agreements for market-dominant products.

“[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.





1           “(3) customer satisfaction with Postal Service  
2 performance;

3           “(4) mail volume and revenues projected for fu-  
4 ture years;

5           “(5) the projected growth in the number of ad-  
6 dresses the Postal Service will be required to serve  
7 in future years;

8           “(6) the current and projected future cost of  
9 serving Postal Service customers; and

10           “(7) the policies of this title as well as such  
11 other factors as the Commission determines appro-  
12 priate.”.

13 **SEC. 302. POSTAL SERVICE PLAN.**

14       (a) IN GENERAL.—Within 1 year after the establish-  
15 ment of the service standards under section 3691 of title  
16 39, United States Code, as added by this Act, the Postal  
17 Service shall, in consultation with the Postal Regulatory  
18 Commission, develop and submit to Congress a plan for  
19 meeting those standards.

20       (b) CONTENT.—The plan under this section shall—

21           (1) establish performance goals;

22           (2) describe any changes to the Postal Service’s  
23 processing, transportation, delivery, and retail net-  
24 works necessary to allow the Postal Service to meet  
25 the performance goals; and

1           (3) describe any changes to planning and per-  
2           formance management documents previously sub-  
3           mitted to Congress to reflect new performance goals.

4           (c) RECOMMENDATIONS.—The Postal Service plan  
5           shall include a list of any processing and retail facilities  
6           that can be closed or consolidated without hindering the  
7           Postal Service’s ability to meet established service stand-  
8           ards. The recommendations shall be consistent with the  
9           provisions in section 101(b) of title 39, United States  
10          Code prohibiting the closing of post offices, including post  
11          offices in rural areas and small towns, solely because they  
12          are not self-sustaining or operate at a deficit.

13          (d) ALTERNATE RETAIL OPTIONS.—The Postal Serv-  
14          ice plan shall include, to the extent possible, plans to pro-  
15          vide postal services by other means, including—

16                 (1) vending machines;

17                 (2) the Internet;

18                 (3) Postal Service employees on delivery routes;

19          and

20                 (4) retail facilities in which overhead costs are  
21          shared with private businesses and other government  
22          agencies.

23          (e) REEMPLOYMENT ASSISTANCE AND RETIREMENT  
24          BENEFITS.—The Postal Service plan shall include—

1           (1) a plan under which reemployment assist-  
2           ance shall be afforded to employees displaced as a  
3           result of the automation or privatization of any of  
4           its functions or the closing and consolidation of any  
5           of its facilities; and

6           (2) a plan, developed in consultation with the  
7           Office of Personnel Management, to offer early re-  
8           tirement benefits.

9           (f) INSPECTOR GENERAL REPORT.—

10           (1) IN GENERAL.—Before submitting the plan  
11           under this section to Congress, the Postal Service  
12           shall submit the plan to the Inspector General of the  
13           United States Postal Service in a timely manner to  
14           carry out this subsection.

15           (2) REPORT.—The Inspector General shall pre-  
16           pare a report describing the extent to which the  
17           Postal Service plan—

18                   (A) is consistent with the continuing obli-  
19                   gations of the Postal Service under title 39,  
20                   United States Code; and

21                   (B) provides for the Postal Service to meet  
22                   the service standards established under section  
23                   3691.

24           (3) SUBMISSION OF REPORT.—The Postal Serv-  
25           ice shall submit the report of the Inspector General

1 under this subsection with the plan submitted to  
2 Congress under subsection (a).

3 (g) **RECOMMENDED FACILITY CLOSINGS AND CON-**  
4 **SOLIDATIONS.**—The list of recommended facility closings  
5 and consolidations, including the criteria used for selec-  
6 tion, justifications for each recommendation, and any com-  
7 ments received from affected communities, shall be trans-  
8 mitted to the Postal Network Modernization Commission  
9 at the same time the Postal Service plan is transmitted  
10 to Congress.

11 (h) **CONTINUING RESPONSIBILITIES.**—Nothing in  
12 this section shall affect the responsibilities of the Postal  
13 Service under section 404(b) of title 39, United States  
14 Code, with respect to any postal facility by reason of that  
15 facility being recommended for closing or consolidation  
16 under this section.

17 **SEC. 303. POSTAL NETWORK MODERNIZATION COMMIS-**  
18 **SION.**

19 (a) **ESTABLISHMENT.**—There is established an inde-  
20 pendent commission to be known as the “Postal Network  
21 Modernization Commission”.

22 (b) **DUTIES.**—The Commission shall carry out the  
23 duties specified in this title.

24 (c) **APPOINTMENT.**—

25 (1) **IN GENERAL.**—

1 (A) COMPOSITION.—The Commission shall  
2 be composed of 8 members appointed by the  
3 President, by and with the advice and consent  
4 of the Senate.

5 (B) LIMITATION ON POLITICAL PARTY  
6 MEMBERSHIP.—No more than 4 members of  
7 the Commission at any time shall be from the  
8 same political party.

9 (C) EMPLOYEE REPRESENTATION.—One  
10 member of the Commission shall be chosen  
11 from among persons nominated for such office  
12 with the unanimous concurrence of all organiza-  
13 tions representing postmasters and all employee  
14 organizations described under section 1004(b)  
15 of title 39, United States Code.

16 (D) UNION REPRESENTATION.—One mem-  
17 ber of the Commission shall be chosen from  
18 among persons nominated for such office with  
19 the unanimous concurrence of all labor organi-  
20 zations described in section 206(a)(1) of title  
21 39, United States Code.

22 (2) CHAIRMAN.—At the time the President  
23 nominates individuals for appointment to the Com-  
24 mission, the President shall designate one such indi-

1       vidual who shall serve as Chairman of the Commis-  
2       sion.

3       (d) MEETINGS.—

4             (1) OPEN MEETINGS.—Each meeting of the  
5       Commission shall be open to the public.

6             (2) PROCEEDINGS, INFORMATION, AND DELIB-  
7       ERATIONS.—All of the proceedings, information, and  
8       deliberation of the Commission shall be open, upon  
9       request, to the following:

10            (A) COMMITTEE ON GOVERNMENTAL AF-  
11       FAIRS.—The Chairman and the ranking minor-  
12       ity party member of the Committee on Govern-  
13       mental Affairs of the Senate, or such other  
14       members of the Committee designated by such  
15       Chairman or ranking minority party member.

16            (B) COMMITTEE ON GOVERNMENT RE-  
17       FORM.—The Chairman and the ranking minor-  
18       ity party member of the Committee on Govern-  
19       ment Reform of the House of Representatives,  
20       or such other members of the Committee des-  
21       ignated by such Chairman or ranking minority  
22       party member.

23            (C) COMMITTEES ON APPROPRIATIONS.—  
24       The Chairmen and ranking minority party  
25       members of the Subcommittees on Transpor-

1           tation, Treasury, and General Government of  
2           the Committees on Appropriations of the Sen-  
3           ate and the House of Representatives, or such  
4           other members of the Subcommittees des-  
5           ignated by such Chairmen or ranking minority  
6           party members.

7           (e) VACANCIES.—A vacancy in the Commission shall  
8           be filled in the same manner as the original appointment.

9           (f) PAY AND TRAVEL EXPENSES.—

10           (1) IN GENERAL.—

11           (A) PAY.—Each member, other than the  
12           Chairman, shall be paid at a rate equal to the  
13           daily equivalent of the minimum annual rate of  
14           basic pay payable for level IV of the Executive  
15           Schedule under section 5315 of title 5, United  
16           States Code, for each day (including travel  
17           time) during which the member is engaged in  
18           the actual performance of duties vested in the  
19           Commission.

20           (B) PAY FOR CHAIRMAN.—The Chairman  
21           shall be paid for each day referred to in sub-  
22           paragraph (A) at a rate equal to the daily  
23           equivalent of the minimum annual rate of basic  
24           pay payable for level III of the Executive

1           Schedule under section 5314 of title 5, United  
2           States Code.

3           (2) TRAVEL EXPENSES.—Members shall receive  
4           travel expenses, including per diem in lieu of subsist-  
5           ence, in accordance with sections 5702 and 5703 of  
6           title 5, United States Code.

