



Greetings!

During the month of February, LobbyIt met with the Committee on Transportation and Infrastructure (T&I) to discuss Coast Guard reauthorization, as well as the Longshore and Harbor Workers' Compensation Act (LHWCA).



Stakeholder Activity

Tax Reform

As we embark into the month of March, we see that the second item on the Trump Administration's agenda is tax reform (the first being replacing the Affordable Care Act [ACA]), and the GOP leadership (especially in the House) are committed to developing a comprehensive package of tax reforms.

At present, discussions center around some well-worn paths, including corporate tax reform and lowering of marginal rates to middle income earners, etc.

Our discussions with Senate Finance and House Ways and Means, however, indicate that beyond these general (and expected) ideas, the "border adjustment tax" is dominating the staff-level agenda, and has practically supplanted all other discussions for the time being.

Meanwhile, the Trump Administration has indicated that it wants to get tax reform done before August recess - an ambitious timeline.

The last time comprehensive tax reform was passed by Congress was in 1986. Despite greater comity in Congress at that time, that package took two years to negotiate and finalize.

Consequently, it is difficult to see how tax reform can make it through Congress and to the President's desk by August. A more realistic expectation is that this will take man more months to finish, and stands a very strong chance of leaking into 2018.

Labor Regulation

The new Trump Administration has made regulatory reform a key piece of its agenda, including installing new offices in each federal agency dedicated to easing the regulatory burden on all sizes of American businesses.

This effort has stalled somewhat due to the withdrawal of Andrew Puzder, President Trump's nominee for the Secretary of Labor. While the pace of lower-level nominees is outwardly sluggish, our conversations with the Administration indicate that these staffing announcements will come in waves, beginning around the 20th of March.

In the 114th Congress, the GOP tried to move legislation rolling back numerous Obama Administration rules emanating from the Department of Labor, including the "Ambush", "Persuader," "Joint Employer," "Overtime," etc. rules. While some of these rules have been shot down recently by Federal courts (i.e. Persuader and OT), others remain in force. Despite the flurry of legislation last year to block many of these rules, our discussions with Senate HELP and House Ed/Workforce indicate that Congress is taking a wait and see approach to these rules with the belief that the Trump administration will take administrative action. Their opinion is that if nothing has moved on the Administration's side by May, then Congress will likely include language blocking these rules in an appropriations package for FY18.

Meeting with Committee on Transportation and Infrastructure:

LobbyIt with Dave Jansen from T&I in February in order to discuss Coast Guard reauthorization and LHWCA, both of which are potentially on the horizon for action this Congress. The Coast Guard will need to be reauthorized this year, making it a prime time to capitalize on issues important to AMI. In previous years, incidental vessel discharge language was included in the first draft of bills for Coast Guard reauthorization. However, it was not included in the final

version passed. This year, vessel incidental discharge has been addressed for commercial and recreational vessels. While the exemptions for both vessels is not likely to change, it is still unclear when or if Congress will address the issue.

With respect to LHWCA, some AMI members may be covered under the Act, depending on certain variables, such as the size of the boatyard and the work being done. In previous years, a LHWCA provision to downsize coverage was included as an amendment in the National Defense Authorization bill, but was later removed. Going forward, LobbyIt will continue to monitor both of these issues for any developments.

Legislative/Regulatory Activity

H.R. 419 - Promote Workforce Development for the Advancement of Manufacturers Act of 2017

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 the United States to receive 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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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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