



Federal Tax Reform Proposals

Implications on OCTA Operations

Keeping Orange County Moving



Background

- February – President called on Congress to pass tax reform
- June – OCTA sent a letter to the House Committee on Ways and Means supporting bipartisan efforts calling for the inclusion of a Highway Trust Fund fix in a tax reform bill
- September – Congress released broad outline of tax reform bill
- October – House and Senate agreed on a budget resolution that allows a tax bill to pass the Senate by a majority vote as long as it does not increase the deficit by more than \$1.5 Trillion
- November 2, 2017 – House Ways and Means Committee introduced its bill
- November 9, 2017 – House Ways and Means Committee passed its version of the bill, and Senate Committee on Finance introduces its version of bill

Challenges Going Forward

- House is expected to vote on its bill by the end of the week
- The Senate Committee on Finance is marking up its bill this week, which is now significantly different from the House bill
 - Senate reconciliation rules require that any tax bill adhere to the \$1.5 Trillion deficit target and also limit amendments that negatively affect the deficit
 - Violation of these rules trigger a 60-vote threshold
- The differences between the two bills must be resolved, and voted on again in each chamber, before a bill can be signed by the President

Deficit Effects of Each Proposal

	House Bill	Senate Bill
Individual Reforms	\$963 Billion	\$885 Billion
Business Reforms	\$754 Billion	\$683 Billion
International Tax Reforms	\$278 Billion	\$154 Billion
Reforms to Tax Exempt Organizations	\$3 Billion	N/A
Total Cost of Bill	\$1.436 Trillion	\$1.414 Trillion

Provisions Potentially Affecting OCTA

	House Bill	Senate Bill
Highway Trust Fund	No solution for long-term deficit	No solution for long-term deficit
Private Activity Bonds	Taxes interest earned on private activity bonds	No change
Advance Refunding Bonds	Taxes interest earned on advance refunding bonds	Taxes interest earned on advance refunding bonds
Deduction for Commuter Benefits	Repeals employer deduction for transportation benefits	Repeals employer deduction for transportation benefits; repeals bicycle incentive for individuals
Electric Car Credit	Repeals tax credit for electric vehicles	No change
In-Service Pension Distributions	Permits in-service pension distributions at age 59½	No change
Healthcare Individual Mandate	No change	Repeals individual mandate
Repatriation	Repatriates \$293 Billion of foreign corporate earnings	Repatriates \$184 Billion of foreign corporate earnings