

- Action
 Discussion
 Information

SUBJECT: FEDERAL LEGISLATIVE UPDATE

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POLICY ISSUE: Congress, the Administration, and federal agencies each year approve actions that impact the City in a broad range of areas. Staff may recommend, and/or Council may wish to direct, communication to the City's Congressional delegation on a range of issues throughout the year.

DIRECTION NEEDED FROM COUNCIL: This briefing provides information on the current activities of Congress. The information comes from a report provided by federal lobbyist Vicki Cram.

BACKGROUND:

UPCOMING SENATE AND HOUSE LEGISLATIVE AGENDAS

Prior to the Memorial Day recess, Senate Majority Leader Harry Reid (D-NV) outlined his legislative agenda for the months of June and July, which many people on and off the Hill view as ambitious. The Senate will likely consider the Farm Bill, for which Senate Agriculture Committee Chairwoman Debbie Stabenow (D-MI) believes that she has the 60 votes to pass. By the end of June, the Senate will return to a bill, similar to a Democratic proposal, to grant a one-year extension of the 3.4 percent student loan interest rates for Federal Stafford Loans. The rate is set to expire July 1. The bill needs to go to conference by both chambers and be signed by the President by June 30.

In addition, the Senate will look to lay the groundwork to pass the pay equity bill (S. 3220), which would prohibit employers from paying wages based on an employee's gender and strengthen penalties for wage discrimination based on gender. Leader Reid also wants the Senate to consider the *Small Business Jobs and Tax Relief Act* (S. 2237) that would allow companies to claim a tax credit equal to 10 percent of the amount that they have increased their payroll in 2012 over 2011. This bill is one of President Obama's fiscal priorities.

Speaker of the House John Boehner (R-OH) and Majority Leader Eric Cantor (R-VA) have also planned an ambitious agenda for the next two months. The House will also push to reauthorize the Violence Against Women Act (H.R. 4970) and reach an agreement with the Senate and the White House on the surface transportation bill. The House is also awaiting Senate action on extending the 3.4 percent interest rate reduction for the Federal Stafford Loans.

Deficit Reduction - Round II

According to the Department of Treasury, the federal government is projected to reach its \$16.39 trillion debt ceiling by the end of 2012, which adds a debt ceiling increase to the list of issues

Congress and the President must address before the end of the year (i.e., appropriations, sequestration, and taxes). With severe domestic discretionary cuts already implemented, any deficit reduction negotiations will almost certainly focus on taxes and entitlement spending. Recently, House Speaker John Boehner (R-OH) re-asserted his position from 2011 that he will not allow a future increase in the federal borrowing limit without equal cuts to spending – and he will not support any tax increases. Democrats continue to advocate for a “balanced” approach to deficit reduction, including revenue and spending cuts. In a meeting with Congressional leaders following Speaker Boehner’s remarks, President Obama reportedly called for a “clean” debt ceiling increase.

While the House may hold votes on these issues prior to the election, it is most likely that we will see a short-term Continuing Resolution to fund the government for several months; the tax cuts will be extended temporarily; and the sequestration will be held off for several months to allow the President - whoever that is - and Congress to work out a deal in early 2013.

SURFACE TRANSPORTATION REAUTHORIZATION

In April the House passed a “shell bill” (H.R. 4348) as a vehicle to get to conference on surface transportation reauthorization. H.R. 4348 was technically an extension of current law until September 30, 2012, but in reality was a means to get the long-stalled reauthorization out of the House and into conference with the Senate on its two-year, \$109 billion bill known as *Moving Ahead for Progress in the 21st Century* or “MAP-21” (S. 1813), which passed the Senate by a vote of 74-22 on March 14. H.R. 4348 also included a provision directing approval of the Keystone XL Pipeline and prohibiting the Environmental Protection Agency (EPA) from regulating coal ash as a hazardous waste, as well as the aggressive National Environmental Policy Act (NEPA) streamlining elements from H.R. 7, the original *American Energy and Infrastructure Jobs Act*, that was unable to move out of the House. As expected, these environmental provisions are the highest-profile and most controversial elements of the Conference, but it is increasingly expected that if the Conference leads to a Conference Report, it will include at least one of the two Keystone or coal ash provisions.

