



February 01, 2019

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## Beyond the Headlines

Welcome to the shutdown reprieve. A bicameral conference committee has fourteen days left to find a deal that satisfies President Trump and Congressional Democrats. Left to their own devices, Appropriators could undoubtedly strike a deal, however, through the first week of negotiations, the President and many Congressional Democrats stuck to their absolutist negotiating stakes. One x-factor for this round of negotiations is that Republicans in the Senate have a bad taste in their mouths from the recent debacle and are looking for solutions. Senate Majority Leader Mitch McConnell (R-KY) has said publicly and privately that he thinks shutdowns do not work and that they are no-win scenarios. Sen. Pat Roberts (R-KS) said "It's an absolute necessity" to avoid another shutdown, and Sen. Ron Johnson (R-WI) cited "a real fatigue" in motivating their support for a deal.

There are three paths to avoid another shutdown that folks around here are watching for: Another continuing resolution, a presidential emergency declaration, or a deal on immigration.

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## Endorsed Candidate Spotlight

Over the course of 2019, we will periodically profile Members of Congress who are on the 2019 AALU Endorsed Candidate Slate. Congressman Ron Kind from Wisconsin's third district has been a champion of the life insurance profession for many years now, and his bi-partisan, pragmatic roots are representative of his midwestern background

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## Coming Soon: The Ambassador Podcast Strikes Back!

AALU sits down with Congressmen Josh Gottheimer (D-NJ) and Tom Reed (R-NY) to discuss how a growing caucus on the hill called the Problem Solvers is trying to find the middle ground to fix Congress and Washington with it. Exclusive for AALU Members.

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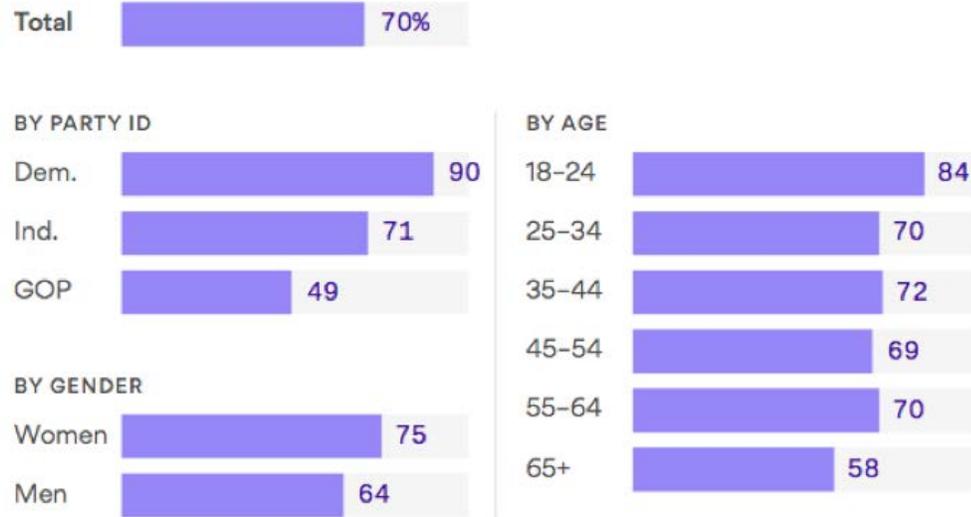
## New Proposals on Taxing Wealth

Make no mistake, the populism rising in the U.S. and around the world in the last few years continues unabated. No doubt you've read about proposals to raise the top marginal rate to 70% or a variety of millionaires' and billionaires' taxes on wealth being bandied about (more on those below).

In a survey released this week, SEVENTY PERCENT of Americans support reform of the economic system! Check out the age and party breakdowns below.

### Share who would be excited to vote for a 2020 presidential candidate who promises to reform the economic system

Survey of 2,277 U.S. adults conducted Jan. 16-Jan. 18, 2019



Data: SurveyMonkey online poll; Chart: Harry Stevens/Axios

[Read More on Specific Proposals](#)

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## House Dems Eye 2020 Targets

House Democrats on Monday unveiled the districts that represent their top takeover opportunities for 2020, targeting thirty-three Republican-held or open congressional seats with an emphasis on suburban districts, and with a notable focus on Texas.

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## Democratic Presidential Primary 2020

The primary contest to represent the Democratic party against President Trump in 2020 continues to heat up, with the field expanding as additional candidates declare weekly and an independent threatens to make waves for both parties. And in one case, a recently announced candidacy with some outsider potential may be going off the rails before it even leaves the station. Oh yeah, and Hillary Clinton is back!?!

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## Critical Relationship: Grassley-Wyden

Much of what the Senate Finance Committee can accomplish in the 116<sup>th</sup> Congress depends on Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR) working constructively and finding agreement and compromise on various issues. Senator Grassley has been in the Senate since 1980, and working with Senator Wyden for over twenty years since his election to the upper chamber in 1996.

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## Democrats Eye Raising the Corporate Tax Rate

House Democrats are looking at increasing the corporate tax rate in their FY 2020 budget resolution. House Budget Committee Chair John Yarmuth (D-KY) said Democrats have to assume at least some increase in the corporate tax rate after a Tuesday hearing on the country's economic outlook. He cited rising average deficits and national debt, despite the second-longest economic expansion on record. Speaking about the effects of the Tax Cuts and Jobs Act, he called them "a burst of very brief economic growth." Ranking Member Steve Womack (R-AR) called the growing fiscal challenges

“daunting,” but blamed the rise on mandatory spending, specifically citing entitlement spending as the largest driver of the increase in the deficit. Proponents say the plan could raise revenue and help lower the deficit. However, Congressional Budget Office Director Keith Hall said at the hearing that raising the rate could lower levels of investment, capital stock, wage growth, and GDP growth.

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## **Impact of Tax Cuts & Jobs Act**

### **Worker wage gains just broke 3% for the first time in more than 10 years (CNBC)**

In findings that support Republican claims that the TCJA is helping the American economy, the Labor Department issued a report that said wage gains in 2018 were the highest they have been since 2008, the lowest point in the financial crisis. Additionally, the employment cost index, which includes benefits costs, rose 2.9%, also tying a high since 2008.

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### **It's official: Trump's tax cuts were a bust (Financial News London)**

Just over a year after its passage, the effects of the TCJA could be starting to fade. GDP growth appears likely to weaken this year and annual deficits are projected at over \$1 trillion in the coming years. Additionally, a poll of more than 100 economists employed by major corporate businesses returned that 84% of respondents said that the tax cuts have not caused their firm to change hiring or investment plans. Much of the tax savings

are estimated to have gone to stock buybacks and corporate profits, both at an all-time high.

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AALU

11921 Freedom Dr Ste 1100

Reston, VA 20190-5634