



TAX REFORM: WHAT D.C.'s ACTIONS COULD MEAN FOR PUBLIC AGENCIES

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TOPICS TO BE COVERED

- Current state of play in Congress
- Where does the overall Tax Reform plan stand?
- The Specifics:
 - Individual Rates
 - Corporate Rates
 - Mortgage Interest
 - Municipal Bonds
 - State and Local Tax





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THE PRINCIPLES FROM THE GANG OF SIX



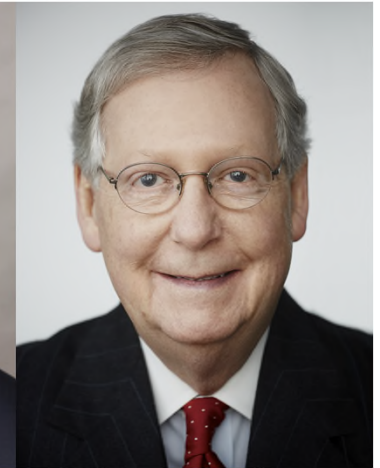
Treasury Secretary
Steve Mnuchin



National Economic Council
Director Gary Cohn



House Speaker
Paul Ryan



Senate Majority Leader
Mitch McConnell



House Ways and Means
Committee Chairman
Kevin Brady



Senate Finance
Committee Chairman
Orrin Hatch



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WHO IS WRITING THE BILL?

- **House Ways and Means Committee and House Leadership**
- Input sought from rank and file members who are not on committee



- **Senate Finance Committee**



THE NEW FILING SYSTEM

SIMPLE, FAIR "POSTCARD" TAX FILING

1	Wage and compensation income	1	<input type="text"/>
2	Subtract contributions to specified savings plans	2	<input type="text"/>
3	Subtract standard deduction OR	3	<input type="text"/>
4	Subtract mortgage interest benefit	4	<input type="text"/>
5	Subtract charitable contribution benefit	5	<input type="text"/>
6	Taxable income	6	<input type="text"/>
7	Preliminary tax (from tax table)	7	<input type="text"/>
8	Add tax on investment income	8	<input type="text"/>
9	Subtract child credit	9	<input type="text"/>
10	Subtract earned income credit	10	<input type="text"/>
11	Subtract higher education credit	11	<input type="text"/>
12	Total tax	12	<input type="text"/>
13	Subtract taxes withheld	13	<input type="text"/>
14	Refund due / taxes owed	14	<input type="text"/>

FAIRANDSIMPLE.GOP



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THE PROPOSED TAX BRACKETS

INDIVIDUAL

- 12%
- 25%
- 35%
- 39.6%

CORPORATE

- Small and Family-Owned: 25%
- Corporate: 20%



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MORTGAGE INTEREST DEDUCTION

- Simplifying the tax code to the “file by postcard” system
- The plan from Congress retains the deductions for home mortgaged interest*



MUNICIPAL BOND EXEMPTION

- The Third Rail
- If Congress gets rid of this they have to have the conversation about how to fund infrastructure



STATE AND LOCAL TAX

- Chairman Brady and a number of other Republicans initially wanted to do away with the State and Local Tax Deduction
 - This will not pass
- There are a number of Republican Members in traditionally Blue States who have expressed opposition to the proposal
- Compromise is being developed between Chairman Brady, House and Senate Leadership, and the members who have expressed opposition



TIMELINE

- Legislative Text Released on Thursday, November 2
- Amendments to text made prior to House Ways and Means Committee Mark Up
- House Ways and Means Committee Mark Up begins on Monday, November 13
- The House is likely to pass tax reform by the end of the month
- Senate legislative text should be available as early as next week
- Leaving the first few weeks of December for the Conference Committee to meet and negotiate, and then the House and Senate to vote on the passage of the Tax Reform Conference Report
- President signs it by year end



QUESTIONS & COMMENTS



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