

TAX TAKE: Veteran Taxwriter Elected Majority Leader

Tax Alert

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In any era, the job of Senate Majority Leader is often thankless, complicated by 99 colleagues, all of whom (the saying goes) envision themselves as president. Senator John Thune (R-SD), a senior member of the Committee on Finance, is taking on this task with confidence that he can deliver on President-elect Trump's economic agenda and nominations.

Sen. Thune is taking the reins as Republican leader from Sen. Mitch McConnell (R-KY), the longest serving Senate party leader in history. In the first round of voting, he faced both Sen. Rick Scott (R-FL) and Sen. John Cornyn (R-TX), the latter of whom also serves on the Committee on Finance. The two taxwriters faced each other on the second ballot after Sen. Scott was eliminated with the least amount of support (13 votes). Ultimately Thune won, 29-24, on a secret ballot.

In his first formal remarks on the Senate floor after securing the job, Thune made it clear that taxes and economic growth are top legislative priorities. "That starts with taking action via reconciliation to preserve the tax relief Republicans delivered for Americans during the first Trump administration," he said. He promised more emphasis on developing and moving legislation through committee and less presentation of "take-it-or-leave-it," pre-packaged bills. Thune also wants more input from senators in the form of floor amendments. All senators, "not just the Members of a particular committee, should have a voice in final legislation," he said.

Reconciliation will start in the House, perhaps giving some breathing room for Thune to manage a slew of confirmation hearings and votes on Trump nominees. Many come from non-traditional backgrounds and may require longer vetting. "[E]xpect an aggressive schedule until those nominees are confirmed," he predicted.

It's not immediately clear if Thune will give up his seat on the Committee on Finance. Some past party leaders, including Sen. Bob Dole (R-KS), retained their Finance seat while running the Senate floor. Either way, he won't be a regular presence on the panel.

Nevertheless, Thune's views on tax policy will certainly carry significant weight. Over the years, Thune has developed a tax record in line with standard Republican positions. He is an ardent supporter of repealing the estate tax and a frequent critic of Internal Revenue Service (IRS) bureaucracy and flagging taxpayer service. In various ways, he has sought to block, condition, and delay the disbursement of IRS funding authorized by the Inflation Reduction Act (IRA), emphasizing the need to prioritize taxpayer services. He's also a frequent critic of what he perceives to be the IRS's "bias toward classifying individuals as employees and against independent contractors," which disproportionately impacts workers in the gig economy. He has championed legislation to reclassify these workers as independent contractors. Thune also championed subchapter S corporations, serving as the lead sponsor of the S Corporation Modernization Act in multiple Congresses.

Over the years, Thune has made the case for more favorable recovery periods for commercial and residential real estate and business equipment. On housing, he has raised concerns that the Low-Income Housing Tax Credit (LIHTC) doesn't function as intended in rural and so-called "difficult-to-develop" areas. He supports legislation to repeal the IRA's electric vehicle (EV) tax incentives and corporate Superfund taxes.

In the past, Thune has seen friction with Trump stemming from the Congress's certification of the 2020 election, but they appear to have reconciled after meeting earlier this year. "I think we have an understanding, and it's professional," Thune said about his relationship with the president. "We both know we have a job to do."

Thune's sentiment seems to be shared by President-elect Trump, who did not weigh in with his views on the next Majority Leader. That tells us they can probably work together. #TaxTake

Upcoming Speaking Engagements and Events

Marc will speak at the [University of Texas School of Law 72nd Annual Taxation](#) and [BlueCross BlueShield 2024 National Tax](#) conferences on December 4, and Loren will speak the [TEI New York 61st Annual Tax Symposium](#) on December 5.

In the News

Marc commented on the significance of Senator Thune's selection as the Senate majority leader in [Tax Notes](#). **"It is a very positive development for consideration of tax legislation that a taxwriter will be leading the Senate."**

In [CQ Roll Call](#), Jorge commented on Senator Mike Crapo's leadership role on the Senate Committee on Finance. **"[Senator Crapo] is highly regarded within this caucus, and I think it's going to make him a very effective chairman next year."**

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