



*Week of 11-13-17
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Congressional Overview

The House and Senate were in session this week, but they will be out next week for Thanksgiving recess. The Senate Finance Committee continued to debate its Tax Cuts and Jobs Act as the House passed their version. The Senate is expected to consider their tax reform bill the week of Nov. 27 and, if passed, the House and Senate would then conference the bills to finalize and vote on them before Christmas. Additionally, the House voted to reauthorize the National Flood Insurance Program, along with approving the FY 18 defense authorization bill.

House Leadership Considering Continuing Resolution to Fund Government Past Dec. 8

House GOP leadership is considering a short-term continuing resolution to keep the government funded beyond Dec. 8, which will buy the leadership and appropriators more time to finalize an omnibus spending bill. Leaders have yet to strike a deal on topline spending levels for FY 18, which appropriators need before they can draft the omnibus.

Speaker Paul Ryan (R-WI) had previously threatened to keep members in town for Christmas if needed to pass the GOP's tax overhaul bill, and that extra time could still be needed for the House and Senate to work out the differences between their tax bills. Both parties want to lift the spending caps imposed by the Budget Control Act but have not decided how defense will be treated relative to nondefense accounts. Once a topline discretionary number is set, appropriators have to do the work of processing the numbers through an omnibus measure, which could take roughly 21 days.

Third Supplemental Spending Requests for Natural Disaster Relief Delivered to Congress

This week, the White House delivered a third supplemental spending request for hurricane aid to members of Congress, but the issue is unlikely to garner much Capitol Hill attention given the packed legislative agenda and Thanksgiving around the corner. Totaling over \$200 billion, the spending requests come from states and U.S. territories for hurricane relief, and California for wildfires.

Any relief package is likely to move after the Thanksgiving recess. The size of the new supplemental request, which observers say could easily top the amount of aid already provided in two prior emergency measures (\$51.8 billion in all) is spawning discussions of whether and how to offset the cost, adding another layer of complication.

New Rules Allow Americans to Travel to Cuba with Restrictions

Americans can still fly to Cuba under new rules put out by the Trump administration that went into effect on Tuesday. The U.S. Treasury said the new restrictions are designed to steer American travelers away from Cuban firms tied to the military and towards the communist island's private sector. The State Department issued a Cuba restricted list, placing dozens of hotels and government-run businesses off limits to American visitors. Americans seeking to avoid the general ban on travel to Cuba will only be allowed to travel to the country on educational trips organized by a U.S. firm and with a guide.

Senate Tax Cuts and Jobs Act Amendments

Senate Finance Amendments To The Tax Cuts And Jobs

Act: <https://www.finance.senate.gov/imo/media/doc/Master%20Tax%20Amendments.pdf>

Senate Finance Amendment List For The Tax Cuts And Jobs

Act: <https://www.finance.senate.gov/imo/media/doc/Master%20Amendment%20List.pdf>

More than 350 amendments have been filed to date, nearly two-thirds of them from Democrats, and a broad proposal from Chairman Hatch, that would bring the overall plan into compliance with complex budget rules Republicans are relying on to pass the tax overhaul.

Two amendments worth your review include one from Sen. Mark Warner (D-VA). Warner's amendment would tie the low repatriation tax rate to an obligation to fund training and apprenticeship programs for low/moderate income workers. The language includes "labor organization" programs.

Another amendment from Sens. Sherrod Brown (D-OH), Bob Casey (D-PA), and Tom Carper (D-DE), would protect employees from misclassification as independent contractors. This Amendment counters Chairman Hatch's intention to have a misclassification safe harbor provision in the bill.

Sen. Finance Chairman Releases Updates to Senate Tax Code Overhaul Plan

The modified mark can be found here: <https://www.finance.senate.gov/imo/media/doc/JCX-56-17%20%20SFC%20Chairman's%20Modification.pdf>

Modified – the Joint Committee on Taxation estimated revenue table can be found here:

<https://www.finance.senate.gov/imo/media/doc/JCX5717.pdf>

On Tuesday, Senate Finance Chairman Orrin Hatch (R-UT) released a modified chairman's mark making several changes to the tax code overhaul plan he unveiled above. The proposed revisions include repeal of the individual mandate in the 2010 healthcare law, raising \$318 billion to help comply with budget reconciliation rules. The modifications would also:

- Reduce proposed tax brackets of 35 percent, 25 percent and 22.5 percent to 34, 24 and 22 respectively.
- Sunset nearly all of the individual tax code provisions, including rate cuts, the increased standard deduction, repeal of the alternative minimum tax and other provisions after 2025 so tax cuts for households do not add to the deficit after 10 years.
- Let major "pay-fors" cover the cost of tax breaks for individuals and families, such as repeal of state and local deductions and personal exemptions. These also sunset after 2025, creating a scenario where a future Congress might opt to extend the tax cuts without those offsets.
- Increase the child tax credit in the original chairman's mark from \$1,650 to \$2,000 per qualifying child, while lowering the income threshold to qualify for the full credit from \$1 million to \$500,000 for joint filers.
- Remove certain limitations on the ability of "pass-through" business owners to claim the underlying measure's 17.4 percent deduction, including applying the deduction to the first \$500,000 in taxable income on joint returns (\$250,000 for individual tax filers) for service providers such as lawyers and accountants.
- Ensure that lowering the corporate rate to 20 percent starting in 2019 is made permanent, in part by adding offset provisions such as amortization of research expenses, which does not kick in until near the end of the budget window.
- Create a new employer tax credit for paid family and medical leave (but only for two years).

