



SBLC WEEKLY

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READ THE FINE PRINT

For at least the next two, probably three weeks, it will be stimulus talk 24/7. Last week, the House Ways and Means Committee approved a package of tax-related stimulus provisions. Senate Finance Committee Chairman Max Baucus (D-MT) introduced his “chairman’s mark.”

This week, it is possible the House could vote on their entire stimulus package, which will be known as H.R. 1 or H.R. 3, (there seems to be some question as to which bill number will be used) the American Recovery and Reinvestment Act. The Senate Finance Committee will attempt to approve a version tomorrow.

At this point, it would seem that the tax provisions found in both the Ways and Means Committee and the Baucus “chairman’s mark” versions should survive the process. While there are a handful of such provisions in both bills, some of them fall into the “similar but not identical” category. For example, both versions would allow businesses to carry back Net Operating Losses (NOLs) for five years instead of two years, but the House version cuts the value of the relief each year. The proposals would also extend the existing temporary 50 percent bonus depreciation benefit for another year but on slightly different terms. So if you have an interest in a particular provision, check the fine print to find the better language.

Both versions alter the first-time homebuyer’s tax credit. Unfortunately, they make only small improvements to the current temporary credit.

Last year, Congress temporarily increased the amount that small businesses could write off for capital expenditures (also known as Section 179) incurred in 2008 to \$250,000 and increased the phase-out threshold for 2008 to \$800,000. Both versions would extend those levels for 2009. This is one of the provisions that appears to be identical.

I really thought one of the bills would have another temporary patch for the Alternative Minimum Tax (AMT) income thresholds. If Congress does not act, the income thresholds revert to their old levels for this tax year.

Two weeks ago, I was optimistic Congress would include at least a freeze of the top estate rate and the exemption from the tax at current levels, or maybe even “improve” them a little. The top rate is currently 45 percent and the individual exemption is \$3.5 million. So far, that has not happened either.

I have not given up hope, but it would seem the Senate Finance Committee’s mark up this week is our best hope for either one. If I had to bet, I would think an AMT patch amendment in the Senate Finance Committee mark-up has the better chance. I do not expect many modifications to the House bill in

the Rules Committee, although in the name of bi-partisanship we could see a couple concessions to the Republicans. The Senate floor debate will be the next and last chance for new items after Senate Finance approval.

FAIR PAY

The Senate approved their version of the Ledbetter Fair Pay bill, S. 181. As you may recall, the House combined their version, H.R.11, with H.R. 12, the Paycheck Fairness bill, upon passage. The Senate chose to ignore that strategy and considered the stand-alone Ledbetter bill. Right now, it looks like the House is leaning to just taking up S. 181 and approving it. The President will sign the bill when Congress passes a final version.

We expect the Senate to take up a companion bill to H.R. 12; just not in the near future.

CARD CHECK

I did not hear it with my own ears, but apparently Senate Majority Leader Harry Reid (D-NV) suggested last week he will not bring the “card check” union organizing bill to the Senate floor until this summer. The talk on the House side is that it will be brought to the House floor in March or April.

A lot of money is being spent on public relations, grassroots, and fly-ins now. Maybe the Majority Leader’s plan is to hope the opposition’s money runs out?