



Washington Update



SUPREME COURT BEGINS HEARING CASE OF STATE COMPTROLLER VS. WYNNE

On November 12, the U.S. Supreme Court began hearing oral arguments in the case of *Comptroller vs. Wynne*. The case examines whether the United States Constitution prohibits a state from taxing all the income of its residents, wherever earned, by mandating a credit for taxes paid on income earned in other states. Brian and Karen Wynne are Maryland residents who earned much of their income outside Maryland, and thus paid taxes on that income to other states. Hence, they were taxed twice at the state level on much of their income: once by the state in which it was earned, and then again by Maryland through the county component of its tax. The Wynnes claim that this multiple taxation violates the dormant Commerce Clause. The Maryland comptroller says that a partial credit is warranted for state, but not county taxes.

The Supreme Court's reporting blog has a recap of the initial oral arguments of the case: www.scotusblog.com/2014/11/221484/.

Full case coverage can be found at www.scotusblog.com/case-files/cases/comptroller-v-wynne/.

GAO RELEASES AUDITS OF SEC'S FY 2013 AND FY 2014 FINANCIAL STATEMENTS

The U.S. Government Accountability Office last week released its financial audit of the Securities and Exchange Commission's FY 2014 and FY 2013 financial statements. What GAO found was an agency that had improved in some areas, yet had slipped in others that had not merited attention in the past:

“There were...no reportable noncompliance in fiscal year 2014 with provisions of applicable laws, regulations, contracts, and grant agreements GAO tested. During fiscal year 2014, SEC made progress in addressing internal control deficiencies GAO reported in fiscal year 2013... However, during GAO's fiscal year 2014 audit, it identified continuing and new deficiencies in SEC's internal control over disgorgement and penalty transactions that constituted a significant deficiency in SEC's internal control over financial reporting. This significant deficiency pertained to SEC's overall financial report.”

The full GAO report can be found at www.gao.gov/products/GAO-15-166R.



NEW HOUSE AND SENATE COMMITTEE CHAIRS ANNOUNCED

With the Senate changing hands and the House going through leadership movements, there were several adjustments amongst notable committee chairmanships:

HOUSE

- Rep. Jason Chaffetz (UT-R) will chair the Oversight and Government Reform Committee next year, concluding the only seriously contested House Republican gavel race. He takes over from Rep. Darrell Issa (CA-R), who was term-limited as chair.
- Rep. Paul Ryan (WI-R) was selected as Ways and Means Committee chairman.
- Rep. Jeb Hensarling (TX-R) retained his Financial Services Committee chairmanship.

SENATE

- New Senate Leader Mitch McConnell (KY-R) has selected Sen. Mike Crapo (ID-R) to chair the Senate Republicans' Committee on Committees, the panel responsible for committee assignments during the 114th Congress. The Senate tends to take a bit longer to decide their chairmanships, but what is known so far includes:
- Sen. Orin Hatch (UT-R) will become the chairman of the Finance Committee.
- Sen. Ron Johnson (WI-R) is expected to take over the chairmanship of the Homeland Security and Government Affairs Committee.
- Sen. Lamar Alexander (TN-R) is in line to chair the Health, Education, Labor and Pensions Committee and to lead an appropriations subcommittee related to energy and water development.

SYLVIS IS NAMED VICE CHAIR OF GASB, ANNOUNCES RETIREMENT FROM TENNESSEE

Tennessee Chief of Accounts Jan Sylvis has been named vice chair of the Governmental Accounting Standard Board. The position of GASB vice chair was created early in the GASB's history, but was later retired. In response to increasing demands on the time of the GASB chair, the trustees of the Financial Accounting Foundation decided to reinstate the position, in part because of a strategic focus on expanding outreach to stakeholders. Recent outreach has focused on GASB's new pension standards and a proposed standard for other postemployment benefits.

Ms. Sylvis began her first term on the part-time Board on July 1, 2007. She was reappointed to a second, five-year term on the GASB on July 1, 2012.

Ms. Sylvis recently announced her retirement as Tennessee's chief of accounts, effective December 31.

Ms. Sylvis is a past president of the National Association of State Auditors, Comptrollers and Treasurers and a past president of the National Association of State Comptrollers.

"I'm very pleased to welcome Jan to her new role as vice chair of the GASB," said GASB Chair David Vaudt. "With Jan's deep knowledge of and experience in accounting issues, all of us at the GASB know she will continue to be a tremendous asset to the organization in her new role."

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