



The Washington Report

The Newsletter of the National Association of Police Organizations
Representing America's Finest

November 14, 2017

Tax Reform's Impact on Public Pensions & Retirement

The House Ways and Means Committee finished marking up the Tax Cuts and Jobs Act (H.R. 1) on November 9, after four days of debate. There are several provisions in the House tax reform measure to cause some concern to state and local public employees. The first is the partial elimination of the State and Local Tax (SALT) deduction. The Tax Cuts and Jobs Act would cap the state and local property tax deduction at \$10,000 and completely repeal the deduction for state and local income taxes, while maintaining the state and local sales tax deduction. The capping and elimination of the majority of the SALT deductions would equate to a large tax increase on the citizens of states with high state and local taxes, such as New York, New Jersey, California and Illinois.

Not only does the near elimination of SALT deductions mean higher taxes for the middle class in high tax states and localities, but it could cause states to consider lowering their tax rates, which will have a significant impact on state and local budgets, which fund state and local law enforcement. There could be less funding for the hiring and retention of officers, training, equipment and community policing programs.

NAPPO has joined the Americans Against Double Taxation (AADT) in opposition to the elimination or partial elimination of the SALT deduction to help us fight this change to longstanding federal tax policy.

Additionally, while H.R. 1 does not touch 401(k) or defined contribution plans, there is a chance that changes to how these retirement plans are taxed could still be included in the Senate proposal. Currently, workers who have access to 401(k) plans are able to invest up to \$18,500 in pre-tax dollars per year and participants who are 50 years of age or older are able to put away \$24,500 per year. Workers only pay taxes on those contributions when they are withdrawn. Under the change still being considered under the Senate tax reform proposal, the limits to the pre-tax contributions to 401(k) plans could be drastically lowered to \$2,400 a year. Amounts over the \$2,400 cap could then be put into "Roth" accounts where the money is taxed when it is deposited and not when it is withdrawn, much like a Roth IRA plan.

This would not affect the amount of money a worker will be able to contribute to their retirement, but it will affect when that money gets taxed. It could be confusing to workers who are trying to decide if they want to participate in their employer's defined contribution plan and if so, how much money they want to invest in it. The fear is that workers may just put away \$2,400 a year, which is woefully short of what the average worker needs to save for retirement. Further, this "rothification" of 401(k) plans is only a budget gimmick. Whereas right now the federal government collects taxes on 401(k) contributions on the back end, by making this money taxable up front, Congress can say that they have the revenues needed to show savings in the first 10 years of tax reform.

Also of note is that Congress has decided not to include a delay or repeal of the “Cadillac” tax, the 40% excise tax on employer-sponsored health insurance put in place by Obamacare, despite broad bipartisan support for its repeal. Unfortunately, the House Ways & Means Committee does not believe the delay or repeal of the tax is a pressing issue as it does not go into effect until 2020. There is a possibility that we can get the Senate to include a 2-year delay of the tax in a year end spending package, much like we did in 2015, but it is unlikely a delay will be included in the final tax reform bill. Given that the Cadillac tax is estimated to generate \$66 billion in revenues, there is no appetite to eliminate the tax at this time.

The House is scheduled to vote on H.R. 1 this week and the Senate Finance Committee is holding hearings on its tax reform proposal. House Republican leadership has stated that it plans to pass the bill before the Thanksgiving recess and as of now, leadership believes they have to votes to pass it in the House.

We will keep our members up to date on the status of H.R. 1 and the Senate tax reform proposal. If you have any questions, please contact Andy Edmiston at aedmiston@napo.org.

NAPO on the Hill: Law Enforcement Mental Health & Wellness Act

On November 8th, NAPO met with House Majority Leader Kevin McCarthy’s staff to discuss the path forward to passing the Law Enforcement Mental Health and Wellness Act (S. 867 / H.R. 2228), sponsored by Congresswoman Susan Brooks (R-IN) and Senators Joe Donnelly (D-IN) and Todd Young (R-IN). This important legislation unanimously passed the House Judiciary Committee on October 12th and has broad bipartisan support.

The legislation would help law enforcement agencies establish or enhance mental health care services for their officers by making grants available to initiate peer mentoring pilot programs, developing resources for mental health providers based on the specific mental health challenges faced by law enforcement, and supporting law enforcement officers by studying the effectiveness of crisis hotlines and annual mental health checks.

According to the National Study of Police Suicides, officers are 2.5 times more likely to die from suicides than from homicides. State and local law enforcement officers are our nation’s first responders. They respond to our country’s greatest tragedies as well as violent crimes that unfortunately occur more frequently in our communities. They have seen and experienced horrors that they cannot forget, yet they still put their lives on the line every day to protect and serve our communities. It is time that we as a nation recognize the stress and strain of the job and give officers the resources they need to address their emotional and mental wellbeing.

The Majority Leader’s staff indicated strong support for the bill and stated it is a priority for passage. House leadership is waiting for the Congressional Budget Office (CBO) to score the bill to determine if it falls under the House CUT-GO rules, which mandate that any spending above a certain level must be paid-for. We do not believe that the reporting requirements of the bill will cost a significant amount, but we will continue to work with House leadership to have the CUT-GO rules waived so we do not have to amend the bill. This is currently our only obstacle to quick passage of the Law Enforcement Mental Health and Wellness Act.

NAPO thanks Congresswoman Brooks, Senators Donnelly and Young for their support of the law enforcement community and their leadership on this important issue. If you have any questions about this bill, please contact Andy Edmiston at aedmiston@napo.org.

