

WEEKLY WASHINGTON APRIL 25TH – APRIL 29TH, 2011

Below is an informal overview of the Weekly Washington activities of the Office of Intergovernmental Affairs.

SEN. NELSON CALLS FOR TAX FRAUD PROBE

The recent surge in the filing of bogus tax returns has prompted the Chairman, Sen. Bill Nelson, of the newly created Senate Finance Subcommittee on Fiscal Responsibility and Economic Growth, to call for a federal investigation on the identity thieves perpetrating the fraudulent returns. Writing to the U.S. Treasury's Inspector General for tax administration, Sen. Nelson stressed the need to fully examine the problem and find remedies that will curtail resurgence. The proposed remedies would possibly include legislative changes. The Treasury Inspector General for Tax Administration, J. Russell George, issued a statement through his spokeswoman that Sen. Bill Nelson's request for a federal investigation will be looked at "very quickly and very closely." Expressing concern that the IRS is missing obvious red flags, Rep. Mario Diaz-Balart has asked the IRS to disclose the exact methods it uses to curtail tax fraud. Diaz-Balart found it troubling that, "the IRS sent fraudulent refunds even though taxpayers had specifically warned the IRS that their identities had been stolen." Diaz-Balart asserts that the warnings from taxpayers about their stolen identities "should have raised a red flag" to the IRS. The Treasury Inspector General reported that as of early March this year, with six weeks left in the tax season, the number of fraudulent refunds had increased by an astonishing 181 percent over the same time in 2010. Sen. Nelson is slated to hold a Finance Committee hearing on the issue in the coming weeks.

3% WITHHOLDING REPEAL

Katharine Mottley, Steve Lutes, and Giovanni Coratolo of the U.S. Chamber of Commerce hosted a lobbying team meeting, which OIA participated in, to discuss strategy to repeal the 3 percent withholding tax on Thursday. The tax goes into effect Jan. 1 2012. Mottley said they now have the highest number of co-sponsors in the House and Senate they have ever had, but they would like to increase exposure using grass-roots efforts to repeal the 3 percent withholding tax. Mottley stressed that although the campaign would be a provocative way to get grassroots support behind the effort to repeal the tax, it should not change the bipartisan tone of the process – and it should not threaten to de-rail bills pending in congress, including two that are in the Democratically-controlled Senate. Thus far, members of the coalition agreed that government contractors have not been sympathetic to the cause of the repeal. The new grassroots campaign would target "red meat" concerns, especially farmers, state and local governments, medical providers, and small business owners who would receive smaller payments as a result of the tax. The meeting participants recognized that since repeal of the 1099 reporting requirement, the focus in D.C. has been about debt reduction. They expect that to change in favor of 3 percent repeal when they open a two-week blitz of fly-ins, newspaper op-eds, and constituent later this summer. In addition, the instrument that proved to be successful for repealing the 1099 requirement – a "national sign-on" letter – is being used for this campaign. The first draft of the letter was agreed to be too inflammatory and partisan, and will undergo a revision. A website is under construction that will be tagged to the Coalition website and will allow internet users to

learn more about how the impending law could affect them. They would then be able to sign a letter urging members of congress to repeal. Form letters would also be automated and sent to their respective members of congress.

CHAIRMAN MARTINEZ LETTERS TO WASHINGTON

Miami-Dade Board of County Commissioners Chairman Joe Martinez sent a letter to U.S. Housing and Urban Development Secretary Shaun Donovan, urging the Secretary to amend HUD's formula for recapturing funds associated with the Housing Choice Voucher program. Without the formula modification, the county would be unable to serve almost 1,300 low-income households. OIA confirmed that Sec. Donovan is in receipt of the Chairman's letter. The Secretary's executive assistant, Ioanna Kefalas, informed OIA staff that the Sec. and his staff are reviewing the letter and the issues raised within.

Additionally, Chairman Martinez sent a letter to Rep. John Mica, Chairman of the House Committee on Transportation and Infrastructure in relation to the county's ongoing efforts to restore federal transit grants to Miami-Dade Transit (MDT). OIA worked to ensure and confirm that this letter was also received by Chairman Mica's staff and given its due attention.