7           (g) DIRECTOR OF STAFF.—

8           (1) APPOINTMENT.—The Commission shall,  
9           without regard to section 5311(b) of title 5, United  
10          States Code, appoint a Director who was not em-  
11          ployed by the Postal Service during the 1-year pe-  
12          riod preceding the date of such appointment.

13          (2) PAY.—The Director shall be paid at the  
14          rate of basic pay payable for level IV of the Execu-  
15          tive Schedule under section 5315 of title 5, United  
16          States Code.

17          (h) STAFF.—

18          (1) IN GENERAL.—Subject to paragraphs (2)  
19          and (3), the Director, with the approval of the Com-  
20          mission, may appoint and fix the pay of additional  
21          personnel.

22          (2) CONDITIONS OF APPOINTMENTS.—The Di-  
23          rector may make such appointments without regard  
24          to the provisions of title 5, United States Code, gov-  
25          erning appointments in the competitive service, and

1 any personnel so appointed may be paid without re-  
2 gard to the provisions of chapter 51 and subchapter  
3 III of chapter 53 of that title relating to classifica-  
4 tion and General Schedule pay rates, except that an  
5 individual so appointed may not receive pay in ex-  
6 cess of the highest annual rate of basic pay payable  
7 for a position classified at above GS-15 of the Gen-  
8 eral Schedule.

9 (3) DETAILS.—

10 (A) IN GENERAL.—Not more than  $\frac{1}{3}$  of  
11 the personnel employed by or detailed to the  
12 Commission may be on detail from the Postal  
13 Service.

14 (B) ANALYSTS.—Not more than  $\frac{1}{3}$  of the  
15 professional analysts of the Commission staff  
16 may be persons detailed from the Postal Service  
17 to the Commission.

18 (C) LIMITATIONS.—A person may not be  
19 detailed from the Postal Service to the Commis-  
20 sion if that person participated personally and  
21 substantially in any matter within the Postal  
22 Service concerning the preparation of rec-  
23 ommendations for closures or consolidations of  
24 postal facilities. No employee of the Postal  
25 Service may—

1 (i) prepare any report concerning the  
2 effectiveness, fitness, or efficiency of the  
3 performance on the staff of the Commis-  
4 sion of any person detailed from the Postal  
5 Service to that staff;

6 (ii) review the preparation of such a  
7 report; or

8 (iii) approve or disapprove such a re-  
9 port.

10 (4) DETAIL UPON REQUEST.—Upon request of  
11 the Director, the head of any Federal department or  
12 agency may detail any of the personnel of that de-  
13 partment or agency to the Commission to assist the  
14 Commission in carrying out its duties under this  
15 part.

16 (5) COMPTROLLER GENERAL ASSISTANCE.—  
17 The Comptroller General of the United States shall  
18 provide assistance, including the detailing of employ-  
19 ees, to the Commission in accordance with an agree-  
20 ment entered into with the Commission.

21 (6) LIMITATION ON NUMBER OF STAFF.—There  
22 may not be more than 15 persons on the staff at  
23 any one time.

24 (i) OTHER AUTHORITY.—

1           (1) EXPERTS AND CONSULTANTS.—The Com-  
2 mission may procure by contract, to the extent funds  
3 are available, the temporary or intermittent services  
4 of experts or consultants under section 3109 of title  
5 5, United States Code.

6           (2) LEASE OF SPACE.—The Commission may  
7 lease space and acquire personal property to the ex-  
8 tent funds are available.

9           (j) FUNDING.—There are authorized to be appro-  
10 priated to the Commission such funds as are necessary  
11 to carry out its duties under this part. Such funds shall  
12 remain available until expended.

13           (k) REVIEW OF POSTAL SERVICE RECOMMENDA-  
14 TIONS.—

15           (1) IN GENERAL.—After receiving the rec-  
16 ommendations from the Postal Service under section  
17 302, the Commission shall conduct public hearings  
18 on the recommendations. All testimony before the  
19 Commission at a public hearing conducted under  
20 this paragraph shall be presented under oath. The  
21 hearings shall solicit views from Postal Service cus-  
22 tomers and employees and community leaders and  
23 government officials in the communities affected by  
24 the Postal Service's recommendations.

25           (2) REPORT.—

1           (A) TRANSMISSION.—The Commission  
2 shall, no later than 1 year following receipt of  
3 the Postal Service’s recommendations under  
4 section 302, transmit to the President a report  
5 containing the Commission’s findings and con-  
6 clusions based on a review and analysis of the  
7 recommendations made by the Postal Service,  
8 together with the Commission’s recommenda-  
9 tions for closures and consolidations.

10           (B) CHANGES IN RECOMMENDATIONS.—In  
11 making its recommendations, the Commission  
12 may make changes in any of the recommenda-  
13 tions made by the Postal Service if the Commis-  
14 sion determines that the Postal Service’s rec-  
15 ommended closings and consolidations would  
16 not allow them to meet the service standards  
17 established by the Postal Regulatory Commis-  
18 sion under section 301.

19           (3) EXPLANATION.—The Commission shall ex-  
20 plain and justify in its report submitted to the Presi-  
21 dent under paragraph (2) any recommendation made  
22 by the Commission that is different from the rec-  
23 ommendations made by the Postal Service under  
24 section 302. The Commission shall transmit a copy  
25 of such report to the Committee on Governmental

1 Affairs of the Senate, Committee on Government  
2 Reform of the House of Representatives and the  
3 Subcommittees on Transportation, Treasury, and  
4 General Government of the Committees on Appro-  
5 priations of the Senate and the House of Represent-  
6 atives on the same date on which it transmits its  
7 recommendations to the President under paragraph  
8 (2).

9 (4) PROVISION OF INFORMATION.—After trans-  
10 mitting its recommendations, the Commission shall  
11 promptly provide, upon request, to any member of  
12 Congress information used by the Commission in  
13 making its recommendations.

14 (5) COMPTROLLER GENERAL.—The Comp-  
15 troller General of the United States shall—

16 (A) assist the Commission, to the extent  
17 requested, in the Commission's review and anal-  
18 ysis of the recommendations made by the Postal  
19 Service under section 302; and

20 (B) not later than 30 days following re-  
21 ceipt of the Postal Service's recommendations,  
22 transmit to Congress and the Commission a de-  
23 tailed analysis of the Postal Service's rec-  
24 ommendations.

25 (1) REVIEW BY THE PRESIDENT.—

1           (1) REPORT.—The President shall, no later  
2 than 14 days following receipt of the Commission’s  
3 recommendations, transmit to the Commission and  
4 to Congress a report containing the President’s ap-  
5 proval or disapproval of the Commission’s rec-  
6 ommendations.

7           (2) APPROVAL.—If the President approves all  
8 the recommendations, the President shall transmit a  
9 copy of such recommendations to Congress, together  
10 with a certification of such approval.

11          (3) DISAPPROVAL.—If the President dis-  
12 approves the recommendations of the Commission,  
13 in whole or in part, the President shall transmit to  
14 the Commission and the Congress the reasons for  
15 that disapproval. The Commission shall then trans-  
16 mit to the President, within 30 days, a revised list  
17 of recommendations.

18          (4) APPROVAL AFTER REVISIONS.—If the Presi-  
19 dent approves all of the revised recommendations of  
20 the Commission transmitted to the President under  
21 paragraph (3), the President shall transmit a copy  
22 of such revised recommendations to Congress, to-  
23 gether with a certification of such approval.

1 **SEC. 304. CLOSURE AND CONSOLIDATION OF FACILITIES.**

2 (a) IN GENERAL.—Subject to subsection (b), the  
3 Postal Service shall—

4 (1) close all postal facilities recommended by  
5 the Commission in such report transmitted to the  
6 Congress by the President under section 303(l);

7 (2) consolidate all postal facilities recommended  
8 for consolidation by the Commission in such report;

9 (3) initiate all such closures and consolidations  
10 no later than 1 year after the date on which the  
11 President transmits a report to Congress under sec-  
12 tion 303(l) containing the recommendations for such  
13 closures or consolidations; and

14 (4) complete all such closures and consolida-  
15 tions no later than the end of the 2-year period be-  
16 ginning on the date on which the President trans-  
17 mits the report under section 303(l) containing the  
18 recommendations for such closures and consolida-  
19 tions.

