



Washington Update



BILL INTRODUCED TO MAKE STATE SALES TAX DEDUCTION PERMANENT

Rep. Stephen Lee Fincher (R-TN) recently introduced H.R. 4789, a bill that would make the deduction for state and local general sales taxes permanent. There are no less than six different pieces of related and companion legislation (H.R. 2854, H.R. 3942, S. 41, S. 127, S. 1859, S. 2260) currently in the House and Senate. In announcing the bill, Rep. Fincher noted that in 2011 over 556,000 Tennessee filers claimed the deduction for state and local sales tax and reduced their taxable income by \$1.23 billion. He went on to say:

“Making the sales tax deduction permanent is about fairness and will put more money back into the pockets of hardworking Tennesseans... This deduction will help fuel Tennessee’s economy by keeping money in the state and giving taxpayers the certainty they need to plan ahead. It will not only help generate jobs, it will also promote investment in local economies and attract new business.”

The bill was referred to the House Ways and Means Committee. There are eight states that do not have income taxes and thus would be affected by this bill: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas and Washington. No hearings or actions on H.R. 4789 are scheduled at this time.

STATE FISCAL SURVEY SHOWS MODERATE GROWTH

The National Association of State Budget Officers has released its spring 2014 *Fiscal Survey of the States*, which indicates that consistent year-over-year growth has helped states achieve relative budget stability. The report found that general fund spending is projected to increase by 2.9 percent in fiscal 2015 and also noted that although this growth rate is less than the historical average, inflation is also currently low. In turn, budget growth will likely outpace inflation in many states, presenting an opportunity to accelerate fiscal progress. The report also found that mid-year budget cuts have subsided compared to the years immediately following the recession when states had to make substantial cuts to balance their budgets.

The full report can be found at www.nasbo.org/fiscal-survey-of-states-spring-2014.

IRS TO HOLD WEBCAST TO INTRODUCE NEW TEB DIRECTOR

The Internal Revenue Service will hold a free webcast on Thursday, June 19, to introduce the new Tax-Exempt Bond Office (TEB) director, Rebecca Harrigal. During the webcast, the IRS will also provide a brief on TEB’s new mission, operations, initiatives and updates.

To register for this free webinar, visit www.irs.gov/Tax-



Exempt-Bonds/Free-Webcast-sponsored-by-the-IRS-office-of-Tax-Exempt-Bonds.

THE WEEK AHEAD: HFT AND STATE EMPLOYMENT OPPORTUNITIES

On Tuesday the Senate Homeland Security and Governmental Affairs Subcommittee on Permanent Subcommittee on Investigations will examine conflicts of interest, investor loss of confidence, and high frequency trading (HFT) in the U.S. stock markets. Witnesses will include representatives of stock exchanges, brokerage firms and institutional investors, as well as a securities market expert.

- www.hsgac.senate.gov/subcommittees/investigations/hearings/conflicts-of-interest-investor-loss-of-confidence-and-high-speed-trading-in-us-stock-markets

Also on Tuesday state employment will be the focus of “Grow it Here, Make it Here: Creating Jobs through Bio-Based Manufacturing,” which will examine the role that bio-based products play in helping to revitalize and re-energize American manufacturing. This hearing will take place in the Senate Agriculture, Nutrition and Forestry Committee.

- www.ag.senate.gov/hearings/grow-it-here-make-it-here-creating-jobs-through-bio-based-manufacturing

The House Natural Resources Subcommittee on Energy and Mineral Resources will hold a hearing on Wednesday to discuss “American Energy Jobs: Opportunities for States and Localities.” The subcommittee is responsible for issues related to mineral resources on public land, geothermal resources, mining interests and most of the U.S. geological survey. In the hearing announcement, the subcommittee explains:

“America’s surge in energy production is fueling an employment boom that’s creating much-needed economic growth in states and local communities. In the past decade, 30 states have experienced a 50 percent surge in jobs indirectly relating to oil and natural gas production, and it’s estimated that by 2035 unconventional oil and natural gas production will bring in \$2.5 trillion in combined state and federal revenue. For example, revenues from North Dakota’s oil and natural gas production gave the state a \$1.6 billion budget surplus in 2012.”

- <http://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=381702>

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