



January 11, 2019



SPOTLIGHT – Ambassador Relationships in Action



Go Deeper: Over the course of 2019, we will highlight some of the 2019 Endorsed Candidates – their personal stories and why AALU values the relationship with them. We will also highlight the AALU members just like yourself that serve as our Ambassadors for these critical relationships. These relationships form the bedrock of AALU's advocacy efforts to secure the financial and retirement security of millions of Americans. For more information, head to the advocacy section at the [AALU website](#).

For our first spotlight we highlight Senator Todd Young (R-IA) and AALU Ambassador Kevin Clasen.

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Beyond the Headlines

As you know, the shutdown continues, and federal workers miss their first paychecks today. None of the meetings or public relations efforts thus far have made any difference, and both sides believe they're 'winning.' With that said the effects of the shutdown are about to get a lot more real.

President Trump seems increasingly likely to pursue a national emergency route to build the wall. That might end the impasse over the shutdown, while almost certainly kicking off a legal battle likely destined for the Supreme Court. For more information, [click here](#).

Needless to say, nothing about this situation suggests a dawn of bipartisan cooperation is around the corner between Democrats in Congress and President Trump.

Impact of Shutdown on IRS Activity

Questions over IRS action during the shutdown still loom large with tax filing season ready to begin. Russell Vought, the acting director of Office of Management and Budget

(OMB), said on Monday that the IRS would issue tax returns even if the government shutdown persists into tax season. The move takes some political pressure off the situation and gives Republicans a chance for taxpayers to see the benefits of the Tax Cuts and Jobs Act (TCJA). House Ways and Means Chair Richie Neal (D-MA) said he would hold hearings to be sure that the IRS can begin accepting tax returns as scheduled. He sent [a letter to Treasury Secretary Steve Mnuchin](#) concerning the issue last week.

In a beneficial move for consumers, including many of our members' clients, the IRS began processing requests made through the Income Verification Express Service (IVES) on January 7th. IVES is a program used to confirm the income of a borrower during the processing of a loan application and in some cases for financial underwriting as part of a life insurance application. However, because the backlog of requests dates back to December 22nd of last year, the IRS advised IVES participants that it may initially take longer than the standard turnaround time of 72 hours to process new requests.

Tax Outlook - 116th Congress

While major tax legislation is not expected, it is possible that the two parties find compromise on some tax legislation that encompasses bipartisan objectives – perhaps including retirement policy.

Otherwise, the next two years will likely be dominated by messaging bills featuring partisan priorities from both houses that will not be enacted, but that could serve as the basis for future legislation with a different Congress. House Democratic Budget Chairman John Yarmuth (D-KY) noted this week the budget he is drafting would include a 28% corporate tax rate.

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Shutdown Watch



Sen. Susan Collins, who is from a state Trump lost in 2016, called for different solutions to end the shutdown without a border wall. | Mark Wilson/Getty Images

Vulnerable GOP senators feel the heat of protracted shutdown (Politico)

Republicans saw the first signs of fracturing within the party over the shutdown on Thursday as eight House GOP members crossed the aisle to vote for the Democratic package reopening the government. The measure did not address funding for a border wall. The longer the shutdown persists, the bigger effect it will have on vulnerable GOP members in the 2020 election. Senator Shelly Moore Capito, chair of the Appropriations subcommittee that funds the Department of Homeland Security, said last week she is still trying to nudge to president to support her legislation that would fund border security at a lower level than the president's request for \$5 billion. She called the shutdown a "no-win proposition." Some Republicans are still sticking with the President. Sen. Thom Tillis (R-N.C.) called attacks by Democrats "largely irrelevant" and called on both sides to reach a compromise and reopen the government.

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Tax Bites

Dems look to chip away at Trump tax reform law (The Hill)

With the Tax Cuts and Jobs Act (TCJA) receiving no Democratic votes in 2017, Democrats are looking to line out their strategy to roll back parts of the Republican tax law. They will not be able to undo significant provisions of the law while Republicans hold control of the Senate and presidency, but will lay the foundation for what they will try to accomplish should they retake control in Washington. Because the TCJA included provisions with bipartisan support like tax cuts for the middle class and the Opportunity Zone program, experts believe the Democrats will be careful in how they go about changing the 2017 tax law. Ways and Means Chair Richie Neal (D-MA) has voiced his intention to hold hearings in his committee, inviting “people of great economic reputation, Democrat and Republican, to talk about the tax bill.”

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Key Committees - New Members Announced

New Ways and Means Democrats

Gwen Moore - (D-WI)

Dan Kildee - (D-MI)

Brendan Boyle - (D-PA)

Don Beyer - (D-VA)

Dwight Evans - (D-PA)

Tom Suozzi - (D-NY)

Jimmy Panetta - (D-CA)

New Senate Finance Members

James Lankford - (R-OK)

Steve Daines - (R-MT)

Todd Young - (R-IN)

Catherine Cortez Masto - (D-NV)

Maggie Hassan - (D-NH)

Stephanie Murphy - (D-FL)

Brad Schneider - (D-IL)

Steven Horsford - (D-NV)

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