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# Tax Topics

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### And the beat goes on...

Last fall's 16-day government shutdown ended with legislation that President Obama signed in the wee hours of October 17<sup>th</sup>. Under that legislation, a bipartisan committee hammered out a budget agreement by mid-December; Congress approved the agreement, and President Obama signed it into law. House and Senate appropriations committees then began drafting spending bills – on which they compromised: H.R. 3547, the "Consolidated Appropriations Act, 2014," passed both the House and the Senate with comfortable bipartisan majorities; it became Public Law 113-76 on January 17<sup>th</sup>, when President Obama signed it. The Act allocates \$1.012 trillion, is over 1500 pages long and funds the government through September 30, 2014 (the end of the current 2014 fiscal year).

The Act restored some of the funding cuts otherwise dictated by the "sequester," which was born of budget legislation (and the debt ceiling crisis) in August 2011. It covers discretionary spending for all government agencies, and has nothing to do with mandatory spending, such as Social Security. In other words, for example, the Act covers national defense, commerce, the judiciary and what are referred to as "financial services," which includes the IRS. Although overall appropriations are up slightly for financial services from last year's enacted level, the \$11.289 billion appropriated for the IRS is about 4% less than last year, and continues a downward trend in IRS funding.

Under the Act, the IRS will have new quarterly reporting requirements with respect to some of its spending, and must abide by some pointed directives, including maintaining training programs to cover items such as "taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, ethics and the impartial application of tax law." An additional \$92 million is potentially available to the IRS to supplement certain areas of its budget, but not until the IRS Commissioner first provides a spending plan for those dollars, none of which can be used to support any provision of the Affordable Care Act (ACA, which is also known as "Obamacare"). The IRS also cannot make a video unless it is pre-approved by the Service-Wide Video Editorial Board, nor can the Service use any of its funds to target citizens who are exercising their First Amendment rights or to target groups for "regulatory scrutiny based on their ideological beliefs."

