



SBLC WEEKLY

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BEATING THE BUDGET HORSE

It seems like we have been talking about the topic of the Fiscal Year 2010 budget forever and we have only just begun. It looks like the House and Senate will approve versions of a budget resolution this week. I am not sure they can complete work on a final version before their spring break as there are some key differences between the approaches, mostly having to do with reconciliation directives.

Rather than run through the “state of play” now, I will do a complete review when they finish this phase of the process. Meanwhile, as I have been observing, “assumptions” upon which a budget resolution is built do not necessarily translate into final policy. The general media has a tendency to paint the picture in “as if the budget resolution casts policy in stone: colors.

HOME OFFICE DEDUCTION

Representatives John McHugh (R-NY) and Kurt Schrader (D-OR) have introduced H.R. 1509, the Home Office Deduction Simplification Act.

In 1976, Congress enacted Section 280A of the Internal Revenue Code, which, as amended in 1997, provides the limited circumstances in which an individual may take a deduction for expenses related to an office in the home. Generally, deductions are limited to those parts of a home that are exclusively used on a regular basis as a

principal place of business or to meet with patients, clients, or customers. It is not a simple process to calculate the deduction. The IRS worksheet is quite “impressive.” ☺ You can see one in our issue paper on the SBLC website.

H.R. 1509 is simple enough. The bill would allow otherwise qualified taxpayers to use a standard home office deduction of \$1,500 rather than go through the calculations. As with all things tax relief, the problem is the pay-go rules that require revenue offsets.

VIRTUAL TOWN HALL

Last week, the President Obama held his first “virtual” town hall. Two small business owners, one each from the American Nursery and Landscape Association and the Promotional Products Association International, represented the SBLC at the White House session.

FUEL EFFICIENCY

Today’s Federal Register will include a final rule (all 857 pages worth) for Corporate Average Fuel Economy (CAFE) standards for Model Year (MY) 2011.

The standards will be 30.2 miles per gallon (mpg) for passenger vehicles and 24.1 mpg for light trucks. This is up from 27.5 and 23.3, respectively.

Two-wheel drive sport-utility vehicles (2WD SUVs) have been reclassified. Over one million such two-wheel drive vehicles have been moved from the truck fleet to the car fleet.

The National Highway Transportation Safety Agency estimates that, in response to the final standards for MY 2011 light trucks, manufacturers will incur costs of approximately \$865 million for additional fuel-saving technologies, compared to the costs they would incur if the standards remained at MY 2010 levels. The agency estimates that the resulting vehicle price increases to buyers of MY 2011 light trucks will be paid back in additional fuel savings in an average of 7.7 years (92 months), based on fuel price assumptions.

EMPLOYEE FREE CHOICE ACT

Senator Arlen Specter (R-PA) has publicly stated he will not vote in favor of the Employee Free Choice Act, otherwise known as the “union card-check” bill. In the previous Congress, he was a co-sponsor. It is waaayyy too early in this Congress for me to say this is the last we will hear about this issue but it is definitely on the back burner.

CONGRESSIONAL RECESS

When the House and Senate get tired of talking about the budget resolution, they will take a two week break – so will the Weekly!