NCSL Capitol Forum’s Capitol Hill Day

Talking Points

- Ensure that the voices of state legislatures are part of any discussion to make changes to state-federal programs.
- Provide states adequate transition time to implement significant changes to state-federal programs.
- Ensure a full examination of the state impact of any changes to the federal tax code. Engage state legislators in the process.
- Federal Tax Reform should not be retroactive.
- Preserve tax-exempt financing for infrastructure and capital projects, including the use of public-private partnerships.
- Understand the impact of eliminating the State Tax Deduction from the federal tax code in Tax Reform.
- Provide states with flexibility for transportation financing/funding.

What’s Going on in Washington?

114th Congress (2015-2016)

- FY 2017 Appropriations

  Stopgap Spending Bill (Continuing Resolution/CR) is expected to be considered and passed by December 9. The CR is expected to keep the government open at current spending levels through April 28, 2017. The legislation is expected to include language to protect retired coal miners’ pension and healthcare benefits that are set to expire at the end of the 2016. The CR is also expected to include language reauthorizing the EB-5 program, which allows immigrant investors to get a family-sized set of visas for half a million dollars.

- H.R. 34: 21st Century Cures Act
  - Passed House 392-26 on November 30. Passed Senate 85-13 on December 5.
  - Largest reform of the U.S. health sector since the Affordable Care Act in 2010.
  - Aims to accelerate the discovery, development, and delivery of new medicines.
  - Provides $1 billion in grants for State response to the opioid abuse crisis.
  - Modifies the law limiting Medicaid reimbursement to states for durable medical equipment.
  - Improves the ability of states to identify health care providers who have been terminated from participating in Medicare or in another state’s Medicaid or CHIP program.
  - Requires state Medicaid programs to publish a fee-for-service or primary care provider directory.
  - Authorizes new grants and provides additional flexibility of existing grants for mental health services and substance abuse treatment facilities.
  - Requires states to ensure ongoing training for substance use disorder prevention and treatment professionals, and reauthorizes the Substance Abuse Prevention and Treatment Block Grant until 2022.

  - Passed House 375-34 on December 2. Authorizes FY 2017 appropriations and sets forth policies regarding the military activities of the Department of Defense, military construction, and the national security programs of the Department of Energy.
What Could Happen in the Next Congress?
115th Congress (2016-2017)

❖ Tax Reform
- Tax Reform Blueprint issued by Speaker Ryan and Chairman Brady is likely to be the starting point.
- Goals: Lower corporate tax rate, end to federal estate and gift taxes, lower top individual tax rate, reduce number of individual income tax brackets, and more generous treatment of pass-through income.
- Tax reform may eliminate the federal deduction for state and local taxes and the tax exemption for investments in municipal bonds.

❖ Infrastructure Spending
- President-elect Trump has pledged to spend $1 trillion over the next 10 years to repair and build the nation’s roads, bridges, and other projects.
- Public-Private Partnerships: The proposal would offer $137 billion in federal tax credits to private investors.
- President-elect Trump wants to cut regulatory hurdles by streamlining permitting and approvals, improving the project delivery system, and cutting wasteful spending.
- The infrastructure plan favors tax incentives rather than government spending.
- Possibility of opening a national infrastructure bank.

❖ ACA Repeal and Replace
- Republicans plan to vote on a repeal early next year, but the actual repeal would likely go into effect later, once a replacement plan has been more fully formulated.
- Any change in federal health policy could take two to four years.
- Speaker Ryan’s “A Better Way” program could be used as the outline.
- In order to repeal certain mandates of the ACA, Congress will likely use the budget reconciliation process, which is limited to provisions that affect federal revenues and spending, but passage requires only a majority vote in the Senate, rather than 60 votes.

- Trump’s Proposal:
  - Allows insurers to sell policies across state lines;
  - Promotes Health Savings Accounts to let people save money, tax-free, for health care costs;
  - Allows individuals who buy coverage outside their jobs to deduct the cost of their premiums on their taxes; and
  - Turns Medicaid into a block grant program in which states would get a fixed amount of federal funds to cover low-income residents, which would give states more flexibility to design programs to cover their residents.