



DECODING TAX REFORM

Advising the Advisor

Friday, 07 December 2018

Beyond the Headlines

Legislative progress slowed in Washington this week in remembrance of President George H.W. Bush. The House cancelled votes for the week, but not before advancing a two-week stopgap spending measure that extends the deadline for passing a government spending bill to December 21st. This will give Democrats and Republicans more time to find common ground on the main issue holding up funding talks: President Trump's Southern border wall. House Minority Leader Nancy Pelosi (D-CA) said this week that she would not accept a deal to protect undocumented immigrants under the Deferred Action for Childhood Arrivals (DACA) program in exchange for significant funding for Trump's signature campaign promise. She and Senate Minority Leader Chuck Schumer (D-NY) are scheduled to meet with the President next week to discuss a spending deal. Both Democratic leaders expressed a willingness to pass 6 of the 7 remaining appropriations bills and a one-year extension for Homeland Security, under which any border wall funding would fall. However, Senate Majority Whip John Cornyn (R-TX) said that a deal featuring only one year of funding for Homeland Security would be unacceptable to the White House.

It remains uncertain whether a deal can be made around the Retirement, Savings, and

Other Tax Relief Act of 2018. The bill contains federal retirement reforms, extensions of expiring tax breaks, and technical corrections to the Tax Cuts and Jobs Act (TCJA). Sen. John Thune (R-SD) said this week that the Senate is working on a “skinny version” of a lame duck tax bill that would include an extension of some temporary tax breaks and retirement provisions. He also said that a slimmed down version could be attached to a spending bill. Thune indicated that Republicans were looking to find the combination of provisions that can garner enough support to gain 60 votes in the Senate. However, Senate Minority Whip Dick Durbin (D-IL), speaking about Democratic reluctance to support a tax bill, said that Democrats were not consulted on the measure. When responding to questions on what provisions could be attached to a spending bill, he said “As of this state, none.”

Tax Cuts

- [Lessons From the Tax Overhaul, a Year In \(WSJ\)](#)

After almost a year under the new tax regime, analysts are taking stock of the effects it is having in the business world. The economy is humming, and quarterly earnings are up, but companies are still treating the new tax law as more of a windfall than a permanent change. While buybacks are at a record level, companies have not raised their dividend-growth rates at a commensurate rate. They could be waiting for comprehensive regulations to clear up some of the new provisions.

Government Funding

- [McConnell Predicts Lawmakers Will Avoid Government Shutdown \(WSJ\)](#)

Speaking after leaders in Congress introduced the two-week spending bill funding the government, Senate Majority Leader Mitch McConnell (R-KY) predicted that a shutdown would be avoided, saying neither party wants the blame. He suggested that President Trump negotiate with Democrats, whom he said were “not irrelevant” after winning control

of the House in the upcoming Congress. Looking ahead to next year, he said that a divided government was the perfect time to deal with big issues like healthcare costs. However, he squashed the idea of finding bipartisan compromise on the package Democrats have been readying on campaign finance, ethics, and election security, saying "That's not going to go anywhere in the Senate."

****Important Membership Information****

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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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