



## DECODING TAX REFORM

Advising the Advisor

Friday, 30 November 2018

### [Bloomberg Tax: IRS Issues Proposed Regulations on Estate and Gift Tax Exclusion Clawbacks](#)

The IRS recently proposed regulations that clarify it will not “clawback” gifts made under the temporarily increased estate and gift tax exemption levels in the Tax Cuts and Jobs Act (TCJA) should those levels be decreased in the future. AALU has been following this regulation and will be providing comments to the IRS, in addition to providing you with additional information and analysis on the proposal.

[Read More](#)

**Beyond the Headlines**

On Monday, Ways & Means Chairman Kevin Brady (R-TX) introduced a wide-ranging tax bill, titled the Retirement, Savings, and Other Tax Relief Act of 2018 (H.R. 88), that includes positive reforms to federal retirement policy, IRS reforms, tax extenders, and five technical corrections for last year's Tax Cuts and Jobs Act (TCJA).

The retirement section contains several important provisions that AALU supports from the Retirement Enhancement and Savings Act (RESA) and the Family Savings Act. Notably, provisions that reduce barriers to forming multiple employer plans, annuity safe harbors for plan sponsors, and a repeal of the maximum age for IRA contributions.

Enactment before the end of the 115<sup>th</sup> Congress is complicated by the debate over government funding and the border wall, a plethora of other legislative imperatives (ranging from flood insurance to the farm bill), as well as Democratic objections to helping solve errors created by the TCJA when they were excluded from its development in the first place.

Senate Finance Chairman Orrin Hatch (R-UT) said in an interview this week that the Senate will try and improve the House draft. Incoming Senate Finance Chairman Chuck Grassley (R-IA) suggested that there were tax extenders and some technical corrections that Democrats could get behind.

Nancy Pelosi (D-CA) won the Democrats's nomination for Speaker of the House in the 116<sup>th</sup> Congress on Wednesday by a vote of 203-32. While there was much reported on certain House Democrats forming an opposition to her campaign for Speaker, her vote total far surpassed her total for 2016, when she beat out Rep. Tim Ryan (D-OH) for minority leader. Despite the intra-party dissent, Pelosi and her allies remain confident that she will secure the 218 votes necessary to become Speaker. She will need to turn fifteen more votes in order to secure the post in a full House vote on January 3<sup>rd</sup>.

The [House released its 2019 Legislative Calendar](#) this week. Great news, the House will be in Session for [AALU's Annual Meeting – TRANSFORM 2019](#) and for [Capitol Hill Club! Registration is open now.](#)

## Tax Cuts

- [Democrats seem in no mood to give on GOP tax plan \(Politico\)](#)

As Republicans released their plan for a lame-duck tax package, there were plenty of complaints from their colleagues across the aisle. They likened the manner of delivery to last year's TCJA, saying they did not know what was in it until it was reported on by the media. Democrats will look to delay a debate over technical corrections for the new tax law until they control the House and have more leverage. Sen. Sherrod Brown (D-OH) demanded that any legislation include language addressing General Motors' decision to lay off thousands of workers following its tax savings under the new regime. And Sen. Ben Cardin (D-MD) questioned how such a large bill gets done in such a short period of time, especially with other priorities likely to take precedence.

- [Brady Tax and Retirement Plan Package Hits Turbulence \(Think Advisor\)](#)

Despite Republicans' desire to see quick movement on their new tax bill, its progress was held up this week following a Joint Committee on Taxation and Congressional Budget Office prediction that the retirement plan provisions included in the draft would add about \$53 billion to the federal budget deficit over a 10-year period. The high cost could complicate the process, especially while Congress negotiates a spending package to fund the government. Democratic opposition represents another road block. During a House Rules Committee meeting on Wednesday, some Democrats complained that Republicans had not looked for their input when drafting the new tax package, a complaint that mirrored ones from the TCJA process.

## Government Funding

- [Exclusive: Trump threatens government shutdown over border wall funding \(Politico\)](#)

With less than two weeks until the current continuing resolution on government funding runs out, President Trump told reporters this week that he would be willing to shut down the government if he does not get funding for his Southern border wall. While Senate Minority Leader Chuck Schumer (D-NY) said Democrats would approve of \$1.6 billion in funding for the wall, the President said that his request for \$5 billion would only cover the physical border, and that the number for overall border security is larger. He also signaled he would not look to strike a deal over immigration, instead waiting for court challenges on the Deferred Action for Childhood Arrivals (DACA) program to wrap up.

- [Trump says he's considering a Plan B if Congress rejects his demand for \\$5 billion in border wall funding \(Washington Post\)](#)

President Trump suggested that he could find another path to securing his Southern border wall if Congress does not fund his campaign promise. He spoke of more military action combined with less permanent barriers like barbed wire and fencing. House Majority Leader Kevin McCarthy (R-CA) attended a meeting with President Trump and told reporters that the President was “very solid with where he wants to go” on funding for the wall.

## Democratic Leadership Elections

- [Freshman Dems demand more power from Pelosi \(Politico\)](#)

Several incoming House Democrats banded together to call for more influence in the upcoming Congress in a letter to likely-Speaker Nancy Pelosi. They asked for more seats on powerful committees and monthly meetings with leadership to “ensure that the legislative priorities of our constituents are heard.” While the letter did not threaten to withhold votes should Democratic leaders refuse the request, it shows that incoming

freshman will make a significant effort for what they believe their voters want and need. However, these priorities could look less united in the new Congress, as there is a split in the incoming Democrats between those from redder districts and those from traditional Democratic strongholds.

#### Upcoming Republican Leadership

- Republican Leader Kevin McCarthy (R-CA)
- Republican Whip Steve Scalise (R-LA)
- Conference Chair Liz Cheney (R-WY)
- NRCC Chair Tom Emmer (R-MN)
- Policy Committee Chair Gary Palmer (R-AL)
- Conference Vice Chair Mark Walker (R-NC)
- Conference Secretary Jason Smith (R-MO)

#### Upcoming Democratic Leadership

- Nominated-Speaker Nancy Pelosi (D-CA)
- Majority Leader Steny Hoyer (D-MD)
- Majority Whip Jim Clyburn (D-SC)
- Democratic Caucus Chair Hakeem Jeffries (D-NY)
- DCCC Chair Cheri Bustos (D-IL)
- House Democratic Policy and Communications Committee Chairs Debbie Dingle and David Cicilline (D-RI) and Co-Chairs Ted Lieu (D-CA) and Matt Cartwright (D-PA)

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#### **\*\*Important Membership Information\*\***

*All AALU members will need to update their login credentials in order to access content on the new [aalu.org](http://aalu.org). Please reference the email sent by AALU CEO, Marc Cadin earlier this month for instructions on how to unlock our powerful new tool, created just for you. **If you did not receive that email or cannot find it, please let us know by sending an email to [support@aalu.org](mailto:support@aalu.org) or calling (703) 641-9400 so we can help you.***

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## Upcoming Events

- **TRANSFORM 2019, An AALU Experience** | April 28th - 30th, 2019 | Marriott Marquis, Washington D.C. | [Register Here](#)



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AALU Member

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