- Sunset certain business tax revenue-raisers, such as curbs on net operating loss deductions and new international tax rules to crack down on offshore profit-shifting, after 2025 if revenue projections exceed expectations.

The changes incorporated in Hatch's revised measure bring the total cost to \$1.415 trillion over 10 years.

Construction Associations Send Letters to Congress Advocating for Temporary Protected Status Extension

On Nov. 9, the National Association of Homebuilders, Associated General Contractors, Leading Builders of America, and Associated Builders and Contractors sent a letter to Congressional leadership urging Congress to take legislative action to ensure Temporary Protected Status (TPS) holders can legally remain and continue to work in America. The letter cites the deep roots of TPS holders, the economic contributions of these essential workers, and their importance to the construction industry, especially at a time when such workers are vital to reconstruction efforts in areas recovering from hurricane damage.

In collaboration with the IUPAT, FCA International sent a similar letter to the Department of Homeland Security Secretary Elaine Duke.

The Impact of the “Internet of Things”

The Internet of Things (IoT) is a network of internet-connected devices that can collect and exchange data using embedded sensors. Under this concept, almost any “thing” with a switch would be connected to the internet and to each other. Through connectivity, these things can communicate with each other, and with the data being exchanged, sense and collaborate the needs of an individual or business. Personal devices, such as cellphones, thermostats, coffee makers, and wearable athletic devices have entered the IoT through a consumer’s ability to control the devices remotely, and the devices’ ability to communicate with others.

In 2008, the number of devices connected to the internet surpassed the number of people connected, and the IoT emerged. As Broadband Internet continues to be increasingly available, the cost of connecting has decreased. With more devices being created with Wi-Fi capabilities and sensors built in, technology costs are also going down. By 2020, the Federal Trade Commission expects there will be more than 50 billion IoT devices in service. BI Intelligence, Business Insider’s research service, reports that \$6 billion will be spent on IoT solutions, including application development, device hardware, system integration, data storage and security.

As the IoT continues to expand, businesses are producing smarter products to keep up with market demands. In the traditional business model, a product is offered to a consumer to solve existing needs in a reactive manner. Eventually, that product becomes outdated because the needs of the consumer may have changed or technological advances of other products offering a solution. The IoT allows businesses to address real-time and emergent needs in a predictive manner. Businesses can also continue to make revenue off an existing product through the production of software updates, enabling recurring revenue.

In addition to changing the way businesses manufacture products, the IoT is assisting business operations by providing smarter business decisions. A subdivision of IoT is Industrial Internet of Things (IIoT). IIoT is a network of devices ingrained with information and communications technologies. While the IoT tends to connect consumer-level devices such as home appliances, IIoT connect machines and devices in industries such as power generation or healthcare, where unplanned interruptions could lead to loss of products or life-threatening situations.

Per Oxford Economics, the IIoT spans industries representing 62 percent of GDP among G20 countries, including manufacturing, mining, agriculture, oil and gas, and utilities. General Electric reports that IIoT spending is expected to reach \$500 billion by 2020. With IIoT, devices are becoming smarter with the inclusion of sensors that collect

information and can report back data on how the device is being used or when it malfunctions. Businesses are becoming proactive, rather than reactive, with the assistance of IIoT technologies through operational efficiency and predictive maintenance of assets. Through the analyzation of data, businesses can introduce more flexible production techniques and boost their productivity. Analytics, sensors and real-time data also help businesses anticipate equipment failures and respond quickly to ensure their productivity is impacted at a minimum.

“Davis Bacon Republican” Announces Retirement

On Election Day, Rep. Frank LoBiondo (R-NJ) in his 12th term, and a “Davis Bacon Republican,” announced he will not seek reelection. After insisting his decision is not health-related, and boasting he is confident his constituents would have reelected him, Rep. LoBiondo complained about the polarization of politics in Washington. He stated, “As some of my closest colleagues have also come to realize, those of us who came to Congress to change Washington for the better through good governance are now the outliers. In legislating, we previously fought against allowing the perfect to become the enemy of the good. Today a vocal and obstinate minority within both parties has hijacked good legislation in pursuit of no legislation. Our nation is now consumed by increasing political polarization; there is no longer middle ground to honestly debate issues and put forward solutions.”

EPA’s OAR Chief Confirmed

On Nov. 9, the Senate confirmed William Wehrum's nomination to lead the EPA's Office of Air and Radiation (OAR) in a 49-47 vote. The OAR is responsible for environmental regulations including the Clean Power Plan and methane standards.

U.S. To be Net Fossil Fuel Exporter

Per the International Energy Agency (IEA), shale and oil gas production will dramatically increase transforming the U.S. into a net exporter of fossil fuels by 2025. U.S. oil production will match that of Saudi Arabia at the peak of expansion and growth in natural gas production will surpass the former Soviet Union.