



Washington Update



LABOR DEPARTMENT ANNOUNCES NEW UNEMPLOYMENT INSURANCE ENFORCEMENT GRANTS TO STATES

The U.S. Department of Labor last week awarded over \$10 million in grants to 19 states to implement and improve worker misclassification detection and enforcement initiatives in unemployment insurance programs. The funds will be used to increase the ability of state UI tax programs to identify instances where employers improperly classify employees as independent contractors or fail to report the wages paid to workers at all. The states that were selected to receive these grants will use the funds for a variety of improvements and initiatives, including enhancing employer audit programs and conducting employer education initiatives.

While several states have existing programs designed to reduce worker misclassification, this is the first year that DoL has awarded grants dedicated to this effort.

A DoL press release, including the list of states and their grant amount totals, can be viewed at www.dol.gov/opa/media/press/eta/ETA20141708.htm.

ROCKEFELLER “DATA ALERT” ON STATE FINANCES PAINTS TOUGH INCOME TAX PICTURE

According to the Nelson A. Rockefeller Institute of Government’s recent “data alert,” preliminary data for the April-June quarter of 2014 show significant declines in personal income taxes and overall tax collections for the nation. The Rockefeller Institute’s data from 48 states shows that collections from major tax sources declined by 1.7 percent in nominal terms in the second quarter of 2014 compared to the same quarter of 2013. This is the weakest quarter since the first quarter of 2010. Among 48 early-reporting states, 29 states reported declines while 19 states reported gains in total tax revenue collections.

In the report’s conclusion, the Institute noted that state tax revenues had been continuously recovering for four straight years, before declining in the first and second quarters of 2014. They also noted that the recovery time period has been much slower and more prolonged than in previous recoveries, and that this drop in tax collections

“...appears largely attributable to the implications of policy changes on the federal level as well as to legislated tax changes in many states. While the federal fiscal cliff might have lingering effects on state personal income tax collections in the next few years, we believe the worst is behind and personal income tax collections should resume growth in the second half of 2014.”

The full report can be viewed at www.rockinst.org/pdf/government_finance/state_revenue_report/2014-09-17_Data_Alert.pdf.



SEC RELEASES 2014-2018 STRATEGIC PLAN

The U.S. Securities and Exchange Commission has posted a new strategic plan for the next four years. Noting several specifics on the municipal market, the plan states that the SEC plans to pursue many of the recommendations highlighted in a July 2012 Report on the municipal securities market. These recommendations will be pursued in an effort to enhance the market structure for all fixed income securities, including taxable and tax-exempt securities, through a combination of initiatives from the SEC and the Municipal Securities Rulemaking Board. The SEC added that this effort will include initiatives aimed at promoting transparency and the development of new mechanisms to facilitate the provision of liquidity, as well as initiatives to improve the execution quality of investor orders.

Although the SEC does not have direct municipal market enforcement capabilities, the strategic plan focuses on the one area where it does have enforcement authority:

“The SEC will continue to enhance the program for registration and oversight of municipal advisors, with

a particular focus on registering municipal advisors under the permanent registration rules and reviewing rule filings by the Municipal Securities Rulemaking Board to implement the permanent municipal advisor registration rules.”

The strategic plan also notes the ever-evolving nature of the financial markets:

“The SEC’s goals and priorities are influenced by a number of external environmental factors, including the demands of fulfilling its mission in an increasingly complex and globally interconnected securities market and the statutory structure within which the Commission works. In recent years, this environment has changed dramatically. While this Strategic Plan attempts to anticipate various ways in which the markets, regulated industries and legislative requirements may evolve over time, no plan can anticipate all possible scenarios.”

The full 60-page strategic plan can be viewed at www.sec.gov/about/sec-strategic-plan-2014-2018.pdf.

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