**CGA NEWS**

(1-7-12)

To:       CGA

From:   A۰P۰L۰U Congressional and Governmental Affairs Staff

                     Supreme Court Declines to Hear Challenge to Administration Stem Cell Policy

                     Additional Details About “Fiscal Cliff” Available

                     Supreme Court Declines to Hear Challenge to Administration Stem Cell Policy

Earlier this morning, the U.S. Supreme Court denied *certiorari* in *Sherley v. Sebelius*, letting stand the Court of Appeals ruling, enabling the Obama Administration’s policy on federal funding for human embryonic stem cell (hESC) research to remain in place.

This represents a welcome end to three years of litigation on this issue which had caused some uncertainty in the science community on the long-term viability of federal support for hESC research.

A statement from Dr. Francis Collins, Director of the National Institutes of Health, on the Court’s decision is available [here](http://www.nih.gov/about/director/01072013_stemcell_statement.htm" \t "_blank).

                     Additional Details About “Fiscal Cliff” Available

Additional information about tax provisions contained in the “fiscal cliff” package passed by Congress and signed into law is available.  Of possible interest to the A۰P۰L۰U community is the change to the “Pease” limitation on deductions.  While the “Pease” provision does not directly impact charitable giving, it may have an impact on deductions of high-income earners.

A description of the provision from Public Strategies Washington, Inc., is provided below:

Although there was considerable discussion during the fiscal cliff negotiations about limiting itemized deductions – either by placing a dollar cap on deductions or limiting the value to 28% -- none of these proposals were included in the final bill. However, the measure did permanently extend what is known as the Pease limitation on deductions for high-income taxpayers.  Named for former Rep. Don Pease, the limitation was first enacted in 1990.

While the limitation was completely phased out in 2010 by the Bush tax cuts, the newly enacted legislation restores it for taxpayers with incomes above $300,000 (married) and $250,000 (single). These threshold amounts will be indexed annually for inflation.  For taxpayers with incomes above the thresholds, itemized deductions (including charitable contributions) are reduced by 3% of the amount by which income exceeds the threshold.  However, itemized deductions cannot be reduced by more than 80%, and some deductions, including those for medical expenses, are exempt.

As an example of how the Pease limitation works, assume a couple has adjusted gross income of $400,000, which is $100,000 over the Pease threshold.  The next step is to calculate 3% of $100,000, which is $3,000.  If the couple has $50,000 in itemized deductions, they must reduce that amount by $3,000, leaving $47,000 in deductions.