On May 24, Senate Environmental and Public Works (EPW) Committee Chairman Barbara Boxer (D-CA), who is also Chair of the Conference Committee, held a press conference to discuss progress in the Conference and her discussions with Speaker of the House John Boehner (R-OH). Chairman Boxer repeated her optimism about getting a bill done and reiterated that June 30 – the expiration of the current extension – remains the deadline she is driving toward. She also said that Speaker Boehner told her that he had instructed the House Conferees to work to get a bill done.

Simple time constraints, however, will make meeting the June 30 deadline challenging. Chairman Boxer has called for the substantive agreements to be reached by June 7 in order for the work to be done of writing the final Conference Report and explanatory materials, securing approval and signatures of the Conferees, moving it through both chambers, and having it enrolled and signed by the President before June 30. In addition to the simple time constraints on conferencing a 1,600 page bill in this timeframe, there are a host of complicated and controversial issues that must be dealt with – ranging from the highest profile issues like Keystone and NEPA streamlining to narrower but contentious issues in each of the titles.

In the event that the Conferees are not able to complete work and come to an agreement in time to meet the current June 30 deadline, the length of the extension will say a great deal about the plan for completing work on the bill. A very short extension, such as one that runs until July 31, would give Congress a hard deadline in order to complete the bill before the August recess. As Congress is in recess for all of August and then returns only after the Presidential nominating conventions in full election-year mode, a longer extension likely signals that the transportation bill will added to the mammoth list of items to be dealt with in the lame duck session after the elections.

House and Senate Conferees

The Conferees on the surface transportation bill are listed below. In the House, the jurisdiction of the Conferee is based on Committee – such that Members of the Ways and Means Committee have jurisdiction over the revenue title of the reauthorization, but not a role in highway and transit policy. In the Senate, each Conferee is technically appointed with respect to the entire bill, but it is also generally true that individual roles will be largely restricted to the jurisdiction of the Committee from which they were appointed.

Washington does not have a Senator on the Senate Conference Committee. In the House, Representative Jaime Herrera-Beutler (R-WA-3) and Representative Doc Hastings (R-WA-4) are members of the Conference Committee.

HOUSING

Responsible Homeowner Refinancing Act of 2012

On May 24, the Senate Banking, Housing and Urban Affairs Committee held a hearing on the *Responsible Homeowner Refinancing Act of 2012* (S 3085). The bill was introduced on May 10 by Democratic Senators Robert Menendez (D-NJ), Boxer (D-CA) and Merkley (D-OR) to eliminate many of the remaining barriers to refinancing for borrowers whose loans are backed by Fannie Mae and Freddie Mac. Testifying at the hearing was the CEO of Quicken Loans, the President of the National Association of Realtors and Dr. Mark Zandi of Moody's Analytics.

The legislation would allow homeowners who are current with their mortgage payments to refinance, regardless of their loan to value ratio. It would also bar Fannie Mae and Freddie Mac from charging risk based fees to refinance any loan they already guarantee and would eliminate appraisal costs for borrowers looking to refinance. The sponsors of the bill say that the Federal Housing Finance Agency (FHFA) could accomplish most of the elements of the legislation without Congressional authorization, but the agency has been reluctant to take action. The agency was pushed by the Administration in October to expand the Home Affordable Refinance Program to allow refinancing by homeowners who owe more than their properties are worth and whose loans are held by Fannie and Freddie.

The bill currently has no Republican cosponsors so it is unlikely to pass the Senate this year. Regardless, Senate Democratic leadership may still bring the bill to the floor in the next month.

