

TAX TAKE: Waiting on the House as President Trump Lists Tax Priorities

Tax Alert

02.10.2025

As early as today, House Republicans are seeking to lay their cards on the table for " [one big beautiful bill](#)." House Speaker Mike Johnson (R-LA) says the release of a "framework" for a budget resolution is imminent, and a Budget Committee markup is possible this week. Setting the stage for the big reveal, President Trump has been meeting with House lawmakers to find common ground on his tax priorities.

Late last week, White House Press Secretary Karoline Leavitt [listed](#) the following proposals that the president hopes to see addressed in a tax reconciliation bill:

- No tax on tips
- No tax on seniors' Social Security benefits
- No tax on overtime pay
- Renewing the expiring provisions of the Tax Cuts and Jobs Act (TCJA)
- Adjusting the cap on the deduction of state and local taxes (SALT)
- Eliminating "special tax breaks" for owners of sports teams
- Closing the carried interest tax deduction "loophole"
- Reducing taxes on "Made in America products"

Most are quite familiar to tax observers, but a couple deserve closer scrutiny. First, eliminating taxes on Social Security may be the toughest item to include in the bill. Leaving aside the cost, the rules for reconciliation preclude changes to Social Security and certain other extraneous or nongermane provisions as set out under the [Byrd Rule](#). As such, the Senate parliamentarian would likely rule in favor of an expected point of order challenge by Democrats. It would take 60 votes to overrule, which is well beyond the reach of the Senate GOP's 53-seat majority.

Taxing carried interest as ordinary income is another interesting addition to the president's tax agenda. It appears to be the first time President Trump has raised this issue since his first administration sought to reform carried interest as part of the TCJA. The idea was excluded from the final bill as Republicans chose instead to extend the holding period for carried interest to three years to secure long-term capital gains treatment. Multiple bills to recharacterize carried interest income as ordinary income have been introduced in Congresses going back more than a decade, so the issue is always omnipresent, legislatively speaking. The Congressional Budget Office (CBO) [estimates](#) such a proposal would raise \$13 billion over 10 years.

Lastly, the proposal targeting owners of sports teams appears to be the only item suggested by the president that is entirely new. Although the White House hasn't provided any additional details on its proposal, it could be directed at limiting the ability of owners to amortize the purchase cost of athletic teams or perhaps eliminating tax-exempt stadium bonds. Without more details, we can only speculate. While we're on the topic, it is worth noting that the IRS has taken an interest in this area and listed for special compliance "[Sports Industry Losses](#)." This Large Business & Industry (LB&I) compliance campaign is designed to "identify partnerships within the Sports Industry that report significant tax losses and determine if the income and deductions driving the

losses are reported in compliance with the applicable sections of the Internal Revenue Code."

With House Republicans racing to catch up with their colleagues in the Senate in advancing a reconciliation bill, we expect to learn more soon when Speaker Johnson unveils his framework. The Senate plans to follow through on its two-bill strategy and mark-up a budget resolution on [Wednesday](#) that focuses on border security, defense, and energy spending, with the expectation that a second tax-focused bill will follow later in the year. If the House gets in the game this week, the starter gun will fire on the race to decide if, in the end, Congress advances one or two reconciliation bills. **#TaxTake**

Upcoming Speaking Engagements and Events

Jorge and Marc will speak at the [49th Annual Federal Bar Association Tax Conference](#) on March 3.

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