



# PAACC FEDERAL UPDATE

JULY 2018

## Major Washington News

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### Choosing a Supreme Court Nominee

On Monday, July 9<sup>th</sup>, President Trump nominated Brett M. Kavanaugh to replace Justice Anthony M. Kennedy on the Supreme Court. He was on the list with 24 other nominees for this important position along with Pittsburgh native, Judge Thomas Hardiman, who will remain as a Judge in the Third Circuit Court of Appeals.

As a Supreme Court Justice, Kavanaugh believes that “it is most important for them to interpret the law, rather than make the law.”

Justice Kennedy, who has retired, had been the swing vote on the Supreme Court since 1988 when he was appointed. President Trump has appointed a conservative nominee to take his place. Judge Kavanaugh is a Yale Law School graduate, and a judge on the US Court of Appeals for the DC Circuit. He has also served in both Bush administrations.

Judge Kavanaugh currently teaches at Harvard, Yale, and Georgetown, coaches CYO basketball, tutors children at local elementary schools, and serves meals to needy families.

### Farm Bill Vote

On June 21<sup>st</sup> the House passed their version of the 2018 Farm Bill, and on June 28<sup>th</sup> the U.S. Senate passed their version. Though they both passed the 2018 Farm Bill, the House and the Senate had different versions of it. For example, the House Farm Bill included reforms on the Supplemental Nutrition Assistance Program (SNAP)-they eliminated the Conservation Stewardship Program-and the Conservation Reserve Program (CRP) increased from 24 million acres to 29 million. There were different changes in the Senate bill. For example, they reduced the Adjusted Gross Income cap for the Title 1 program payment eligibility from \$900,000 to \$700,000, and they increased the CRP from 24 million acres to 25 million.

The leaders of both the House and Senate Agriculture Committees hope to reconvene after they return on July 9.

## Appropriations

The U.S. House of Representatives announced on June 28<sup>th</sup> the Members of Congress that will be participating in the finalizing of the Energy and Water, Military Construction and Veterans Affairs, and Legislative Branch Appropriations bills for the fiscal year of 2019.

The legislation providing funds for the Department of Defense was also approved on June 28<sup>th</sup> by the House of Representatives. It includes operations, equipment modernization, and health and quality-of-life programs for troops and military families. The funds include a total of \$674.6 billion for the Department of Defense. This piece of legislation includes the biggest pay increase for the military in nine years, 2.6%.

## Labor Union Ruling

On Wednesday, June 27<sup>th</sup>, the Supreme Court voted 5-4 on the decision in Janus vs. AFSCME, with the conservative justices in the majority, to rule that public employees such as teachers, police officers and others who choose not to join their labor unions are no longer required to make contributions or pay dues to the unions. These contributions help pay for collective bargaining for the union members and this means that the unions could lose millions of dollars from the nonmembers. In the past, the nonmembers were required to pay what was called a fair share fee to the unions.

Justice Samuel A. Alito, Jr. wrote, "We conclude that this arrangement violates the free speech rights of nonmembers by compelling them to subsidize private speech on matters of substantial public concern."

## Business & Industry

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### Sales Tax

In June, the Supreme Court ruled 5-4 against online retailer Wayfair that internet retailers now must collect sales taxes from their customers even if the retailer doesn't have a physical presence in that state. In the past, if the online retailer did not collect the sales tax at the time of the sale, the consumer was supposed to keep track of their receipts and file a 'use tax' on their online purchases. Use tax applies to products that are purchased outside of your home state. If your state had a sales tax, you were supposed to pay the sales tax or file the use tax and make the payment on your tax return.

According to Howard Gleckman, senior fellow from the Tax Policy Center, "When you file your return, you also have to file a use tax report and pay taxes there-and nobody does it." There are five states that do not have sales tax; Alaska, Delaware, Montana, New Hampshire and Oregon.

Consumers evaded these taxes in the past by purchasing from companies who did not collect the sales tax and then ignored the use tax filing, but now states can require the retailer to collect the sales tax at the time of the sale. This will make it much easier for consumers who already follow the law as they will no longer have to collect their receipts over the year and file the use tax separately. Amazon, one of the largest online retailers, has collected sales tax nationwide since April 1, 2017, but not all retailers followed their lead.

### New Tariffs Imposed on Chinese Products

The Trump Administration announced on July 10<sup>th</sup> that there will be new tariffs implemented on \$200 billion of Chinese goods. These products include, seafood, vegetables, fruits, and other products such as burglar alarms and tobacco.

