



The Washington Report

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

January 2, 2013

NAPO WASHINGTON REPORT SPECIAL EDITION **THE "FISCAL CLIFF" LEGISLATION**

January 2, 2013. Late last night, the U.S. House of Representatives voted to go along with legislation previously passed by the U.S. Senate to avert the so-called "fiscal cliff" of tax increases and spending cuts otherwise scheduled to come into effect on January first. The legislation, H.R.8, a copy of which is viewable here:

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr8eas/pdf/BILLS-112hr8eas.pdf> includes the following provisions:

- Income tax rates will permanently rise to Clinton-era levels for families with income above \$450,000 and individuals above \$400,000. All income below the threshold will permanently be taxed at Bush-era rates.
- The tax on capital gains and dividends will be permanently set at 20 percent for those with income above the \$450,000/\$400,000 threshold. It will remain at 15 percent for everyone else. (Clinton-era rates were 20 percent for capital gains and taxed dividends as ordinary income, with a top rate of 39.6 percent.)
- The estate tax will be set at 40 percent for those at the \$450,000/\$400,000 threshold, with a \$5 million exemption. That threshold will be indexed to inflation, as a concession to Republicans and some Democrats in rural areas like Sen. Max Baucus (D-Mt.).
- The sequester (mandatory across the board federal spending cuts) will be delayed for two months. Half of the delay will be offset by discretionary cuts, split between defense and non-defense. The other half will be offset by revenue raised by the voluntary transfer of traditional IRAs to Roth IRAs, which would tax retirement savings when they're moved over.
- The pay freeze on members of Congress, which President Obama had lifted this week, will be re-imposed.
- The 2009 expansion of tax breaks for low-income Americans: the Earned Income Tax Credit, the Child Tax Credit, and the American Opportunity Tax Credit will be extended for five years.
- The Alternative Minimum Tax will be permanently patched to avoid raising taxes on the middle-class.
- The deal will not address the debt-ceiling, and the payroll tax holiday will be allowed to expire.
- Two limits on tax exemptions and deductions for higher-income Americans will be reimposed: Personal Exemption Phaseout (PEP) will be set at \$250,000 and the itemized deduction limitation (Pease) kicks in at \$300,000.

— Federal unemployment insurance will be extended for another year, benefiting those unemployed for longer than 26 weeks. This \$30 billion provision won't be offset.

(Thanks to the Washington Post's Wonkbook and Suzy Khimm for the details of the above summary.)

And, as Zachary A. Goldfarb of the Washington Post notes: "Despite the tentative agreement reached late Monday to avoid much of the fiscal cliff, many Americans will see a higher tax bill because of the expiration of the payroll tax cut, which was enacted in 2011 as a temporary measure to boost economic growth. The tax holiday was preceded by a similar temporary cut in 2009 and 2010.

"The deal negotiated by Vice President Biden and Senate Minority Leader Mitch McConnell (R-Ky.) and approved by the Senate early Tuesday addresses a separate tax — the income tax — and would prevent tax rates from increasing for all but the wealthiest Americans. But both sides have decided to leave the payroll tax out of the agreement.

"Unlike income taxes, which rise along with a worker's income, the payroll tax is a fixed percentage of an employee's salary. Allowing the tax cut to expire increases taxes on salaries by 2 percent for every American worker. Up to \$110,100 a year in salary is subject to the tax.

"This jump in payroll taxes, combined with other tax increases affecting the very wealthy as a result of the deal, would make for the largest increase in taxes in about half a century."

And, as mentioned above, we need to remember that the federal debt ceiling and mandatory spending cuts known as sequestration (separate issues from the fiscal cliff) have been simply punted down the road for another two months. We can expect the same exact posturing, fights and gridlock in two more months' time.

The bottom line for law enforcement: As middle class wage earners, last night's deal offers protection from several, but not all, tax increases. Also, the continued threat of budget sequestration means that many federally funded law enforcement programs remain at risk.

