

Neal to Focus on 2017 Tax Law in House Ways and Means (Corrected)

By Kaustuv Basu and Shira Stein | November 8, 2018 10:22AM ET



Photographer: Aaron P. Bernstein/Bloomberg via Getty Images

Rep. Richard E. Neal (D-Mass.) arrives at a House-Senate conference meeting on the GOP-led tax reform bill at the U.S. Capitol in Washington on Dec. 13, 2017.

House Ways and Means Committee Democrats are preparing for a series of hearings on the 2017 tax law in the new year after winning the House in the midterm elections.

With Rep. [Richard E. Neal](#) (D-Mass.) likely to become the new chairman of the tax-writing committee, Democrats are intent on exploring what is and isn't working in the new tax code and proposing legislation that would roll back parts of the law ([Public Law 115-97](#)) and provide middle-class tax relief.

The hearings and House votes would help set Democratic messaging for the 2020 elections, sending an early signal to voters about the tax agenda if the party retakes the White House and Senate while keeping the House.

Together with a possible request by Neal to inspect President Donald Trump's tax returns, the tax-code activity could dominate the first few months of 2019 in a new-look committee that lost more than a quarter of its members to retirement, races for statewide offices, and midterm losses.

Neal told CNN Nov. 7 that he hopes Trump releases his returns voluntarily, but he suspects that a request to inspect his returns will lead to a legal fight.

"Even if the request is made, I don't expect that afternoon we're going to see those tax forms. So I think we'll do what we have to do, and then see where the road takes us and the path that we travel," he said. He added that he wouldn't let the battle over tax returns get in the way of other legislation.



Photo by Win McNamee/Getty Images
Reps. Kevin Brady (R-Texas) and Richard Neal (D-Mass.)

Old and New

The most senior Democrats on the committee, besides Neal, are [John Lewis](#) (Ga.), [Lloyd Doggett](#) (Texas), [Mike Thompson](#) (Calif.), [John B. Larson](#) (Conn.), [Earl Blumenauer](#) (Ore.), and [Ron Kind](#) (Wis.). These members are likely to lead the six Ways and Means subcommittees: Health, Human Resources, Oversight, Social Security, Trade, and Tax Policy.

Party leaders will decide soon on a ratio for allocating the number of committee seats for each party based on election results. Ways and Means currently has 24 Republicans and 16 Democrats, a picture that will flip in the 116th Congress with Democrats having the majority of members. One early candidate for a Democratic spot is Rep. [Brad Schneider](#) (Ill.), according to a Democratic aide. Others who are interested will begin to lobby the House Democratic leadership once Congress is back in session Nov. 13.

Committee Chairman [Kevin Brady](#) (R-Texas) is likely to become ranking member, with Reps. [Devin Nunes](#) (R-Calif.) and [Kenny Marchant](#) (R-Texas) among the senior members likely to take ranking subcommittee positions.

Tax Policy Priorities

Neal has repeatedly said he wants hearings on the 2017 tax law to give those he says were shut out of the reform debate in 2017 a chance to be heard. Some Democrats could use the hearings to focus on the issue of middle-class tax cuts, and how the law could be tweaked. This could include tax relief for the middle class and a possible incremental increase in the corporate tax rate. The tax overhaul cut the corporate rate to 21 percent.

Neal's other priorities include an infrastructure program, which could be financed with tax-exempt private activity bonds, and retirement issues, with a focus on getting Americans to save more. Neal will also be under pressure to ask for Trump's tax returns, something he would have the authority to do as Ways and Means chairman.

An expanded earned income tax credit and child tax credit could also be in the mix, said Jorge Castro, a former congressional tax counsel and counselor to the IRS commissioner from 2010 to 2013. And "there's going to be a lot of attention paid to oversight matters, how the IRS operates," he said.

And now that Democrats will control the House, there is less incentive for them to negotiate a tax package in the lame-duck session this year, pushing issues like a technical corrections bill for the 2017 tax law and extending a group of temporary provisions known as the extenders into 2019.

A tax plan floated by Trump before the elections to cut middle-class taxes by 10 percent could become a rallying point for Democrats, said Castro, now with Castro Strategies LLC.

The presence of new faces on the 2019 committee—more than a quarter of members will be new—means "there will be a fair amount of start-up time for the committee at the beginning of the year," said Marc J. Gerson, a former Ways and Means Republican tax counsel. Democrats will try to prove that they can be bipartisan, but there will also be pressure to pursue legislation on corporate rate increases or repeal the cap on state and local tax deductions, said Gerson, chair of Miller & Chevalier Chartered in Washington.

Health Care Issues

Neal said he is focused on maintaining protections for pre-existing conditions and keeping 26-year-olds on their parents' health insurance. He also said he is open to the return of the individual mandate, and said the committee would have to look at the "Cadillac tax" on high-cost employer-sponsored health plans, among other taxes in the Affordable Care Act.

Doggett, ranking member of the current Tax Policy Subcommittee, said in a statement to Bloomberg Government that he wants a policy that "puts patients first, reins in Big Pharma monopoly prices, lowers out-of-pocket costs, and reverses Republican sabotage of our health care system."

The medical device and health insurer taxes are slated to go back into effect after Dec. 31, 2019, so the committee will need to determine if it wants to continue delaying the implementation of those taxes. The medical device tax is a 2.3 percent tax on devices such as hip implants and pacemakers. The health insurer tax is an annual fee on insurers imposed by the Affordable Care Act.

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