



# Tax Reform Up Next in Congress & Other Developments

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**ML Strategies -- Washington, DC Office Opened in 2001  
Bipartisan Team of Professionals**

*Strong Ties to the Administration, Senate, House of Representatives, Think Tanks, Industry Groups, Media, and Thought Leaders*



**Executive Vice President &  
Director of Operations**



**NAHEFFA General Counsel**



**Director, Government Relations**



**Vice President, Health Policy**



**President, Plurus Strategies**



# MLS ADVOCACY FOR PRESERVATION OF TAX-EXEMPT BONDS

- 36 Meetings with Congressional offices during Spring Conference
- Comments submitted to Senate Finance and House Ways and Means (with the American Hospital Association and the National Association of College and University Business Officers)

*MLS followed up by sharing the NAHEFFA/AHA/NACUBO comments with all personal office tax staff for all NAHEFFA footprint members serving on the Finance and Ways & Means Committees*

- August meetings with Senate Finance and Ways & Means tax staff
- Comments reviewed by Shahira Knight, Special Assistant to the President for Tax Policy



# Tax Reform Has Momentum



# TAX REFORM LANDSCAPE

# Trump Aiming to Match Reagan's 1986 Tax Reform Success





# White House establishes aggressive timeline for tax reform

**Aug 2017**

The bulk of  
the tax  
reform will  
be drafted  
by the end  
of August

**Sep 2017**

The House and  
Senate  
committees  
begin marking  
up the bill after  
Labor Day

**Oct 2017**

House  
passes  
bill by  
end of  
October

**Nov 2017**

Senate  
passes bill  
by end of  
November

**Nov-Dec 2017**

President  
signs bill  
by end of  
2017

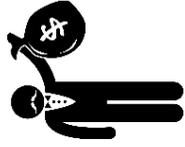
# But will other issues get in the way?



GNN POLITICS

# Democrats demand bipartisan tax reform after healthcare failure

## 45 Democratic senators co-signed a letter with demands



### 1% pays

- Democrats said that they would not sign a law that gives tax breaks to the 1% of wealthiest Americans. They urged Republicans to work for the middle class



### Regular order

- Democrats are demanding that Republicans respect procedure and avoid pushing tax reform through Congress by using reconciliation



### Deficit neutral

- Democrats' final demand was that the reform not add to the deficit, and that deficit reductions would not harm Medicaid, Medicare and Social Security

## 3 Democratic senators up for re-election in red states did not sign



**Sen. Joe Donnelly (D-IN)**

A spokesperson from Donnelly’s office said the senator is “ready to exchange ideas with others in Congress and the Trump administration.”



**Sen. Joe Manchin (D-WV)**

Considered one of the most vulnerable incumbents for 2018, Manchin did not sign the letter. Manchin has broken from the party before, notably as the only Democrat to confirm A.G. Jeff Sessions.

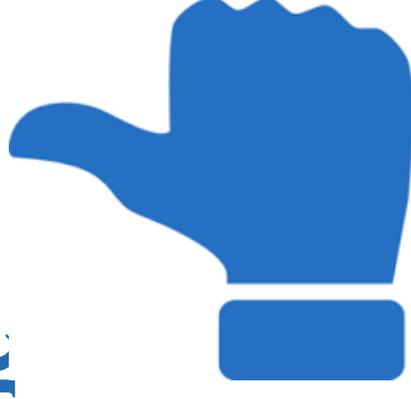


**Sen. Heidi Heitkamp (D-ND)**

A spokesperson from Heitkamp’s office said the senator was approaching tax reform with an open mind, wanting to work across the aisle to make reforms.

# Proponents of Tax Reform are Optimistic

- GOP Needs a Win.
- Health care was emotional – tax reform is intellectual.
- Controversial Border Adjustment Tax (BAT) nixed.
- Broad bipartisan agreement that tax code needs updating.



# But significant challenges remain....

Tax reform is hard.  
Limited legislative days left in 2017.  
Can the White House lead?  
Where is the tax reform plan?



# Congressional To-Do List

## Many Issues Competing for Limited Calendar Time in 2017



- Fiscal Year 2018 Appropriations
- Fiscal Year 2018 Budget Resolution (Possible Vehicle for Tax Reform)
- Increase Debt Limit
- Federal Aviation Administration Reauthorization or Extension
- Children's Health Insurance Program (CHIP) Reauthorization
- EB-5 Regional Center Visa Program Reauthorization
- National Flood Insurance Program Reauthorization
- National Defense Authorization Act

# Municipal Bonds at Risk in Tax Reform

Tax reform under a Republican president and Republican congress could be the most significant reform since the Tax Reform Act of 1985 which contained restrictions on municipal bonds

There is real concern that exclusion on interest for tax exempt bonds could be capped, eliminated or otherwise modified in order to raise revenue

Alternatively, Capitol Hill and White House have said Private Activity Bonds are vulnerable



## House Republican Blueprint for Tax Reform

Calls for the repeal of unnamed special interest provisions in the tax code

The repeal of special interest provisions in the tax code could include the exemption for municipal bonds



# Camp 2014 Tax Reform Proposal

Placed a surtax on tax-exempt bond interest earned by high income taxpayers

Congressional leaders and White House said to be reviewing Camp proposal for ideas as fallback to Blueprint



[DISCUSSION DRAFT]

February 21, 2014

113TH CONGRESS  
2D SESSION  
**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide for comprehensive tax reform.

IN THE HOUSE OF REPRESENTATIVES

Mr. CAMP introduced the following bill, which was referred to the Committee on \_\_\_\_\_

## A BILL

To amend the Internal Revenue Code of 1986 to provide for comprehensive tax reform.

