



House Passes Major Tax Bill, But Reconciliation with Senate Bill Is a Challenge

On a near-party line vote of 227-205, the House of Representatives passed a major tax overhaul bill on November 16 that would cut taxes more than \$1.4 trillion over 10 years.

The New York Times reported that the bill reduces the corporate tax rate from 35 percent to 20 percent, reduces the number of tax brackets from seven to four, eliminates tax deductions for state and local income and sales taxes, and limits property tax deductions to \$10,000. It was the elimination of those tax deductions that caused 13 Republicans — all but one from the high-tax states of California, New York, and New Jersey and another from North Carolina — to vote against the measure.



Among the GOP defectors was House Appropriations Committee Chairman Rodney Frelinghuysen (R-N.J.), who said the measure would "hurt New Jersey families."

Similar sentiments were expressed by Representative Lee Zeldin (R.-N.Y.), who represents a district on Long Island. "I just have too many constituents who are going to see their taxes go up," said Zeldin. "You're taking more money from a place like New York in order to pay for deeper tax cuts elsewhere."

However, the vote drew praise from House Speaker Paul Ryan (R-Wis.), who said: "Passing this bill is the single biggest thing we can do to grow the economy, to restore opportunity and help those middle income families who are struggling."

In typical fashion, Democrats criticized the plan as one that would help the rich.

"Republicans have brought forth a bill that is pillaging the middle class to pad the pockets of the wealthiest and hand tax breaks to corporations shipping jobs out of America," said House Minority Leader Nancy Pelosi of California.

The AP reported that before the vote, President Trump urged House Republicans to approve the bill, although it was clear beforehand that they had sufficient votes for passage.

"[The president] told us that we have this once-in-a lifetime opportunity to do something really bold, and he reminded us that is why we seek these offices," Rep. Steve Womack of Arkansas said of a closed-door rally Trump had with GOP congressmen.

Reconciling the House-passed bill with a version still to be hammered out in the Senate will prove to be more difficult than what the GOP just accomplished in the lower house, however. As the *Times* reported, Republicans must reconcile the House legislation with a bill still being considered by the Senate Finance Committee, which contains substantial differences that will have to be overcome.

Furthermore, it will be more difficult the pass a bill in the Senate where Republicans have but a narrow



Written by Warren Mass on November 17, 2017



52-to-48 majority, than it was in the House. Only two defections would result in a 50-50 tie, which could be broken by Vice President Mike Pence. However, if the GOP were to lose one more vote, the bill would die.

On Wednesday, Senator Ron Johnson (R-Wis.) came out against the tax plan. And the *Times* reported that several other Republican senators, including Susan Collins of Maine and Bob Corker of Tennessee, are also considered to be uncertain. Another report from the AP added John McCain of Arizona and Lisa Murkowski of Alaska as among the uncommitted.

The *Washington Post* reported that Senate Republican leaders moved on November 14 to include a repeal of the Affordable Care Act's individual mandate in their tax bill, which the newspaper described as a major change of strategy designed to "accomplish two of their top domestic priorities in a single piece of legislation."

However, including this provision also poses risk and may jeopardize the bill's passage.

Sen. Susan Collins (R-Maine), one of the Republicans who opposed earlier attempts to eliminate ObamaCare, said that including the repeal measure "complicates" the tax effort. However, she suggested she might be able to support the bill if the Senate also passes a bipartisan bill to preserve other aspects of the Affordable Care Act.

Back in September, Republican senators decided not to bring their latest ObamaCare replacement bill to the Senate floor for a vote because there was little chance to pass it. Collins announced Monday that she would vote against the bill despite lobbying from the White House, including a call from President Donald Trump. Senators John McCain (R-Ariz.) and Rand Paul (R-Ky.) had already made their opposition public. With the GOP controlling only 52 Senate seats, the loss of Collins doomed the bill.

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