

TAX REFORM

Overview

After many hours of discussion on the Senate floor, early Saturday morning the United States Senate secured the 50 votes needed to pass its tax bill. The vote was a close 51-49. Vice President Pence cast the 51st vote. The only Republican voting against the bill was Senator Bob Corker of Tennessee. Earlier this week, the tax reform bill passed a major procedural hurdle on Tuesday afternoon, when the Senate Budget Committee approved the bill for a full floor vote. Around midday on Friday, Majority Leader Sen. Mitch McConnell (R-Kentucky) announced that "we have the votes," setting the field for the vote earlier this morning. This followed heated negotiations with a number of Republican Senators, including Sen. Susan Collins (R-ME), Sen. Jeff Flake (R-AZ), Steve Daines (R-MT), and Ron Johnson (R-WI).

During the consideration of the Senate bill, there were changes made to the Senate Finance Committee-reported bill as it raced to the finish line. The differences between the House- and Senate-passed bills will be ironed out by the upcoming Conference committee, as well as technical fixes that exhausted tax staff, aided by outside tax professionals, will identify in the coming days.

Some of the key differences to be ironed out between the House and the Senate include:

- **On the individual side**
 - Estate tax reform: House repeals eventually; Senate increases the exemption
 - Mortgage interest deduction: House caps at \$50,000 for new homes; Senate leaves it at \$1 million which is existing law
 - ACA Individual mandate: House has no provision; Senate repeals it
 - Temporary tax cuts: House and Senate have different effective sunset dates for individual provisions
- **On the business side**
 - Pass-through business income: House taxes at 25% rate; Senate provides 23% deduction
 - Alternative Minimum Tax: House repeals it for individual and corporations; Senate retains it with increased exemptions for individuals and retains current law for corporations
 - Business expensing: House allows full expensing for 5 years; In the Senate, after 5 years of 100% expensing, the rate phases down to 80%, 60%, 40%, and 20% over the next 4 years.

On Monday, December 4, the House will vote at 6:30 pm (ET) to go to conference and appoint conferees. Revisions made to help shore up GOP support added about \$32.5bn to the measure's 10-year cost.

Congressional Republican Timeline

November 6

Ways & Means Full Committee began their markup of its bill.

November 9

Ways & Means Full Committee passed its tax reform bill. Senate Finance Committee released their tax reform plan.

November 16

The House passed its tax reform bill by a vote of 227 to 205. The Senate passed its bill out of committee by a vote of 14-12.

December 2

The Senate passed its tax reform bill by a vote of 51 to 49.

December 4

The House will vote to go to conference and appoint conferees.



Senate Finance Links

[Final Senate Amendments](#)

[6:00 p.m. Senate Manager's Amendment](#)

[Senate Finance Committee Key Tax Documents](#)

House Ways & Means Links

Click here to view the U.S. House of Representatives "Tax Cuts and Jobs Act" key documents:

www.waysandmeans.house.gov/tax-cuts-jobs-act-resources/

Primary Contacts

Denise Bode

Partner

dabode@michaelbeststrategies.com

T. 202.844.3804

Anne Canfield

Partner

accanfield@michaelbeststrategies.com

T. 202.747.9570