

# POLITICO

## Alaska oil tax cuts update — Ryan endorses Camp call to cut mortgage tax break — Inversion watch: Pfizer on the lookout

By Mackenzie Weinger

August 21, 2014

**ALASKA OIL TAX CUTS UPDATE.** Alaska Dispatch News reports, "With his landmark tax legislation expected to survive Tuesday night's vote, Gov. Sean Parnell says it's now time for the oil industry to increase its investment in oil field projects that create jobs for Alaskans. 'Immediately what came to my mind is it's now time for companies to put their money where their mouth is, move those billions of dollars into work for Alaskans, and I began to get excited about the potential for Alaskans,' he said."

Although thousands of absentee ballots have yet to be counted, it's looking very likely that the oil tax cut supporters successfully fended off the repeal effort, and the state will continue to levy a flat 35 percent tax on oil profits. <http://bit.ly/1nbWSKy>

**RYAN ENDORSES CAMP CALL TO CUT MORTGAGE TAX BREAK.** Our Brian Faler reports that the likely next chairman of the House Ways and Means committee has endorsed a proposal to scale back the hugely popular mortgage interest deduction. In an interview with Bloomberg Television, Rep. Paul Ryan said he believes the break should be cut for the wealthy as part of an overhaul of the tax code. A proposal by retiring Ways and Means Committee Chairman Dave Camp to reduce the amount of mortgage debt on which interest may be deducted to \$500,000 from the current \$1 million "made a lot of sense."

"It ought to be a middle class tax break — not something for higher income earners," said Ryan, who added that \$500,000 is still enough to accommodate two homes in his state of Wisconsin. He rejected the idea of similarly capping deductions claimed by the wealthy for charitable deductions, saying that is "the one area where I believe we should not have a top cap."

**IT'S THURSDAY!** And composer Basil Poledouris was born on this day in 1945 — he went on to score one of your Morning Tax-er's favorite movies, "Conan the Barbarian." If you want to talk taxes, or your favorite film soundtracks, you can find me at [mweinger@politico.com](mailto:mweinger@politico.com) or on Twitter at [@mweinger](https://twitter.com/mweinger). As always, please follow [@POLITICOPro](https://twitter.com/POLITICOPro) and [@Morning\\_Tax](https://twitter.com/Morning_Tax).

Just a reminder, Morning Tax will take a break starting Monday, Aug. 25 and return after Labor Day on Tuesday, Sept. 2.

**HOUSE & SENATE:** Out.

**NEXT WEEK: TAKING A BREAK.** Morning Tax will be on a mini-break next week. Your other favorite POLITICO newsletters — except Score and Playbook — will also be enjoying the last few days of August off. We'll miss you, but don't worry: Morning Tax will be back on Sept. 2 with all your tax world news.

**INVERSION WATCH: PFIZER ON THE LOOKOUT.** Bloomberg reports that "Pfizer Inc. isn't giving up on striking an overseas takeover to cut its tax rate and gain a new pipeline of drugs, even as the potential cost of acquiring AstraZeneca Plc rises. Pfizer abandoned a 69.5-billion-pound (\$116 billion) effort to buy London-based AstraZeneca on May 26, and under U.K. takeover rules it can make the first steps toward a renewed bid next week, on Aug. 26."

"While it weighs that approach, Pfizer also is looking at other possible targets, including Actavis Plc, said people familiar with the matter. Executives at Pfizer prefer to strike a deal with AstraZeneca, and the U.S. company isn't likely to make a move on an alternative target anytime soon, said the people, who asked not to be identified discussing private information. AstraZeneca's board rejected Pfizer's offers as too low." <http://bloom.bg/1of2JOO>

**COMPARE, CONTRAST.** The Tax Foundation has released a summary of worldwide corporate income tax data. Some of the key points: the U.S. has the third highest general top marginal corporate income tax rate in the world at 39.1 percent, behind only Chad and the United Arab Emirates, and Europe has the lowest corporate tax rate by region. Check it all out here: <http://bit.ly/1kVJcaV>

**And every OECD country except** the U.S., Chile and Hungary has lowered its corporate tax rate since 2000, the Foundation points out. <http://bit.ly/1kVJVcg>

