

TAX TAKE: Come Grow the Scorched Ground Green: Top 10 Questions Regarding the Treasury Department Greenbook (Part One)

Tax Alert

04.04.2022

Last week, the Treasury Department released the much-anticipated " [General Explanations of the Administration's Fiscal Year 2023 Revenue Proposals](#)," commonly referred to as the Greenbook. Given that the Greenbook generally attracts significant attention from policymakers and taxpayers, it leads us to ask our top 10 questions regarding what the impact of the Greenbook will be on the tax policy landscape. Here is part one:

Is the Greenbook a legislative proposal that will be considered for enactment by Congress? The Greenbook operates more as an aspirational blueprint or framework for political messaging and strategic purposes rather than an actual legislative proposal with statutory text. That being said, Congressional Democrats will certainly give the Administration's proposals weight, and therefore they should be taken seriously, even though their prospects for consideration – particularly in the short-term – are quite remote.

What about the Build Back Better Act (BBBA)? It was reported that the Treasury Department was reluctant to include in the Greenbook revenue proposals contained in the [House-passed BBBA](#) out of concern that such inclusion would interfere with the ongoing BBBA negotiations. Remarkably, the Greenbook assumes that almost all of the revenue proposals contained in the House-passed BBBA have been enacted, noting that the Greenbook proposals are estimated relative to a baseline that incorporates the revenue proposals of the House-passed BBBA (with the exception of the SALT deduction limitation cap relief).

How would the Greenbook proposals interact with the Build Back Better Act proposals? Because the Greenbook proposals are in brief, narrative form rather than in proposed legislative language, they do not address many technical issues with respect to their scope, application or operation, including their interaction with the BBBA proposals. It is important to note that with respect to individual taxpayers, the Greenbook would propose to layer the Billionaire Minimum Income Tax (described below) and increases in the top marginal tax rate and the capital gains/dividends rate on top of the House-passed BBBA surtax on high income individuals (which was included as a substitute for the rate increases proposed in the House Committee on Ways and Means-passed BBBA). Similarly, with respect to corporate taxpayers, the Greenbook would propose an increase in the top corporate rate to 28 percent on top of the House-passed BBBA corporate book income minimum tax.

Does the Greenbook's Billionaire Minimum Income Tax have any chance of being enacted? The most publicized new proposal in the Greenbook is the [Billionaire Minimum Income Tax](#), a wealth tax on unrealized gains similar to prior proposals by [Senator Elizabeth Warren](#) (D-MA) and [Senate Committee on Finance Chairman Ron Wyden](#) (D-OR). Although Chairman Wyden [expressed his support](#) for the new proposal, it was [immediately shot down](#) by key Democratic swing voter Senator Joe Manchin (D-WV), which effectively nullifies any serious consideration of the proposal.

What happens next with the Greenbook? The Greenbook is usually accompanied by hearings at the Senate Committee on Finance and the House Committee on Ways and Means, where the Secretary of the Treasury presents the proposals to the tax-writing committees. Although those hearings are traditionally held the week of the Greenbook's release, it has been reported that these hearings will be delayed perhaps several weeks. Whether this represents simple scheduling issues, a lack of prioritization, or to not interfere with discussions seeking to jumpstart some version of BBBA, this delay does suggest that it is unlikely that the Greenbook proposals will be given serious consideration in the short term. The Joint Committee on Taxation generally produces its own analysis and revenue estimate of the Greenbook proposals, although the timing of the release of these documents is also uncertain.

Next week we will bring you the second half of our top 10 questions. Stay tuned! **#TaxTake**

Upcoming Speaking Engagements and Events

On April 26, Marc will moderate a panel titled "Retirement Policy's Path Ahead: 2022 Legislative Outlook," at the [ERIC Spring 2022 Virtual Policy Conference](#).

Loren will speak about international tax agreements at the American Petroleum Institute's [87th Annual Federal Tax Forum](#) on May 4.

Marc will present "Federal Tax Policy Update," at the [Manufacturers Alliance Tax Council Spring Meeting](#) on May 19.

In the News

Jorge [discussed](#) the IRS funding needs in Tax Notes. "If Congress were to increase the IRS's budget, I suspect IRS leadership has a plan in place for how to best allocate those funds in the short- and long-term for the benefit of taxpayers," Jorge said.

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