20 (b) CONGRESSIONAL DISAPPROVAL.—

21 (1) IN GENERAL.—The Postal Service may not  
22 carry out any closure or consolidation recommended  
23 by the Commission in a report transmitted from the  
24 President under section 303(l) if a joint resolution  
25 is enacted, in accordance with section 305, dis-

1 approving such recommendations of the Commission  
2 before the earlier of—

3 (A) the end of the 45-day period beginning  
4 on the date on which the President transmits  
5 such report; or

6 (B) the adjournment of the Congress sine  
7 die for the session during which such report is  
8 transmitted.

9 (2) DAYS OF SESSION.—For purposes of para-  
10 graph (1) and subsections (a) and (c) of section 305,  
11 the days on which either House of Congress is not  
12 in session because of an adjournment of more than  
13 3 days to a day certain shall be excluded in the com-  
14 putation of a period.

15 **SEC. 305. CONGRESSIONAL CONSIDERATION OF COMMIS-**  
16 **SION REPORT.**

17 (a) TERMS OF THE RESOLUTION.—For purposes of  
18 this title, the term “joint resolution” means only a joint  
19 resolution which is introduced within the 10-day period  
20 beginning on the date on which the President transmits  
21 the report to the Congress under section 303(l), and—

22 (1) which does not have a preamble;

23 (2) the matter after the resolving clause of  
24 which is as follows: “That Congress disapproves the  
25 recommendations of the Postal Facility Closure and

1 Consolidation Commission as submitted by the  
2 President on ——”, the blank space being filled  
3 in with the appropriate date; and

4 (3) the title of which is as follows: “Joint reso-  
5 lution disapproving the recommendations of the  
6 Postal Facility Closure and Consolidation Commis-  
7 sion.”.

8 (b) REFERRAL.—A resolution described in subsection  
9 (a) that is introduced in the House of Representatives  
10 shall be referred to the Committee on Government Reform  
11 of the House of Representatives. A resolution described  
12 in subsection (a) introduced in the Senate shall be referred  
13 to the Committee on Governmental Affairs of the Senate.

14 (c) DISCHARGE.—If the committee to which a resolu-  
15 tion described in subsection (a) is referred has not re-  
16 ported such resolution (or an identical resolution) by the  
17 end of the 20-day period beginning on the date on which  
18 the President transmits the report to the Congress under  
19 section 303(l), such committee shall be, at the end of such  
20 period, discharged from further consideration of such reso-  
21 lution, and such resolution shall be placed on the appro-  
22 priate calendar of the House involved.

23 (d) CONSIDERATION.—

24 (1) IN GENERAL.—On or after the third day  
25 after the date on which the committee to which such

1 a resolution is referred has reported, or has been  
2 discharged (under subsection (c)) from further con-  
3 sideration of, such a resolution, it is in order (even  
4 though a previous motion to the same effect has  
5 been disagreed to) for any Member of the respective  
6 House to move to proceed to the consideration of the  
7 resolution. A Member may make the motion only on  
8 the day after the calendar day on which the Member  
9 announces to the House concerned the Member's in-  
10 tention to make the motion, except that, in the case  
11 of the House of Representatives, the motion may be  
12 made without such prior announcement if the mo-  
13 tion is made by direction of the committee to which  
14 the resolution was referred. All points of order  
15 against the resolution (and against consideration of  
16 the resolution) are waived. The motion is highly  
17 privileged in the House of Representatives and is  
18 privileged in the Senate and is not debatable. The  
19 motion is not subject to amendment, or to a motion  
20 to postpone, or to a motion to proceed to the consid-  
21 eration of other business. A motion to reconsider the  
22 vote by which the motion is agreed to or disagreed  
23 to shall not be in order. If a motion to proceed to  
24 the consideration of the resolution is agreed to, the  
25 respective House shall immediately proceed to con-

1       sideration of the joint resolution without intervening  
2       motion, order, or other business, and the resolution  
3       shall remain the unfinished business of the respec-  
4       tive House until disposed of.

5           (2) DEBATE.—Debate on the resolution, and on  
6       all debatable motions and appeals in connection  
7       therewith, shall be limited to not more than 2 hours,  
8       which shall be divided equally between those favoring  
9       and those opposing the resolution. An amendment to  
10      the resolution is not in order. A motion further to  
11      limit debate is in order and not debatable. A motion  
12      to postpone, or a motion to proceed to the consider-  
13      ation of other business, or a motion to recommit the  
14      resolution is not in order. A motion to reconsider the  
15      vote by which the resolution is agreed to or dis-  
16      agreed to is not in order.

17           (3) VOTE ON FINAL PASSAGE.—Immediately  
18      following the conclusion of the debate on a resolu-  
19      tion described in subsection (a) and a single quorum  
20      call at the conclusion of the debate if requested in  
21      accordance with the rules of the appropriate House,  
22      the vote on final passage of the resolution shall  
23      occur.

24           (4) APPEALS.—Appeals from the decisions of  
25      the Chair relating to the application of the rules of

1 the Senate or the House of Representatives, as the  
2 case may be, to the procedure relating to a resolu-  
3 tion described in subsection (a) shall be decided  
4 without debate.

5 (e) CONSIDERATION BY OTHER HOUSE.—

6 (1) IN GENERAL.—If, before the passage by one  
7 House of a resolution of that House described in  
8 subsection (a), that House receives from the other  
9 House a resolution described in subsection (a), then  
10 the following procedures shall apply:

11 (A) The resolution of the other House shall  
12 not be referred to a committee and may not be  
13 considered in the House receiving it except in  
14 the case of final passage as provided in sub-  
15 paragraph (B)(ii).

16 (B) With respect to a resolution described  
17 in subsection (a) of the House receiving the res-  
18 olution—

19 (i) the procedure in that House shall  
20 be the same as if no resolution had been  
21 received from the other House; but

22 (ii) the vote on final passage shall be  
23 on the resolution of the other House.

24 (2) DISPOSITION OF A RESOLUTION.—Upon  
25 disposition of the resolution received from the other

1 House, it shall no longer be in order to consider the  
2 resolution that originated in the receiving House.

3 (f) RULES OF THE SENATE AND HOUSE.—This sec-  
4 tion is enacted by Congress—

5 (1) as an exercise of the rulemaking power of  
6 the Senate and House of Representatives, respec-  
7 tively, and as such it is deemed a part of the rules  
8 of each House, respectively, but applicable only with  
9 respect to the procedure to be followed in that  
10 House in the case of a resolution described in sub-  
11 section (a), and it supersedes other rules only to the  
12 extent that it is inconsistent with such rules; and

13 (2) with full recognition of the constitutional  
14 right of either House to change the rules (so far as  
15 relating to the procedure of that House) at any time,  
16 in the same manner, and to the same extent as in  
17 the case of any other rule of that House.

18 **SEC. 306. NONAPPEALIBILITY TO THE POSTAL REGU-**  
19 **LATORY COMMISSION.**

20 The closing or consolidation of any post office or  
21 other postal facility under this title may not be appealed  
22 to the Postal Regulatory Commission under the provisions  
23 of title 39, United States Code, including section  
24 404(b)(5) of that title.

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

3 **SEC. 401. POSTAL SERVICE COMPETITIVE PRODUCTS**  
4 **FUND.**

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

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

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

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

17 “(1) costs attributable to competitive products;  
18 and

19 “(2) all other costs incurred by the Postal Serv-  
20 ice, to the extent allocable to competitive products.

21 For purposes of this subsection, the term ‘costs attrib-  
22 utable’ has the meaning given such term by section 3631.

23 “(b) There shall be deposited in the Competitive  
24 Products Fund, subject to withdrawal by the Postal Serv-  
25 ice—

1           “(1) revenues from competitive products;

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

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

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

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

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

15           “(2) in accordance with regulations which the  
16 Secretary of the Treasury shall prescribe (by not  
17 later than 12 months after the date of enactment of  
18 the Postal Accountability and Enhancement Act),  
19 such other obligations or securities as it considers  
20 appropriate, with the exception of obligations of or  
21 securities in any business entity subject to Postal  
22 Service regulations other than those regulations ap-  
23 plying to the mailing public generally.

24           “(d) The Postal Service may, in its sole discretion,  
25 provide that moneys of the Competitive Products Fund be

1 deposited in a Federal Reserve bank or a depository for  
2 public funds.