- 1 *Be it enacted by the Senate and House of Representatives*
- 2 *of the United States of America in Congress assembled,*
- 3 **SECTION 1. SHORT TITLE ETC.**
- 4 (a) **SHORT TITLE.**—This Act may be cited as the
- 5 “Tax Reform Act of 2014”.

**DAVE CAMP**  
U.S. CONGRESSMAN for the 4TH DISTRICT OF MICHIGAN



# Gang of six will lead the tax proposal on Capitol Hill



**Speaker Paul Ryan (R-WI)**  
After the failure of healthcare reform in the Senate, Ryan has made tax reform his top priority. His plans have suffered some setbacks, as he agreed to remove a border adjustment tax from the reform amid opposition.



**Sen. Mitch McConnell (R-KY)**  
The majority leader of the Senate has stated that any reform to the current tax system would have to be revenue neutral. His comments go against previous Trump promises for large cuts to taxes.



**Sen. Orrin Hatch (R-UT)**  
The senior most tax law writer in the Senate admitted that reducing the corporate tax rate to 25% would itself be a difficult challenge. The White House has been adamant that Congress should aim for 15%.



**Rep. Kevin Brady (R-TX)**  
The House Ways and Means Committee chairman has been active in drumming up support for the bill, providing lawmakers with materials to aid them in their case to sway constituents for tax reform.



**Treasury Secretary Steve Mnuchin**  
Mnuchin has been vocal about the reform passing through the Hill in regular order, opposing reconciliation as a tactic to push the bill forward.



**National Economic Advisor Gary Cohn**  
Cohn has affirmed that the president is “100 % committed to getting tax reform done this year.” The former banker is driven to cut the corporate tax rate to 15 % from 35 %.

## Other Key Leaders on Tax Reform



“Comprehensive tax reform is the challenge before us. The current code is unnecessarily complex, anti-competitive and picks winners and losers...America is on the verge of its first comprehensive tax code overhaul in a generation.” – **David Kautter, Assistant Secretary of the Treasury for Tax Policy**



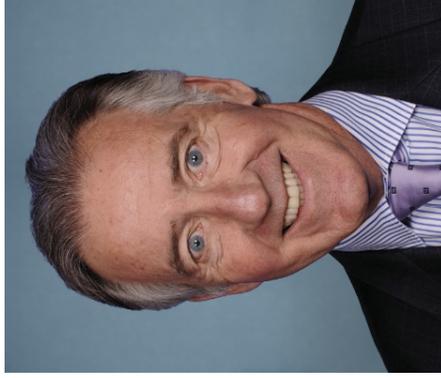
“There is room for bipartisan tax reform, but it must be fiscally-responsible and it must not come at the expense of hard-working Americans.” – **Rep. Nancy Pelosi, Democratic Leader, House of Representatives**



“There is a real potential for bipartisan support on tax reform. The best tax reform is bipartisan tax reform aimed at helping the middle class.” – **Sen. Chuck Schumer (D-NY), Minority Leader, U.S. Senate**



"We need a simpler, fairer tax code that protects taxpayers, not special interests – and helps America compete and win."  
– Chairman Kevin Brady (R-TX)



"My DNA is in the mayor's office and I know how we used tax-exempt bond financing. It worked quite well."  
– Ranking Member Richard Neal (D-MA)



"The current American tax code on the personal and corporate side really is unproductive and inefficient."  
– Tax Policy Subcommittee Chairman Peter Roskam (R-IL)



"The concept of using the tax system to support local government is an important one."  
– Tax Policy Subcommittee Ranking Member Lloyd Doggett (D-TX)



"Tax reform is no longer optional...it is essential." – Chairman Orrin Hatch (R-UT)



"There is no question its long past time that we reform our badly broken and overly complicated tax code."  
– Ranking Member Ron Wyden (D-OR)



"The devil is in the details and the details are important...." – Taxation Subcommittee Chairman Rob Portman (R-OH)



"I've heard lots of my Republican colleagues say consistently that, after the health care experience, they'd like to see us try to work bipartisan on tax reform." – Taxation Subcommittee Ranking Member Mark Warner (D-VA)



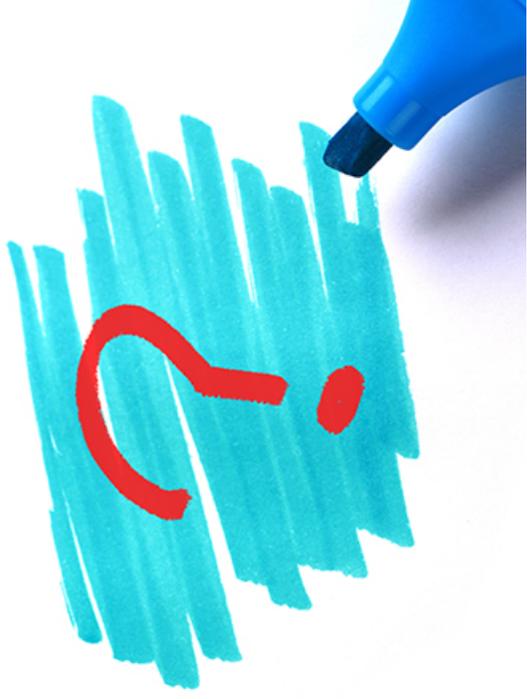
# Next Steps

- Pro-actively engage with our Capitol Hill contacts to advocate for protecting and maintaining tax-exempt municipal bonds.
- Continue to urge the Trump Administration to defend municipal bonds, building upon our work to date with Shahira Knight.
- Identify opportunities for NAHEFFA members to engage with their congressional delegations in support of municipal bonds.
- Support the work of other stakeholder groups and coalitions.



# Other Issues

- **MSRB MA Guidance**
- **Revival of Bank Qualified / Infrastructure**
- **HQLAS**
- **MMF**



**Questions?**