OFFICE OF INTERGOVERNMENTAL AFFAIRS ANNOUNCEMENT

OIA would like to announce the hiring of Bill Couch, former Legislative Assistant to Sen. Bill Nelson, to fill the recently vacated position of Federal Affairs Coordinator. Bill had served in the U.S. Senate since April 2007, where he worked on education, agriculture, workforce, pension and civilian appropriations issues. Prior to that, Bill served in numerous positions with non-profits and state and local government. His public service experiences include teaching for AmeriCorps, serving as a research assistant at the Ohio Department of Education and working as a Page in the Ohio House of Representatives. Bill obtained his B.A. from the Ohio State University, with a major in Political Science and minor in Philosophy. He earned his M.P.A. from the John Glenn School of Public Affairs, where he was awarded the Mary E. Katchmar Outstanding Public Service Award. Bill joins Phillip Drujak in Miami-Dade County's Washington DC Office.

WHITE HOUSE EYES REPEAL OF OIL INDUSTRY TAX BREAKS

Gasoline prices continue to rise and the major players in the energy industry are set to announce quarterly profits this week. On Tuesday, President Obama revamped calls to repeal billions of dollars in oil industry tax breaks. In a letter to congressional leaders, Obama reiterated the need for "immediate action," echoing the words of House Speaker, John A. Boehner, who stated that oil companies "ought to be paying their fair share" of taxes. Aspects of the current tax code allow large oil companies to write off the cost of oil and natural gas wells at an accelerated rate. Obama continued, in his letter, that he was "heartened" by the House Speaker's "openness to eliminating these tax subsidies for the oil and gas industry." However, following Senator Charles Schumer's (NY) call for other Republicans to follow Boehner's example, the Speaker's Office issued a statement expressing that Boehner does not endorse the administration's energy policy; emphasizing his support of increasing the American energy supply and reducing American

dependence on foreign sources. As stated by the Joint Committee on Taxation, getting rid of the oil depletion allowance would generate \$10.8 billion over a 10-year period. Obama's proposed tax cut seeks to invest the \$40 billion in tax breaks that benefit energy industries, into renewable energy sources instead.

PANETTA HEADS FOR THE PENTAGON, PETRAEUS TO CIA

Leon Panetta, CIA Director, will be appointed to head the Defense Department and General David Petraeus is set to be his successor at the Central Intelligence Agency. Marine Gen. John Allen will be nominated to replace Petraeus. Petraeus is the current allied force commander in Afghanistan. Ryan Crocker, former U.S. ambassador to Iraq, will replace Karl Eikenberry as the next U.S. ambassador to Afghanistan. Eikenberry served in Afghanistan for two years. News of the shuffle emerged two days after the President met with his national-security team on Afghanistan and Pakistan. Panetta, Petraeus, and Eikenberg were all in attendance.

ACTIVIST PRESSURE PROMPTS LAWS FIRM TO DROP DOMA

A prominent law firm has withdrawn from an agreement to defend the federal Defense of Marriage Act as pressure mounted from activist groups. Rather than abandon the case, Paul Clement, former U.S. solicitor general, tendered his resignation to the firm, and cautioned that this incident menaces the legal system. In a letter to the chairman of the Atlanta-based King & Spalding LLP, Clement chided that lawyers are supposed to defend unpopular decisions. He stated that he holds firm to the belief that representation should not be evaded "because the client's legal position is unpopular in certain quarters." Clement continued in voicing that "the adversary system of justice depends on it, especially in cases where the passions run high. Efforts to de-legitimize any representation for one side of a legal controversy are a profound threat to the rule of law," said Clement. Enacted in 1996, the Defense of Marriage Act recognizes marriage as a union between a man and a woman in federal law. It also guards individual states against forcibly recognizing same-sex "marriages" performed in states that allow the unions. For two years, the Obama administration defended the law in court, but has since announced that it regards the law as unconstitutional and will no longer defend it. House Speaker, John Boehner, along with other House Republicans plan to defend the law and have hired Clement and King & Spalding as counsel. House Democrats, organizations, and other advocacy groups attacked the firm for defending the law. The National Organization for Marriage warned of the possible precedent that could ensue from the law firm's withdrawal due to activist pressure. Attorney General Eric Holder has come to the defense of Paul Clement. Holder compared the criticism of Clement to the attacks on Justice Department lawyers for their past work for detainees at Guantanamo.

