

## Grassley in Line to Lead Senate Finance Committee (2)

By Allyson Versprille and Shira Stein | November 7, 2018 4:04PM ET



Andrew Harrer/Bloomberg via Getty Images  
Senator Charles E. Grassley, a Republican from Iowa, in Washington on June 28, 2018.

The top tax spot in the Senate is [Chuck Grassley](#)'s—if he wants it.

The Iowa senator, next in line to lead the Senate Finance Committee once Chairman [Orrin Hatch](#) (R-Utah) retires at the end of the session, has given few hints about his plans, telling reporters to ask him about it after the midterm elections.

His office told Bloomberg Tax Nov. 7 that Grassley will announce a final decision after he has consulted his Senate colleagues when the chamber returns Nov. 13.

Grassley, who chaired the Finance Committee in 2001 and from 2003 to 2006, has two years left under [Senate Republican rules](#) to head the committee again. To do so he will have to step down as Judiciary Committee chairman.

Former Republican Senate aides said if Grassley returns as chairman he is likely to focus on additional tax relief related to the 2017 tax overhaul and renewable energy issues—like extending the biodiesel tax credit that expired at the end of 2017—and continuing the committee's oversight. The committee under his previous chairmanship examined the activities of tax-exempt organizations, such as charities and hospitals.



Photo by Chip Somodevilla/Getty Images  
Senate Judiciary Committee Chairman Chuck Grassley (R-IA) talks with reporters.

### **Biggest Impact?**

Grassley's decision will likely be determined by where he will have the most influence. Democrats winning back the House "may impact the equation" for him, said Dean Zerbe, Alliantgroup LP's national managing director in Washington. Zerbe served as the committee's Republican senior counsel and tax counsel from 2001 to 2008.

As head of the Judiciary Committee, Grassley will continue to oversee the confirmation of President Donald Trump's judiciary nominations, Zerbe said. On Finance, the scope of what he could achieve may be limited with Democrats controlling the House, he said.

Grassley may take into account Trump's recent promise to introduce a 10 percent tax cut for the middle class when deciding what to do. "It shows a certain energy for looking at doing more in tax," Zerbe said. The proposal, a follow-up effort to the 2017 tax overhaul, could take the shape of an outright tax reduction or a bundle of provisions aimed at issues like retirement tax savings, he said. It's also an effort that could appeal to Democrats, he said.

Several former Senate Republican tax staffers said it's likely Grassley will take the job, given his familiarity with the Senate Finance Committee and its issues.

But if he decides to stick with the Judiciary chairmanship, the Finance Committee spot would go to [Mike Crapo](#) (R-Idaho), next in line according to seniority. Crapo also declined to talk about his interest in becoming Finance chairman before the elections.

### **Open Seats**

The next committee chairman will have to deal with subcommittee assignments, working with new members and ranking minority member [Ron Wyden](#) (D-Ore.). The midterms left vacancies on the Democratic and Republican sides of the dais next year—with Sens. [Claire McCaskill](#) (D-Mo. and [Dean Heller](#) (R-Nev.) losing their re-elections. Senate Finance member [Robert Menendez](#) (D) won his race in New Jersey. As of early this morning, Sen. [Bill Nelson's](#) (D-Fla.) race was heading to a recount.

Leadership assignments at the subcommittee level will depend on a number of factors, including which members are added or dropped to conform to the new Senate ratio and to fill openings resulting from current members losing their re-election bids.

The tax-writing panel has 14 Republicans and 13 Democrats and it's unclear how the committee ratio might change with Republicans gaining at least two new Senate seats with a couple races still too close to call.

### **Some Overlap**

Whether Grassley or Crapo lead the committee, there are a couple of issues that will be priorities.

Infrastructure is likely to be important in the next session of Congress, said Paul Poteet, managing director at the Glover Park Group and former tax and trade counsel for Finance Committee member [John Thune](#) (R-S.D.).

“You could see a big transportation, infrastructure bill moving,” especially with a Democratic House starting in 2019, he said. In the lead-up to the elections, several House Democratic leaders, including Minority Leader [Nancy Pelosi](#) (Calif.), indicated that infrastructure will be a top priority.

Trump introduced a plan in February that would expand the use of tax-exempt private activity bonds to finance public projects. Senate Democrats have proposed [a plan](#) that would roll back the 2017 tax cuts to pay for investments in infrastructure.

The next Finance chairman will also have to deal with any tax issues that aren't resolved during the lame-duck session, including technical fixes to the 2017 tax law; the extension of temporary tax breaks, known as extenders, that expired at the end of 2017; potential retirement changes; and legislation to rework the Internal Revenue Service.

Trade will probably emerge as a priority under either leader, but especially for Grassley, who represents a state where [more than 85 percent of the land is used for agriculture](#). Iowa has been [hit hard](#) by the Trump administration's trade policies with China.

**'Blank Slate'**

It's difficult to predict how the Finance Committee would operate under Crapo's leadership, Poteet said. Unlike Grassley, he has never been chairman of the committee "so he's more of a blank slate."

Crapo, who would have to step down as chairman of the Senate Banking Committee, may focus more time on entitlement programs under the Finance Committee's jurisdiction, such as Medicaid, Medicare, and Social Security, than past committee chairman, Poteet said.

Crapo has frequently discussed the need to stabilize those programs, as well as the general need to balance the U.S. budget by reducing spending.

Similar to Grassley, Crapo is seen as someone who could reach across the aisle to hash out bipartisan deals, Poteet said, pointing to Crapo's success in working with Democrats to roll back parts of the Dodd-Frank banking law.

**Health Care**

Grassley may try to engage with Democrats on changes to the Affordable Care Act, given his history with the law, a former Senate GOP aide said.

He was involved in early bipartisan discussions on the health care bill before its passage. Republicans eventually left the conversation, unable to find common ground with Democrats.

Congress has delayed the ACA's medical device and health insurer taxes through the end of 2019 and will soon have to decide whether to continue punting them down the road or take a different approach.

The next Finance Committee chairman will also have to consider issues raised by senior members of the Health Care Subcommittee. Both the subcommittee's chairman, Sen. [Pat Toomey](#) (R-Pa.), and ranking member Sen. [Debbie Stabenow](#) (D-Mich.), plan to remain in their current roles, according to their offices.

"Senator Toomey intends to pursue policies that make major federal health care programs fiscally sustainable, fight the heroin and painkiller epidemic, and stop the repeated use of the Children's Health Insurance Program as a slush fund for the annual appropriations process," the senator's press secretary, Steve Kelly, said.

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