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1. HOUSE PASSES ACA REPEAL BILL: The House passed legislation yesterday to repeal major portions of the Affordable Care Act (ACA), marking the 62nd time Republicans have voted to dismantle President Obama's signature health care reform law.

Because the bill already cleared the Senate last month under the reconciliation process, however, this is the first ACA repeal bill that will reach the president's desk. President Obama has already indicated he will veto the bill but congressional Republicans are touting the vote as an indication of what Congress could accomplish if a Republican president takes office in 2017.

"We are confronting the president with the hard, honest truth: Obamacare doesn't work," said House Speaker Paul Ryan (R-WI). "The people deserve a truly patient-centered health care system. And ultimately, this is going to require a Republican president. That's why our top priority in 2016 is going to be offering the country a clear choice with a bold, pro-growth agenda."

The bill, called the "Restoring Americans' Healthcare Freedom Reconciliation Act," would effectively end the ACA's mandates that individuals have health insurance and that employers provide it. It would also repeal the so-called Cadillac tax on high-cost employer-provided health plans, which is now scheduled to take effect in 2020 after Congress passed a two-year delay of the tax in the most recent omnibus spending bill for Fiscal Year 2016. The bill would also block funding for Planned Parenthood for one year.

The Congressional Budget Office (CBO) has estimated the bill would decrease the deficit by $516 billion over the next 10 years.

Drew Hammill, spokesperson for House Minority Leader Nancy Pelosi (D-CA), said the repeal vote is proof of Republicans' "toxic" agenda for 2016.

"Once again, Republicans are wasting time on a radical bill that will never become law," Hammill said. "Here's a New Year's resolution Republicans should think about: quit attacking the health care of America's women and working families."

2. IRS DROPS PROPOSAL TO HAVE NONPROFITS COLLECT SSNs: The Internal Revenue Service (IRS) announced this week that it will abandon a controversial rule that would have given nonprofit organizations the option of substantiating contributions of $250 or more by collecting and reporting donors' Social Security numbers to the IRS.

Thousands of nonprofits, ASAE included, warned the IRS late last year that this alternative substantiation method would add to charities' record-keeping and cyber security concerns and potentially endanger donor privacy. The current rules require donor-based organizations to simply send a letter (a "contemporaneous written acknowledgement") to the donor confirming the amount of their contribution, which the donor can then claim as a charitable deduction at tax time.

"Nonprofit organizations do not need or want to be in the business of collecting donors' Social Security numbers and retaining and protecting this sensitive information from identity theft," ASAE said in its comments to the IRS. "Such a requirement would almost certainly negatively impact charitable giving too for those organizations that demanded this information from their donors."

In its announcement this week, the IRS acknowledged the overall sentiment from the nonprofit community and said, "Many of these public comments questioned the need for donee reporting and many comments expressed significant concerns about donee organizations collecting and maintaining taxpayer identification numbers for purposes of the specific-use information return. Accordingly, the notice of proposed rulemaking is being withdrawn."

3. IRS TAXPAYER ADVOCATE DELIVERS REPORT TO CONGRESS: National Taxpayer Advocate Nina Olson released her annual report to Congress Jan. 6, expressing concern that the IRS may be planning to substantially reduce its telephone and face-to-face taxpayer services to cope with budget cuts.

The IRS is working on technology improvements to allow individuals to create online taxpayer accounts through which individuals can obtain information and interact with the IRS. Olson expressed concern that the agency is moving toward a "pay to play" system where the only taxpayers who receive personalized service are those who can afford to pay for it. Of further concern, Olson said, are IRS plans to expand the role of tax return preparers and tax software companies to provide taxpayer assistance.

"If there is good news here, it is that the IRS has not formally committed itself to the service reductions we understand to be contemplated," Olson said. "I am hopeful the IRS will make the plan public, present its perspective on tradeoffs, seek public comments, and ultimately make a commitment to continue to maintain existing telephone and face-to-face services for the millions of U.S. taxpayers who rely on them."

The IRS budget has been cut every year since Fiscal Year 2010 but Congress did vote in last month's budget deal to give the agency an additional $290 million to provide assistance to taxpayers this filing season. This week, the IRS released a statement that it remains fully committed to personalized taxpayer service and that "the IRS believes increasing the availability of self-service interaction frees up in-person resources for taxpayers who truly need them, including those who are not comfortable online or don't have personal access to a computer."

Of note to the tax-exempt community, Olson's report also expresses concern that the IRS's Form 1023-EZ application for 501(c)(3) status is allowing unqualified groups to obtain tax-exempt status. The IRS created the form in 2014 to streamline the application process for tax-exempt status and clear a backlog of applications that delayed approval for thousands of organizations. Olson's office examined a sample of groups that obtained 501(c)(3) designation through Form 1023-EZ and found that 37 percent did not meet the organizational test for 501(c)(3) status. The report recommends the IRS revise the form to require applicants to submit their organizing documents, a description of actual or planned activities, and past or projected financial information.

4. OMNIBUS INCLUDES CADILLAC TAX DELAY, OTHER PRIORITIES: For those who missed it, the huge omnibus spending and tax package that Congress passed late last month addresses a number of issues on ASAE's radar, including the so-called Cadillac tax on high-cost health plans, impending political activity rules from the IRS, and provisions that provide significant incentives for charitable giving.

Among the most significant provisions in the package is a two-year delay of the 40 percent non-deductible excise tax on high-cost, employer-based health plans. Postponing the start of the Cadillac tax from 2018 to 2020 should lessen the incentive for employers to make changes now to their benefit plans and give opponents additional time to rescind the tax altogether.

Dislike of the Cadillac tax has become pervasive among Republican and Democratic lawmakers alike, as it would likely result in a reduction of benefits for millions of Americans. ASAE has filed two sets of comments with the IRS this year, suggesting that employers will look to make changes to their benefit plans to avoid the tax. These changes will reduce benefits and transfer the cost of insurance to employees through increased deductibles, reduced covered services, use of private exchanges, and the reduction or elimination of FSAs, ASAE argued.

Another provision in the budget deal would prohibit the IRS from issuing a final rule governing the political activities of 501(c)(4) nonprofit organizations. The IRS released draft rules in late 2013 that would have expanded the definition of candidate-related political activity to include candidate forums, meet-and-greets and voter registration activities. The IRS has also suggested that any final rule should be broadened to apply to a wide range of tax-exempt organizations including 501(c)(6) associations.

The deal also makes dozens of expired, temporary tax provisions permanent, including a tax break for individuals that donate to charities from qualified retirement accounts; a tax deduction for food inventory donated to food banks; and a deduction for land donated for conservation.

Another provision in the package would create parity in commuter benefits for people who drive to work and those who take public transportation –an important win for employees in large metropolitan areas.