Please follow NAPO on line at www.napo.org and at our Facebook page:

<http://www.facebook.com/pages/National-Association-of-Police-Organizations-NAPO/109628202436088>

**NOMINATE AN OFFICER FOR
THE TOP COPS® AWARDS!
THE 2013 TOP COPS® CEREMONY WILL TAKE PLACE ON
SUNDAY MAY 12, 2013
AT THE OMNI SHOREHAM HOTEL
IN CONJUNCTION WITH NATIONAL POLICE WEEK**

It is that time of the year again! We are trying to generate as many quality TOP COPS® nominations as possible. Please consider nominating a fellow officer. We would appreciate you sharing this form with colleagues and friends in law enforcement. Feel free to post the attached nomination form wherever you feel it

appropriate. The nomination form is also available in PDF format on our website (www.napo.org) or [click here](#). Help us ensure that all states and territories are represented at the 20th Annual TOP COPS Awards[®] Ceremony. **The deadline for nominations is January 11, 2013.**

Save the Dates!

Please Make Note of NAPO's 2013 Events

25th Annual Police, Fire, EMS & Municipal Employee Pension & Benefits Seminar

Sunday, February 17 – Tuesday, February 19, 2013
Encore at Wynn Las Vegas – Las Vegas, Nevada

20th Annual TOP COPS Awards Dinner

Sunday, May 12, 2013
Omni Shoreham Hotel – Washington, District of Columbia

NAPO Lobbies on Capitol Hill

Monday, May 13 – Tuesday, May 14, 2013
Washington, District of Columbia

NAPO's 35th Annual Convention

Saturday, July 20 – Wednesday, July 24, 2013
Millennium Maxwell House Hotel – Nashville, Tennessee

Please visit www.napo.org for detailed event information and exhibiting/sponsorship opportunities.
Contact us at (800) 322-6276 or via e-mail: info@napo.org with any questions



NAPO proudly introduces **The 25th Annual Police, Fire, EMS, and Municipal Employee Pension & Benefits Seminar** scheduled for February 17 -19, 2013 Las Vegas, Nevada at the Encore at Wynn Hotel. The goal of this event is to educate your members of pension and union

representatives along with their providers on the latest issues surrounding the pension and benefits industry.

New this year, NAPO is teaming-up with Opal Financial Group to improve the Pension & Benefits Seminar. The seminar is spotlighting key issues you want to know about, including reducing healthcare costs in the midst of new regulations, revising your asset allocation strategy, responding to DB versus DC plan debate, the outlook nationally and internationally on a new presidential administration, realistic projections of earnings and assumption rates, preservation of assets, and much more.

For seminar and hotel registration please [click here](#).



TOP COPS Awards[®] Nomination Form **National Association of Police Organizations** ***The 20th Annual TOP COPS Awards[®] Ceremony***

Requirements: All nominees must meet the following requirements in order to be considered.

- Nominee(s) must be a sworn law enforcement officer from any federal, state, county or local law enforcement agency within the United States, its territories and possessions.
- Nomination must be submitted by a sworn law enforcement officer, who must provide his/her signature in the space designated below, certifying the facts as accurate.
- Nomination must involve an incident or case occurring or concluding between January 1, 2012 and December 31, 2012.

Instructions:

Please write a short essay on why your nominee should be considered for a 2013 TOP COPS Award®. This essay should be composed specifically for consideration of a 2013 TOP COPS Award® on a separate sheet of paper. Remember to be as specific as possible with references to dates, events, etc. In addition, you will need to complete the areas below and attach this form to your essay. We encourage you to send additional information in support of your nominee: newspaper articles, police reports and video tapes all help our judges in their decision making process. Kindly send your package by January 11, 2013 to:

The Twentieth Annual TOP COPS Awards®
National Association of Police Organizations, Inc.
317 South Patrick Street, Alexandria, Virginia 22314

Nominee:

Title: _____

Full Name: _____

Department: _____

Work Street Address: _____

City, State and Zip: _____

Telephone (W): _____ Telephone (H): _____

Cell: _____ E-mail: _____

Nominator:

Title: _____

Full Name: _____

Department: _____

Work Street Address: _____

City, State and Zip: _____

Telephone (W): _____ Telephone (H): _____

Cell: _____ E-mail: _____

Signature: _____

Kindly send
your package,
postmarked
no later than
January 11,
2013.