



National Association of State
Auditors, Comptrollers and Treasurers

WASHINGTON UPDATE

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Online Sales Tax Bill Set for Final Vote

Although the Marketplace Fairness Act was moving at a brisk pace through the Senate last week, a “timeout” was called on the bill, as Senate leaders delayed final action on the measure until May 6. The delay is timed to coincide with the return of both chambers from a week-long recess. The delay also affords opponents of the bill time to regroup and drum up the ire of constituents. S. 743 has 29 co-sponsors, while H.R. 684 has 65 co-sponsors.

Detailed information on the online sales tax bill, including a list of supporters, can be found at www.marketplacefairness.org.

Sen. Burr Introduces Pension Transparency Bill

Last week, Sen. Richard Burr (R-NC) introduced companion legislation (S. 779) to the House’s Public Employee Pension Transparency Act (H.R. 1628). The Senate bill is identical to the one introduced by Rep. Devin Nunes (R-CA), but it currently only has two co-sponsors: Sen. Tom Coburn (R-OK) and Sen. John Thune (R-SD).

In his press release regarding S. 779, Sen. Burr commented:

“For too long, taxpayers and government employees have been denied information about how badly government worker pension plans are underfunded. My bill would simply shed some light on these enormous liabilities. My

bill also prevents a federal bailout of state and local government pension plans, empowering local governments to make the reforms needed to ensure problems cannot be dumped on taxpayers down the road.”

Sen. Thune took a more dire approach, noting:

“It is crucial that states provide more transparency and accountability regarding their pension liabilities and take necessary steps to get their balance sheets in order. While my state of South Dakota has a well-run pension plan that is not facing insolvency issues, there are a number of states that will exhaust their pension funding by 2020.”

In a press release, the senators claimed that ten states are projected to run out of pension funds by 2020, and the vast majority of states will have exhausted their pension funds by 2030. However, no actual states were named.

Senate Subcommittee Looks at Financial Literacy

The Senate Health, Education, Labor and Pension Subcommittee on Children and Families conducted a hearing last week on financial literacy education initiatives. The Senate has designated April as Financial Literacy Month to shine a light on the importance of personal financial education in the United States. The hearing featured a panelist from the Global Center for Financial Literacy at The George Washington University School of Business:

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Academic Director Annamaria Lusardi. States such as Oregon, Michigan and Minnesota all have official declarations from their governors or legislatures naming April as Financial Literacy Month as well.

In her testimony to the subcommittee, Dr. Lusardi pointed out some very alarming statistics, noting:

“... the vast majority of Americans do not have the financial knowledge they need to fully participate in the economy or to make informed decisions about their own financial futures... only 30 percent of the population can do a simple two percent calculation and has a basic understanding of inflation and risk diversification.”

In addition, she addressed the very teaching process itself that states are relying on to promote financial literacy:

“...less than one-fifth of teachers were prepared to teach any of the six personal finance concepts normally included in financial education courses. Moreover, states requiring high school financial education do not necessarily provide or promote teacher training. As a result, state education mandates appear to have no effect on whether teachers take courses in personal finance, teach the courses, or feel competent to teach such a course.”

Hearing video, as well as testimony from all of the panelists, can be found at

<http://www.help.senate.gov/hearings/hearing/?id=fe50f807-5056-a032-526e-7bd50274b965>