House plans pre-Memorial Day vote on retirement savings legislation, sources say

The House is expected to vote before the Memorial Day recess on a revised version of a bipartisan retirement savings reform package, according to a May 16 Politico report citing congressional and industry sources. (The chamber is scheduled to adjourn for the week-long recess on May 24.)

The Setting Every Community Up for Retirement Enhancement Security (SECURE) Act of 2019 (H.R. 1994) is aimed at making it easier for smaller businesses to offer tax-qualified retirement savings plans to their employees, encouraging individuals to participate in retirement plans, and promoting savings for certain non-retirement expenses. The measure cleared House Ways and Means Committee early last month and was thought to be on a fast track for passage by the full House; but it became bogged down by concerns among progressive Democrats over a Republican-backed provision that would allow individuals to use funds in section 529 education savings accounts to cover costs associated with home schooling.

URL: https://docs.house.gov/meetings/WM/WM00/20190402/109255/BILLS-116HR___ih.pdf
529 provision out, ‘Gold Star’ provision in

According to the Politico report, the revised legislation that will be brought to the floor will be modified to:

- Delete the section 529 provision and
- Add a bipartisan provision that would treat survivor benefits paid to children of deceased active duty service members as earned income for purposes of what’s known as the “kiddie tax.” The so-called “Gold Star” provision addresses a change to the tax code made by the 2017 tax reform legislation (P.L. 115-97, informally known as the Tax Cuts and Jobs Act or TCJA) that requires unearned income of children to be taxed at the rate for estates and trusts rather than their parents’ top marginal rate. As a result of the TCJA provision, children receiving military survivor’s benefits now face significantly higher tax rates on their military survivor benefits than they would have under prior law. Since that anomaly recently came to light there have been bipartisan proposals in both chambers to fix it.

It remains to be seen whether removing the section 529 provisions will result in a significant number of GOP defections when the revised bill comes to the House floor, although Democrats likely would still control enough votes to secure its passage.

Grassley ready to move on RESA

In the Senate, meanwhile, Finance Committee Chairman Charles Grassley, R-Iowa, told reporters earlier on May 16 that he intends to move quickly on a package of retirement savings reforms – known as the Retirement Enhancement and Savings Act (RESA) of 2019 (RESA, S. 972) – that he introduced last month with ranking Democrat Ron Wyden of Oregon.

URL: https://www.finance.senate.gov/imo/media/doc/OTT19202%20(002)%20As%20filed.pdf

Grassley also noted that he does not intend to use RESA as a vehicle for moving other tax legislation.

RESA is a modified version of legislation that Wyden and then-Finance Chairman Orrin Hatch, R-Utah, introduced in 2016, and is broadly similar to the House’s SECURE Act, although there are some notable differences between the two bills that would have to be ironed out if each measure clears its respective chamber as currently written. (For details on how RESA and the SECURE Act stack up, see Tax News & Views, Vol. 20, No. 13, Apr. 5, 2019.)

URL: http://newsletters.usdbriefs.com/2019/Tax/TNV/190405_1.html

Notably, RESA does not include the contentious section 529 provision from the House bill. And it appeared, based on reports at press time, that the Senate might move the Gold Star provision on its own under unanimous consent rather than incorporating it into the RESA package. (Reports suggest that the Gold Star provision has significant momentum in both chambers and is likely to make it to the president’s desk no matter what path it takes through Congress.)

RESA – and more – discussed at Finance hearing on retirement issues

At a May 14 Finance Committee hearing on “challenges in the retirement system,” Grassley cited passage of RESA as “a top priority” – a sentiment echoed by several taxwriters in both parties – and stated that once the House completes work on the SECURE Act he will “continue to work closely with Sen. Wyden and other committee members to reconcile” the two measures and send a final package to the White House.

Retirement protections for part-time workers: Addressing one of the issues that will confront lawmakers when they go to reconcile the two bills, Grassley asked witness Lynn Dudley of the American Benefits Council for her thoughts about a provision in the SECURE Act – but not in RESA – that would require an employer to allow part-time employees who meet certain thresholds for length of service and number of hours worked to participate in the employer’s defined contribution plan. Grassley noted that he had heard concerns from some members of the business community that the provision would impose extra costs and administrative burdens on employers.

