TAX DAY TANGO

As expected, Congress played out its tax day, or perhaps more accurately, tax week dance.

The House passed House Majority Leader Eric Cantor’s (R-VA) H.R. 9, the Small Business Tax Cut Act that would allow profitable small businesses to reduce their tax liability by up to 20 percent for one year (the current taxable year for most). A small business is one with less than 500 full time employee equivalents for the purpose of the bill. The reduction is limited to not more than 50 percent of wages paid in the year.

Senate Majority Leader Harry Reid (D-NV) was unable to muster enough votes to invoke cloture for a vote on the so-called “Buffett Rule” (Is that really resonating as a catch phrase with the electorate? I wonder how many folks really know who Warren Buffett is or what the “rule” would do?) bill that would increase the tax rate on high incomes.

Still to come is a future Senate vote on the Majority Leader’s bill S. 2237, the Small Business Jobs and Tax Relief Act. His bill would provide a one-time tax credit of up to ten percent of the increase in wages paid by an employer in 2012. (“increase” is measured by subtracting the wages paid in 2011 from the wages paid in 2012.) Credits (as opposed to deductions) reduce taxable income dollar for dollar. The “increase amount” of wages eligible for the credit is capped at $5 million. His bill would also extend the temporary 100 percent depreciation bonus through 2012. At the end of 2011, the temporary bonus dropped to 50 percent and it will expire at the end of the year.

POSTER

The National Labor Relations Board (NLRB) has had its clock cleaned in the court system. It continues to lose ground in court decisions evaluating its authority to issue a regulation requiring employers to post a poster with employees’ workplace rights. While one court said they could issue the poster regulation but they had no authority to enforce the rule, at least one court has said they did not even have the authority to create the poster.

The regulation was to go into effect on April 30th. Said the NLRB:

“In light of conflicting decisions at the district court level, the DC Circuit Court of Appeals has temporarily enjoined the NLRB’s rule requiring the posting of employee rights, which had been scheduled to take effect on April 30, 2012.

“In view of the DC Circuit's order, and in light of the strong interest in the uniform implementation and administration of agency rules, regional offices will not implement the rule pending the resolution of the issues before the court.”

POSTAL SERVICE REFORM

The Postmaster General is learning the old maxim about post offices, “anybody’s but mine,” still remains true when it comes to closing post offices – and other processing facilities too as it turns out. In the ongoing effort to put the Postal Service on sound fiscal ground, the Postmaster General proposed a host of closures and delivery modifications. At the same time, Congress has been working on postal service “reform” which would also help the Postal Service help itself get its fiscal house in order.

Turns out the price of securing those other reforms may be slowing down or stopping some closures and also delaying any effort to end Saturday delivery.

The Senate had taken the lead in debating these issues. There is a good chance by the end of the
week that it will finish work on the 21st Century Postal Service Act, S.1789.

According Senators Joe Lieberman (I-CT) and Susan Collins (R-ME), who have led the Senate fight for reform, a compromise will:

*Give the Postmaster General access to money USPS has overpaid into one of its retirement funds to provide incentives to encourage 100,000 eligible employees to retire. This would help voluntarily “right-size” the workforce to take into account the steep decline in first class mail volume in recent years.

*Reduce the amount of money that USPS has to prefund for retiree health benefits by amortizing the costs over 40 years and calculating those costs more appropriately.

*Retain overnight delivery of first class mail, but limit it in some cases to shorter geographic distances.

*Prevent the Postal Service from going to five-day delivery for the next two years and require it to exhaust all other cost-saving measures first.

*Require USPS to set standards for retail service across the country, consider several alternative options before closing post offices, and provide for increased opportunity for public input.

*Allow USPS to deliver mail to curbside, sidewalk, or centralized mailboxes, rather than front door mail slots or boxes.

*Allow USPS to sell non-postal products and services in appropriate cases.

The House will still have to consider the bill, and there is stronger sentiment there for going forward with closures and delivery curtailment but the maxim, as the Senate has learned, still has legs.

Senator John McCain (R-AZ) whose own bill, S.1625, is similar to the leading House bill, H.R. 2309, said this about the compromise: “This plan hits the snooze button on many of the postal service’s underlying problems.”