



**The Daily Dish**

## March 25th Edition

DOUGLAS HOLTZ-EAKIN | MARCH 25, 2015

[The Washington Examiner](#) has two very interesting graphs explaining the government's tax revenue based on income levels. Take a look and you may be surprised.

Both the FCC and EPA are facing new legal battles over their most recent controversial rules. [Telecom companies have filed](#) the first lawsuits against Title II reclassification under the FCC's net neutrality rules, marking the first lawsuits on the issue. The [State of Michigan has also filed suit](#) against the government, but this time it is against the EPA's existing power plant rule. The state will argue that the EPA did not consider the impact on industry when drafting the costly rule.

### ***Eakinomics: Regulating Financial Advisers***

Yesterday Securities and Exchange Commission (SEC) Chairwoman Mary Jo White got an [earful](#) from the House Committee on Financial Services regarding SEC's intention to develop "fiduciary standards" for further regulating investment advisers. As nicely [laid out](#) by AAF's Andy Winkler, the Dodd-Frank Act directed the SEC to study the existing regulatory framework governing broker-dealers and investment advisers, as well as the need to add more protections. Enter the Department of Labor (DOL), which announced its own proposed rule making in October 2010, jumping the gun on the SEC which was still studying the issue.

DOL would have broadly redefined the circumstances under which a person is considered a fiduciary under the Employee Retirement Security Act of 1974 (ERISA) — essentially a retirement finance adviser. The proposed rule met a hailstorm of protest and after bipartisan legislation passed in the House of Representatives, DOL withdrew the rule in September 2011.

Now, DOL is back with a reproposal of that rule even as the SEC has decided to move forward with its own rule making, setting up the potential for overlapping and confusing regulations. This was a central complaint of lawmakers, but White was unapologetic, saying "There's no connection to the Department of Labor's announcement," and "I think we're separate agencies and we need to proceed separately."

The area has been highlighted by the president in a speech to AARP and via a memo and white paper from his President's Council of Economic Advisers (CEA), which argue that this is a way to protect the middle class. Critics suggest it will backfire, as the rule will raise costs and limit the supply of advisers.

Whatever it may be, tax it, regulate it, or restrict the supply of it and it will be more expensive and more the domain of the affluent. Even advice.

### ***From the Forum***

[White House's Budget Mythology](#) by Gordon Gray, AAF Director of Fiscal Policy

[Primer on DOL Fiduciary Standards: Impact & Outlook](#) by Andy Winkler, AAF Director of Housing Finance Policy