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## Kevin Brady tapped by House Republicans to lead Ways and Means Committee

The House Republican Conference on November 5 officially elected taxwriter Kevin Brady, R-Texas, to be the new chairman of the Ways and Means Committee – the powerful House panel that oversees tax, health, and trade policy. The position became available after the committee's previous chair, Rep. Paul Ryan, R-Wis., was elected House speaker late last month.

### A hard-fought contest

Brady, who was second in seniority among rank-and-file Ways and Means Republicans, clinched the nomination for the top spot a day earlier in a secret ballot vote held by the House Republican Steering Committee. He bested fellow taxwriter Rep. Pat Tiberi, R-Ohio, who also had been vying for the gavel.

The 33-member Steering Committee – which makes recommendations to the full Republican Conference as to members and chairs of House committees – is comprised of party leaders, certain committee chairmen, and other members who are chosen based on geographic region and the year of their first election to the House. Each Steering Committee member is allowed one vote, with the exception of the speaker (who gets five votes) and the majority leader (two votes) – for a total of 38 votes cast. A candidate must receive at least 20 votes to secure the committee's recommendation.

Prior to the Steering Committee vote, the race between Brady and Tiberi had been seen as a dead heat, with Brady having more seniority on the Ways and Means panel and a more conservative reputation, but Tiberi being regarded as a better fundraiser with stronger ties to the business community. Speaker Ryan had not publicly tipped his hand as to which candidate he would support.

At the Steering Committee meeting, however, Ryan appeared to be swayed by Brady's seniority. (A more junior Ryan had jumped over Brady to claim the Ways and Means gavel in January after the retirement of former Chairman Dave Camp, R-Mich.)

"[Speaker Ryan] just said from his experience of being the chairman that he felt like Kevin was the guy. And I'm sure that carried a lot of weight," Steering Committee member Rep. Lynn Westmoreland, R-Ga., told reporters after the vote.

**Brady: First focus is tax extenders**

Brady told reporters on November 5 that one of his first orders of business as Ways and Means chairman will be to deal with the so-called tax extenders (for example, the research and experimentation credit, bonus depreciation, the subpart F exemption for active financing income, and the lookthrough rule for certain payments between related controlled foreign corporations) which most recently lapsed at the end of 2014. Brady indicated he would continue to push – as House Republicans have done throughout the year – to renew certain provisions on a permanent basis.

"My goal is to make…a resolution happen sooner rather than later. Whether it is a permanency package, which I'm driving for, or if that's not possible, a two-year extension. But I have to make some visits with our leaders," Brady said.

So far this year, the House has approved measures that would permanently extend – and in some cases expand – the research credit, the state and local general sales tax deduction, increased section 179 expensing for small businesses, tax relief provisions targeting S corporations, and several charitable-giving provisions. Several other permanent extenders bills have been approved in the Ways and Means Committee and await action on the House floor. (For additional details, see *Tax News & Views*, Vol. 16, No. 31, Sep. 18, 2015.) Dozens of other expired provisions remain unaddressed, however.
**URL:** http://newsletters.usdbriefs.com/2015/Tax/TNV/150918_1.html

It remains unclear whether a permanent extenders deal is possible, mainly due to demands from Democrats that any permanent extension of business preferences be accompanied by a permanent extension of certain stimulus-era enhancements to tax credits benefiting low-income workers and families that are scheduled to expire after 2017. (Across the Capitol, the Senate Finance Committee opted in late July to approve legislation that would extend most of the lapsed temporary tax deductions, credits, and incentives through 2016, retroactive to the end of 2014. For details, see *Tax News & Views*, Vol. 16, No. 25, July 24, 2015.)
**URL:** http://newsletters.usdbriefs.com/2015/Tax/TNV/150724_3.html

Many observers believe the tax extenders may be addressed in conjunction with appropriations legislation which must be enacted prior to December 12 in order to avert a government shutdown.

**Rep. Tom Rice becomes newest House taxwriter**

Also on November 5, House Republicans elected Rep. Tom Rice, R-S.C., to fill the GOP slot on the Ways and Means membership roster that became available after former Chairman Ryan resigned from the panel to become speaker. (Rice, like Ways and Means Chairman Brady, was nominated by the Republican Steering Committee on November 4.)

Prior to his election to the House in 2012, Rice was a practicing tax attorney and accountant.

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## House OKs multi-year highway bill without significant tax offsets

The House on November 5 overwhelmingly passed an infrastructure bill that would authorize highway and transit programs for six years and potentially provide the necessary funding for the entire period. The Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act (H.R. 22) – an amended version of a measure that cleared the Senate in July – was approved in a 363-64 vote and is now headed to conference with the Senate. Negotiators hope to reach agreement on the final version of the legislation before the current transportation authorization expires on November 20.

If conferees ultimately agree on a package that can clear both chambers and get President Obama's signature, it would mark the first long-term extension (that is, greater than two years) of funding and spending authority for the Highway Trust Fund in more than a decade.

### No significant tax offsets

Throughout this summer and into early fall, then-Ways and Means Committee Chairman – now House Speaker – Paul Ryan, R-Wis., had been working to develop a package that would use revenue raised through international tax reform to pay for the multi-year highway bill. But those efforts subsequently stalled and the highway legislation passed this week uses alternative sources of revenue and sets international tax reform efforts to the side for now. (For prior coverage of Ryan's efforts to merge international tax reform and infrastructure spending, see *Tax News & Views*, Vol. 16, No. 33, Oct. 2, 2015.)
**URL:** http://newsletters.usdbriefs.com/2015/Tax/TNV/151002_1.html

As passed by the House, the bill authorizes nearly $325 billion in spending over six years and provides funding from the current-law federal fuel tax and other revenue measures, including $40 billion provided by a last-minute amendment that would liquidate the Federal Reserve's Capital Surplus account and move the money – as well as future excess net earnings of the Fed – to the Treasury's general fund, where it can be used for highway funding. Other revenue provisions in the bill include selling off some of the nation's Strategic Oil Reserve and compelling the IRS to use private debt collectors in certain cases. The Senate's version of the legislation, passed in late July, includes various tax compliance measures and other nontax provisions. Some of those tax compliance provisions were subsequently enacted in other legislation, however, and are no longer available as offsets for a long-term infrastructure bill. (For prior coverage, see *Tax News & Views*, Vol. 16, No. 37, Oct. 30, 2015.)

URL: http://newsletters.usdbriefs.com/2015/Tax/TNV/151030_3.html

One House-passed amendment eliminated a controversial source of funding from the Senate's bill that would reduce to 1.5 percent the annual 6 percent dividend national banks receive from the Fed.

### Legislative process draws praise – and some concerns

Passage of the House bill capped off Paul Ryan's first full week as that chamber's speaker. (Ryan took the gavel on October 29.) A group of House members – both Democrats and Republicans – expressed frustration that no amendments were permitted for consideration related to increasing fuel taxes, which is the primary – but shrinking – source of revenue for the Highway Trust Fund. On the other hand, many members praised the legislative process under the new speaker, which allowed for more than 100 amendments to be considered on the floor and allowed more participation by rank-and-file members.

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