DEBT LIMIT STANDOFF CONTINUES

Republicans and Democrats are gearing up for a hair-raising debate on elevating the nation's debt limit and reigning in government spending. The deadline for raising the \$14.3 trillion debt ceiling has been set for early July. However, some Tea Party legislators have promised to reject any bill that calls for more borrowing. Liberal lawmakers have countered with threats to oppose Medicare, Medicaid and/or Social Security cutbacks. According to political analysts, the

negotiations could have broad-ranging implications for the 2012 elections. Congressional Republicans have indicated that they have a long list of spending cuts; some issues that are on the table include a balanced-budget amendment, spending caps and major changes to Medicare and Medicaid. Obama called on Congress to lift the debt by \$2.2 trillion, and under his budget request, another debt-ceiling move would not be necessary until after the 2012 election. House Republicans countered with a call for a smaller debt-limit increase, which would last until October of next year. Other conservatives are asking for more than one debt-limit boost in this Congress, emphasizing that the strategy would give Republicans more bargaining power that would make room for more spending cuts from the White House. These negotiations are expected to be politically volatile and leaders on both sides of the aisle will probably want to avoid explosive showdowns before the elections.

HASNER JOINS RACE FOR U.S. SENATE

Boca Raton Republican Adam Hasner announced this week his candidacy for a Senate opening in 2012. As a former state House Majority Leader, Hasner knows his way around state politics, and has been raising money through an exploratory committee for weeks, as well as speaking to Republican audiences. Hasner is the forth challenger in a Republican primary that consists of former U.S. Senator George LeMieux, Florida Senate President Mike Haridopolis and Colonel Mike McCalister, who recently ran in the Republican Gubernatorial primary. The winner takes on incumbent Democratic Senator Bill Nelson.

SAVE DADE'S 2011 CHAMPIONS OF EQUALITY HONOREES

On May 20, 2011, at their sixth annual awards event, SAVE Dade and SAVE Foundation will honor their 2011 Champions of Equality nominees. The event was initiated to recognize people who have profoundly advanced the push for equality for the lesbian, gay, bisexual, and transgender (LGBT) community in Miami-Dade County. This year, the event will honor the ACLU of Florida, Greenberg Traurig LLP, and Congresswoman Debbie Wasserman Schultz for their efforts and commitment to the cause of equality.

OBAMA'S SCHEDULED VISITS TO THE SOUTHEAST ON FRIDAY

President Barack Obama is slated to deliver only two commencement addresses in 2011, one of which will be to the graduates of Miami-Dade College. MDC President Eduardo Padron is delighted that the President will be addressing several thousand graduates. The White House has also stated that President Obama will travel to Alabama on Friday as well to assess the damage caused by the deadliest tornado the region has seen in 40 years. In recent days, the Southeast had been ravaged by dozens of tornadoes, which have killed more than 200 people.

SENATOR ENSIGN RESIGNS

Nevada Senator John Ensign announced his resignation this week. A senate ethics investigation had begun looking into the details of his affair with a campaign aide. Ensign denied violating Senate ethics rules. Sen. Ensign previously announced he wouldn't run in 2012 - saying he wanted to spare his family from an "exceptionally ugly" campaign. Nevada's new governor,

Brian Sandoval, appointed Rep. Dean Heller to the seat. “Interim” Senator Heller will likely run against Democrat Rep. Shelley Berkley who has entered the race to succeed Ensign.

GOV. SCOTT HEADING TO WASHINGTON

Governor Rick Scott will attend the White House Correspondents' Association Dinner on Saturday as a guest of the Washington Post. The Correspondents' Association Dinner has been an annual tradition since 1920, and has featured 13 presidents. In recent years, the host has been a comedian, with back-and-forth jibes between the press, the president and administration officials. Seth Meyers of Saturday Night Live is scheduled as this year's host.

CALENDAR

Congress returns from a two week recess on Monday, May 2nd and will remain in session for two weeks. OIA will join the Beacon Council in a series of meetings on May 4th with Congressional staff and officials at the Pentagon to discuss the proposed Miami International Aerospace Show. OIA also intends to participate in NACo's Large Urban County Caucus (LUCC) 2011 fly-in May 3-5th in Washington, DC.