American Community Survey

The House added a policy rider to the FY 2013 Commerce-Justice-Science appropriations bill to prohibit the Department of Commerce from using funds to conduct the "American Community Survey." The American Community Survey (ACS) was created by the Census Bureau as a replacement for the "long form" census. The ACS is the nation's premier source of local community and neighborhood level data and is used by cities as an important source of small-area data on local housing, economics and demographics. ACS data is also used to calculate billions in federal and state funding formula for programs like the Community Development Block Grant. The Senate version of the Commerce-Justice-Science appropriations bill does not include similar language, but it has not yet moved to the floor for consideration.

GAO Report on CDBG and HOME Programs

In the FY 2012 Consolidated and Further Continuing Appropriations Act, Congress directed the General Accounting Office (GAO) to review the effectiveness of the block grant programs administered by the Department of Housing and Urban Development, in particular the Community Development Block Grant (CDBG) and HOME programs. On May 15, the GAO released its report which discussed what is known about the effectiveness (or impact) of the CDBG and HOME

programs, the performance measures the Department of Housing and Urban Development (HUD) has in place for the programs and any challenges HUD has faced in developing these measures and promising practices that HUD and others have identified for the CDBG and HOME programs.

The GAO discovered that very few comprehensive studies on the impact of the programs exist, but studies that have focused on specific activities have generally found that each of the programs has made positive contributions. The GAO also found that one of the challenges associated with creating outcome-oriented performance measures that can be uniformly applied to all CDBG and HOME activities is the grantees' flexibility to design and implement activities tailored to meet local needs and priorities. Another challenge for measuring the outcomes for CDBG is the grantees' ability to undertake a broad range of activities. The GAO study also identified program management practices that lead to successful programs including developing a local performance measurement system and internal operating procedures for effectively managing sub recipients.

WORKFORCE INVESTMENT LEGISLATION

On April 17, the House Education and the Workforce Committee held a hearing to consider the *Workforce Investment Improvement Act of 2012* (H.R. 4297) that seeks to consolidate 27 existing job training programs into a single Workforce Investment Fund aimed at assisting state and local workforce investment boards in developing comprehensive workforce development systems. Witnesses included: Sandy Harmsen, Executive Director of the San Bernardino County Workforce Investment Board; Laurie Moran, President of the Danville Pittsylvania County Chamber of Commerce and Chair of the National Association of Workforce Boards (NAWB); Norma Noble, on behalf of the Governor's Council for Workforce and Economic Development; and Andy Van Kleunen, Executive Director of the National Skills Coalition.

The Committee has not yet marked up the bill, however, during the hearing, Education and the Workforce Committee Chairman John Kline (R-MN) said he expected to have the bill ready to be considered on the House floor within the next month. Should the House mark up the bill, this would be the first serious attempt of this Congress at reauthorizing the 1998 workforce law that expired in 2003. The Senate has repeatedly postponed markups of its draft measure that Senate Health, Education, Labor and Pension Committee Ranking Member Mike Enzi (R-WY), Senator Johnny Isakson (R-GA), and Senator Patty Murray (D-WA) began writing last summer.

Despite bipartisan agreement that workforce legislation is needed, members continue to disagree on the extent to which workforce law should be changed. House Democrats, concerned about the consolidation of 27 programs into one fund in the House Republican bill and fearful that the proposal would shift money away from under-served populations, are also working on their own bill, the *Workforce Investment Act of 2012* (H.R. 4227), but it is unlikely to be considered by the Education and the Workforce Committee.

VIOLENCE AGAINST WOMEN REAUTHORIZATION

On April 26, the Senate passed legislation to reauthorize programs to combat domestic violence (S. 1925). The Senate bill expands the *Violent Crime Control and Law Enforcement Act of 1994* (P.L. 103-322) by designating new protections for American Indians, immigrants, gays and lesbians. It also requires colleges and universities to report incidents of domestic violence, dating violence, and stalking that occur on campus. As part of the expanded protection to immigrants, the Senate bill specifies changes in fees associated with U visas issued to immigrant victims of domestic abuse.

