



International Right of Way Association Weekly Update

Monday, November 13, 2017

Trump Administration

- The President returns from his Asia trip this week and will turn his attention to the tax reform efforts in Congress.

Congress

- The House Ways and Means Committee completed its markup of the Committee's tax reform legislation on Thursday, reporting the bill to the House on a party-line vote. <https://www.cnbc.com/2017/11/09/gop-tax-reform-plan-advanced-by-house-ways-and-means-committee.html>
- The full House of Representatives will vote on the tax reform legislation this week. The House Rules Committee is scheduled to set the procedures for Floor consideration of the tax reform bill on Wednesday, with a Floor vote scheduled on Thursday. <http://thehill.com/blogs/floor-action/scheduling/359861-this-week-house-gop-pushes-tax-reform-vote>
- The Senate Finance Committee unveiled its tax reform proposal on Thursday and will begin consideration in Committee this afternoon. The Senate Finance version largely mirrors the House proposal, the key differences involve the timing of the reduction to the corporate tax rate and disparate treatment of the estate tax, state and local tax deduction, and mortgage interest deduction. <http://thehill.com/blogs/floor-action/scheduling/359861-this-week-house-gop-pushes-tax-reform-vote>

Analysis

- The Republican tax reform agenda took a big step forward last week after the House Ways and Means Committee completed its mark-up of the legislation. The next, and more difficult, hurdle will be the vote by the full House of Representatives on Thursday. So far, Speaker Ryan seems confident that he has the 218 votes needed to pass the legislation. <https://www.politico.com/story/2017/11/12/republicans-tax-bill-house-244821>
- Once the House passes its version of the bill, they will wait for the Senate Finance Committee to complete its consideration before Leader McConnell begins the arduous and days-long task of shepherding the legislation through the deliberations of the full Senate. Once the Senate passes its version of the bill, then both Chambers will appoint

certain Members to serve as conferees to a special conference committee, which will be tasked with negotiating the differences between the two bills and drafting a compromise package, known as a conference report. The conference report will then need to be voted on without amendment in each Chamber before it can be transmitted to the President for his signature.

- A complicating factor to the House vote later this week is out of Speaker Ryan's control, however. Different House Republican factions have already come out in opposition to certain portions of the Senate Finance proposal. Depending on how the Senate Finance Committee consideration proceeds this week, certain House Members may choose to vote against the House measure as a statement that they don't even want to provide a forum to consider the policies contained in the Senate package.
- So far, neither the House nor the Senate proposals link tax reform with infrastructure. And in conversations a Nossaman expert had with senior House Transportation and Infrastructure Committee staff this week, it is clear that the Republican leadership in Congress will try to keep tax reform and infrastructure bifurcated. The only possibility that infrastructure becomes part of the larger tax reform proposal is if Republican leaders cannot get the necessary support for the package from within the Party.
- If Democrat votes will be needed to advance tax reform, then Republican leaders will need to change their strategy. The plan has been to use instructions provided in the Fiscal Year 2018 budget resolution to allow the tax reform measure to pass both Chambers with merely a simple-majority vote (rather than the higher 60-vote threshold that would otherwise be required in the Senate). Republican leaders would need to rework their strategy and strike a deal with Democrats, who will exact some cost for their support from Republicans. The fact that we are less than a year from the mid-term elections will complicate such negotiations.