**TALKIN' INVERSIONS.** The Urban-Brookings Tax Policy Center has a new paper out on — what else? — corporate inversions. A bit from the abstract: "The recent surge in inversions has likely resulted from the large accumulation of unrepatriated foreign cash together with pessimism about the prospect of policy changes that would reduce the US tax burden associated with cash repatriations. If unfettered, corporate inversions are likely to undermine the US tax base, so swift policy action is likely warranted; inversions can be effectively addressed in a targeted fashion." Read Kimberly Clausing's paper here: <http://urbn.is/1z2urnR>

**STATE TAX WATCH. Pennsylvania Gov. Tom Corbett says he's living up to his no-tax pledge "the best I can."** The Associated Press reports that he said he "believes he fulfilled the spirit of his 2010 campaign pledge not to raise taxes or fees, but he will not renew that sweeping vow in his current bid for a second term. ... 'I'm living up to my pledge the best I can,' said Corbett, who faces an uphill fight against Democratic challenger Tom Wolf, a wealthy businessman who injected millions into his victorious campaign in a four-way primary. Corbett didn't dispute the terms of his 2010

pledge but rather said that he thinks the promise was to keep taxation 'under control' and that taxpayers will decide he did that." <http://hrlld.us/1oeDA6P>

**Ohio Gov. John Kasich says he's looking at another tax cut** for his second term. The Columbus Dispatch reports that "as Ohio Democrats shift toward trying to boost their down-ticket candidates, Republican Gov. John Kasich said he already has largely laid out to voters what a second term under him would look like. 'I want to work for more tax cuts,' Kasich said. ... 'I feel passionately about this income tax (and continuing to cut it). What (the next tax cut) is going to look like, I just can't tell you yet.'" <http://bit.ly/1kWo6pQ>

**DON'T RAISE BEER TAXES.** Beer Institute president James McGreevy has a letter to the editor in The New York Times: "An increase in taxes and regulations on brewers or beer importers would further hamstring an industry that contributes more than \$246 billion to the United States economy and supports jobs for two million Americans," he writes. <http://nyti.ms/1ofqxSt>

**Speaking of beer,** check out our Kelsey Snell's story on tax breaks and craft brewers from last week: <http://politico.pro/1Bevl4D>

**TREASURY ISSUES \$325 MILLION IN LOW-INCOME INVESTMENT BOND GUARANTEES.** Kelsey reports that the Treasury Department yesterday announced it is guaranteeing \$325 million in bonds to help Community Development Financial Institutions finance investment in underserved communities. The program was created as a part of the 2010 Small Business Jobs Act, which included a large package of tax breaks and incentives for small business owners. The bond guarantee program supports investments for community and economic development in qualified low-income areas similar to those eligible for the New Markets Tax Credit investment incentive. Both the New Markets Tax Credit, which expired at the beginning of this year, and the bond guarantee program, which will expire at the end of Sept., are administered by the Community Development Financial Institutions Fund.

**COMING SOON.** The Hollywood Reporter has some tax movie news: "Right-wing heroes are hitting the big screen, at least for one night. UnFair: Exposing the IRS will screen in 674 movie theaters Oct. 14, followed by a panel discussion with Mike Huckabee, one of the documentary's stars. The film features interviews with members of Tea Party groups and others who were allegedly abused by IRS officials." <http://bit.ly/1naXIar>

## **QUICK LINKS:**

—The Texas Tribune: "Abbott's Remarks on Business Tax Spark Confusion." <http://bit.ly/1qqUgJC>

—Bloomberg: "Allergan Talks to Buy Salix in Defense Move Said to Be Dormant." <http://bloom.bg/YCd95Z>

—DoJ: "Justice Department Sues to Stop South Florida Tax Return Preparer Engaged in Fraud and Earned Income Credit Schemes." <http://1.usa.gov/1p0ofE5>

—Ken Cuccinelli and Mark Fitzgibbons in the Washington Examiner: "The case for impeaching Lois Lerner and other lawbreakers at the IRS." <http://washex.am/1pfuNqo>

—Reuters: "France's Hollande says to speed up reforms, ease tax on poorest." <http://reut.rs/XAT4g8>

—Cato Institute's Daniel Mitchell in the Wall Street Journal: "Tax Credits Won't Lift Economic Growth." <http://on.wsj.com/1s1UjxF>

—Bloomberg: "UBS O'Connor Hedge Fund Sells U.S. REITs in Second Quarter." <http://bloom.bg/1oS5P18>

—Tax Analysts: "Oregon Deal to Give Intel \$3 Billion in Incentives Draws Fire." <http://bit.ly/1qoHWCG>

**DID YOU KNOW?** Elephants don't like peanuts.