Dudley replied that American Benefits Council members generally were “comfortable” with the approach taken in the House bill and added that the provision could be enhanced by adding an automatic enrollment feature that would kick in as part-time employees meet the eligibility thresholds for coverage.
In an exchange with Sen. Rob Portman, R-Ohio, Joan Ruff of the AARP commented that extending retirement savings protections to part-time employees is critically important to women because they are often limited to part-time work because of family caregiving responsibilities, generally have fewer retirement assets than men, and generally live longer than men.

Portman called the provision an “enormous opportunity” to promote retirement savings.

Fix for nondiscrimination rules deemed ‘urgent’: In making the case for passing RESA, Portman and fellow taxwriter Ben Cardin, D-Md., cited what they termed the “urgent” need to enact a provision in the legislation that would modify the pension nondiscrimination rules to permit employees who are currently enrolled in a defined benefit plan to continue to accrue benefits under that plan if a sponsor decides to close the plan to future employees. (That provision, which is intended to protect older, longer-serving employees, is also in the House’s SECURE Act.)

“Bottom line is about 430,000 individuals – these are individuals that have a defined benefit plan – are at risk of losing their future benefits by the end of this year,” Portman said. “Not many people are focused on it but...it’s important and it’s mostly older workers and RESA does address that issue.”

The American Benefits Council’s Lynn Dudley explained in an exchange with Portman that “[p]eople have lost their benefits because of [the current] rules. They are not allowed to accrue any further benefits for these older, longer-service workers...and every year that we don’t fix this, every year, it’s hundreds of thousands more people that could lose their benefits. And because people are getting older, and they have longer service, more companies are impacted. So it’s an urgent situation.”

Responding to a subsequent question from Cardin about the provision, Dudley noted that fixing the nondiscrimination rules is critical for workers approaching the end of their careers because “these are the years that matter most for [accruing] benefits in the type of plan that they have. The end of your career is most important and they lose those benefits.”

Priorities for future legislation

The Finance Committee hearing also examined priorities Congress should consider in future retirement legislation, with the discussion focusing largely on proposals to expand retirement savings opportunities for individuals and address economic realities facing employees as they enter the workforce and as they age. Many of these ideas would build on current law or on provisions included in RESA and the SECURE Act.

Getting younger workers into the retirement system: Ranking member Ron Wyden noted that many younger individuals just entering the workforce opt out of contributing to an employer-sponsored retirement plan because they are more focused on paying down their student debt; but in making that choice, they are also missing out on the opportunity to build retirement savings through employer matching contributions. Wyden noted that the Retirement Parity for Student Loans Act, which he introduced on May 13, would permit employers to make matching contributions to their defined contribution plan on behalf of employees who cannot afford to participate in the plan because they are making student loan payments. (At a high level, an employer would treat the employee’s student loan payment amount as a salary-reduction contribution for purposes of calculating matching contributions. The program would be voluntary and matching contributions would be available only to those employees who otherwise would be eligible to participate in the employer’s retirement plan.)

URL: https://www.finance.senate.gov/imo/media/doc/Retirement%20Parity%20for%20Student%20Loans%20Act%20of%202019.pdf

In response to a question from Wyden, Lynn Dudley said that “many employers recognize” that student loan payments are “a barrier” to retirement plan participation for younger workers and want to help those employees “avoid leaving money on the table.” Wyden’s proposal would encourage savings by getting these employees into the retirement system earlier, even if they are not yet in a position to make salary-reduction contributions, she said.

Enhancing savings opportunities for older workers: Taxwriter Rob Portman commented that the Retirement Security and Savings Act, which he recently introduced with Sen. Ben Cardin, likewise would provide retirement savings opportunities for workers paying down student loan debt. But the measure also would make it easier for older workers who have not built up sufficient retirement savings to augment their retirement assets – for example, by increasing the catch-up contributions limit to $10,000 (from $6,000) once an individual reaches age 60 and by
increasing the age for beginning required minimum distributions to 75 by 2030. (Current law provides for annual catch-up contributions of $6,000 beginning at age 50. That amount is indexed for inflation but there is no additional escalation that kicks in as workers age. Required minimum distributions currently must be taken beginning at age 70-1/2.)