3       “(e)(1) Subject to the limitations specified in section  
4 2005(a), the Postal Service is authorized to borrow money  
5 and to issue and sell such obligations as it determines nec-  
6 essary to provide for competitive products and deposit  
7 such amounts in the Competitive Products Fund, except  
8 that the Postal Service may pledge only assets related to  
9 the provision of competitive products (as determined  
10 under subsection (h) or, for purposes of any period before  
11 accounting practices and principles under subsection (h)  
12 have been established and applied, the best information  
13 available from the Postal Service, including the audited  
14 statements required by section 2008(e)), and the revenues  
15 and receipts from such products, for the payment of the  
16 principal of or interest on such obligations, for the pur-  
17 chase or redemption thereof, and for other purposes inci-  
18 dental thereto, including creation of reserve, sinking, and  
19 other funds which may be similarly pledged and used, to  
20 such extent and in such manner as the Postal Service de-  
21 termines necessary or desirable.

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

1           “(A) the establishment of reserve, sinking, and  
2 other funds;

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

5           “(C) stipulations concerning the subsequent  
6 issuance of obligations or the execution of leases or  
7 lease purchases relating to properties of the Postal  
8 Service; and

9           “(D) such other matters as the Postal Service  
10 considers necessary or desirable to enhance the mar-  
11 ketability of such obligations.

12           “(3) Obligations issued by the Postal Service under  
13 this subsection—

14           “(A) may not be purchased by the Secretary of  
15 the Treasury;

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

19           “(C) shall not be obligations of, nor shall pay-  
20 ment of the principal thereof or interest thereon be  
21 guaranteed by, the Government of the United  
22 States, and the obligations shall so plainly state; and

23           “(D) notwithstanding the provisions of the Fed-  
24 eral Financing Bank Act of 1973 or any other provi-  
25 sion of law (except as specifically provided by ref-

1       erence to this subparagraph in a law enacted after  
2       this subparagraph takes effect), shall not be eligible  
3       for purchase by, commitment to purchase by, or sale  
4       or issuance to, the Federal Financing Bank.

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

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

18       “(C) The Federal Financing Bank may elect to pur-  
19       chase such obligations under such terms, including rates  
20       of interest, as the Bank and the Postal Service may agree,  
21       but at a rate of yield no less than the prevailing yield on  
22       outstanding marketable securities of comparable maturity  
23       issued by entities with the same credit rating as the rating  
24       then most recently obtained by the Postal Service under  
25       subparagraph (D), as determined by the Bank.

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

5           “(i) shall be determined taking into account  
6 only those assets and activities of the Postal Service  
7 which are described in section 3634(a)(2) (relating  
8 to the Postal Service’s assumed taxable income from  
9 competitive products); and

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

16          “(f) The receipts and disbursements of the Competi-  
17 tive Products Fund shall be accorded the same budgetary  
18 treatment as is accorded to receipts and disbursements of  
19 the Postal Service Fund under section 2009a.

20          “(g) A judgment against the Postal Service or the  
21 Government of the United States (or settlement of a  
22 claim) shall, to the extent that it arises out of activities  
23 of the Postal Service in the provision of competitive prod-  
24 ucts, be paid out of the Competitive Products Fund.

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

5               “(A) the accounting practices and principles  
6 that should be followed by the Postal Service with  
7 the objectives of identifying the capital and oper-  
8 ating costs incurred by the Postal Service in pro-  
9 viding competitive products, and preventing the  
10 cross-subsidization of such products by market-domi-  
11 nant products; and

12               “(B) the substantive and procedural rules that  
13 should be followed in determining the Postal Serv-  
14 ice’s assumed Federal income tax on competitive  
15 products income for any year (within the meaning of  
16 section 3634).

17 Such recommendations shall be submitted to the Postal  
18 Regulatory Commission no earlier than 6 months, and no  
19 later than 12 months, after the effective date of this sec-  
20 tion.

21       “(2)(A) Upon receiving the recommendations of the  
22 Postal Service under paragraph (1), the Commission shall  
23 give interested parties, including the Postal Service, users  
24 of the mails, and an officer of the Commission who shall  
25 be required to represent the interests of the general public,

1 an opportunity to present their views on those rec-  
2 ommendations through submission of written data, views,  
3 or arguments with or without opportunity for oral presen-  
4 tation, or in such other manner as the Commission con-  
5 siders appropriate.

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

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

12 “(ii) provide for the establishment and applica-  
13 tion of the substantive and procedural rules de-  
14 scribed in paragraph (1)(B); and

15 “(iii) provide for the submission by the Postal  
16 Service to the Postal Regulatory Commission of an-  
17 nual and other periodic reports setting forth such in-  
18 formation as the Commission may require.

19 Final rules under this subparagraph shall be issued not  
20 later than 12 months after the date on which the Postal  
21 Service makes its submission to the Commission under  
22 paragraph (1) (or by such later date as the Commission  
23 and the Postal Service may agree to). If final rules are  
24 not issued by the Commission by the deadline under the  
25 preceding sentence, the recommendations submitted by

1 the Postal Service under paragraph (1) shall be treated  
2 as the final rules. The Commission is authorized to pro-  
3 mulgate regulations revising such rules.

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

13 “(i) the quality of the information furnished in  
14 those reports has become significantly inaccurate or  
15 can be significantly improved; or

16 “(ii) such revisions are, in the judgment of the  
17 Commission, otherwise necessitated by the public in-  
18 terest.

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

23 “(i) The Postal Service shall render an annual report  
24 to the Secretary of the Treasury concerning the operation  
25 of the Competitive Products Fund, in which it shall ad-

1 dress such matters as risk limitations, reserve balances,  
2 allocation or distribution of moneys, liquidity require-  
3 ments, and measures to safeguard against losses. A copy  
4 of its then most recent report under this subsection shall  
5 be included with any other submission that it is required  
6 to make to the Postal Regulatory Commission under sec-  
7 tion 3652(g).”.

8           (2) CLERICAL AMENDMENT.—The analysis for  
9 chapter 20 of title 39, United States Code, is  
10 amended by adding after the item relating to section  
11 2010 the following:

“2011. Provisions relating to competitive products.”.

12           (b) TECHNICAL AND CONFORMING AMENDMENTS.—

13           (1) DEFINITION.—Section 2001 of title 39,  
14 United States Code, is amended by striking “and”  
15 at the end of paragraph (1), by redesignating para-  
16 graph (2) as paragraph (3), and by inserting after  
17 paragraph (1) the following:

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

21           (2) CAPITAL OF THE POSTAL SERVICE.—Sec-  
22 tion 2002(b) of title 39, United States Code, is  
23 amended by striking “Fund,” and inserting “Fund  
24 and the balance in the Competitive Products  
25 Fund,”.

1 (3) POSTAL SERVICE FUND.—

2 (A) PURPOSES FOR WHICH AVAILABLE.—

3 Section 2003(a) of title 39, United States Code,  
4 is amended by striking “title.” and inserting  
5 “title (other than any of the purposes, func-  
6 tions, or powers for which the Competitive  
7 Products Fund is available).”.

8 (B) DEPOSITS.—Section 2003(b) of title  
9 39, United States Code, is amended by striking  
10 “There” and inserting “Except as otherwise  
11 provided in section 2011, there”.

12 (4) RELATIONSHIP BETWEEN THE TREASURY  
13 AND THE POSTAL SERVICE.—Section 2006 of title  
14 39, United States Code, is amended—

15 (A) in subsection (b), by adding at the end  
16 the following: “Nothing in this chapter shall be  
17 considered to permit or require the Secretary of  
18 the Treasury to purchase any obligations of the  
19 Postal Service other than those issued under  
20 section 2005.”; and

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

1 **SEC. 402. ASSUMED FEDERAL INCOME TAX ON COMPETI-**  
2 **TIVE PRODUCTS INCOME.**

3 Subchapter II of chapter 36 of title 39, United States  
4 Code, as amended by section 202, is amended by adding  
5 at the end the following:

6 **“§ 3634. Assumed Federal income tax on competitive**  
7 **products income**

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

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

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

20 “(A) the only activities of such corporation  
21 were the activities of the Postal Service allo-  
22 cable under section 2011(h) to competitive  
23 products; and

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

1       “(b) COMPUTATION AND TRANSFER REQUIRE-  
 2 MENTS.—The Postal Service shall, for each year beginning  
 3 with the 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               “(1) compute its assumed Federal income tax  
 7 on competitive products income for such year; and

8               “(2) transfer from the Competitive Products  
 9 Fund to the Postal Service Fund the amount of that  
 10 assumed tax.

