Presentation Overview

• FY2018 Appropriations Update
• FY2018 Budget Resolution and Tax Reform
• Year-end To Do List
• Looking Ahead
• Advocacy Resources
FY2018 Appropriations Update

• Continuing Resolution for FY2018 expires December 8
• CR bought time for House to pass a FY2018 budget resolution, setting stage for reconciliation as a tool to move tax reform
• CR also necessary to allow for negotiation of final discretionary spending caps
• Appropriators can make no progress toward a compromise without a decision from leadership on spending caps
# FY2018 Budget Caps

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budget Cap</th>
<th>FY2018 House Budget</th>
<th>FY2018 Senate Budget</th>
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<tbody>
<tr>
<td>Defense</td>
<td>$549b</td>
<td>$621.5b</td>
<td>$551b</td>
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<tr>
<td>Non-Defense</td>
<td>$515.7b</td>
<td>$511b</td>
<td>$518.5b</td>
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Negotiating a FY2018 Endgame

• Another Continuing Resolution will be necessary come December 8
• Both parties have acknowledged the need to raise spending caps
• Negotiations underway on a two-year bipartisan budget deal that would increase discretionary caps
• GOP-floated proposal would increase defense discretionary spending by $54 billion and non-defense spending by $37 billion (FY2018 and FY2019)
Negotiating a FY2018 Endgame

• Democrats insist on “parity” between defense and non-defense spending increases
• Cap increase will require passage by both chambers (with 60 votes in the Senate)
• Once parameters are set, Congress will need time to consider an a final omnibus appropriations bill for FY2018
FY2018 Budget Resolution and Tax Reform

• Budget resolutions are *blueprints*
• FY2018 Budget Resolution passed in October sets framework for consideration of tax reform under the budget reconciliation process
• Budget reconciliation allows for simple majority approval in Senate (lower threshold than usual 60 votes required)
• Attempts were made to use FY2017 budget reconciliation process to address health care
Tax Reform

• Budget resolution approves an increase in deficit spending by $1.5 trillion over ten years
  – Corporate tax rate reduction estimated to cost $1.3 trillion over 10 years
• Democrats could invoke “Byrd Rule” (procedural challenge if bill increases annual deficits after ten years)
Tax Reform

• House passed its tax reform bill on November 16 by a vote of 227 to 205
• Senate Finance Committee approved its version same day
• Senate plans to consider its bill this week; will need 50 votes to pass (Republicans hold 52 seats)
• Goal is to get a bill to the President before Christmas
Tax Reform

Key differences:

– Corporate tax rate
  • House: reduces immediately from 35 to 20 percent
  • Senate: delays reduction for a year
– Number of tax brackets
  • House: reduces number of tax brackets from seven to four
  • Senate: retains number but lowers current rates for eight years
– Deduction of state and local taxes (SALT)
  • House: preserves property tax deduction at $10,000
  • Senate: completely repeals deduction
Tax Reform

Key differences:

– Small businesses
  • House: creates a new 25 percent tax rate on pass-through businesses whose owners now pay taxes at the individual rate
  • Senate: retains individual rate, provides a new 17.4 percent deduction

– Estate tax
  • House: phases it out
  • Senate: retains it, doubles the value of the exemption to $5.5 million
Tax Reform

Key differences:

– Affordable Care Act individual mandate
  • House: no repeal
  • Senate: repeal

– Private Activity Bonds
  • House: repeals authority to issue tax-exempt PABs after 2017
  • Senate: no repeal
Year-End To Do List

- Disaster Relief
- National Flood Insurance Program Reauthorization
- Children’s Health Insurance Program (CHIP) Renewal
- Other possibilities: Deferred Action for Childhood Arrivals (DACA), Debt ceiling increase
Disaster Relief

• Two disaster relief bills totaling $52 billion have been signed into law
• White House sent third aid package to Congress on November 17
• Totals $44 billion, significantly less than what was requested by TX, PR, and USVI
  – $25.2 billion for FEMA and SBA disaster programs
  – $1 billion for emergency agricultural assistance
  – $12 billion for a new flood mitigation program run through CDBG
• White House is requesting that disaster funds be offset; has suggested $59 billion in possible spending cuts
NFIP Reauthorization

- Expires December 8; extension passed with CR
- House passed reauthorization and reform measures on Nov. 14; Senate has yet to consider
- Introducing more private participation to reduce government risk, cost
- $16 billion in debt forgiven in recent disaster package; $30 billion+ debt currently
Looking Ahead: Infrastructure

- On hold until after tax reform is passed
- President stated public-private partnerships do not work
  - DOT Secretary has since mentioned private participation involvement
- $1 trillion price tag with $200 billion in direct spending
Looking Ahead: Farm Bill

- Farm Bill expires September 30, 2018
- Bill to fund agriculture, conservation, nutrition, and forestry policy
- In 2014, controversy around SNAP
- NADO has met with House and Senate Agriculture Committee staff to share priorities
- Coalitions involved (Campaign for Renewed Rural Development, REBUILD Rural Coalition)
Advocacy Resources

NADO encourages members to advocate on regional development issues

• Channels to do so:
  – Meetings
  – Calls
  – Reports
  – Case Studies

• Legislative fact sheets

• Outreach tools

• NADO advocacy page
Save the Date

• Next Monthly Legislative Call
  – TBD

• 2018 Washington Policy Conference:
  March 19-21
Questions?