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Nearing a Final Tax Plan

TAX REFORM

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After months of discussion, analysis, posturing and negotiation, it looks like a final tax plan is taking shape. On December 13, a joint House and Senate conference committee appeared to reach agreement on the basic outline of a final bill.

GOP lawmakers were briefed on the details of the plan yesterday. According to House Ways and Means Committee Chairman Kevin Brady (R-Texas) however, a conference committee report will not be published until later this week. Further, the decisive version of the joint bill still needs to be finalized. The House and Senate will then have to independently pass the bill before it advances to the president's desk for his signature, at which point it will become law. Both chambers' votes are expected to occur early next week before the beginning of the holiday recess.

The Senate still represents a possible obstacle for the GOP-led bill; the original version passed by only a 51-49 vote. It appears there may be some question as to whether all Republican Senators are on board with the joint agreement. Senator Susan Collins (R-Maine), for example, voted to approve the Senate tax bill after being assured that Majority Leader Mitch McConnell would commit support to two pieces of legislation before the end of the year that could mitigate the cost of health insurance. She's indicated she will wait to see the final version of the tax legislation before deciding how to cast her vote. Senator Bob Corker (Tenn.), meanwhile, the only Senate Republican to initially vote "no" on the bill, remains undecided on his final vote, insisting that his concerns about tax cuts adding to the deficit need to be addressed.

Overall, it appears the final bill more closely resembles the Senate version than the House's, but there are some differences that set it apart from both prior versions. Agreement and/or compromise on certain points seem to include the following provisions:

- Cuts the corporate rate from 35 percent to 21 percent beginning in 2018;
- Cuts the top individual tax rate from 39.6 percent to 37 percent beginning in 2018;
- Provides a 20 percent deduction on pass-through business income;
- Repeals the corporate alternative minimum tax;
- Maintains the individual alternative minimum tax;
- Allows a mortgage interest deduction for home purchases on mortgages up to \$750,000;
- Allows a combined deduction for state and local income taxes plus property taxes up to \$10,000;

Full details of the bill are still not available.

Be sure to check the [Our Thoughts On: Tax Reform](#) blog for more updates as they become available.

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