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

15 **SEC. 403. UNFAIR COMPETITION PROHIBITED.**

16       (a) SPECIFIC LIMITATIONS.—Chapter 4 of title 39,  
 17 United States Code, is amended by adding after section  
 18 404 the following:

19 **“§ 404a. Specific limitations**

20       “(a) Except as specifically authorized by law, the  
 21 Postal Service may not:

22               “(1) establish any rule or regulation (including  
 23 any standard) the effect of which is to preclude com-  
 24 petition or establish the terms of competition unless  
 25 the Postal Service demonstrates that the regulation

1 does not create an unfair competitive advantage for  
2 itself or any entity funded (in whole or in part) by  
3 the Postal Service;

4 “(2) compel the disclosure, transfer, or licens-  
5 ing of intellectual property to any third party (such  
6 as patents, copyrights, trademarks, trade secrets,  
7 and proprietary information); or

8 “(3) obtain information from a person that pro-  
9 vides (or seeks to provide) any product, and then  
10 offer any product or service that uses or is based in  
11 whole or in part on such information, without the  
12 consent of the person providing that information,  
13 unless substantially the same information is obtained  
14 (or obtainable) from an independent source or is  
15 otherwise obtained (or obtainable).

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

18 “(c) Any party (including an officer of the Commis-  
19 sion representing the interests of the general public) who  
20 believes that the Postal Service has violated this section  
21 may bring a complaint in accordance with section 3662.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) GENERAL POWERS.—Section 401 of title  
24 39, United States Code, is amended by striking

1 “The” and inserting “Subject to the provisions of  
2 section 404a, the”.

3 (2) SPECIFIC POWERS.—Section 404(a) of title  
4 39, United States Code, is amended by striking  
5 “Without” and inserting “Subject to the provisions  
6 of section 404a, but otherwise without”.

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

10 **SEC. 404. SUITS BY AND AGAINST THE POSTAL SERVICE.**

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

14 “(d)(1) For purposes of the provisions of law cited  
15 in paragraphs (2)(A) and (2)(B), respectively, the Postal  
16 Service—

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

19 “(B) shall not be immune under any other doc-  
20 trine of sovereign immunity from suit in Federal  
21 court by any person for any violation of any of those  
22 provisions of law by any officer or employee of the  
23 Postal Service.

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

1           “(A) the Act of July 5, 1946 (commonly re-  
2           ferred to as the ‘Trademark Act of 1946’ (15 U.S.C.  
3           1051 and following)); and

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

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

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

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

21                         “(i) the antitrust laws (as defined in such  
22                         subsection); and

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

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

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

11 “(3) This subsection shall not apply with respect to  
12 conduct occurring before the date of the enactment of this  
13 subsection.

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

18 “(g)(1) Each building constructed or altered by the  
19 Postal Service shall be constructed or altered, to the max-  
20 imum extent feasible as determined by the Postal Service,  
21 in compliance with one of the nationally recognized model  
22 building codes and with other applicable nationally recog-  
23 nized codes.

24 “(2) Each building constructed or altered by the  
25 Postal Service shall be constructed or altered only after

1 consideration of all requirements (other than procedural  
2 requirements) of zoning laws, land use laws, and applica-  
3 ble environmental laws of a State or subdivision of a State  
4 which would apply to the building if it were not a building  
5 constructed or altered by an establishment of the Govern-  
6 ment of the United States.

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

10           “(A) in preparing plans for the building, con-  
11 sult with appropriate officials of the State or polit-  
12 ical subdivision, or both, in which the building will  
13 be located;

14           “(B) upon request, submit such plans in a  
15 timely manner to such officials for review by such  
16 officials for a reasonable period of time not exceed-  
17 ing 30 days; and

18           “(C) permit inspection by such officials during  
19 construction or alteration of the building, in accord-  
20 ance with the customary schedule of inspections for  
21 construction or alteration of buildings in the locality,  
22 if such officials provide to the Postal Service—

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

1                   “(ii) reasonable notice of their intention to  
2                   conduct any inspection before conducting such  
3                   inspection.

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

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

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

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

5           “(h)(1) Notwithstanding any other provision of law,  
6 legal representation may not be furnished by the Depart-  
7 ment of Justice to the Postal Service in any action, suit,  
8 or proceeding arising, in whole or in part, under any of  
9 the following:

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

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

14                   “(C) Section 3663 (relating to appellate re-  
15 view).

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

20           “(2) In any circumstance not covered by paragraph  
21 (1), the Department of Justice shall, under section 411,  
22 furnish the Postal Service such legal representation as it  
23 may require, except that, with the prior consent of the  
24 Attorney General, the Postal Service may, in any such cir-  
25 cumstance, employ attorneys by contract or otherwise to

1 conduct litigation brought by or against the Postal Service  
2 or its officers or employees in matters affecting the Postal  
3 Service.

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

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

19 “(i) A judgment against the Government of the  
20 United States arising out of activities of the Postal Service  
21 shall be paid by the Postal Service out of any funds avail-  
22 able to the Postal Service, subject to the restriction speci-  
23 fied in section 2011(g).”.

24 (b) TECHNICAL AMENDMENT.—Section 409(a) of  
25 title 39, United States Code, is amended by striking “Ex-

1 cept as provided in section 3628 of this title,” and insert-  
2 ing “Except as otherwise provided in this title,”.

3 **SEC. 405. INTERNATIONAL POSTAL ARRANGEMENTS.**

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

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

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

8 “(1) to promote and encourage communications  
9 between peoples by efficient operation of inter-  
10 national postal services and other international deliv-  
11 ery services for cultural, social, and economic pur-  
12 poses;

13 “(2) to promote and encourage unrestricted and  
14 undistorted competition in the provision of inter-  
15 national postal services and other international deliv-  
16 ery services, except where provision of such services  
17 by private companies may be prohibited by law of  
18 the United States;

19 “(3) to promote and encourage a clear distinc-  
20 tion between governmental and operational respon-  
21 sibilities with respect to the provision of inter-  
22 national postal services and other international deliv-  
23 ery services by the Government of the United States  
24 and by intergovernmental organizations of which the  
25 United States is a member; and

1           “(4) to participate in multilateral and bilateral  
2           agreements with other countries to accomplish these  
3           objectives.

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

18          “(2) In carrying out the responsibilities specified in  
19          paragraph (1), the Secretary of State shall exercise pri-  
20          mary authority for the conduct of foreign policy with re-  
21          spect to international postal services and international de-  
22          livery services, including the determination of United  
23          States positions and the conduct of United States partici-  
24          pation in negotiations with foreign governments and inter-

1 national bodies. In exercising this authority, the Sec-  
2 retary—

3           “(A) shall coordinate with other agencies as ap-  
4           propriate, and in particular, shall give full consider-  
5           ation to the authority vested by law or Executive  
6           order in the Postal Regulatory Commission, the De-  
7           partment of Commerce, the Department of Trans-  
8           portation, and the Office of the United States Trade  
9           Representative in this area;

10           “(B) shall maintain continuing liaison with  
11           other executive branch agencies concerned with post-  
12           al and delivery services;

13           “(C) shall maintain continuing liaison with the  
14           Committee on Government Reform of the House of  
15           Representatives and the Committee on Govern-  
16           mental Affairs of the Senate;

17           “(D) shall maintain appropriate liaison with  
18           both representatives of the Postal Service and rep-  
19           resentatives of users and private providers of inter-  
20           national postal services and other international deliv-  
21           ery services to keep informed of their interests and  
22           problems, and to provide such assistance as may be  
23           needed to ensure that matters of concern are  
24           promptly considered by the Department of State or

1 (if applicable, and to the extent practicable) other  
2 executive branch agencies; and

3 “(E) shall assist in arranging meetings of such  
4 public sector advisory groups as may be established  
5 to advise the Department of State and other execu-  
6 tive branch agencies in connection with international  
7 postal services and international delivery services.