Addressing the ‘gig economy’ and other workforce changes: Several taxwriters mentioned that the retirement savings rules need to address the growing number of individuals who work multiple part-time jobs or who are part of the “gig economy” (that is, jobs generated by online platforms such as ride-sharing and e-commerce operations that bring together service providers and customers).

Finance Committee member Mark Warner, D-Va., floated the idea of providing a “universal account” that would be issued to individuals at birth and would serve as a “fallback” retirement savings vehicle for workers who don’t have access to employer-sponsored plans. Individuals would be responsible for funding their accounts and the account balances would move with them as they move from job to job.

The AARP’s Joan Ruff commented that saving for retirement needs to start early and the idea “should be looked at.”

Lynn Dudley of the American Benefits Council agreed, adding that it would be helpful to develop a mechanism that would give workers a “seamless” way to coordinate their holdings in a universal account with any assets they may subsequently accumulate in an employer-sponsored plan so that they can have a better understanding of their total retirement savings. She also said that provisions in RESA and the SECURE Act that would allow employers that are not in a common industry or do not share some other employment-based nexus to form “pooled” multiple-employer retirement plans would accommodate the unique needs of part-time and gig workers.

Democratic taxwriter Maggie Hassan of New Hampshire asked witnesses what additional provisions could be put in place to help individuals who work in multiple jobs or change jobs frequently over the course of their working lives to keep track of numerous retirement accounts established with several employers.

Dudley replied that the key is to make it as easy as possible for employees to roll their account balances over from one employer plan to another.

Addressing endangered multiemployer plans: Wyden, Portman, and Democratic taxwriter Sherrod Brown of Ohio argued that Congress also needs to address the threat posed by large underfunded multiemployer pension plans.

Responding to a question from Wyden, the AARP’s Joan Ruff said that ignoring the issue of multiemployer plan insolvency would lead to the possibility of significant benefit cuts for plan participants.

Portman cautioned that if these plans become insolvent it could lead to the collapse of the Pension Benefits Guaranty Corporation (the agency that insures private pension plans) and have implications for the larger economy.

The House’s SECURE Act includes a relatively narrow provision would provide alternative rules for calculating funding obligations for qualified plans sponsored by financially struggling community newspapers. That provision, which is not in RESA, drew criticism from some Republicans when the SECURE Act was marked up in the Ways and Means Committee.

— Michael DeHoff
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Finance leaders form taskforces to develop long-term solutions for ‘extenders’

Senate Finance Committee Chairman Charles Grassley, R-Iowa, and ranking Democrat Ron Wyden of Oregon on May 16 announced the formation of five bipartisan taskforces to develop a long-term approach to addressing some 42
temporary tax “extenders” provisions that expired, or will expire, between December 31, 2017 and December 31, 2019.

The extenders taskforces will be charged with examining tax policies affecting workforce and community development, health, energy, business cost recovery, and a combined group consisting of individual, excise, and other temporary provisions.

A separate taskforce will consider issues around the development of a core package of tax relief provisions that would be available to victims of natural disasters.

Each taskforce will be led by one Republican taxwriter and one Democrat. The roster of co-leaders includes:

- **Employment and Community Development**: Sens. Rob Portman, R-Ohio, and Maria Cantwell, D-Wash.;
- **Health**: Sens. Patrick Toomey, R-Pa., and Robert Casey, D-Pa.;
- **Cost Recovery**: Sens. Mike Crapo, R-Idaho, and Ben Cardin, D-Md.;
- **Individual, Excise, and Other Expiring Policies**: Sens. Pat Roberts, R-Kan., and Robert Menendez, D-N.J.;
- **Disaster Tax Relief**: Sens. Richard Burr, R-N.C., and Michael Bennet, D-Colo.

"It’s past time for Congress to end its bad habit of waiting until the last minute to extend temporary tax policy," Grassley said in a joint release with Wyden. "This type of tax policy is meant to encourage long-term growth and investment. By definition, that must be done deliberately and ahead of time to be successful. I encourage stakeholders to view this as an opportunity to come to the table and work with us to find long-term solutions."

