

WASHINGTON WATCH: End of the Year Legislative Round Up

Pending before Congress:

- Funding for the Federal government expires at midnight on Friday, 8 December. Congress must pass a new continuing resolution. Current discussions include an extension to 22 December and another would push the deadline into 2018. If Congress fails to act this week, it will trigger a partial shutdown of the Federal government.

Pending before Conference Committee:

H.R. 1, the “Tax Cuts and Jobs Act”

- Both the House-passed and Senate-passed versions of the bill would cap the deduction on State and local taxes (SALT) at \$10,000, representing double taxation for some Americans.
- The House-passed bill would impose a new tax, the Unrelated Business Income Tax (UBIT), which potentially impacts State and local pension plans which were previously exempt from this tax. The FOP, along with a large network of organizations representing public employees and public pension systems, has been meeting with leadership and likely conferees urging the House language be eliminated. The Senate-passed bill does not contain the UBIT provision.
- The new tax rates for individuals:

Income Level	Current Rate	House Rate	Senate Rate
\$0 - \$9,525	10%	12%	10%
\$9,525 - \$38,700	15%	12%	12%
\$38,700-\$45,000	25%	12%	22.5%
\$45,000-\$60,000	25%	25%	22.5%
\$60,000 - \$93,700	25%	25%	25%
\$93,700-\$170,000	28%	25%	25%
\$170,000-\$195,450	28%	25%	32.5%
\$195,450 - \$200,000	33%	25%	32.5%
\$200,000 - \$424,950	33%	35%	35%
\$424,950-\$426,700	35%	35%	35%
\$426,700 - \$500,000	39.6%	35%	35%
> \$500,000	39.6%	39.6%	38.5%

- The new tax rates for married taxpayers:

Income Level	Current Rate	House Rate	Senate Rate
\$0 - \$19,050	10%	12%	10%
\$19,050-\$77,400	15%	12%	12%
\$77,400-\$90,000	25%	12%	22.5%
\$90,000 - \$120,000	25%	25%	22.5%
\$120,000 - \$156,150	25%	25%	25%
\$156,150-\$237,950	28%	25%	25%
\$237,950-\$260,000	33%	25%	25%
\$260,000-\$290,000	33%	35%	25%
\$290,000 - \$390,000	33%	35%	32.5%
\$390,000 - \$424,950	33%	35%	35%
\$424,950-\$480,050	35%	35%	35%
\$480,050-\$1,000,000	39.6%	35%	35%
> \$1,000,000	39.6%	39.6%	38.5%

- The standard deduction is doubled from \$6,350 for a single/\$12,700 if married to \$12,000/\$24,000.
- Deductions for personal exemptions are repealed, but the child tax credit is increased from \$1,000 to \$2,000.
- The estate tax exemption is doubled, to \$11 million for a single taxpayer and \$22 million for married taxpayers.
- Changes for taxpayers who itemize their deductions:

	House Bill	Senate Bill
Medical expenses	eliminated	retained
State and local income taxes	eliminated	same as House
Property taxes	retained (up to \$10,000)	retained (up to \$10,000)
Mortgage interest	On up to \$500,000 for new loans; no interest on second home, no interest on new home equity loans)	retained (but no deduction on home equity loans)
Personal casualty losses	eliminated (except for federal declared disaster areas)	same as House
Unreimbursed employee expenses	eliminated	eliminated
Tax preparation fees	eliminated	eliminated

- Other deductions:

	House Bill	Senate Bill
Alimony deduction	eliminated	retained
Student loan interest	eliminated	retained
Educator deduction	eliminated	doubled to \$500
Moving expenses	eliminated	eliminated

Pending before House:

H.R. 38 and H.R. 4447, the “Concealed Carry Reciprocity Act” and the “Fix NICS Act”

- The House Judiciary Committee amended and passed H.R. 38 last week. The amendments adopted resolve the FOP’s concerns with respect to *Terry* stops and, as a consequence, the FOP took no position on the bill.
- The FOP supports H.R. 4477, which makes improvements to the existing National Instant Criminal Background Check System.
- We are hearing from House-side sources that these two bills will be merged into a single piece of legislation and be considered on the House floor on Wednesday.

H.R. 613, the “Lieutenant Osvaldo Albarati Correctional Officer Self-Protection Act”

- This bill, which the FOP supports, was favorably reported by the Committee on the Judiciary by voice vote in April. The legislation would direct the Bureau of Prisons to make secure firearms storage areas accessible to employees at all of its facilities.

H.R. 1892, the “Honoring Hometown Heroes Act”

- The bill will be held at the desk and considered under a suspension of the rules prior to the end of this session. The bill would amend existing U.S. flag Code to allow governors to fly the American flag at half-staff in the event a law enforcement or other public safety officers falls in the line of duty.

Pending before Senate:

H.R. 2228, the “Law Enforcement Mental Health Act”

- The FOP is lobbying the Senate Committee on the Judiciary to discharge the bill, allowing each caucus to “hotline” the legislation and be passed by unanimous consent. The Senate version of the bill, S. 867, passed the Senate by UC in May, so we are optimistic that the House-passed bill will clear the Senate and be sent to the President before the end of the session.

Summary of Top Priorities:

H.R. 1205/S. 915, the “Social Security Fairness Act”

- The House bill has 164 cosponsors. The Senate bill has 15—6 of which signed on just last week.

H.R. 964/S. 424, the “Law Enforcement Officers' Equity Act”

- The House bill has 32 cosponsors. The Senate bill has 4.