



Obamacare emerges as wildcard in tax debate

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Obamacare reform, which crashed and burned in the Senate once this year, is now the wildcard in the Republican effort to pass tax reform this year, dividing the GOP just weeks before they hope to deliver on this major campaign pledge.

Senate Republicans want to use the tax bill to repeal Obamacare's individual mandate penalty. Some lawmakers believe it will sink the bill, but others say it could help pass it.

“I think it will make it a better bill,” Rep. Trent Franks, R-Ariz., told the *Washington Examiner*. “I think it might cost us a couple of votes, but it will also help us pick up a few votes.”

The Senate late Thursday advanced a tax reform plan in the Finance Committee that lowers tax rates, closes loopholes, and repeals the tax people must pay if they do not purchase health insurance coverage.

Republicans have long sought to get rid of the Obamacare penalty, and since the Supreme Court ruled in 2012 that the mandate is a tax, the Senate GOP decided to repeal it in their tax overhaul legislation.

Senate Republican tax writers touted the repeal as a move that would generate \$338 billion in tax savings and end a penalty that, for the most part, is paid by those earning less than \$50,000 per year. As part of the deal, Republicans said they would bring to the floor bipartisan legislation that would fund Obamacare's cost sharing subsidies for the next two years.

But the House tax reform legislation lawmakers passed on Thursday does not repeal the Obamacare mandate, and House GOP leaders have so far shown little enthusiasm for adding it later when the two chambers work out a compromise deal.

“We'll meet them in conference and assess at that time,” House Speaker Paul Ryan, R-Wis., said on CNBC this week.

Ryan has said he does not support taking up legislation to extend the cost sharing subsidies, but it's not clear whether he would oppose the bill if it is considered as part of a two-bill deal that repeals the mandate, which is one of his top legislative goals.

Obamacare repeal proponents say ending the mandate should be a slam dunk for GOP lawmakers who have railed against the penalty since it was implemented in 2014. Adults who do not purchase health insurance this year face a \$695 fine, plus \$347.50 for each of their children, or 2.5 percent of household income.

“When it comes to the mandate, it is just so universally loathed by Republicans,” Mike Tanner, a senior fellow at the libertarian Cato Institute, told the *Washington Examiner*.

But many House Republicans queried by the *Washington Examiner* said they’d rather leave the mandate repeal out of the tax reform bill, since it could leave millions without health insurance. Republicans cited a Congressional Budget Office estimate that the mandate repeal would lead to 13 million fewer people signing up for health insurance, which would cause premiums to rise by 10 percent each year.

“They will lose votes by putting it in there,” said Rep. Mike Simpson, R-Idaho. A sizable faction of moderate Republican members are among those less likely to support the mandate repeal. Many moderate Republicans want a workable replacement for the healthcare law to accompany a repeal of the mandate, and they don’t want to combine the effort with the debate on tax reform.

“I’d like to keep the healthcare issue separate,” Rep. Charlie Dent, R-Pa., who voted for the House GOP tax plan, told the *Washington Examiner*.

The GOP can afford to lose only 22 votes and still pass a final tax bill. Thirteen Republicans voted “no” on the House version, all but one because the House bill eliminates the deduction for state and local income taxes.

Repeal proponents believe they can lure moderates by using the savings from the mandate repeal to add back the state and local tax deduction. The extra savings would also be used to increase the child tax deduction and to further decrease individual tax rates.

“I think you do win back eight or nine,” Republican Rep. Mark Meadows of North Carolina, head of the conservative House Freedom Caucus, told the *Washington Examiner*. “I’ve been talking to them about it.”

In the Senate, Majority Leader Mitch McConnell, R-Ky., believes he has the votes to pass the tax bill with the mandate repeal included.

Potential “no” votes on Friday signaled they would vote for the bill if the Senate first approves the Obamacare subsidy legislation.

Sen. Lisa Murkowski, R-Alaska, said passing the Obamacare subsidies bill first could win her vote for tax reform.

“I think that there is a path and I think the path is a reasonable path,” Murkowski told Roll Call.

A key House tax writer, Rep. Tom Reed, R-N.Y., said the House GOP is waiting to see if the Senate can pass the mandate repeal in its version of tax legislation.

House Republicans are dubious of their GOP counterparts on the other side of Capitol Hill after the Senate GOP blocked a bill to repeal and replace Obamacare earlier this year.

“The record in the House is pretty clear,” Reed told the *Washington Examiner*. “Repealing the individual mandate is something we’ve been on the record to do. So I think if they can get it done in the Senate, we’ll deal with that and it will be a positive outcome.”