

Conservatives shift from tax overhaul to cuts before 2017 ends

Activists aiming for initial trims to help out U.S. small businesses

By: David Sherfinski

Tax activists antsy over Congress' ability to overhaul the country's tax code this year are urging lawmakers to shift gears and work instead on a big tax cut, saying the GOP needs to post a win before it faces voters in 2018.

Advocates of such immediate action, including former House Speaker Newt Gingrich, say a broad-based overhaul as envisioned by congressional leaders like Speaker Paul D. Ryan is worthwhile but could be all but impossible to achieve by the end of 2017.

"It's about doing the doable," said Alfredo Ortiz, the president of Job Creators Network, a coalition of business leaders advocating for swift tax cuts and working in concert with Mr. Gingrich on their effort. "What we will not accept is walking out of 2017 without one legislative win on taxes."

Mr. Ortiz said they're supportive of Mr. Ryan's vision for a total code rewrite but that, at a minimum, lawmakers need to pass tax cuts by the end of the year so businesses and individuals can have some clarity as they plan for 2018.

"What we don't want to see is 2017 coming and going without this legislative win on taxes," he said. "I don't think it's necessarily set in stone that you have to do it all at once."

The calls complicate Congress' already difficult goal of trying the first major overhaul in 30 years.

The White House said Monday that President Trump remains intent on a big tax deal, but will look at other options if that can't happen.

"We're focused on making sure we get a complete tax reform package," press secretary Sarah Sanders said.

Just two months ago the administration and top Republicans in both the House and Senate agreed on broad principles for a tax overhaul, saying they wanted to nix most credits and deductions and use the savings to lower rates across the board.

But they've demonstrated little concrete progress since then, and can't even agree on a schedule, with the House saying it wants action this year, while Senate Majority Leader Mitch McConnell envisions the effort stretching into 2018.

For a GOP that failed to repeal Obamacare, notching a win before next year's election is critical, some party leaders argue.

Mr. Gingrich says a tax cut will be more concrete for voters than a tax overhaul.

"The tax code is complex, and Republicans don't have time to pursue such massive and controversial reform," Mr. Gingrich co-wrote

in a piece for USA Today last month. "A Republican majority can always come back to tax reform in 2019."

Stephen Moore, the free market economist and a senior adviser to the Trump campaign, has made a similar argument.

For his part, Mr. Trump said over the weekend he wants Congress to pick up the pace of action on tax reforms.

"I think now with what's happened with the hurricane, I'm going to ask for a speedup," Mr. Trump said at a meeting of Cabinet officials at Camp David. "I wanted a speedup anyway, but now we need it even more so."

Many Republicans are on board with that attitude.

"In my mind, no matter what else happens this year, we have to get tax reform done, and my suggestion has been let's focus on that and let's focus in the next three weeks," Rep. Thomas MacArthur, New Jersey Republican, said in an interview.

Key tax-writers like Ways and Means Committee Chairman Kevin Brady have also said lawmakers can pass ambitious, broad-based tax reforms by year's end, but that the package needs to be paid for over time — an issue that's less of a concern for the advocates of swift tax cuts.

"If we want businesses not simply to stop moving jobs overseas but actually make the long-term decisions and bring [them] back home, they need to have permanence," Mr. Brady recently told reporters. "So balancing the budget continues to be one of our key goals right now."

The emphasis on balance is key because if the GOP's package adds to federal deficits in the long run, the tax changes would likely have to be made temporary under fast-track rules the party plans to use to bypass a possible filibuster in the Senate.

But in order to leverage the tool, known as reconciliation, lawmakers first have to pass a 2018 budget plan. The House Budget Committee passed its budget blueprint in July, but it still hasn't received a floor vote.

Republicans had tried to leverage the fast-track process through the 2017 budget to repeal Obamacare, but those efforts failed.

Some conservatives are now citing the health care flameout as a major reason why they're seeking more details on a tax plan before agreeing to move the budget process forward.

"Hopefully the House can communicate that to our Senate colleagues that they need to come up with some details," said Rep. Mark Meadows, who chairs the conservative House Freedom Caucus.

"Because we're not going to give them a blank check to figure out what to do based on their less-than-stellar performance on Obamacare," he said.