The announcement from Grassley and Wyden does not include a deadline for the taskforces to complete their work or indicate whether they are charged with producing legislative proposals or reports with recommendations for action.

### Halting extenders progress in 2019

Grassley and Wyden introduced legislation on February 28 that would retroactively extend through the end of this year some two dozen temporary tax deductions, credits, and incentives that expired at the end of 2017 and a handful of others that expired at the end of 2018, while also providing targeted tax relief to businesses and individuals who suffered losses in certain federally declared disasters. (For prior coverage, see Tax News & Views, Vol. 20, No. 8, Mar. 1, 2019.)

**URL**: http://newsletters.usdbriefs.com/2019/Tax/TNV/190301_1.html

In the House, Ways and Means Committee Democrats have held several meetings since the start of the 116th Congress to try and agree on an approach to the extenders, but have been stymied by disagreements over whether to offset the cost of any package with revenue-raising measures, and a concern within the party that the extenders will disproportionately benefit businesses, who some members feel already received significant tax relief in 2018 following the enactment of the Republican legislation known informally as the Tax Cuts and Jobs Act (P.L. 115-97).

Grassley used the announcement of the Finance Committee task forces as an opportunity to nudge his House counterparts to move on their own bill.

"I...hope my colleagues in the House of Representatives will take note that the Senate is willing to work on long-term solutions to temporary tax policy and immediately send us a bill that addresses the provisions that expired for 2018 so we can deal with the unfairness Congress has caused for so many individuals and industries,” Grassley said.

### JCT background report available

A background report on the extenders provisions and disaster relief tax provisions that the taskforces will be examining is available from the Joint Committee on Taxation staff.

**URL**: https://www.jct.gov/publications.html?func=startdown&id=5188
House taxwriters split on tax proposals to address climate change

A May 15 House Ways and Means Committee hearing on the economic and health impacts of climate change saw members weigh in on the use of the tax code to address the issue and drew a stark policy line between the two parties.

Democrats back carbon tax

The panel’s Democrats generally pointed to carbon pricing as a reasonable way to reduce emissions, although most did not endorse a particular proposal for how such pricing might be implemented.

The most detailed proposal discussed at the hearing was the Baker-Shultz Carbon Dividends Plan championed by witness Ted Halstead, chairman and CEO of the Climate Leadership Council (CLC), and developed by former Republican Secretaries of State James Baker III and George Shultz. The CLC is backed by a number of large corporations – including from the energy industry – and environmental groups, and its proposal would implement an escalating fee on companies’ carbon emissions – beginning at $40 per ton – in exchange for a rollback of regulations on greenhouse gases (or “regulatory certainty”). The fees collected would be returned to US households in the form of quarterly dividend payments, which the CLC estimates would begin at $2,000 a year for a family of four. The plan also calls for a border adjustment system for carbon.

“Our plan is not a carbon tax,” Halstead emphasized. “It is a dividend.”

An uphill fight?: Ways and Means member Rep. Don Beyer, D-Va., the sponsor of a carbon cap-and-dividend bill, declared himself a “big fan of carbon pricing” during the hearing and said it is encouraging that there are big energy companies supporting something like the CLC’s proposal. However, he also said his office hears much more from industry about tax breaks than it does about climate change and questioned whether businesses might be using their participation in CLC as “greenwashing” while continuing to oppose solutions.

“There’s going to be a hesitancy on the part of our Ways and Means Committee and the general Congress to vote for something that’s a fee, that could be characterized as a tax, that could put us at risk in the next election,” Beyer said. “Having the cover of the corporations will be really, really essential.”

Republicans back clean energy incentives

Republicans, for their part, argued that “a carbon tax is not the solution to address our environmental challenges,” as ranking member Kevin Brady, R-Texas said in his opening statement. “Other countries that have implemented a carbon tax impact on global emissions have been negligible. …Instead of raising taxes on working families in America who can least afford it, the answer to decreasing emissions is found by empowering American innovators to create global clean energy solutions.”

Such a stance did not come as a big surprise: less than a year ago, the GOP-controlled House passed a resolution saying a carbon tax ”would be detrimental to American families and businesses, and is not in the best interest of the United States.” (For prior coverage, see Tax News & Views, Vol. 19, No. 23, July 20, 2018.)


