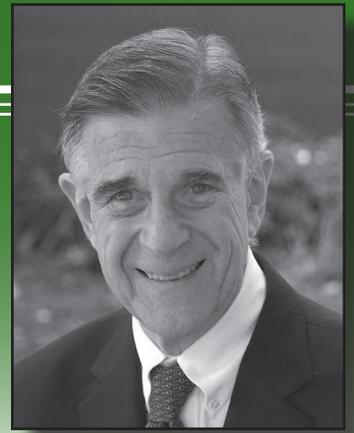


MARCH 2012

PETE STARK'S LEGISLATIVE REPORT



WORKING FOR FAIRNESS IN THE TAX CODE

Last month, I introduced the Narrowing Exceptions for Withholding Taxes (NEWT) Act (H.R. 3840), which would close a tax loophole that allows some self-employed individuals -- often highly paid lobbyists and consultants -- to avoid paying Medicare payroll taxes. Teachers, firefighters, nurses and other working class Americans can't structure their income to avoid payroll taxes. It isn't right that some of the wealthiest among us enjoy a special loophole that allows them to shirk this responsibility. My bill will fix that.

Under current law, certain self-employed individuals can route their

earnings through an S corporation. Doing so allows them to choose how to classify earnings: as profits or dividends, which are *not* subject to the Medicare tax, or as wages, which *are* subject to the tax. Use of this loophole results in the underfunding of Medicare, a critical program for seniors and people with disabilities.

This loophole is very costly to the country's bottom

Closing this loophole used by highly paid consultants and lobbyists would raise \$11.2 billion for Medicare over ten years.

line. The U.S. Government Accountability Office estimates that in 2003 and 2004, S corporations under-reported nearly \$23 billion in wage income. The IRS does not have the resources to audit all 4 million S corporations to ensure that these taxpayers are not underpaying Medicare payroll taxes.

My legislation would close the loophole by requiring all employee-shareholders of certain small S corporations to pay Medicare taxes based on their entire

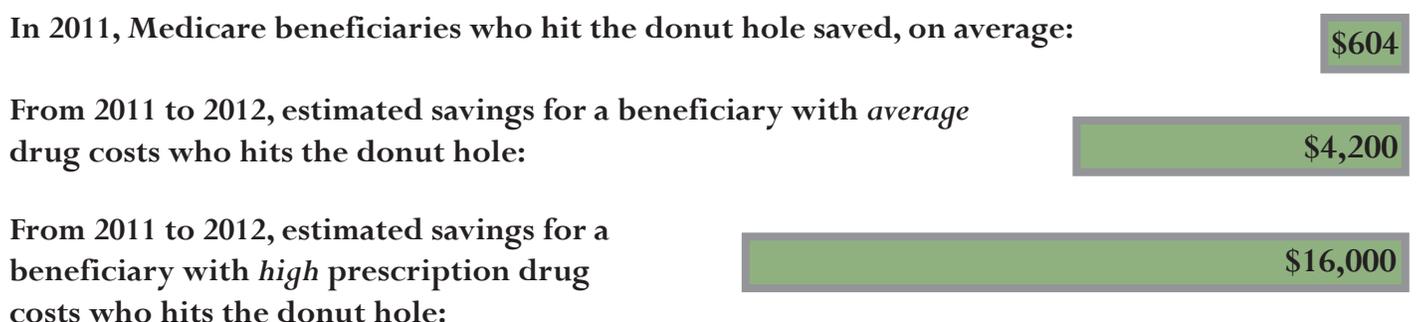
income from the business. This legislation passed the House but not the Senate as

part of a larger bill in the 111th Congress. The Joint Commission on Taxation (JCT) estimated that closing this loophole would raise \$11.2 billion for Medicare over ten years.

It's time we focus on reforming our tax code by closing tax loopholes that favor the wealthiest Americans and corporations and ensure that everyone pays their fair share.

HEALTH REFORM: SAVING SENIORS MONEY

Thanks to health reform, seniors and people with disabilities are paying less for prescriptions when they hit the gap in Medicare prescription drug coverage known as the "donut hole." In 2011, they received a 50% discount on covered brand name drugs. These discounts will grow until the donut hole is closed by 2020.



Source: U.S. Department of Health and Human Services

FIGHTING A BIG OIL GIVEAWAY

President Obama made the right call in January when he denied a permit to Canadian company TransCanada to build the Keystone XL tar sands pipeline. The proposed pipeline would carry corrosive tar sands oil 1,700 miles south from Alberta, Canada to Port Arthur, Texas on the Gulf Coast where it could be easily exported.

As proposed, Keystone would only guarantee that Canadian tar sands oil flows overseas and that the profits flow to a Canadian company, while the U.S. bears the considerable environmental and safety risks of the pipeline.

When Congress passed a short term extension of the payroll tax cut, Medicare physician payments, and Unemployment Insurance late last year,

Republicans added a requirement forcing the President to make a decision on the Keystone permit within 60 days. This timeline made it impossible to appropriately review the project and make an informed decision. The President rightly rejected it.

Big oil companies and their allies on Capitol Hill have criticized the President's decision, arguing that the pipeline will create jobs. Yet an independent review of the project conducted by Cornell University found that the pipeline would create 2,500 temporary jobs and as few as 20 permanent jobs.

This issue is far from over. The House Majority added a

provision to their recent transportation reauthorization bill to force the Federal Energy Regulatory Commission (FERC) to supersede the President and authorize the Keystone project. I opposed this measure, but it passed in the House. The Senate is considering a very different transportation reauthorization bill so those differences will need to be worked out.

