

Monthly Legislative Update

November 28, 2017

NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

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

	FY2018 Budget Cap	FY2018 House Budget	FY2018 Senate Budget
Defense	\$549b	\$621.5b	\$551b
Non-Defense	\$515.7b	\$511b	\$518.5b



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?



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Joe McKinney

Executive Director

202.624.5947

jmckinney@nado.org

Susan Howard

Legislative Director

202.624.8590

showard@nado.org

Josh Shumaker

Legislative Associate

202.624.8482

jshumaker@nado.org



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400 NORTH CAPITOL STREET, NW
SUITE 388

WASHINGTON, DC 20001

[NADO.ORG](https://nado.org)

[RURALTRANSPORTATION.ORG](https://ruraltransportation.org)