Brady and his fellow committee Republicans instead used the hearing to call for new tax incentives for clean energy development and federal investment in innovative technologies.

Rep. Tom Reed, R-NY, said he is preparing legislation that will offer new technology-neutral tax credits that reward clean energy sources, along the lines of the Energy Sector Innovation Credit Act (H.R. 7196) that he introduced in late 2018. Similarly, Rep. David Schweikert, R-Ariz., said he favors “disruptive technology” solutions such as those
incentivized by legislation passed in the last Congress that reformed and expanded section 45Q tax credits for carbon storage.

Flap over witness list

The hearing generated a bit of a partisan kerfuffle even before it took place, with Ways and Means Chairman Richard Neal, D-Mass., initially inviting former Republican taxwriter Carlos Curbelo (who was defeated in the 2018 election) to appear as a witness but then rescinding the invitation following complaints from House Democratic leadership.

While still in Congress, Curbelo, who represented a district in southern Florida, was among the few Republicans who supported a carbon tax – and one of just six in the party who voted against the anti-carbon tax resolution the House passed in 2018. Democratic taxwriters had hoped that his presence on the witness panel would help sway current GOP lawmakers; however, because Curbelo has not ruled out running again for his former seat, Democratic leadership blocked him from speaking. It’s not clear that Curbelo’s participation on the panel would have made a difference, though, since almost all of his fellow Republicans still appear to be set against a carbon tax proposal.

Rep. Jason Smith, R-Mo., entered into the Congressional Record the statement that Curbelo prepared before he was disinvited, but told the Washington Examiner, “I probably don’t agree much with what’s in Carlos’ testimony.”

— Storme Sixeas
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Mnuchin, Rettig talk taxes at Senate Approps hearing on Treasury-IRS budget

Treasury Secretary Steven Mnuchin and IRS Commissioner Charles Rettig discussed Opportunity Zones, charitable giving incentives, the tax gap, IRS budget matters, and other issues during a May 15 hearing with Senate appropriators focused on the administration’s fiscal year 2020 budget request for the Treasury Department.

Budget matters

Mnuchin and Rettig appeared separately before the Senate Appropriations Subcommittee on Financial Services and General Government – the Senate panel that writes appropriations legislation funding the Treasury Department and the Internal Revenue Service, among other accounts.

The ostensible focus of the hearing was the Trump administration’s budget requests for these agencies for upcoming fiscal year 2020, which begins October 1. In broad terms, that blueprint, which was released in March, asks for roughly $11.5 billion in fiscal 2020 base funding for the IRS, up from the $11.3 billion level enacted for fiscal 2019. That amount includes $290 million that would be dedicated to starting implementation of the IRS’s six-year Integrated Modernization Business Plan, a point that both Mnuchin and Rettig emphasized in their testimony. (For prior coverage of the president’s fiscal year 2020 budget, see Tax News & Views, Vol. 20, No. 15, Mar. 15, 2019.)


“Through the implementation of new technologies, we will provide innovative resources that will not only reduce call and wait times for taxpayers and allow them to conduct business with the IRS online, but also continue to protect sensitive taxpayer data,” Mnuchin said in his written testimony.

Enforcement and the tax gap: The president’s budget request also calls for separate legislation that would boost tax enforcement funding by $15 billion over the next decade, including $362 million in fiscal 2020. According to this administration, this “program integrity cap adjustment” would generate a projected $47 billion to the agency in increased collections.

In theory, those extra enforcement dollars would reduce the size of the “tax gap,” or the difference between federal taxes owed and paid on a timely basis. The most recent IRS estimate of the tax gap – released in May of 2016 – covers the 2008 to 2010 timeframe.
Rettig, during an exchange with Sen. James Lankford, R-Okla., who also sits on the taxwriting Senate Finance Committee, confirmed that an updated analysis of the tax gap will be made available in June or July and will cover tax years 2011 through 2013. The current analysis is particularly outdated, Rettig argued, as it reflects a timeframe when paper filing was more common and cryptocurrencies did not exist.