On May 17, the House passed a narrower version of the reauthorization (H.R. 4970) which includes additional oversight of grant programs funded through the law, but does not include the expanded

victim classifications or campus reporting requirements in the Senate bill. For these reasons, the White House issued a veto threat of the House bill.

During Senate consideration of the bill, a last-minute amendment introduced by Senator Tom Coburn (R-OK) proposed to eliminate, consolidate, and streamline Department of Justice (DOJ) grant programs and reduce them by 20 percent. As this could have impacted a number of priority programs, including COPS, Byrne Grants, and juvenile justice prevention, a number of local governments and organizations advocated against amendment. The amendment was not ultimately brought up for a floor vote. Reconciliation of the House and Senate bills is stalled due to the differences over expanded victim classification, the higher education provision, and the House citation of a constitutional breach, known as a "blue slip" with regard to the Senate inclusion of changes in visa fees which the House considers a revenue provision (under the constitution, all revenue bills must originate in the House). House leaders have also deemed the Senate provision that would enable American Indians to prosecute non-Indians who commit crimes on tribal lands as unconstitutional.

ENERGY/CLIMATE CHANGE

Energy Tax Legislation

Because Congress allowed a host of tax breaks to expire at the end of last year, it will continue to be under pressure in the next few months to move a tax bill that would extend these expired and expiring tax provisions. The list includes Treasury's \$3.9 billion "Section 1603" grant program that expired on December 31, 2011 and the renewable Production Tax Credit for wind that expires on December 31, 2012. In FY 2011, energy tax preferences (\$20.5 billion) and direct spending (\$3.5 billion) through the Department of Energy totaled \$24 billion. However, with Congress having agreed in late February to extend the payroll tax holiday, unemployment insurance benefits, and the Medicare "doc fix" until the end of the year, Congress is unlikely to approve any further tax legislation prior to the November elections.

As part of the discussions leading up to the payroll tax holiday agreement, Congress considered but decided not to address the expiring and expired energy tax provisions largely because the cost of doing so was so high. To pay for an extension, Democrats had urged their colleagues to eliminate energy tax incentives available to the major integrated oil and gas companies, but failed to do so in the end. As had happened last year, a Senate Democrat-backed bill this year to extend and expand alternative energy tax incentives and help reduce the national deficit by repealing certain "big oil" tax incentives failed when the same three "oil patch" Democrats crossed party lines to vote against the bill. It fell nine votes short of the 60 necessary to advance in the Senate.

As recent hearings have vividly demonstrated, it is easy to agree on the goal of lowering corporate and individual rates, but quite difficult to specify what preferences and "loopholes" need to be eliminated to reach that goal without increasing the deficit. Over the coming year, the tax writing committees will continue holding hearings and developing options to reform the tax code in advance of a major effort in 2013-2014 to agree on legislation, irrespective of who is in the White House and party control of the House and the Senate.

The Senate Finance Committee has already held discussions to address energy taxes. While the wind industry continues to seek an extension of the Production Tax Credit beyond this year, a growing number of Senators have said doing so should only be done if the wind tax credit were phased out over several years. They argue that wind energy has become more cost-competitive with traditional energy sources in recent years to justify a phase-out – an agreement for which could help garner Republican support for an extension.

House Republican leaders have thus far principally focused on efforts intended to address high gas prices and spur energy-related job growth. The House has also already passed legislation to limit the Environmental Protection Agency's regulatory authority, expand domestic offshore oil and gas production, and expedite onshore and offshore permitting. We do not anticipate that any of the energy legislation approved by the House will move through the Senate. In the interim, the House tax-writing committee is expected to schedule a stakeholder hearing on the 103 expiring year-end temporary tax extensions next month. House Ways and Means Select Revenue Measures Subcommittee Chairman Pat Tiberi (R-OH) has said an extension of the Production Tax Credit is "probably on the top tier" of extenders to be vetted, though it is unlikely to be tied to the House leadership's tax extender legislation to extend President Bush-era tax cuts that may be brought to the floor for a vote before November's elections.

