April 30, 2015
In This Issue:

1. FARENTHOLD INTRODUCES BILL TO RESTRICT GOVERNMENT TRAVEL: Rep. Blake Farenthold (R-TX) introduced a bill this week that would cap government spending on travel and conferences and require detailed reporting of conference expenses for each federal agency.

Farenthold called the bill a "common-sense approach to curbing unnecessary federal travel spending that will save billions of dollars."

While largely duplicative to rules for travel and conferences put in place by the Administration in 2012, Farenthold's "Government Spending Accountability Act" includes a couple of provisions that concern ASAE and many other associations that encourage government attendance at their meetings. These include provisions requiring agencies to provide a cost-benefit analysis of holding a conference versus a teleconference and a justification for holding a conference in a specific location.

The spending limits already in place since 2012 cap federal agencies' conference spending at 70 percent of Fiscal Year 2010 spending. These caps have had a profound impact on federal workers' attendance at association meetings, limiting their access to training and professional development and their ability to exchange ideas with their counterparts in the private sector. ASAE is concerned about putting these spending caps into statutory language, making it more difficult for the Administration to eventually ease the restrictions to allow more attendance at conferences that are aligned with a federal agency's mission.

While the House is in recess next week, ASAE will continue to meet with congressional staff about this issue and determine our next steps, including the possibility of a sign-on letter to express the association community's concerns.

2. SENATE FINANCE POSTS COMMENTS ON TAX REFORM: The Senate Finance Committee's tax reform working groups received over 1,400 comments earlier this month from various stakeholders on how best to overhaul the U.S. tax code.

The Committee sought input from the public to inform the thinking of the five working groups, which are meeting regularly to consider dozens of potential changes in individual and corporate tax policy. The working groups have targeted the week of May 25 to deliver specific recommendations to Senate Finance Committee Chairman Orrin Hatch (R-UT).

“We thank the stakeholders and public who provided us with this valuable data and input,” said Hatch and Ranking Member Ron Wyden (D-OR) in a statement. “These submissions have equipped us with the ability to better evaluate how reforming the tax code will affect both American families and businesses of all kinds.”

Provisions in the tax code related to tax-exempt organizations are within the purview of the Business Income Tax Working Group co-chaired by Sens. John Thune (R-SD) and Ben Cardin (D-MD). ASAE’s comments to this group address how different tax reform options would impact the revenue-generating activities of associations.

All comments to the Business Income Tax Working Group are now posted to the committee’s website.

3. NFL TO DROP TAX-EXEMPT STATUS: The National Football League’s head office has elected to drop its 501(c)(6) tax-exempt status in response to criticism from lawmakers and others, meaning the office will in the future file returns as a taxable entity.

The NFL has held a 501(c)(6) designation since 1942, and had defended its tax-exempt status by pointing out that all of the teams are for-profit entities that pay taxes on the billions of dollars of revenue they receive from TV contracts, ticket sales and merchandising. The league office was tax-exempt because it works to promote the teams, in the same way that a business league or trade association works to promote an industry, the NFL argued.

But in a letter sent to team owners and Congress on April 28, NFL Commissioner Roger Goodell said the league’s tax-exempt status had become “a distraction” that was “mischaracterized repeatedly.”

“The fact is that the business of the NFL has never been tax exempt,” Goodell wrote. “Every dollar of income generated through television rights fees, licensing agreements, sponsorships, ticket sales, and other means is earned by the 32 clubs and is taxable there.”

Ending the league’s tax-exemption means the office will no longer be required to disclose its executive compensation, which in 2012 included $44 million for Goodell alone.

The league’s decision was praised by House Oversight and Government Reform Committee Chairman Jason Chaffetz (R-UT) and Ranking Member Elijah Cummings (D-MD).

“It is rewarding to see such an important and positive step toward restoring basic fairness so quickly in our tenure,” Chaffetz and Cumming said. “We hope that the other professional sports organizations in similar situations will follow the positive example set by the NFL and pay their taxes just as everyone else is required to do."

4. LEW LINKS TAX REFORM TO TRANSPORTATION FUNDING: Treasury Secretary Jacob Lew this week suggested that Congress focus on business tax reform as a funding solution for expiring federal highway and mass transit programs.

According to Bloomberg BNA, Lew said there is bipartisan support for business tax reform and the revenue generated from that could be used to pay for infrastructure reauthorization. The Administration has proposed a six-year $478 billion transportation reauthorization plan called the GROW America Act that provides increased funding for the nation's highways, bridges, transit, and rail systems and is funded by a one-time 14 percent transition tax on the up to $2 trillion of untaxed foreign earnings that U.S. companies have accumulated overseas.

"I think when one looks at the political lay of the land, the best way to fund infrastructure for the long term is to tie it to something that is broadly popular and that's why we tied it to business tax reform," Lew said at a Bloomberg event April 27. "The challenge is overcoming the skepticism that surrounds the broader conversation of business tax reform."

House Ways and Means Committee Chairman Paul Ryan (R-WI) has indicated he's open to finding a long-term funding source for transportation projects as part of comprehensive tax reform, but has floated the idea of doing a short-term patch for the Highway Trust Fund that expires on May 31.