

DECODING TAX REFORM

Advising the Advisor

Friday, 8 June 2018

Bottom Line, Up Front



Recent tax changes have shortened the funding lifespan for Medicare and have residents of high tax States looking to move for tax relief, but those same changes have also spurred cuts in utility rates. One of the biggest primary nights of the year wrapped up on Tuesday (AL, CA, IA, MS, MT, NJ, NM, SD), with results looking cautiously positive for Democrats.

Tax Cuts & Jobs Act: Effects

Last year's tax overhaul continued to affect a wide range of industries. Impacted industries included healthcare, where income tax cuts and reduced payroll tax collections are the two main reasons for Medicare's worsening financial outlook; real estate, where changes in State and Local Tax deduction caps are causing residents of high-tax States to consider a move for tax relief; and utilities, as there have been scores of cuts to utility rates across the country. Former Treasury Secretary Jack Lew said on Thursday that passage of the GOP tax law will make it more difficult for Republicans and Democrats to develop a bipartisan deficit-reduction plan. He cited a lack of bipartisan support during the process and noted that it would be difficult for Republicans to gain support on future spending cuts after adding so heavily to the debt.

- [The Health 202: This is what happens to Medicare when you cut taxes but not spending \(Washington Post\)](#)
- [New Tax Laws Have Home Buyers Checking New Places \(WSJ\)](#)
- [\\$3 billion payoff: 101 utilities cut rates, credit GOP tax cuts \(Washington Examiner\)](#)
- [Obama-era Treasury secretary: Tax law will make bipartisan deficit-reduction talks harder \(The Hill\)](#)

Politics

While Democrats (after investing \$7 million in their own primaries) avoided getting locked out of several important races in California, a number of political prognosticators have begun to opine about whether the potential wave has crested too far from the beach. One of the fascinating features of the 2018 election is how many contemporaneous, yet conflicting story lines there are between different parts of America.

- [Winners and losers from the biggest primary night of the year \(Washington Post\)](#)
- [Is the blue wave crashing? 11 experts on Democrats' chances in 2018. \(Vox\)](#)
- [Republicans seek Plan B on midterm messaging \(The Hill\)](#)

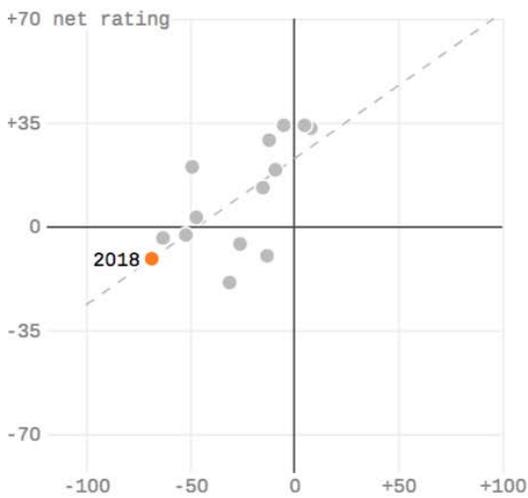
Axios

Wave watch: It's Trump vs. the economy

If you were to forecast the 2018 midterm elections by...

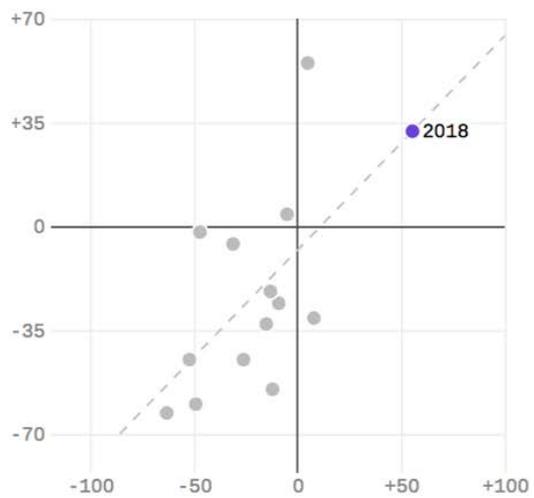
...presidential approval

The GOP would **lose 68 seats**.



...view of the economy

The GOP would **gain 55 seats**.



← Change in seats for president's party →

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