WATER RESOURCES AND WATER QUALITY

Clean Water Act (CWA)

Whereas Democratic leaders in the 111th Congress moved legislation through Congressional Committees that would have reformed and dramatically expanded the scope of the Clean Water Act, a large coalition of bipartisan House Members have pressed the Environmental Protection Agency to abandon efforts to craft (non-binding) Clean Water Protection Guidance in the 112th Congress. Opponents to expanding the Act's scope believe it will usurp local jurisdiction and negatively impact the economy; proponents continue to believe that reform is necessary to better protect the environment. Legislative efforts to strengthen the Clean Water Act are unlikely to gain Republican approval in the House.

EPA received 230,000 public comments on its proposed "Draft Guidance on Identifying Waters Protected by the Clean Water Act" last summer. Numerous commenters requested that the agency undertake a traditional rulemaking process that would provide for additional public comments and agency briefings rather than simply finalizing the draft (non-binding) guidance. The Agency intends to undertake a formal rulemaking to define "waters of the United States" and the draft guidance is intended to make clear which waterbodies are (and are not) protected under the Clean Water Act. The draft guidance has been under review at the Office of Management and Budget since February 21; without a pending legal deadline, and given a recent Supreme Court ruling that unanimously challenged EPA's broad authority to issue CWA compliance orders, and an upcoming election, EPA may further postpone its release.

Senate Environment and Public Works Committee member James Barrasso (R-WY), together with Ranking Member James Inhofe (R-OK) and 31 other Republican cosponsors introduced legislation (S. 2245) to stop EPA from issuing the draft guidance. It is highly unlikely that any such legislation or any related Congressional disapproval resolution, if it were to be introduced, would be enacted into law since a two-thirds vote in both chambers of Congress would be required to overturn a Presidential veto. House Transportation and Infrastructure Committee Chairman John Mica (R-FL) introduced legislation (H.R. 4965) on April 27 – with bipartisan support from Ranking Members Nick Rahall (D-WV) and Collin Peterson (D-MN) – that would prohibit EPA and the Army Corps from finalizing and/or enforcing the proposed guidance. That bill is also unlikely to gain traction in the Democrat-controlled Senate.

Stormwater Runoff

In response to court settlement proceedings with an environmental organization, the Environmental Protection Agency again missed a fifth deadline to propose rules to curb pollution from stormwater runoff. A new deadline is being negotiated. The Agency is expected to promulgate a rule that would provide incentives for the use of "green infrastructure" in new land development and redevelopment projects. Supporters believe new regulations could achieve significant economic benefits and improve

water quality. Critics, including key Senate Republicans, believe that EPA's plan to regulate development sites and post-construction stormwater runoff is unwarranted, exceeds the Agency's statutory authority, and would constitute one of the most expensive EPA regulations ever proposed.

State Revolving Funds (SRF)

Representative Tim Bishop (D-NY), Ranking Member of the jurisdictional House Transportation and Infrastructure Subcommittee, introduced the *Water Quality Protection and Job Creation Act* (H.R. 3145) to authorize \$13.8 billion for the Clean Water State Revolving Fund over five years. To finance water infrastructure investments, the bill would create a \$10 billion Clean Water Trust Fund, to be funded by revenue streams that will be suggested by the Congressional Budget Office, in consultation with the EPA Administrator and the Secretary of the Treasury. The bill would also allow EPA to provide loans to the State Revolving Funds and loan guarantees directly to large water infrastructure projects that are not otherwise likely to receive SRF funding. The loan authority would be divided among all states in proportion to their share of the SRF capitalization grants. All projects receiving a loan or loan guarantee would have to meet the same terms and conditions applicable to the Clean Water SRF program. The bill faces serious challenges in the current Congress, both because of its nearly \$14 billion price tag and proposal to pay for it through a new Trust Fund, to be capitalized by unspecified taxes and revenue measures. The bill is written to apply only to wastewater infrastructure and thus to remain under the jurisdiction of the House Transportation and Infrastructure Committee.

