

# Washington Update



## 529 PLAN BILL MOVES IN SENATE

S. 335, a bill that aims to strengthen 529 college savings plans, passed out of the Senate Finance Committee last Thursday, a few weeks after it had been passed by the House (H.R. 529) in mid-April. S 335 would:

1. Make permanent the allowance for payment of computer technology and equipment expenses from a 529 plan if such technology and equipment is to be used primarily by the plan beneficiary.
2. Eliminate the requirement that distributions to a 529 plan be aggregated for purposes of determining the amount includable in a taxpayer's income.
3. Allow a tax-free re-contribution to a 529 plan of amounts refunded to a student who withdraws from an educational institution if the re-contribution is made not later than 60 days after the date of such refund and does not exceed the refunded amount.

Senate Finance Committee Chairman Orrin Hatch (R-UT) commented:

“The challenges of paying for a college education can be extremely daunting. Thankfully, 529 college savings plans have served as a critical tool for hardworking families, helping to ease the burden of paying for higher education. By promoting savings through the tax code, we can help American families

better plan for their futures. We were able to report out this common-sense measure with a unanimous bipartisan vote, and I look forward to working with my colleagues in Congress to ensure this bill is enacted into law.”

## GAO ON SEC ACCOUNTING AND INTERNAL CONTROLS: “IMPROVEMENTS NEEDED”

The U.S. Government Accountability Office released an audit of the Securities and Exchange Commission's fiscal year 2014 financial statements. This report is a follow-up to the November 2014 report in which GAO found significant deficiencies over internal controls and financial accounting within the SEC. In this latest report, GAO found that the SEC currently has 24 open recommendations that needed to be addressed—the 11 prior recommendations from November 2014 as well as 13 new ones. GAO also identified new deficiencies in the SEC's internal control over financial reporting:

- Reinvestment of disbursement funds.
- Maintaining ongoing accuracy of property and equipment inventory records.
- Documenting disposal of property and equipment.
- Ensuring existence of capitalized bulk purchases.
- Identifying and summarizing uncorrected misstatements.
- Information security.

GAO reports that the SEC's financial controls could lead to some serious issues:

“Standards for Internal Control in the Federal Government provides that management should implement control activities through policies, procedures, techniques, and other mechanisms. Although SEC has implemented policies and procedures for routinely evaluating the effect of prior period uncorrected misstatements in the current fiscal year financial statements, such procedures do not include specific steps to reasonably assure that prior

period uncorrected misstatements are timely identified and reported to Office of Financial Management, which increases the risk that SEC's financial statements may be misstated."

The full report can be found at [www.gao.gov/products/GAO-15-387R](http://www.gao.gov/products/GAO-15-387R).

## SUBMISSIONS TO TAX REFORM WORKING GROUPS MADE PUBLIC

The Senate Finance Committee has been at work since mid-January compiling submissions from the public related to overhauling the nation's tax code, and last Wednesday the committee publicly released the documents they had received: over 1400 submissions. Each of the five bipartisan working groups is currently working to produce findings on current tax policy and legislative recommendations within its area, with the goal of having recommendations from each of the five working groups completed by the end of May. Both NASACT and National Association of State Treasurers submitted letters to the Community Development and Infrastructure Working Group. Excerpts from the letters are below:

**NASACT:** "Any repeal or limitation of the tax exemption... would drive up the costs of building infrastructure, which in turn could cause state and local governments to scale back or eliminate important public projects that both serve citizens and provide much needed jobs for our citizens."

**NAST:** "Since 1913, tax-exempt bonds have been the primary mechanism used to finance state and local infrastructure projects. Three quarters of all public infrastructure projects in the United States are built by the states and local governmental entities. The elimination or reduction of the tax exemption would severely impair the ability of states and municipalities to address our deteriorating infrastructure and build worthy new job-creating projects."

Information on the working groups can be found here [www.finance.senate.gov/newsroom/chairman/release/?id=2ea8c8e5-c892-4230-9d1a-db7522a920be](http://www.finance.senate.gov/newsroom/chairman/release/?id=2ea8c8e5-c892-4230-9d1a-db7522a920be).

The full list of submissions can be seen at [www.finance.senate.gov/newsroom/chairman/release/?id=3b14e94b-69f9-41e2-9fd3-7d191971b7ee](http://www.finance.senate.gov/newsroom/chairman/release/?id=3b14e94b-69f9-41e2-9fd3-7d191971b7ee).

## THE WEEK AHEAD: OPEN GOVERNMENT AND THE RIGHT-TO-KNOW

With the House on recess and the Senate the only chamber active this week, Wednesday kicks off the hearing schedule.

### Wednesday

The Senate Judiciary Committee will conduct a hearing on "Ensuring an Informed Citizenry: Examining the Administration's Efforts to Improve Open Government."

- [www.judiciary.senate.gov/meetings/ensuring-an-informed-citizenry-examining-the-administrations-efforts-to-improve-open-government](http://www.judiciary.senate.gov/meetings/ensuring-an-informed-citizenry-examining-the-administrations-efforts-to-improve-open-government)

The Senate Homeland Security and Government Affairs Committee will hold a Business Meeting on advancing bill S. 282, "The Taxpayers Right-To-Know Act". This bill would provide taxpayers with an annual report disclosing the cost and performance of Government programs and areas of duplication among them, as well as requiring the Office of Management and Budget to publish on the OMB website the total amount of undisbursed grant funding remaining in grant accounts with expired availability. S 282 has nine cosponsors and companion legislation (H.R. 598) in the House.

- [www.hsgac.senate.gov/hearings/business-meeting-5/6/2015](http://www.hsgac.senate.gov/hearings/business-meeting-5/6/2015)

### Thursday

With the passage of the extension of the Children's Health Insurance Program (CHIP) last week, Sen. Pat Roberts (R-KS), Chairman of the Senate Agriculture, Nutrition and Forestry Committee has announced the Committee will hold a hearing to review child nutrition programs.

- [www.ag.senate.gov/hearings/a-review-of-child-nutrition-programs](http://www.ag.senate.gov/hearings/a-review-of-child-nutrition-programs)

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