

Tax Reform

U.S. Lawmaker Vows Tax Law Hearings if Democrats Win House

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- Many federal tax law provisions require technical corrections
- U.S. Rep. Richard Neal (D-Mass.) promises hearings
- Several companies, nonprofits provide Neal with tax law change “wish lists”

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By [Aaron Nicodemus](#)

U.S. Rep. Richard Neal (D-Mass.) promised a group of business leaders he will pressure the House Ways and Means Committee to hold public hearings on any proposed changes to the new federal tax law.

Neal told a tax forum hosted by the New England Council at PricewaterhouseCoopers' Boston office June 4 that even “technical corrections” to the federal tax law should be vigorously debated in committee. They will be, he said, if Democrats retake the House and he, as the ranking member, assumes leadership of the committee.

“We will want hearings on all of these bills, even if they are labeled ‘technical corrections,’” he said. “We will want to know exactly what’s in each bill.” Neal pointed out the last time Congress tackled tax reform, in 1986, it held two years’ worth of hearings and heard testimony from nearly 300 people. The most recent tax overhaul law passed in five weeks with no public hearings.

The 2017 federal tax act ([Pub. L. No. 115-97](#)) cut the corporate tax rate to 21 percent, and moved the U.S. from a worldwide to a quasi-territorial system, in which long-deferred foreign business income will be subject to a transition tax. The new federal law eliminates many deductions, expands the tax base, and alters the treatment of capital-asset depreciation, as well as earnings of partnerships.

Many of these tax code changes require technical corrections, Neal said, in part because the law was passed so quickly.

To ensure hearings, though, he said the Democrats have to retake the House. The House [currently has](#) 235 Republicans and 193 Democrats, with seven vacant seats.

Wish Lists for Neal

Proponents of the law said its changes to the federal tax code were meant to free up money that corporations could reinvest in their operations and employees, creating new jobs and pursuing

new markets. But the law has proven so complicated that corporations are spending time and resources sorting out how to comply.

Mark Colabella, vice president for enterprise tax planning, compliance, and defense at Dell Inc., said the company “is going to spend a lot more on tax compliance. It’s really a nightmare.” Some of the law’s contradictions create a higher tax burden for corporations, he said. He’d like to see the tax law simplified, especially in regards to corporate foreign income.

The law is “overly complex, and, for large multinationals, it doesn’t do what it was intended to do,” he said.

Daniel Egan, president of the Association of Independent Colleges and Universities of Rhode Island, had a simpler wish: eliminate the law’s excise tax on endowments.

“This law takes a huge swipe at nonprofits and represents a seismic shift in the way nonprofits are taxed,” he said.

Nonprofits like hospital groups also fear the bill’s elimination of the the individual health insurance mandate will force up health insurance premiums for people purchasing their own insurance by 10 percent to 20 percent per year. The Congressional Budget Office has estimated that 13 million people might simply drop out of the health insurance market as a result, said Kristin Lewis, senior vice president and chief public affairs officer for Tufts Health Plan.

She also noted that for-profit hospitals and health care groups could see a windfall from the tax law that isn’t available to nonprofits.

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