THE HILL REPORT

Greetings!

During the month of May, LobbyIt met with House Education and the Workforce Committee to discuss CTE legislation and any proposed amendments ahead of the bill's anticipated markup. In addition, LobbyIt covered the House Ways and Means Committee hearing on the Border Adjustment Tax.

Association of Marina Industries

Stakeholder Activity

Meeting with House Education and the Workforce Committee:

During LobbyIt's meeting with House Education and the Workforce Committee, our discussion with staff was focused on any amendments to the very favorable and bipartisan CTE bill. LobbyIt preemptively met with committee staff to ensure that any proposed amendments would not provide any reason to stall the bill from moving through the House. LobbyIt was informed that Congresswoman Federica Wilson would be offering an amendment that would provide the Secretary with authority to sanction grantees that do not improve under their program improvement plan. During the 114th Congress, the CTE bill got hung up in the Senate HELP committee, most notably due to Chairman Alexander's concern over the Secretary's authority over Department of Education. Understandably, Congresswoman Wilson's amendment preemptively caught our eye. However, staff assured us that all members of the committee were supportive of the amendments being offered.

On May 17, 2017, the CTE bill was successfully marked up. All four amendments were voted in favor for, and members voted unanimously to report the bill favorably. <u>This Friday, June 9th, the CTE bill is expected to go to the full House floor for a final vote. Upon its likely passage, it will move to the Senate for consideration. At this time, the</u> Senate has not introduced a bill, but will likely draft legislation that relatively mirrors the House bill.

<u>House Ways and Means Committee: BAT hearing</u>

The BAT is the cornerstone of the House GOP tax plan, designed to raise $1.2 trillion in revenue over 10 years that would help pay for reduced corporate tax rates. The House GOP tax blueprint calls for dropping the corporate tax rate from 35 percent to 15 percent, and 25 percent for pass-through businesses. In order to achieve these corporate rates and still have a tax plan that remains revenue neutral, offsets, such as BAT, are necessary. However, GOP Senators are weary of low business rate targets that require offsets they oppose.

While the GOP leadership, especially in the House, is making hopeful sounds about some sort of tax reform and haven't officially given up the ship, the minority - and LobbyIt would have to share this view - believes that a major tax reform package this calendar year, and perhaps even in the 115th Congress, is a practical impossibility. This is primarily because of the central role that the BAT plays in the larger scheme of paying for tax reform and the significant US commercial interests who are dead-set against it. LobbyIt has provided more detailed coverage of the hearing in a separate memo.

Legislative/Regulatory Activity

<u>H.R. 419 - Promote Workforce Development for the Advancement of Manufacturers Act of 2017</u>

Representative Brenda L. Lawrence (D-MI) introduced the Promote Workforce Development for the Advancement of Manufacturers Act of 2017 on January 10, 2017. On January 10, 2017, the bill was referred to the House Committee on Ways and Means. The bill does not yet have any cosponsors.

This bill amends the Internal Revenue Code to allow manufacturing employers located in in the United States to received a business-related tax credit for the manufacturing training expenses of their employees. The definition of "manufacturing training expenses" includes related course work, certification testing, and essential skill acquisition.

S.85 - Restoring Access to Medication Act of 2017

Senator Pat Roberts (R-KS) introduced the Restoring Access to Medication Act of 2017 on January 10, 2017. On January 10, 2017, the bill was read twice and referred to the Committee on Finance. Senators Heidi Heitkamp (D-ND) and Johnny Isakson (R-GA) are currently cosponsors to the bill.

This bill repeals provisions of the Internal Revenue code that were added by the Patient Protection and Affordable Care Act that limit payments for medications from health and medical savings accounts and health flexible spending arrangements to only prescription drugs or insulin. This allows distributions from such accounts for over-the-counter drugs.

Related Bills: H.R.394 - Restoring Access to Medication Act of 2017

H.R. 25 - Fair Tax Act of 2017

Representative Bob Woodall (R-GA) introduced the Fair Tax Act of 2017 on January 3, 2017. On January 3, 2017, the bill was referred to the House Committee on Ways and Means. The bill currently has 35 cosponsors.

