



Washington Update



PUERTO RICO FISCAL BILL MOVES TO FULL HOUSE FOR VOTE

The Puerto Rico Oversight, Management and Economic Stability Act (PROMESA), H.R. 5278, passed out of the House Natural Resources Committee last week by a 29-10 margin and will now move to the full House for a vote. The bill outlines several conditions for the commonwealth, some of which include the establishment and organization of a Territory Financial Oversight and Management Board, whose purpose is to provide a method for the territory to achieve fiscal responsibility and access to the capital markets. The Oversight Board will have the authority to seek audited financial statements from every level of government and also the authority to enforce balanced budgets and government reforms, including the ability to sell government assets and establish efficiencies that consolidate government agencies. If the Oversight Board determines that a pension system of the territorial government is materially underfunded, the board will conduct an analysis prepared by an independent actuary of the system to assist the board in evaluating the fiscal and economic impact of the pension cash flows.

Congress is on Memorial Day recess this week, so the House will tentatively begin the debate on PROMESA starting the week of June 6.

IRS SCHEDULES HEARING ON POLITICAL SUBDIVISION RULES

A public hearing will take place on June 6 at 10:00 a.m. at the Internal Revenue Service building in downtown Washington D.C. to debate new IRS rules that would change the definition of a “political subdivision.”

In February, the IRS proposed rules regarding a modification to the definition of political subdivision for tax-exempt bond purposes. This proposed regulation will affect state and local governments that issue tax-exempt bonds and users of property financed with such bonds. Currently, a political subdivision is defined as any division of any state or local governmental unit which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. The proposed regulations provide that in order for an entity to qualify as a political subdivision, the entity must meet three requirements considering all the facts and circumstances: sovereign powers, governmental purpose and governmental control. The proposed regulations explain in further detail what is to be considered for each of these factors.

Section 103 of the Internal Revenue Code provides that interest on any obligation of a state or political subdivision not be included in gross income. The proposal clarifies that the continued tax exemption of an issuance of bonds depends on its issuer’s continued status as a qualifying issuer of tax-exempt bonds.

There are currently 107 public comments posted regarding these proposed rules. The full notice can be found at <https://www.federalregister.gov/articles/2016/02/23/2016-03790/definition-of-political-subdivision>.

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Questions about NASACT’s Washington activities may be directed to the Washington office at any time at (202) 624-5451.

SENATE COMMITTEE MOVES GOVERNMENT TRANSPARENCY BILLS

Last Wednesday the Senate Homeland Security and Government Affairs Committee approved several bills related to transparency and the reporting of governmental financial information:

S. 2835: Getting Results through Enhanced Accountability and Transparency Act

This bill requires that:

- The U.S. Government Accountability Office's annual report on the findings of its routine investigations to identify programs, agencies, offices and initiatives with unnecessarily duplicative goals and activities, within agencies and government-wide, aggregate separately estimates of related costs for instances of actual and potential unnecessary duplication and other potential cost savings and revenue collection.
- The U.S. Office of Management and Budget's federal government performance plan submitted with each budget must provide plans to address management challenges concerning unnecessary duplication.
- The Performance Improvement Council's functions are expanded to include resolving government-wide issues relating to coordination and unnecessary duplication, facilitating the exchange of performance improvement practices with state and local governments and other nonfederal stakeholders, and coordinating with interagency mission support councils.
- Agencies must submit to Congress statements regarding the actions they have taken in response to recommendations in the GAO's annual report on unnecessarily duplicative goals and activities and high-risk list of fraud, waste, abuse and mismanagement.

S. 2834 has four co-sponsors and companion legislation in the House (H.R. 5033)

S. 2849: GAO Access and Oversight Act

This bill authorizes GAO to obtain federal agency records required to discharge the GAO's duties (including audit, evaluation and investigative duties), including through bringing civil actions to require an agency to produce a record. No provision of the Social Security Act shall be construed to limit, amend or supersede the GAO's authority to obtain information or inspect records about an agency's duties, powers, activities, organization or financial transactions, or obtain other agency records that the GAO requires to discharge its duties. S. 2849 has 17 co-sponsors but no companion legislation in the House.

S 2852: Open, Public, Electronic and Necessary Government Data Act or the OPEN Government Data Act

This bill requires government data assets made available by federal agencies (excluding GAO, the Federal Election Commission, and certain other government entities) to be published as machine-readable data. Specifically:

- Agencies must make their enterprise data inventories available to the public on Data.gov, and designate a point of contact to assist the public and respond to complaints about adherence to open data requirements.
- The General Services Administration must maintain a single public interface online as a point of entry dedicated to sharing open government data with the public.
- The Chief Information Officers Council must work with the Office of Government Information Services and the Office of Science and Technology Policy to promote data interoperability and comparability of data assets across the government.
- OMB must assess the extent of each agency's use of data assets to support decision-making, cost savings and performance.

S. 2852 has one co-sponsor and companion legislation in the House (H.R. 5051)

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