

TAX TAKE: All Eyes on the House

Tax Alert

08.23.2021

Tax policy observers will be focused on the U.S. House of Representatives this week as it returns for a rare session during the [August Congressional recess](#) to consider the Senate-passed [Fiscal Year 2022 budget resolution](#). As we detailed in [last week's Tax Take](#), the budget resolution establishes the framework for consideration of the reconciliation bill. The fate of the House vote on the budget resolution is unclear at this point, as a group of moderate Democrats are [threatening to vote against the resolution](#) in light of Speaker Pelosi's decision to not also simultaneously consider the [Senate-passed bipartisan infrastructure bill](#). Passage of the budget resolution in the House will require Speaker Pelosi to balance the concerns of these moderates with those of progressives in her party who are worried that passage of the bipartisan infrastructure bill will result in the erosion of moderate support for the future reconciliation bill. Assuming the Speaker is ultimately successful in getting the House to pass the budget resolution, the true consideration and negotiation over the scope and contents of the reconciliation bill will begin.

The need to balance the concerns of moderates and progressives will no doubt continue – this week's battle over the budget resolution is only a preview of the tenuous balance that needs to be struck among the different factions of the Democratic party in order to successfully move the reconciliation bill through the legislative process. Moderates have already [expressed concern](#) over the size of the package and its resulting impact on the deficit and the scope of the proposed tax increases. Progressives, by contrast, are likely to focus on maximizing the spending on childcare, education, health care, housing, green energy, and other "social infrastructure" programs, with less concern regarding the scope of the proposed tax increases used to [fund these initiatives](#).

Some observers have noted that the recent events in Afghanistan might galvanize the Democrats in Congress to unify and obtain as many political wins as possible as they head into 2022. If this is true, Speaker Pelosi and Leader Schumer will have more leverage than they have had in recent months and perhaps be able to more easily wrangle the caucus into submission. Regardless of the political calculus, the fundamentals remain the same: Democrats will need to agree on a structural framework for the bill – what the ultimate spending number will be, how much will be financed by deficit spending, and how much will be financed by tax increases – before deciding which tax increases in particular will be utilized. We anticipate a roller coaster of a legislative process going deep into the year as these decisions are being made. **#TaxTake**

Upcoming Speaking Engagements and Events

Loren will speak at the [2021 WITA Virtual Intensive Trade Seminar](#) on a panel titled, "International Tax and Trade," on September 13.

On September 23, Loren and fellow Member [Kevin Kenworthy](#) will provide a Litigation Update at [API's 86th Annual Federal Tax Forum](#).

Marc will speak at the [56th Annual Southern Federal Virtual Tax Institute](#) on a panel titled, "The 2021 Legislative Landscape: Evaluating Actual and Potential Changes," on October 25

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