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

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

20 “(2) The Secretary shall ensure that each treaty, con-  
21 vention, or amendment concluded under subsection (b) is  
22 consistent with a decision of the Commission adopted  
23 under paragraph (1), except if, or to the extent, the Sec-  
24 retary determines, by written order, that considerations of

1 foreign policy or national security require modification of  
2 the Commission's decision.

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

8               “(1) any such contract made with an agency of  
9 a foreign government (whether under authority of  
10 this subsection or otherwise) shall be solely contrac-  
11 tual in nature and may not purport to be inter-  
12 national law; and

13               “(2) a copy of each such contract between the  
14 Postal Service and an agency of a foreign govern-  
15 ment shall be transmitted to the Secretary of State  
16 and the Postal Regulatory Commission not later  
17 than the effective date of such contract.

18       “(e)(1) With respect to shipments of international  
19 mail that are competitive products within the meaning of  
20 section 3631 that are exported or imported by the Postal  
21 Service, the Customs Service and other appropriate Fed-  
22 eral agencies shall apply the customs laws of the United  
23 States and all other laws relating to the importation or  
24 exportation of such shipments in the same manner to both

1 shipments by the Postal Service and similar shipments by  
2 private companies.

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

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

20 “(4) The provisions of this subsection shall take ef-  
21 fect 6 months after the date of the enactment of this sub-  
22 section or such earlier date as the Customs Service may  
23 determine in writing.”.

24 (b) EFFECTIVE DATE.—Notwithstanding any provi-  
25 sion of the amendment made by subsection (a), the au-

1 thority of the United States Postal Service to establish  
2 the rates of postage or other charges on mail matter con-  
3 veyed between the United States and other countries shall  
4 remain available to the Postal Service until—

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

9           (2) with respect to competitive products, the  
10          date as of which the regulations promulgated under  
11          section 3633 of title 39, United States Code (as  
12          amended by section 202) take effect.

13 **SEC. 406. CHANGE-OF-ADDRESS ORDER INVOLVING A COM-**  
14 **MERCIAL MAIL RECEIVING AGENCY.**

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

19                   “SUBCHAPTER VI—GENERAL”.

20           (b) CHANGE-OF-ADDRESS ORDER INVOLVING A COM-  
21 MERCIAL MAIL RECEIVING AGENCY.—Subchapter VI of  
22 chapter 36 of title 39, United States Code (as so redesign-  
23 nated by subsection (a)) is amended by adding at the end  
24 the following:

1 **“§ 3686. Change-of-address order involving a commer-**  
2 **cial mail receiving agency**

3 “(a) For the purpose of this section, the term ‘com-  
4 mercial mail receiving agency’ or ‘CMRA’ means a private  
5 business that acts as the mail receiving agent for specific  
6 clients.

7 “(b) Upon termination of an agency relationship be-  
8 tween an addressee and a commercial mail receiving agen-  
9 cy—

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

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

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

20 “(c) Mail described in subsection (b)(3) shall, if  
21 marked for forwarding and remailed by the CMRA, be for-  
22 warded by the Postal Service in the same manner as, and  
23 subject to the same terms and conditions (including limita-  
24 tions on the period of time for which a change-of-address  
25 order shall be given effect) as apply to, mail forwarded  
26 directly by the Postal Service to the addressee.”.

1 **SEC. 407. EXCEPTION FOR COMPETITIVE PRODUCTS.**

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

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

13 **TITLE V—GENERAL PROVISIONS**

14 **SEC. 501. QUALIFICATION REQUIREMENTS FOR GOV-**  
15 **ERNORS.**

16 (a) IN GENERAL.—Section 202(a) of title 39, United  
17 States Code, is amended by striking “(a)” and inserting  
18 “(a)(1)” and by striking the fourth sentence and inserting  
19 the following: “The Governors shall represent the public  
20 interest generally, and at least 4 of the Governors shall  
21 be chosen solely on the basis of their demonstrated ability  
22 in managing organizations or corporations (in either the  
23 public or private sector) of substantial size; for purposes  
24 of this sentence, an organization or corporation shall be  
25 considered to be of substantial size if it employs at least  
26 50,000 employees. The Governors shall not be representa-

1 tives of specific interests using the Postal Service, and  
2 may be removed only for cause.”.

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

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

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

15 “(2)(A) Notwithstanding any other provision of this  
16 section, in the case of the office of the Governor the term  
17 of which is the first one scheduled to expire at least 4  
18 months after the date of the enactment of this para-  
19 graph—

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

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

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

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

23          **SEC. 502. OBLIGATIONS.**

24          (a) **PURPOSES FOR WHICH OBLIGATIONS MAY BE**  
25          **ISSUED.**—The first sentence of section 2005(a)(1) of title

1 39, United States Code, is amended by striking “title.”  
2 and inserting “title, other than any of the purposes for  
3 which the corresponding authority is available to the Post-  
4 al Service under section 2011.”.

5 (b) INCREASE RELATING TO OBLIGATIONS ISSUED  
6 FOR CAPITAL IMPROVEMENTS.—The third sentence of  
7 section 2005(a)(1) of title 39, United States Code, is  
8 amended by striking “\$2,000,000,000” and inserting  
9 “\$3,000,000,000”.

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

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

15 (2) by striking subparagraph (C) and inserting  
16 the following:

17 “(C) \$15,000,000,000 for each of fiscal years  
18 1992 through 2002; and

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

21 (d) LIMITATIONS ON OBLIGATIONS OUTSTANDING.—

22 (1) IN GENERAL.—Subsection (a) of section  
23 2005 of title 39, United States Code, is amended by  
24 adding at the end the following:

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

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

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

18           (1) OBLIGATIONS TO WHICH PROVISIONS  
19 APPLY.—The first sentence of section 2005(b) of  
20 title 39, United States Code, is amended by striking  
21 “such obligations,” and inserting “obligations issued  
22 by the Postal Service under this section,”.

23           (2) ASSETS, REVENUES, AND RECEIPTS TO  
24 WHICH PROVISIONS APPLY.—Subsection (b) of sec-  
25 tion 2005 of title 39, United States Code, is amend-

1 ed by striking “(b)” and inserting “(b)(1)”, and by  
2 adding at the end the following:

3 “(2) Notwithstanding any other provision of this sec-  
4 tion—

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

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

20 **SEC. 503. PRIVATE CARRIAGE OF LETTERS.**

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

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

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

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

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

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

14          (b) EFFECTIVE DATE.—This section shall take effect  
15 on the date as of which the regulations promulgated under  
16 section 3633 of title 39, United States Code (as amended  
17 by section 202) take effect.

18 **SEC. 504. RULEMAKING AUTHORITY.**

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

21           “(2) to adopt, amend, and repeal such rules  
22 and regulations, not inconsistent with this title, as  
23 may be necessary in the execution of its functions  
24 under this title and such other functions as may be

1 assigned to the Postal Service under any provisions  
2 of law outside of this title;”.

3 **SEC. 505. NONINTERFERENCE WITH COLLECTIVE BAR-**  
4 **GAINING AGREEMENTS, ETC.**

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

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

20 **SEC. 506. BONUS AUTHORITY.**

21 Title 39, United States Code, is amended by adding  
22 after section 3686 (as added by section 406(b)) the fol-  
23 lowing:

1 **“§ 3687. Bonus authority**

2 “(a) IN GENERAL.—The Postal Service may establish  
3 one or more programs to provide bonuses or other rewards  
4 to officers and employees of the Postal Service to achieve  
5 the objectives of this chapter.

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

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

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

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

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

25 “(3) REVOCATION AUTHORITY.—If the Postal  
26 Regulatory Commission finds that a program pre-

1       viously approved under paragraph (2) is not achiev-  
2       ing the objectives of this chapter, the Commission  
3       may revoke or suspend the authority of the Postal  
4       Service to continue such program until such time as  
5       appropriate corrective measures have, in the judg-  
6       ment of the Commission, been taken.