This bill proposes a national sales tax on the use or consumption in the United States of taxable property or services in lieu of the current income and corporate income tax, employment and self-employment taxes, and estate and gift taxes. The rate of the sales tax will be 23% in 2019 with adjustments to the rate in subsequent years. There are exemptions from the tax for used and intangible property or services purchased for business, export, or investment purposes, and for state government functions.
Under the bill, family members who are lawful U.S. residents receive a monthly sales tax rebate (Family Consumption Allowance) based upon criteria related to family size and poverty guidelines.
The states have the responsibility of administering, collecting, and remitting the sales tax to the treasury.
Tax revenues are to be allocated among:

(1) the general revenue;
(2) the old-age and survivors insurance trust fund;
(3) the disability and insurance trust fund;
(4) the hospital insurance trust fund; and
(5) the federal supplementary medical insurance trust fund.

No funding is authorized for the Internal Revenue Service after FY2021.
The bill terminates the national sales tax if the Sixteenth Amendment (authorizing income tax) is not repealed within 7 years after the enactment of this bill.

Related Bills: S.18 - Fair Tax Act of 2017

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Senator Jerry Moran (R-KS) introduced the Fair Tax Act of 2017 on January 3, 2017. On January 3, 2017, the bill was read twice and referred to the Senate Committee on Finance. The bill currently has four cosponsors.

This bill proposes a national sales tax on the use or consumption in the United States of taxable property or services in lieu of the current income and corporate income tax, employment and self-employment taxes, and estate and gift taxes. The rate of the sales tax will be 23% in 2019 with adjustments to the rate in subsequent years. There are exemptions from the tax for used and intangible property or services purchased for business, export, or investment purposes, and for state government functions.

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Related Bills: H.R. 25 - FairTax Act of 2017

H.R.933 - Employee Empowerment Act

Representative Keith Ellison (D-MN) introduced the Employee Empowerment Act on February 7th, 2017. On February 7th, 2017 it was referred to the Committee on Education and Workforce and the Committee on the Judiciary. On March 9th, 2017 it was referred to the

Subcommittee on the Constitution and Civil Justice. Representative John Lewis (D-GA) cosponsors the bill.

This bill strengthens the current protections available under the National Labor Relations Act by providing a private right of action for certain violations of such Act. It allows employees to bring civil action in a district court for the unfair labor practices.

H.R.958 - Wasteful EPA Protections Elimination Act

Representative Sam Johnson (R-TX) introduced the Wasteful EPA Protections Elimination Act on February 7th, 2017. On February 7th, 2017 the bill was referred to the Committee on Energy and Commerce, the Committee on Transportation and Infrastructure, the Committee on Agriculture, and the Committee on Science, Space and Technology. On February 8th, 2017 the bill was referred to the Subcommittee on Water, Resources and Environment. The bill currently has no cosponsors.

This bill terminates all existing grant programs of the EPA, its National Clean Diesel Campaign, and its environmental justice programs. The EPA may not establish new grant programs. Federal funds may not be used by the EPA:

(1) to implement any ozone standard after this bill's enactment;
(2) to regulate greenhouse gas emissions from mobile sources, or from fossil fuel-fired electric utility generating units;
(3) for the Greenhouse Gas Reporting Program, Climate Resilience Fund, Climate Resilience Evaluation Awareness Tool, Green Infrastructure Program, Climate Ready Water Utilities Initiative; or
(4) for climate research at the EPA's office of Research or Development.

The EPA must:

(1) discontinue operation and maintenance of its field offices and activities carried out through those offices; and
(2) dispose of or lease any underutilized property.

Until next month,

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Lobbyit.com | 1425 K Street, NW | Suite 350 | Washington, DC 20005 | Phone: 202.587.2736 | Fax: 202.747.2727
info@lobbyit.com | lobbyit.com