The IRS commissioner also stressed that just a 1 percentage point increase in the voluntary compliance rate – which presently sits at about 83 percent after accounting for late payments and enforcement efforts – would translate into more than $30 billion in additional annual revenue for the Treasury.

(These and other tax gap issues were also discussed at a recent House Ways and Means Committee hearing. For prior coverage, see Tax News & Views, Vol. 20, No. 16, May 10, 2019.)

URL: http://newsletters.usdbriefs.com/2019/Tax/TNV/190510_1.html

'Math error authority': Rettig also pressed lawmakers to grant the IRS additional latitude to correct simple math and clerical errors on tax returns, arguing that so-called "math error authority" is a service to taxpayers in the sense that it can help keep them out of the audit and appeals process.

The administration’s fiscal 2020 budget proposes to expand this authority – which is currently available with respect to select situations enumerated in tax code section 6213 – to instances in which:

- Information reported by a taxpayer does not match what is in a government database (such as information reported to the IRS by an employer on Form W-2);
- The taxpayer has exceeded the lifetime limit for claiming a credit or deduction; and
- The taxpayer has failed to include statutorily required documentation with his or her tax return.

For his part, Sen. Chris Coons of Delaware, the subcommittee’s ranking Democrat, expressed concern that taxpayers may lack recourse if the IRS were to erroneously assess additional tax under this authority.

Streamlined critical pay authority: The IRS commissioner also urged Congress to reinstate so-called "streamlined critical pay authority" with respect to his agency. This authority – which last expired with respect to the IRS after fiscal year 2013 – enables agencies to pay higher annual salaries for certain approved staff members.

Rettig argued the reinstatement of this authority is particularly important now – when a large portion of the IRS workforce is retirement-eligible in the coming years and the agency is relying on outdated information technology systems and aging hardware and software.

"Without this authority, the IRS continues to face challenges recruiting and retaining top-level talent, especially IT professionals who can help modernize our IT systems and protect taxpayer data from cyberattacks," Rettig noted in his written testimony.

The administration’s fiscal 2020 budget would reinstate critical pay authority for the IRS through fiscal year 2023. A similar proposal is included in IRS reform legislation (H.R. 1957) that cleared the House of Representatives in April. (For prior coverage, see Tax News & Views, Vol. 20, No. 14, Apr. 12, 2019, and Tax News & Views, Vol. 20, No. 13, Apr. 5, 2019.)

URL: http://newsletters.usdbriefs.com/2019/Tax/TNV/190412_1.html
URL: http://newsletters.usdbriefs.com/2019/Tax/TNV/190405_2.html

Opportunity Zones, charitable giving

Although the hearing was ostensibly budget-focused, subcommittee members took the opportunity to raise a number of other tax issues with Mnuchin and Rettig.

Opportunity Zones: Sen. Coons expressed his disappointment to Treasury Secretary Mnuchin that the transparency measures and reporting metrics associated with the Opportunity Zone (OZ) program established by the 2017 tax reform legislation (P.L. 115-97) were stripped out upon enactment.

Legislation sponsored by Sens. Tim Scott, R-S.C., and Cory Booker, D-N.J., that was a forerunner to the program – which in general is geared toward steering investment toward underdeveloped areas by granting investors tax deferral
and other tax benefits on certain capital gains reinvested in Opportunity Zone funds – included various reporting requirements; but those measures had to be deleted from the tax reform bill due to the arcane rules of budget reconciliation under which the bill was moved.

Coons said Treasury should be collecting transaction-level data to help lawmakers assess whether the program is working as intended – a sentiment with which Mnuchin appeared to agree.

“We are fully committed to making sure we have the proper transparency on this for Congress,” Mnuchin said.

Legislation (S.1344) introduced by Sens. Scott and Booker earlier this month would require Treasury to track and report various metrics of the OZ program such as fund investments and effects on job creation, but the future of that legislation is uncertain.

Mnuchin also expressed his belief that marijuana-related businesses – even if operating in a state that has legalized marijuana sales and distribution – should not be eligible to receive qualified investments under the OZ program. This has been a matter of debate, given such firms do not appear on a list of businesses specifically excluded from the program, such as golf courses and casinos.