China retaliated with their own tariffs on \$34 billion on U.S. goods. Senate Finance Committee Chairman Orrin Hatch responded to the announcement with “this action falls short of a strategy that will give the administration negotiating leverage with China while maintaining the long-term health and prosperity of the American economy.”

The Administration has justified the tariffs by arguing that China has used practices that relentlessly push the Chinese companies to an unfair advantage for the future of engineering and technology.

### Small Business Investment Opportunity Act

On June 21<sup>st</sup>, President Trump signed H.R. 2333, the Small Business Investment Opportunity Act of 2017, which amends the Small Business Investment Act of 1958. It increased the Individual Leverage Limit from \$150 million to \$175 million. This provides capital to be deployed to small businesses by the Small Business Investment Company (SBIC) program.

The program, which was founded in 1958, is a financial assistance program that is available through the Small Business Administration (SBA). The SBIC has privately owned and managed funds that are regulated by the SBA.

This bill is most important for entrepreneurs in the neighborhoods as it increases the amount of funds that are available to these small business owners.

## Defense

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### Defense Spending Bill \$675B

June 28<sup>th</sup>, the House passed a \$675 billion defense spending bill. Although these efforts were mostly Republican-led, there was an overall pull for this bill, as the vote was 359-49. Representative Kay Granger (R-Texas), the chair of the Appropriations Defense Subcommittee, said “the priorities funded in this bill not only stop the erosion, but also enable our military to restore and increase their competitive advantage.”

The Senate Appropriations Committee leaders are looking to combine the legislation with the funding for labor, health, and education programs to make it easier to pass on the floor.

Republicans and Democrats both have called the bill a risk to national security before passing it on June 28<sup>th</sup> because it includes funding for the Pentagon to obtain goods and services from Chinese companies, ZTE and Huawei. There has been defense policy legislation that has passed by both the House and Senate containing bans on the Pentagon and other government agencies who are working with ZTE and Huawei.

## Aviation

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### House FAA Reauthorization

The FAA Reauthorization Act of 2018 has officially been reauthorized for the next five years. There are five titles included in this act including, infrastructure improvement programs, safety, air service improvement, and the Flight R&D Act, along with revenue provisions.

Title I removed restrictions on the Passenger Facility Charge (PFC). This allows more financially effective infrastructure projects that would directly benefit the public. Title 1 also allows for the growing of the number of states qualified to be a part of the block grant program, which amended the FAA Contract Tower Programs.

Title II & III are focused on the safety of the aircrafts and their training pilot programs. Title II, according to Govtrack, "promotes U.S. aerospace standards, products, and services abroad and encourages bilateral exchanges of safety oversight responsibilities." Title III is mainly focused on the safety for the pilot and those in charge of the aircraft. For example, it ensures the clear and lit markings of the runway, cabin evacuation procedures, and rest requirements for the pilot.

Title IV has prohibited the use of cell phones and devices while in-flight, and provided more concerns for the overall well-being and comfort of passengers with disabilities, which was included in the Select Subcommittee for Aviation Consumers with Disabilities.

Title V helped to address the more miscellaneous needs of aviation. This includes the teachings of addressing human trafficking, adding e-cigarettes to the non-smoking law, and the issuance of a minimum seat standard on passenger aircrafts.

Title VI has improved the Disaster Recovery Reform Act. It accentuates the disaster planning and hazard mitigation for states and local government.

Title VII focuses on the Flight R& D programs, which ensures the cybersecurity of the aircraft. It also has improved the air traffic surveillance over oceans and other remote locations.

Title VIII is about the Aviation Revenue Provisions which has had the extension of aviation taxes that are funded by the Airport and Airway Trust from September 30<sup>th</sup>, 2018 through September 30<sup>th</sup>, 2023.

## Congressional Schedule

July

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9 Senate in Session	10 House & Senate in Session	11 House & Senate in Session	12 House & Senate in Session	13 House & Senate in Session	14
15	16 House & Senate in Session	17 House & Senate in Session	18 House & Senate in Session	19 House & Senate in Session	20 Senate in Session	21
22	23 House & Senate in Session	24 House & Senate in Session	25 House & Senate in Session	26 House & Senate in Session	27 Senate in Session	28
29	30 Senate in Session	31 Senate in Session				

Out of Session



Both in Session



One Chamber in Session