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

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

15               “(2) the amount of the bonus or other reward;  
16              and

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

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

3   **SEC. 601. 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  
11 604) 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. 602. 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 601) 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. 603. 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 601) 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. 604. 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 601),  
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 VII—INSPECTORS**  
2                                   **GENERAL**

3   **SEC. 701. 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 601)  
11 is amended by adding after subsection (g) (as added by  
12 section 602) 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. 702. 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.—The Inspector General Act of  
8 1978 is amended—

9 (1) by redesignating sections 8G (as amended  
10 by section 701(a)), 8H, and 8I as sections 8H  
11 through 8J, respectively; and

12 (2) by inserting after section 8F the following:

13 “SPECIAL PROVISIONS CONCERNING THE UNITED STATES  
14 POSTAL SERVICE

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

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

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

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

1 ments, and employment, and the obtaining of such serv-  
2 ices, within the United States Postal Service.

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

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

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

19 (c) AUDITS OF THE POSTAL SERVICE.—

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

23 “(e)(1) At least once each year beginning with the  
24 fiscal year commencing after the date of the enactment  
25 of the Postal Accountability and Enhancement Act, the

1 financial statements of the Postal Service (including those  
 2 used in determining and establishing postal rates) shall  
 3 be audited by the Inspector General or by an independent  
 4 external auditor selected by the Inspector General.

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

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

11 (2) RESULTS OF INSPECTOR GENERAL’S AUDIT  
 12 TO BE INCLUDED IN ANNUAL REPORT.—Section  
 13 2402 of title 39, United States Code, is amended by  
 14 inserting after the first sentence the following:  
 15 “Each report under this section shall include, for the  
 16 most recent fiscal year for which a report under sec-  
 17 tion 2008(e) is available (unless previously trans-  
 18 mitted under the following sentence), a copy of such  
 19 report.”.

20 (3) COORDINATION PROVISIONS.—Section  
 21 2008(d) of title 39, United States Code, is amend-  
 22 ed—

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

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

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

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

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

15 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

16 (1) RELATING TO THE INSPECTOR GENERAL  
17 ACT OF 1978.—(A) Subsection (a) of section 8H of  
18 the Inspector General Act of 1978 (as amended by  
19 section 701(a) and redesignated by subsection (b) of  
20 this section) is further amended—

21 (i) in paragraph (2) by striking “the Post-  
22 al Regulatory Commission, and the United  
23 States Postal Service;” and inserting “and the  
24 Postal Regulatory Commission;” and

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

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

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

12          (C) Section 8J of such Act (as so redesignated)  
13          is amended—

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

17               (ii) by striking “8G(a)” and inserting  
18               “8H(a)”.

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

22          (B) Paragraph (4) of section 102 of such title  
23          39 (as amended by section 101) is amended to read  
24          as follows:

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

5           (C) The first sentence of section 1003(a) of  
6           such title 39 is amended by striking “chapters 2 and  
7           12 of this title, section 8G of the Inspector General  
8           Act of 1978, or other provision of law,” and insert-  
9           ing “chapter 2 or 12 of this title, subsection (b) or  
10          (c) of section 1003 of this title, or any other provi-  
11          sion of law,”.

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

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

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

22          (4) RELATING TO THE ENERGY POLICY ACT OF  
23          1992.—Section 160(a) of the Energy Policy Act of  
24          1992 (42 U.S.C. 8262f(a)) is amended (in the mat-

1 ter before paragraph (1)) by striking all that follows  
2 “(5 U.S.C. App.)” and before “shall—”.

3 (f) EFFECTIVE DATE; ELIGIBILITY OF PRIOR IN-  
4 SPECTOR GENERAL.—

5 (1) EFFECTIVE DATE.—

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

11 (B) SPECIAL RULES.—

12 (i) IN GENERAL.—If the position of  
13 Inspector General of the United States  
14 Postal Service is occupied on the date of  
15 enactment of this Act (other than by an in-  
16 dividual serving due to a vacancy arising in  
17 that position before the expiration of his or  
18 her predecessor’s term), then, for purposes  
19 of the period beginning on such date of en-  
20 actment and ending on January 5, 2004,  
21 or, if earlier, the date on which such indi-  
22 vidual ceases to serve in that position, title  
23 39, United States Code, and the Inspector  
24 General Act of 1978 shall be applied as if

1 the amendments made by this section had  
2 not been enacted, except—

3 (I) for those made by subsections  
4 (c) and (d); and

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

6 (ii) AUTHORIZATION OF APPROPRIA-  
7 TIONS.—

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

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

23 (2) ELIGIBILITY OF PRIOR INSPECTOR GEN-  
24 ERAL.—Nothing in this Act shall prevent any indi-  
25 vidual who has served as Inspector General of the

1 United States Postal Service at any time before the  
2 date of the enactment of this Act from being ap-  
3 pointed to that position pursuant to the amendments  
4 made by this section.

## 5 **TITLE VIII—EVALUATIONS**

### 6 **SEC. 801. DEFINITION.**

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

### 10 **SEC. 802. ASSESSMENTS OF RATEMAKING, CLASSIFICA-** 11 **TION, AND OTHER PROVISIONS.**

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

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

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

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

1 comments timely received from the Postal Service under  
2 the preceding sentence shall be attached to the report sub-  
3 mitted under subsection (a).

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

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

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

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

16 (2) COMPETITIVE PRODUCTS FUND.—With re-  
17 spect to the Postal Service Competitive Products  
18 Fund (under section 2011 of title 39, United States  
19 Code, as amended by section 401), in consultation  
20 with the Secretary of the Treasury—

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

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

1 (C) a description and assessment of alter-  
2 native accounting or financing mechanisms that  
3 might be used to achieve the objectives of such  
4 Fund.

5 (3) ASSUMED FEDERAL INCOME TAX ON COM-  
6 PETITIVE PRODUCTS FUND.—With respect to section  
7 3634 of title 39, United States Code (as amended by  
8 this Act), in consultation with the Secretary of the  
9 Treasury—

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

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

15 **SEC. 803. STUDY ON EQUAL APPLICATION OF LAWS TO**  
16 **COMPETITIVE PRODUCTS.**

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

1 (b) RECOMMENDATIONS.—The Federal Trade Com-  
2 mission shall include such recommendations as it con-  
3 siders appropriate for bringing such legal discrimination  
4 to an end.

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

12 **SEC. 804. GREATER DIVERSITY IN POSTAL SERVICE EXECU-**  
13 **TIVE AND ADMINISTRATIVE SCHEDULE MAN-**  
14 **AGEMENT POSITIONS.**

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

22 (b) PERFORMANCE EVALUATIONS.—The United  
23 States Postal Service shall, as soon as practicable, take  
24 such measures as may be necessary to ensure that, for  
25 purposes of conducting performance appraisals of super-

1 visory or managerial employees, appropriate consideration  
2 shall be given to meeting affirmative action goals, achiev-  
3 ing equal employment opportunity requirements, and im-  
4 plementation of plans designed to achieve greater diversity  
5 in the workforce.

6 **SEC. 805. CONTRACTS WITH WOMEN, MINORITIES, AND**  
7 **SMALL BUSINESSES.**

8 The Board of Governors shall study and, within 1  
9 year after the date of the enactment of this Act, submit  
10 to the President and the Congress a report concerning the  
11 number and value of contracts and subcontracts the Post-  
12 al Service has entered into with women, minorities, and  
13 small businesses.

14 **SEC. 806. RATES FOR PERIODICALS.**

15 (a) IN GENERAL.—The United States Postal Service,  
16 acting jointly with the Postal Regulatory Commission and  
17 the General Accounting Office, shall study and submit to  
18 the President and Congress a report concerning—

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

23 (2) any opportunities that might exist for im-  
24 proving efficiencies in the collection, handling, trans-  
25 portation, or delivery of periodicals by the Postal

1 Service, including any pricing incentives for mailers  
2 that might be appropriate.

3 (b) RECOMMENDATIONS.—The report shall include  
4 recommendations for any administrative action or legisla-  
5 tion that might be appropriate.

6 **SEC. 807. ASSESSMENT OF CERTAIN RATE DEFICIENCIES.**

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

13 (b) SPECIFIC REQUIREMENTS.—The study and re-  
14 port shall specifically address the adequacy and fairness  
15 of the process by which assessments under section 3626(k)  
16 of title 39, United States Code, are determined and ap-  
17 pealable, including—

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

21 (2) whether a statute of limitations should be  
22 established for the commencement of proceedings by  
23 the Postal Service thereunder.

