

Washington Update



STATE BANKRUPTCY BILL REINTRODUCED

Sen. David Vitter (R-LA) has reintroduced legislation that would prohibit the federal government, the secretary of the treasury, or the federal Board of Governors from using federal funds to guarantee obligations of, issue lines of credit to, or provide direct or indirect grants and aid to any state, municipal, local or county government which has defaulted on its obligations, is at risk of defaulting, or is likely to default without such federal assistance. The bill, S. 94, had been previously introduced in the 113th Congress by Sen. Vitter, but did not sustain any momentum. The bill has been sent to the Senate Banking, Housing and Urban Affairs Committee and does not have any cosponsors at this time.

SEC COMMISSIONER CALLS FOR MARKET DISCLOSURE IMPROVEMENTS

At a speech given at the American Retirement Initiative's winter 2015 summit in Washington, D.C., last Thursday, U.S. Securities and Exchange Commissioner Luis Aguilar spoke at length about improvements and enhancements he would like to see in municipal market disclosure.

Commissioner Aguilar noted that the municipal securities market has not been subject to the same level of regulation and transparency as other segments of the U.S. capital markets, saying that both the disclosures and trading environments for municipal securities differ greatly from equities. He said that "...short of a Congressional fix to repeal the Tower Amendment and give the Commission greater authority to regulate municipal securities offerings, the Commission's ability to oversee municipal securities and protect investors is generally limited."

He listed some enhanced disclosure practices in the municipal securities market that he would like to see, based on the 2012 SEC report that analyzed the state of the municipal securities market:

- Require fuller and more specific types of disclosures in the initial offering documents, including the final terms of the offering and the price to be paid for the municipal securities in the initial issuance.
- Mandate more specific types of ongoing disclosures, including disclosures concerning the issuance of new debt.



- Provide a method to address noncompliance with continuing disclosure requirements.
- Make disclosures easier to understand, essentially calling for issuers to use plain English and to provide executive summaries.

The American Retirement Initiative is a national discussion about how to improve the quality of retirement planning for all Americans. ARI conducts events across the country that bring together thought leaders from the public and private sectors, with the central themes of the events revolving around how Americans from the private, governmental, non-profit and academic sectors can collaborate to dramatically improve retirement outcomes in the United States.

Commissioner Aguilar's full speech can be viewed at www.sec.gov/news/speech/advocating-for-investors-saving-for-retirement.html#.VNTdAY10w5s.

529 COLLEGE SAVINGS PLAN ENHANCEMENT BILL INTRODUCED IN SENATE

Sen. Chuck Grassley (R-IA) last week introduced S. 335, a bill to amend the Internal Revenue Code of 1986 to improve and enhance 529 college savings plans. In a statement released from his office, Sen. Grassley stated: "These reforms will make it even more appealing for parents to use 529 college savings plans. The additions give more flexibility for using the tax-free savings. The more flexibility, the more people use something like this." According to the senator, the bill has three main provisions:

- Allows 529 funds to purchase a computer on the same tax-favorable basis as other required materials.
- Eliminates an outdated and unnecessary aggregation rule that increases paperwork and costs on plan administrators.
- Provides tax and penalty relief in instances where a student may have to withdraw from school for illness or other reasons.

Full text of the bill has not yet been received by the Government Publishing Office. The bill currently has five cosponsors, but no companion legislation in the House.

THE WEEK AHEAD: LOOKING BACK AT TAX REFORM AND EXAMINING HIGH-RISK PROGRAMS

Tuesday

The **Senate Finance Committee** tomorrow will look back before moving forward to begin their work on tax reform with a hearing entitled "Getting to Yes on Tax Reform: What Lessons Can Congress Learn from the Tax Reform Act of 1986?"

<http://www.finance.senate.gov/hearings/hearing/?id=2de929e6-5056-a032-5200-282bdf50915f>

Wednesday

The **Senate Homeland Security and Governmental Affairs Committee** will examine a very familiar subject: high-risk programs. The hearing, entitled "Risky Business: Examining GAO's 2015 List of High Risk Government Programs," will feature U.S. Comptroller General Gene Dodaro.

<http://www.hsgac.senate.gov/hearings/risky-business-examining-gaos-2015-list-of-high-risk-government-programs>

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