“We have not yet put out guidance, so I will defer to my team,” Mnuchin said, adding that “for now ... we should not have those businesses in the Opportunity Zones.”

At the same time, Mnuchin urged Congress to resolve the broader conflict between federal law and the laws in many states with respect to marijuana.

“Without me making a policy view on this, I would encourage Congress that this is an issue that needs to be addressed because it has created issues,” Mnuchin said.

**Charitable giving:** Sens. Coons and Lankford separately raised the issue of charitable giving and how it may have changed in 2018 given the tax reform bill’s significant increase in the standard deduction – and thus, reduction in the share of taxpayers who itemize and are sensitive to the itemized deduction for charitable contributions. The lawmakers pressed Mnuchin and Rettig, respectively, for data on charitable giving last year in relation to earlier periods.

Rettig noted that the IRS is aiming to provide that information in July or August, but cautioned that any IRS data on the subject would encompass only charitable deductions claimed by itemizers and not contributions by nonitemizers.

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**Congressional budget chiefs announce new CBO director**

House Budget Committee Chairman John Yarmuth, D-Ky., and Senate Budget Committee Chairman Mike Enzi, R-Wyo., announced May 15 that Philip L. Swagel has been appointed to serve as the next director of the nonpartisan Congressional Budget Office (CBO).

Swagel currently is a professor of international economic policy at the University of Maryland School of Public Policy. His public service career includes stints at the Treasury Department, the White House Council of Economic Advisers, and the Federal Reserve Board during the George W. Bush Administration.

Swagel’s term as CBO director begins on June 3 and runs through January 3, 2023. He will replace current CBO Director Keith Hall, whose term officially expired this past January. (Hall has been serving in a temporary capacity pending the appointment of his successor.)

The nonpartisan CBO was established in 1975 to produce independent analyses of economic and budgetary issues to support the congressional budget process. It plays a key role in analyzing cost estimates for legislation proposed in Congress but does not make policy recommendations.
Alice Rivlin dies

In other news, Alice Rivlin, an economist who served as the CBO’s founding director, died May 14 in Washington at the age of 88. Rivlin led the CBO from 1975-1983 and is its longest-serving director to date.

In addition to directing the CBO, Rivlin headed the Office of Management and Budget and served as vice chair of the Federal Reserve Board during the Clinton administration.

In her post-government career, Rivlin was involved in two significant bipartisan efforts to develop recommendations for balancing the federal budget and reining in the deficit. In 2010, she was appointed by then-President Barack Obama to serve on the National Commission on Fiscal Responsibility and Reform. That panel, which was headed by Alan Simpson (a former GOP senator and Finance Committee member from Wyoming) and Erskine Bowles (former White House chief of staff in the Clinton administration), was charged with creating a proposal to balance the federal budget deficit by 2015, improve the long-term fiscal outlook, and address the growth of entitlement spending and the gap between the federal government’s projected revenues and expenditures.

What became known informally as the Simpson-Bowles commission released its final report in December of 2010, recommending more than $3 trillion in spending cuts and revenue increases between 2012 and 2020. Tax policy recommendations included lowering individual and corporate rates while eliminating or modifying most federal tax expenditures. But the commission adjourned after it became clear that the plan lacked the supermajority support among its 18 members that would have been necessary to send the recommendations to Congress for a vote.


In a separate effort as part of the Debt Reduction Task Force at the Bipartisan Policy Center, Rivlin and former Republican Sen. Pete Domenici of New Mexico released a plan in November of 2010 to balance the primary budget (excluding interest payments) by 2014 and reduce the federal debt to below 60 percent of gross domestic product by 2020. On the tax side, the Rivlin-Domenici proposal, like the Simpson-Bowles plan, called for lowering corporate and individual tax rates while eliminating or simplifying most deductions and credits. The Rivlin-Domenici plan departed from Simpson-Bowles by proposing a new 6.5 percent national Debt Reduction Sales Tax as well as a one-year payroll tax holiday.


Tributes to Rivlin have been posted on the CBO and Bipartisan Policy Center websites.

URL: https://www.cbo.gov/publication/55248
URL: https://bipartisanpolicy.org/a-tribute-to-alice-rivlin/

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