1 **TITLE IX—MISCELLANEOUS;**  
2 **TECHNICAL AND CON-**  
3 **FORMING AMENDMENTS**

4 **SEC. 901. EMPLOYMENT OF POSTAL POLICE OFFICERS.**

5 Section 404 of title 39, United States Code, as  
6 amended by sections 102 and 908(f), is further amended  
7 by adding at the end the following:

8 “(f)(1) The Postal Service may employ guards for all  
9 buildings and areas owned or occupied by the Postal Serv-  
10 ice or under the charge and control of the Postal Service,  
11 and such guards shall have, with respect to such property,  
12 the powers of special policemen provided by the first sec-  
13 tion of the Act cited in paragraph (2), and, as to such  
14 property, the Postmaster General (or his designee) may  
15 take any action that the Administrator of General Services  
16 (or his designee) may take under section 2 or 3 of such  
17 Act, attaching thereto penalties under the authority and  
18 within the limits provided in section 4 of such Act.

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

1 **SEC. 902. DATE OF POSTMARK TO BE TREATED AS DATE OF**  
2 **APPEAL IN CONNECTION WITH THE CLOSING**  
3 **OR CONSOLIDATION OF POST OFFICES.**

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

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

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

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

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

1 **SEC. 903. PROVISIONS RELATING TO BENEFITS UNDER**  
2 **CHAPTER 81 OF TITLE 5, UNITED STATES**  
3 **CODE, FOR OFFICERS AND EMPLOYEES OF**  
4 **THE FORMER POST OFFICE DEPARTMENT.**

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

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

16 (b) EFFECTIVE DATE.—This section and the amend-  
17 ments made by this section shall take effect on October  
18 1, 2001.

19 **SEC. 904. OBSOLETE PROVISIONS.**

20 (a) REPEAL.—

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

23 (2) CONFORMING AMENDMENTS.—(A) Section  
24 5005(a) of title 39, United States Code, is amend-  
25 ed—

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

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

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

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

15 (b) ELIMINATING RESTRICTION ON LENGTH OF CON-  
16 TRACTS.—(1) Section 5005(b)(1) of title 39, United  
17 States Code, is amended by striking “(or where the Postal  
18 Service determines that special conditions or the use of  
19 special equipment warrants, not in excess of 6 years)” and  
20 inserting “(or such length of time as may be determined  
21 by the Postal Service to be advisable or appropriate)”.

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

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

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

4 **SEC. 905. EXPANDED CONTRACTING AUTHORITY.**

5 (a) AMENDMENT TO TITLE 39, UNITED STATES  
6 CODE.—

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

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

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

20 “(A) any such contract may be awarded only to  
21 (i) an air carrier holding a certificate required by  
22 section 41101 of title 49 or an exemption therefrom  
23 issued by the Secretary of Transportation, (ii) a for-  
24 eign air carrier holding a permit required by section  
25 41301 of title 49 or an exemption therefrom issued

1 by the Secretary of Transportation, or (iii) a com-  
2 bination of such air carriers or foreign air carriers  
3 (or both);

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

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

18 “(D) the Postmaster General shall consult with  
19 the Secretary of Defense concerning actions that af-  
20 fect the carriage of military mail transported in for-  
21 eign air transportation.

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

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

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

9           (b) AMENDMENTS TO TITLE 49, UNITED STATES  
10          CODE.—

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

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

19           (2) SCHEDULES FOR CERTAIN TRANSPOR-  
20          TATION OF MAIL.—Section 41902(b)(1) of title 49,  
21          United States Code, is amended by inserting before  
22          the semicolon at the end the following: “(other than  
23          foreign air transportation of mail)”.

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

4                   (A) by striking “(a) LIMITATIONS.—”; and  
5                   (B) by striking subsection (b).

6           (4) CONFORMING AMENDMENTS.—Sections  
7           41107, 41901(b)(1), 41902(a), 41903(a), and  
8           41903(b) of title 49, United States Code, are  
9           amended by striking “in foreign air transportation  
10          or”.

11 **SEC. 906. INVESTMENTS.**

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

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

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

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

20          “(B) For purposes of this paragraph, the term ‘com-  
21          mercial entity’ means any corporation, company, associa-  
22          tion, partnership, joint stock company, firm, society, or  
23          other similar entity, as further defined under regulations  
24          prescribed by the Postal Regulatory Commission.”.

1 **SEC. 907. REPEAL OF SECTION 5403.**

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

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

7 **SEC. 908. TECHNICAL AND CONFORMING AMENDMENTS.**

8 (a) REDUCED RATES.—Section 3626 of title 39,  
9 United States Code, is amended—

10 (1) in subsection (a)—

11 (A) by striking all before paragraph (4)

12 and inserting the following:

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

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

22 (B) by redesignating paragraphs (4)  
23 through (7) as paragraphs (3) through (6), re-  
24 spectively;

25 (2) in subsection (g) by adding at the end the  
26 following:

1       “(3) For purposes of this section and former section  
2 4358(a) through (c) of this title, those copies of an issue  
3 of a publication entered within the county in which it is  
4 published, but distributed outside such county on postal  
5 carrier routes originating in the county of publication,  
6 shall be treated as if they were distributed within the  
7 county of publication.

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

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

19       “(C) This paragraph shall not apply with respect to  
20 an issue of a publication unless the total paid circulation  
21 of such issue outside the county of publication (not count-  
22 ing recipients of copies subject to paragraph (3)) is less  
23 than 5,000.”;

24               (3) in subsection (j)(1)(D)—

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

3 (B) by adding after subclause (II) the fol-  
4 lowing:

5 “(III) clause (i) shall not apply to space  
6 advertising in mail matter that otherwise quali-  
7 fies for rates under former section 4452(b) or  
8 4452(c) of this title, and satisfies the content  
9 requirements established by the Postal Service  
10 for periodical publications.”; and

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

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

19 (b) REIMBURSEMENT.—Section 3681 of title 39,  
20 United States Code, is amended by striking “section  
21 3628” and inserting “sections 3662 through 3664”.

22 (c) SIZE AND WEIGHT LIMITS.—Section 3682 of title  
23 39, United States Code, is amended to read as follows:

1 **“§ 3682. Size and weight limits**

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

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

11 (1) in section 503 (as so redesignated by sec-  
12 tion 601) by striking “this chapter.” and inserting  
13 “this title.”; and

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

18 (e) APPROPRIATIONS AND REPORTING REQUIRE-  
19 MENTS.—

20 (1) APPROPRIATIONS.—Subsection (e) of sec-  
21 tion 2401 of title 39, United States Code, is amend-  
22 ed—

23 (A) by striking “Committee on Post Office  
24 and Civil Service” each place it appears and in-  
25 serting “Committee on Government Reform”;  
26 and

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

3 (2) REPORTING REQUIREMENTS.—Sections  
4 2803(a) and 2804(a) of title 39, United States  
5 Code, are amended by striking “2401(g)” and in-  
6 serting “2401(e)”.

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

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

24 “(c) The Postal Service shall maintain one or more  
25 classes of mail for the transmission of letters sealed

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

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

14 (h) MISCELLANEOUS.—Title 39, United States Code,  
15 is amended—

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

18 (2) in section 1005(d)(2)—

19 (A) by striking “subsection (g) of section  
20 5532,”; and

21 (B) by striking “8344,” and inserting  
22 “8344”;

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

**“28. Strategic Planning and Performance Management ..... 2801”;**

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

4 (5) in section 3005(a)—

5 (A) in the matter before paragraph (1), by  
6 striking all that follows “nonmailable” and pre-  
7 cedes “(h),” and inserting “under section  
8 3001(d),”; and

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

13 (6) in section 3210(a)(6)(C), by striking the  
14 matter after “if such mass mailing” and before  
15 “than 60 days” and inserting “is postmarked  
16 fewer”;

17 (7) in section 3626(a), by moving the left mar-  
18 gin of paragraphs (3), (5), and (6) (as so redesign-  
19 nated by subsection (a)(1)(B), and including each  
20 subparagraph thereunder (if any)) 2 ems to the left;

21 (8) by striking the heading for section 3627  
22 and inserting the following:

23 **“§ 3627. Adjusting free rates”;**

24 and

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

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