NATIONAL FLOOD INSURANCE PROGRAM

On May 23, Senate Majority Leader Harry Reid (D-NV) and Senator David Vitter (R-LA) struck a deal on the National Flood Insurance Program (NFIP) which expires at the end of May. Under the deal, Senator Reid committed to allow a five-year NFIP reform bill to come to the floor during the June work period. This will give significant momentum to a bill which has long been stalled. As such, Senator Vitter agreed to drop his demand that a five year bill be considered as an amendment to the Food and Drug Administration user fee bill that was on the Senate floor. That cleared the way for the Senate to pass a 60 day extension of the flood insurance program before leaving for Memorial Day recess.

The House passed a 30-day extension (HR 5740) of the flood program before the Memorial Day recess by a vote of 402-18. It included some policy riders that required the government to assess whether NFIP can be privatized. The House will need to pass a new bill to comport with the Senate passed 60 day extension bill when they return before the end of the month.

Senate Banking Committee Chairman Tim Johnson (D- SD) and ranking member Richard Shelby (R-AL) have pared down the list of floor amendments to the five-year bill, S. 1940, to limit the amount of floor time it would take up in June. The House passed a five-year reauthorization bill (H.R. 1309), last year.

Many lawmakers seek broad revisions since 2005's Hurricanes Katrina and Rita left the federal insurance program approximately \$18 billion in debt.

TELECOMMUNICATIONS

Public Safety Spectrum

State and Local Implementation Grants

The National Telecommunication and Information Administration (NTIA) recently issued a Request for Information (RFI) seeking public comment on various issues relating to the development of the State and Local Implementation grant program, which NTIA must establish under the Act to assist state and local governments in planning for a single, nationwide interoperable public safety broadband network. Up to \$135 million will be available for the State and Local Implementation grant program.

NTIA intends to use the input from this process to inform the development of programmatic requirements to govern the state and local planning grants program. Among the questions NTIA sought input on were: the assignment of priority to local users; assignment of priority and selection of entities seeking access to or use of the nationwide public safety interoperable broadband network; and training needs of local users. In addition, NTIA asked what steps States should take to prepare to consult with FirstNet; whether States have a preferred methodology for NTIA to use to distribute the grant funds available under the State and Local Implementation grant program; whether NTIA should consider allocating the grant funds based on population or another targeted allocation method; and whether NTIA should consider phasing the distribution of grant funds in the new program.

NTIA is reviewing the comments, which were due June 15. NTIA must deliver grant guidance and implement that State and Local Implementation grant program by August 22. Please contact us if you would like more information about submitting comments on the State and Local Implementation grants.

Interoperability Board Recommendations

On May 23, the FCC published the minimal technical requirements for the public safety broadband network developed by the Technical Advisory Board for First Responder Interoperability and sought comments on Interoperability Board's recommendations.

The Interoperability Board worked in consultation with NTIA, the National Institute for Standards and Technology, and the Office of Emergency Communications of the Department of Homeland Security. The Interoperability Board also used subject matter experts from inside and outside the members' organizations. The Board's sought broad input to aid it in developing a complete set of recommended minimum technical requirements within the scope of the Act.

These requirements not only seek nationwide interoperability but set a minimal baseline that, if adhered to, can further an interoperable, multi-vendor network for first responders. Notably, the Interoperability Board's report states that interoperability cannot be achieved without "extensive and on-going cooperation among states and communities." Jurisdictions seeking to comment on the report may seek to elaborate on how such cooperation might be achieved.

