



National Association of State  
Auditors, Comptrollers and Treasurers

# WASHINGTON UPDATE

444 N. Capitol Street NW, Suite 234 ♦ Washington, DC 20001 June 14, 2010

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## Judiciary Focuses on Pre-Emption of State Taxes on Rental Cars

Congress gets back into full swing this week with a hearing on a new bill that would preempt state's abilities to tax rental vehicles. On Tuesday, the House Judiciary Subcommittee on Commercial and Administrative Law will meet to discuss H.R. 4175, the End Discriminatory State Taxes for Automobile Renters Act. This bill would prohibit states or local governments from levying or collecting a discriminatory tax (a tax or tax assessment that is applicable to the rental of motor vehicles or motor vehicle businesses or property, but not to the majority of other rentals of tangible personal property within a state or locality) on the rental of motor vehicles, motor vehicle rental businesses, or motor vehicle rental property. The bill currently has 11 co-sponsors. A witness list has not been provided at this time.

Hearing details can be found at [http://judiciary.house.gov/hearings/hear\\_100615\\_1.html](http://judiciary.house.gov/hearings/hear_100615_1.html).

## Senate Appropriators to Look at Interchange Fees

The Senate Appropriations Financial Services and General Government Subcommittee will hold a hearing on Wednesday to look at the effect of interchange fees on federal payments. The hearing, entitled Oversight of Federal Payment of Interchange Fees: How to Save Taxpayer Dollars, will take aim at what Subcommittee Chairman Richard Durbin (IL-D) feels are unfair fees being imposed by Visa and MasterCard. The witness list includes Gary Grippio, deputy assistant secretary for Fiscal Operations and Policy at the Treasury Department; Alicia Puente Cackley, director of financial markets and community investment at the Government Accountability Office, and Bruce Sullivan,

vice president of government solutions at Visa Inc.

## Conferees Selected; Financial Reform Bill Down to the Last Phase

The final steps of financial reform passage are underway, as conferees have been selected and will take up the first components of the legislation tomorrow, Tuesday June 15. The highly controversial area of derivatives is likely to be considered last, so as to leave as much time as possible to debate the divisive topic. Another key issue is the amendment offered by Sen. Durbin that would allow government intervention in setting interchange fees on credit cards. Sen. Durbin recently noted:

"I offered an amendment that will offer small businesses and their customers to fight back against outrageously high swipe fees charged by Visa and Master Card through their Wall Street debit card issuers... Today, these huge financial companies dictate how much small businesses have to pay the bankers when they accept a debit card from a customer. Small businesses have to accept Visa and MasterCard to survive so they have no choice but to accept the outrageous fees that are imposed on them by both of these companies."

Discussion of the reform package will run through Thursday, and conferees are slated to return Tuesday, June 22 and work every day until the bill is done. The goal is to have a bill approved and signed into law by President Obama by the Independence Day holiday weekend.

## Unemployment Hearing Takes Aim at Job Creation

The House Ways and Means Subcommittee

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on Income Security and Family Support of the Committee on Ways and Means held a hearing last Thursday on possible policy responses to long-term unemployment. Subcommittee Chairman James McDermott's (WA-D) opening remarks outlined an immediate goal to combat the issue, saying, "Our first step to respond to long-term unemployment is obvious—continue the emergency federal unemployment programs to prevent millions of workers from losing their benefits."

Five different policy advisors were brought before the subcommittee to give their opinions on getting employment back on track. One of the most pessimistic views came from Lawrence Mishel, president of the Economic Policy Institute, who said:

"The nation's jobs crisis is so catastrophic that, unless Congress acts on the scale of the New Deal, millions of Americans will experience extremely long periods of unemployment for many years ahead. The only viable solution to this problem is an array of large federal jobs programs, beginning with the Local Jobs for America Act and the American Jobs and Tax Loopholes Closing Act..."

Testimony from the policy advisors and Chairman McDermott can be found at <http://waysandmeans.house.gov/hearings/hearingdetails.aspx?NewsID=11201>.

### **Changes Coming to Federal Financial Management System Implementation**

Based on a [draft memo](#) acquired by the media outlet, the Federal News Radio Network is reporting that Office of Management and Budget Director Peter Orszag is directing a halt to all new financial management system modernization projects

worth at least \$10 million, and all existing task orders for ongoing development efforts worth more than \$500,000. In addition, the draft memo calls for OMB to approve agency implementation plans. Additionally, OMB would use the apportionment process to give agencies money each quarter to pay for the next phase of the system development instead of letting an agency have the entire amount at once. The memo also calls for OMB and a new Financial Systems Advisory Board—made up of the agency chief financial officers and chief information officers—to review projects and make recommendations to OMB.

The Federal News Radio report can be found at [www.federalnewsradio.com/index.php?nid=35&sid=1976572](http://www.federalnewsradio.com/index.php?nid=35&sid=1976572).