



## **Broad Trump Tax Plan Could Leave Room for House Influence**

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Congressional tax-writers and lobbyists are closely monitoring the release of President Donald Trump's tax reform plan this week, but the proposal may end up being a policy place holder until the administration aligns on some key details.

The plan, which White House officials describe as a broad outline, may not shed much light on the president's thinking beyond the goals he has already stated: lower business and individual rates, economic growth and tax code simplification. He is expected to double down on support for a 15 percent corporate tax rate. The current rate is 35 percent.

The plan is expected to lay out the administration's priorities, such as middle-class tax cuts, by expanding the standard deduction, but it may steer away from specific details for tax base broadeners or spending cuts to pay for the plan, Kyle Pomerleau, director of federal projects at the conservative-leaning Tax Foundation, told Bloomberg BNA April 24.

The White House may also be hesitant to get out ahead of House leadership, in the hopes members can coalesce around a plan. Some Republicans in the House felt a top-down push was part of what sank March's health care repeal effort.

"They might throw out all these goals, but say to Congress, 'OK, you guys figure out how to pay for it,'" Pomerleau said. The administration could also decide that the cuts pay for themselves through economic growth, as Treasury Secretary Steven Mnuchin suggested recently, he said.

The White House has yet to bring on a full fleet of tax experts, and there are key tax policy roles at the Treasury Department left unfilled. White House Budget Director Mick Mulvaney has pledged to follow up the plan's April 26 release with more details in June. The White House didn't return a request for comment.

Trump is serious about overhauling the tax code, Senate Finance Committee Chairman Orrin G. Hatch (R-Utah) told reporters April 24. "I think he's got some top-notch people helping him on

it, some of the smartest people ever from Wall Street, who I think have sacrificed to serve in the government.”

### **Looking for Guidance**

House Republicans would like to see the president embrace their plan, which includes a controversial border-adjustment tax, but Trump’s team so far hasn’t shown a willingness to openly endorse the idea. It is one idea that’s still under discussion, Tony Sayegh, Treasury assistant secretary for public affairs, said April 24 on Fox Business.

“There’s a very strong combined effort between the Hill and the administration to make sure we put forward the best, most comprehensive tax plan that generates economic growth and job creation,” Sayegh said. “I think we’re very aligned on a lot of the priorities here.”

Trump likely won’t come out one way or another on the border-adjustment provision, which exempts U.S. exports from tax but levies a 20 percent tax on imports, Daniel J. Mitchell, a senior fellow at the Cato Institute, told Bloomberg BNA.

The provision has been panned by industry groups and some Republicans in the House and Senate. Trump’s backing would be critical for the provision to survive, because lawmakers may be hesitant to “walk the plank” by voting on such a controversial idea, staffers have said.

“I don’t know whether they haven’t had enough time to put a plan together or because he just wants to have the broad principles and let the House write the bill. I think those are two options,” said Stephen Moore, an economist who advised the Trump campaign on tax policy. “I think there are also some competing voices in the White House about what is the best way to get this done. That’s typical.”

The current border-adjustment plan is “a death letter,” Moore said. Some border-adjustment provisions may end up in a final bill, but not the version House leadership has proposed, he said.

Republicans likely know better than to expect specific guidance from Trump at this point, Mitchell said.

“This is the type of administration, I get the feeling, where somebody hits Trump up at just the right time, framing something just the right way, and he’ll make an impulsive decision,” Moore said.

A vague tax proposal could be good for House Republicans, because it means they can interpret the president’s goals the way they want to, a tax lobbyist said. A lawmaker who needs political cover to support border adjustability could point to Trump’s plan that says it wants to make American goods more competitive, but someone who doesn’t want to support it can point to the same plan and say that the White House doesn’t endorse the idea, the lobbyist said.

## **Corporate Cuts**

Asked about the possibility of a 15 percent corporate tax rate in the Trump plan, Douglas Holtz-Eakin, president of the conservative American Action Forum, said “it’s hard to say in isolation. These things are part of a plan.”

It would be interesting to see what other proposals make it into the Trump plan, said Holtz-Eakin, a former director of the Congressional Budget Office.

“I know what I’m going to look for. I’m going to look for a couple of things—is this just tax cuts or it is this tax reform, something structural that deals with the problems we have in the tax code, moving from a worldwide to territorial base?” he said.

“Or is it going to be just rate cuts? The trouble with rate cuts is that they are easily reversed,” Holtz-Eakin said. “I’m going to look and see whether it’s permanent. Permanent policies are more powerful.”

Hatch told Bloomberg BNA it would be really difficult to get down to a 15 percent corporate tax rate “because of the way that we estimate revenue and that will come in from the CBO as a big revenue loss, which will give the Democrats big arguments.”

## **Who’s in Charge?**

White House officials have said they want to “drive the train” on the tax overhaul process. But House Ways and Means Committee Chairman Kevin Brady (R-Texas) is continuing to push his blueprint for a tax code rewrite through his committee.

Brady has said he wants to pass a tax bill out of Ways and Means this spring, meaning the legislation could be set to go to the House floor before the administration has released a detailed tax plan.

“I appreciate the President’s leadership and strong commitment to comprehensive tax reform,” Brady said in a statement. “Ways and Means Republicans are ready to work with President Trump and his team on reforms that will grow our economy, create jobs, and increase paychecks.”