



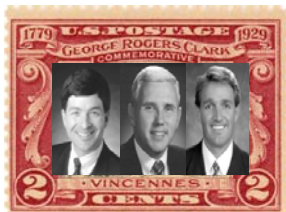
e-NAPUS Legislative Newsletter

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Pence-Hensarling-Flake Stamp Tax

This week, three House Republicans – Reps. Mike Pence (R-IN), Jeb Hensarling (R-TX), and Jeff Flake (R-AZ) – voiced opposition to H.R. 22, the Postal Enhancement and Accountability Act, in a memo to conservative colleagues. (In May, Pence wrote Speaker Hastert opposing the bill.) In effect, the trio favors a 5.4% stamp tax that would unfairly burden 140 million American households and businesses, including every one of their constituents. It appears that their effort is part of a strategy by radical interests to defeat postal legislation.



2006 Two-Cent
Postage Stamp
(Left to right: Reps.
Hensarling, Pence and
Flake)

The 3 Congressmen belong to the 89-member Republican Study Committee (RSC), a group organized to further a conservative social and economic legislative agenda. Although Pence is chairman of the RSC, the Committee has not taken a position on H.R. 22. Moreover, a significant number of RSC members are cosponsors of the postal bill, including conservative stalwarts Pete Sessions (R-TX), Spencer Bachus (R-AL), and Dan Burton (R-IN).

The Stamp Tax Trio opposes H.R. 22 for two major reasons. First, they believe that solving the CSRS escrow and military retirement credit issues amount to a USPS "bailout." Second, they demand that reform slash postal employee pay and benefits. NAPUS strongly believes that their opposition to H.R. 22 is misguided and myopic.

The Stamp Tax Trio starts from a suspect position, disingenuously alleging that the 2003 correction of the CSRS postal overpayment "cost taxpayers \$7.1 billion." (*Ironically, on April 8, 2003, the Trio voted in favor of correcting the error.*) Apparently, the Trio has been in seclusion since 2003, forgetting the impact that the USPS has on the U.S. economy. Congress and the White House recognized PL 108-18 for what it was – a temporary fix. The error would have compelled the public to pay more postage than necessary. The only tax hit, if there ever was one, was that the correction barred postal padding of the federal budget, denying the Trio the opportunity to dole out tax breaks to their allies. Their Trio's buddies were not average Americans and businesses who rely on affordable postage rates and a viable universal mail system. The Stamp Tax Trio also objects to restoring U.S. Treasury responsibility for funding CSRS military credit for postal retirees. They claim that the Patent and Trademark Office (PTO) covers such credit. However, the Trio ignores that the PTO's responsibility is prospective, while the USPS is required to cover past retirees. It is crucial to recall that the President's own Postal Commission recommended that Congress address the CSRS escrow problem and the military retirement credit issue, which H.R. 22 does.

The bottom line is that if Pence-Hensarling-Flake had their way, postage would rise by 2 cents in 2006 and another rate spike would occur in 2007. The 9 million employee mailing industry that accounts for about 9% of the U.S. gross

domestic product cannot survive the Trio's dispassion and obstruction. Postmasters need to urge their Representatives to support H.R. 22 and Senators to support S. 662. Those who live in the Pence-Hensarling-Flake Stamp Tax districts should call and write to demand that the Trio support H.R. 22 and thereby nullify the Stamp Tax.

Government Reform Committee Approves Retiree Tax Relief

On Thursday, the House Government Reform Committee passed H.R. 994, legislation that would permit retired federal employees to pay their FEHBP health care premiums with pre-tax dollars. The bill, introduced by Committee Chair Tom Davis (R-VA), has 202 cosponsors and now heads to the House Ways and Means Committee. Although H.R. 994's legislative prognosis is ambiguous, Chairman Davis indicated that he plans to work with Ways and Means Chair Bill Thomas (R-CA) to get the bill to the floor for a vote. The bill would provide the average retiree approximately \$400 in tax savings. Sen. John Warner (R-VA) has introduced a similar bill, S. 484.

House Postal Appropriations Comes Up Short

On Wednesday, the House Appropriations Subcommittee on Transportation, Treasury, HUD and Independent Agencies, approved legislation that would provide the USPS with \$116.4 million. The Subcommittee, which is chaired by Rep. Joseph Knollenberg (R-MI), passed legislation that includes approximately \$72.1 million less than the Postal Service requested. This Congressional appropriation would cover partially USPS costs for free mail to the blind and for overseas voting. Also, it would reimburse the agency for congressionally mandated discounts to which nonprofit mailers are entitled.

As reported in the April 29 issue of the *e-NAPUS Legislative Newsletter*, the USPS asked Congress to cover the free mail for the blind and overseas voters to the tune of \$108.5 million. Under the panel-approved measure, the Subcommittee only covered \$87.4 million. Although the Subcommittee shortchanged the USPS, the Postal Service is usually reimbursed the balance during the subsequent fiscal year. Fortunately, the Subcommittee rejected the White House Fiscal Year 2006 budget recommendation to zero-out funding for non-profit mail discounts. If the Subcommittee acceded to White House wishes, the USPS would have had to write off about \$870 million that the U.S. Treasury owes the USPS, and pass that cost on to the mailing public.

Regrettably, the Subcommittee decided not to set aside funds to complete the USPS' nationwide deployment of its Biohazard Detection System, the Ventilation and Filtration System, and a Washington-based Mail Sanitization Facility. The USPS requested \$51 million to complete these projects. Subcommittee failure to fund these initiatives leaves a gap in efforts to improve the safety and security of the mail.

It is anticipated that the full House Appropriations Committee will vote on the Appropriations legislation, which include USPS funds, next week. The full House is expected to consider the bill by the July 4th Congressional Recess.



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