TAX AND PENSION ISSUES

Tax Reform/Extenders

On April 25, the Senate Finance Committee held a hearing on Tax Reform: *What It Means for State and Local Tax and Fiscal Policy*. Testifying before the Committee were an array of representatives from the accounting, academic and think tank arenas.

In the opening statements, Chairman Max Baucus (D-MT) explained that as Congress looks towards reforming the tax code to encourage growth, Congress needs to ask whether the current exemptions and deductions make sense. The Chairman offered some suggestions such as state and local taxes could potentially be allowed as above the line deductions. Or Congress could consider providing a uniform subsidy for bond holders as opposed to the current policy in which the subsidy varies based on taxpayers' marginal income tax rates. He cited the "Build America Bonds" program as a successful implementation of this uniform subsidy approach.

Ranking Member Oren Hatch (R-UT) stated that the Tenth Amendment should serve as the guiding principle in any tax reform discussion regarding the interaction of federal and state and local governments. He stated that it is not the federal government's responsibility to address state budget

shortfalls and said that federal deductions for state and local taxes will diminish federal taxes by approximately \$347 billion from 2011 to 2015.

Local governments weighed in with written testimony jointly prepared by the Government Finance Officer's Association, the International City Manager Association, the National Association of Counties, National League of Cities and U.S. Conference of Mayors. Their testimony addressed long standing opposition to any preemption by Congress of local taxing authority. It also advocated for maintaining the federal exemption on municipal bonds and the federal deduction of state and local taxes. The testimony endorsed the *Market Place Fairness Act* (S. 1832), to encourage state and local tax collection. Finally, the local government testimony cited examples of legislative proposals that would preempt state and local taxes, such as the Wireless Tax Fairness Act, the End Discriminatory State Taxes for Automobile Renters Act of 2011, the Digital Goods and Services Tax Fairness Act, and the Business Activity Tax Simplification. The testimony also addressed the efforts of online travel companies (OTC) to have legislation favorable to their industry introduced at the federal level at the expense of state and local taxpayers and the hotel industry.

During the same week, the House Ways and Means Committee held a hearing on expiring tax provisions. It focused on those extenders that lapsed at the end of 2011 or which will lapse at the end of 2012. Broadly these extenders fall into the following categories: energy tax provisions, individual tax relief and business tax relief. The format of the hearing was unique in that Members of the House testified in support of, opposition to or modification of particular "extenders". Among those provisions cited for extension were the New Markets Tax Credit, incentives for energy efficient homes, expensing rules to encourage domestic film production, alternative fuels credits, algae fuel parity, employer provided transit benefits and state and local sales deduction.

Pensions

On May 5, the House Ways and Means Subcommittee on Oversight held a hearing on the Transparency and Funding of State and Local Pension Plans. Part of the focus of the hearing concerned the *Public Employee Pension Transparency Act* (H.R. 567), which was introduced by Congressman Devin Nunes (R-CA) who is a member of the Committee. As a condition for receiving preferred treatment under federal income tax law, the bill requires public plans to disclose funding data and honest valuations of plan assets and liabilities.

Submitting joint testimony were the National Association of Counties, National League of Cities, U.S. Conference of Mayors, International City/County Management Association, Government Finance Officers Association, National Association of State Auditors, Comptrollers and Treasurers, International Public Management Association for Human Resources, National Council on Teacher Retirement, and the National Association of State Retirement Administrators. They stated that federal legislation such as HR 567 would levy a whole new and conflicting federal reporting regime on top of existing state and local structures. In addition, the reporting regime would paint a misleading picture of public finance and impose costly measures more draconian than federal law requires for corporations. They stated that the bill would threaten the current tax exempt status of state and local government bonds. In addition, the local government coalition opposes HR 567 because it would inappropriately preempt a formal, multi-year project in which the Government Accounting Standards Board (GASB) has been examining its current accounting and reporting standards for state and local government pensions and in which proposed new disclosure requirements are expected shortly.

ALTERNATIVES: N/A

RECOMMENDATION: N/A

ATTACHMENTS: N/A