The safety and environmental risks of the tar sands pipeline are immense. An existing Keystone tar sands pipeline in the upper Midwest has spilled a dozen times

in only one year of operation. In 2010, another tar sands pipeline spilled 800,000 gallons into Michigan's Kalamazoo River -- a devastating spill that has cost tens of millions of



dollars and is still being cleaned up.

Oil from tar sands is the dirtiest and most toxic in the world. It must be strip mined from the ground, requires massive amounts of water during production, and produces many more air pollutants during extraction, refining, and combustion than conventional oil. Using the tar sands oil that would flow through the Keystone XL pipeline to replace conventional oil would be the equivalent of adding the pollution of 6 million new cars to the road.

We need to work toward a clean energy future, not double down on the dirtiest source of oil in the world.

RECENT

STOCK ACT (S. 2038): Strengthens laws banning lawmakers and senior staff from trading stocks and other securities based on confidential information gathered as part of their work. *Voted YES. Different versions passed the House (417-2) and Senate and will need to be resolved.*

EXPAND DOMESTIC ENERGY PRODUCTION ACT (H.R. 3408): Would open up the coast of Southern California to oil and gas drilling, require oil drilling in Alaska's Arctic National Wildlife Refuge, and allow production of oil shale on federal lands without environmental review. The bill would require a permit be issued for the Keystone XL tar sands pipeline despite the President's conclusion it is not in the national interest. *Voted NO. Passed the House 237-187.*

INVESTING IN OUR COMMUNITY

In late January, the Obama Administration announced that the City of Hayward's Fire Department would be awarded \$417,660 through the Federal Emergency Management Agency's (FEMA) Assistance to Firefighters Grant program.

This funding will allow the Hayward Fire Department to replace their outdated radios with new devices that will ensure our community's firefighters have up-to-date, first responder technology. It will also enable Hayward to fully participate in the East Bay Regional Communications System, so all first

responders in the region can readily communicate with one another in the event of an emergency.

This is a project I have long supported. My staff and I worked with multiple Federal agencies in support of this project and Hayward Fire Department's need for communications equipment upgrades. Our firefighters work hard to keep us safe; it's vital that they be equipped with state-of-the-art tools. I am thrilled that Hayward's firefighters and the community at large will benefit from this grant award.

REDUCING DEFENSE SPENDING

The Obama Administration's budget includes significant defense cuts that would start next year and deliver about \$487 billion in reductions over the next 10 years.

I applaud the Administration's plan. I also believe far more can and should be done to rein in our bloated defense budget, which, according to the President's budget, is estimated to cost taxpayers \$672.9 billion next year. We continue to spend billions on fighter planes we don't need, on nuclear weapons stockpiles we should never use, and on other expensive and unnecessary defense programs that do not make us safer.

Another way to cut defense spending would be to fully withdraw our troops from Afghanistan sooner than the current 2014 target date. The Administration has indicated there is potential for troops to

come home as early as 2013. A new Rasmussen poll shows that 67% of the American public favors ending our military presence there by 2013, saving us about \$90 billion and likely hundreds of lives.

With the Iraq War over and the Afghanistan War coming to an end, we will finally have the opportunity to redirect our

focus and funding toward programs this country wants and needs -- from better education and health-care to creating jobs through rebuilding our infrastructure.

Already, defense hawks in Congress are working to prevent any reduction in military

spending. I will continue to bring a strong progressive voice to the fight against wasteful defense spending.



KEY VOTES

CONFERENCE REPORT ON THE MIDDLE CLASS TAX RELIEF AND JOB CREATION ACT (H.R. 3630): Bipartisan legislation to extend the payroll tax holiday for 160 million Americans and extend Unemployment Insurance benefits through the end of the year. The legislation will also prevent a scheduled Medicare physician pay cut. *Voted YES. Passed the House, 293-132. Passed the Senate. Signed into law by the President.*

CLASS ACT REPEAL (H.R. 1173): Enacted as part of the new health reform law, the CLASS Act establishes a voluntary program to provide financial assistance with long-term care needs. As enacted, the program has problems, but rather than fix those problems and address the pressing long-term care needs in our nation, Republicans chose to repeal it. *Voted NO. Passed the House (267 - 159), pending in the Senate.*



CONGRESSMAN PETE STARK
 39300 Civic Center Drive, Suite 220
 Fremont • California • 94538

petemail@mail.house.gov
 www.stark.house.gov
 (510) 494-1388

Public Document
 Official Business

This mailing was prepared, published,
 and mailed at taxpayer expense.



Pete Stark
 M.C.
 PRESORTED STANDARD

UPCOMING TOWN MEETINGS SATURDAY, MARCH 10TH

FREMONT

9:00 AM — 10:30 AM
 Fremont Senior Center
 40086 Paseo Padre Parkway

SAN LEANDRO

11:00 AM — 12:30 PM
 San Leandro Library
 300 Esdudillo

SATURDAY, APRIL 14TH

UNION CITY

9:00 AM — 10:30 AM
 Ruggieri Senior Center
 33997 Alvarado Niles Road

ALAMEDA

11:00 AM — 12:30 PM
 Alameda City Hall, Council Chambers
 2263 Santa Clara Avenue

STAY UP-TO-DATE

SIGN UP FOR PETE'S EMAIL ALERTS AT: WWW.STARK.HOUSE.GOV

FOLLOW PETE ON FACEBOOK & TWITTER:

FACEBOOK.COM/REPSTARK

TWITTER.COM/PETESTARK

OFFICE CONTACT INFORMATION

Fremont Office

39300 Civic Center Drive, Suite 220
 Fremont, California 94538
 (510) 494-1388

Washington, DC Office

239 Cannon HOB
 Washington, DC 20515
 (202) 225-5065