NAPO on the Hill: Postal Police Benefits & Rights

On November 8, NAPO joined leadership of the Postal Police Officers Association (PPOA) – a NAPO member organization – in a meeting with staff of Congressman Elijah Cummings (D-MD), Ranking Member of the House

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Oversight and Government Reform Committee, which has jurisdiction over the U.S. Postal Service. Given his oversight position with the Postal Service, the PPOA has been meeting with Congressman Cummings regarding the issues postal police officers have been facing with the U.S. Postal Inspection Service (USPIS).

The PPOA has long been fighting for greater pay and benefits for its members, who patrol in and around select postal facilities in the U.S. and Puerto Rico. They are trained and certified federal police officers, protecting the public by making arrests for crimes committed on U.S. Postal Service Property. Despite their vital function as part of the Postal Service, which is prescribed by Congress, they are treated as security guards and not given their due respect.

In an effort to protect its members, the PPOA has filed an Equal Employment Opportunity (EEO) complaint against the USPIS asserting that the USPIS has discriminated against Postal Police Officers because it is a majority non-white job classification within the USPIS. The EEO complaint plainly lays out that majority white job classifications within the USPIS – even ones similar to Postal Police Officers – have received better pay, benefits and working conditions, while the Postal Police Officers continue to be underpaid, overworked and undervalued.

With the filing of the EEO complaint, the USPIS did not attempt to call the PPOA back to the bargaining table to make amends, but rather began constructing their defense. NAPO supports the PPOA in its efforts to ensure its members have better wages, benefits and working conditions and we urged Congressman Cummings to support the PPOA's EEO complaint. His staff indicated they will speak to the USPIS and the Postal Service Office of Inspector General to gain a greater understanding of the case.

With postal reform efforts seemingly dead this Congress leaving little recourse for a legislative fix, Congressional pressure on the USPIS in this case is essential. NAPO will work in conjunction with the PPOA to follow-up with Congressman Cummings' staff to make certain they get all of the information they need to back the PPOA's efforts.

NAPO Supports Bill to Combat Money Laundering

NAPO has indicated our support for S. 1241, the Combating Money Laundering, Terrorist Financing, and Counterfeiting Act of 2017, sponsored by Senators Charles Grassley (R-IA) and Dianne Feinstein (D-CA), the Chairman and Ranking Member of the Senate Judiciary Committee, respectively.

This legislation would modernize and strengthen our nation's criminal money laundering statutes to more effectively fight criminal organizations, drug traffickers and terrorists who are increasingly using sophisticated methodologies to smuggle, transfer and counterfeit money to pay for their operations. The changes this Act would make are vital to law enforcement's efforts to crack down on these crimes and defeat organized crime syndicates that threaten the safety of our nation and our communities.

NAPO looks forward to working with Senators Grassley and Feinstein on passing this important legislation.

NAPO Endorses Efforts to Protect Victims of Sexploitation

NAPO endorsed the Intimate Privacy Protection Act of 2017, sponsored by Senator Richard Burr (R-NC). In a world where smart phones and devices are used to record and transmit every moment in life, it is becoming increasingly important to protect against malicious sharing of private, explicit images. These online privacy violations exponentially and disproportionately target women and minors. While 35 states have enacted statutes in this area, federal intervention is necessary to provide complete and consistent coverage across state lines.

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The Intimate Privacy Protection Act would narrowly establish federal criminal liability for individuals who share private, explicit images without consent, while including civil liberty safeguards to ensure that only those who share with malicious intent are liable.

We look forward to working with Senator Burr to pass this important legislation.

NAPO's Latest Legislative Positions & Sponsor/Cosponsor Updates

NAPO's updated "Sponsor/Cosponsor" spreadsheet is available at the following link: <http://www.napo.org/washington-report/sponsor-cosponsor-spreadsheet/>. The spreadsheet accompanies the latest "Legislative Positions" document, which is available at the following link: <http://www.napo.org/washington-report/legislative-priorities/>

The "Sponsor/Cosponsor" spreadsheet is a useful tool to check if your members of Congress have supported pieces of legislation that will impact our members. NAPO will update this spreadsheet regularly, and continue to ensure our voice is heard on Capitol Hill.

If you have any questions about any of the legislation that NAPO is currently working, please contact Andy Edmiston at: aedmiston@napo.org.

Join NAPO for our 30th Annual Pension & Benefits Seminar Caesars Palace Hotel & Casino – Las Vegas, NV – January 28-30, 2018

We invite you to join the National Association of Police Organizations (NAPO) for our 30th Annual Police, Fire, EMS & Municipal Employee Pension & Benefits Seminar to be held at Caesars Palace Hotel and Casino in Las Vegas, Nevada, January 28-30, 2018. Participate in discussions on the pressing topics that are affecting your pension fund and benefits.

Topics will include: Pension Threats & Reforms, The U.S. Supreme Court Case that may Gut Unions Across the Country, Plan Fund & Design, The Pension Crisis that started in Kentucky and Why it May Be Coming to Your State Soon, Tax Reform and the Loss of State and Local Tax Deductions, The Death of the 401(k) Plan, Medicare Options and Security Breaches just to name a few!

For the most up to date agenda check NAPO's website at www.napo.org

Register today to take advantage of our early bird rates!
To save, register before December 1 and pay only \$575

Take an active role in improving your fund by registering for this informative seminar. Registration and Hotel information is attached. Registration Information is also found on the NAPO's website event page.

If you have any questions or need additional information please do not hesitate to contact Elizabeth Loranger, NAPO's Director of Events at eloranger@napo.org or (703) 549-0775. We look forward to seeing you in Las Vegas!

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