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MEMBER DAY HEARING ON MATTERS WITHIN THE COMMITTEE'S TAX JURISDICTION

HEARING

BEFORE THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

JANUARY 22, 2025

Serial No. 119–FC02

Printed for the use of the Committee on Ways and Means

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United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

FOR IMMEDIATE RELEASE
January 15, 2025
No. FC-02

CONTACT: 202-225-3625

Chairman Smith Announces Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

House Committee on Ways and Means Chairman Jason Smith (MO-08) announced today that the Committee will hold a Member Day hearing welcoming Members to provide testimony regarding key issues under the Committee's tax jurisdiction on **Wednesday, January 22, 2025, at 10:00 AM in 1100 Longworth House Office Building.**

Members of the public may view the hearing via live webcast available at https://waysandmeans.house.gov. The webcast will not be available until the hearing starts.

In view of the limited time available to hear the witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record can do so here: WMSubmission@mail.house.gov.

Please ATTACH your submission as a Microsoft Word document in compliance with the formatting requirements listed below, **by the close of business on Wednesday, February 5, 2025**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission but reserves the right to format it

according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Please indicate the title of the hearing as the subject line in your submission. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

ACCOMMODATIONS:

The Committee seeks to make its facilities accessible to persons with disabilities. If you require accommodations, please call 202-225-3625 or request via email to WMSubmission@mail.house.gov in advance of the event (four business days' notice is requested). Questions regarding accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the Committee website at http://www.waysandmeans.house.gov/.

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MEMBER DAY HEARING ON MATTERS WITHIN THE COMMITTEE'S TAX JURISDICTION

WEDNESDAY, JANUARY 22, 2025

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC.

The committee met, pursuant to call, at 10:03 a.m., in Room 1100, Longworth House Office Building, Hon. Jason T. Smith [chairman of the committee] presiding.

Chairman SMITH. The committee will come to order.

Good morning. I want to welcome everyone to the first Ways and Means hearing with President Trump back in the White House. The committee has been preparing itself for this moment for two years, and we are immediately getting to work to advance the agenda of the American people.

This Member Day hearing is a continuation of a Member-driven process to get the right policies to the President's desk. Last Congress our Member Day had the most participation of any committee; 50 percent of the policies discussed at our last Member Day hearing went beyond this committee. Policies like foster care reforms, border protection, and expanding educational choice for parents were all advanced after Member Day.

Today's hearing will have even more Members testify than last year. We also invited off-committee Members to participate in all 14 hearings we held outside of Washington in the 118th Congress, including those on the state of the American economy. We are holding our Member Day hearing earlier than last Congress, because speed is of the essence to deliver much-needed relief to working families, and to give small businesses the certainty that their taxes will not be going up. To deliver on President Trump's economic agenda this committee needs to hear from the representatives from every corner of this great country.

During the first Trump Administration, tax cuts ignited the largest economic boom of my lifetime, particularly for the middle-class families. Taxpayers making less than $100,000 got a 16 percent tax cut, while the top 1 percent paid a larger share of income taxes. We doubled the Child Tax Credit, and the guaranteed deduction. Families in the bottom 10 percent saw their incomes rise faster than wealthy families in the top 10 percent. Unemployment and poverty both fell to the lowest levels ever recorded. The economic boom of the first Trump presidency, fueled by pro-growth policies, grew Federal revenues 1.6 trillion beyond what was even projected. The bottom line: workers had more money in their pockets, and

businesses had more freedom and capital to grow and invest in their operation and employees.

The stakes are high if Congress does not act quickly to extend tax relief: capital will remain on the sidelines as businesses fear a 43 percent Federal tax rate; good-paying jobs will be lost while we risk further weakening our competitive edge against communist China; 40 million parents will have their Child Tax Credits slashed in half; 2 million family farms will see the death tax exemption slashed in half; 91 percent of all taxpayers will see their guaranteed deduction slashed in half; 26 million small businesses will be hit with a 43.4 percent top tax rate, more than 20 points higher than what businesses pay in communist China.

People across the country know that we need to act, and act fast. Last week, at the first policy hearing across the 119th Congress, an accountant testified before this committee that My phone is ringing off the hook with calls from farmers and small businesses worried about the future of their businesses. These folks are the builders behind the economic boom the 2017 tax cuts ignited, and they are making decisions today, not months from now but today, as to whether to open new facilities, hire new employees, and invest in their communities.

Families and small businesses, they need the certainty provided by permanent tax relief. At the same time, there is more we can do and must do to further unleash America's economic potential. Whether it is greater incentives for investments in American manufacturing and jobs here at home, greater support for folks looking to start a family or grow a family, new tax relief to secure critical supply chains and combat China's harmful influence over our economy and national security, every single American will be affected by the policies that this committee will consider in the days, weeks, and months ahead. So it is critical we hear from their representatives about their priorities.

To the people watching at home, know that your representatives in Congress are not shy about fighting for you. I know, and I speak for members of this committee when I say that I look forward to hearing from my colleagues about their ideas to deliver timely economic relief to the American people this year.

Chairman SMITH. I will now turn to ranking member Mr. Neal for the purposes of an opening statement.

Mr. NEAL. Thanks, Chairman. I want to thank the members of the committee who are participating this morning in this important and time-honored tradition called Member Day.

We perhaps remember things a bit differently on this side of the aisle, including $8 trillion of debt that was added during the first Trump Administration, military spending that now, with the help of some of us, myself included, has gone to $850 billion, pandemic relief money, which is now coming to an end, but a rebounding economy that the Financial Times and The Economist have said is the envy of the world. Sixteen million jobs were created during the last four years. Unemployment 4.1 percent. Not one month during those four years did unemployment go up: a staggering achievement.

So sensible tax policy is what we want to adhere to here, but an—understanding it is hard for us to imagine that individual

Members of Congress can argue for more tax cuts and then simultaneously complain about the size of the national debt, or at least to include it in the course of the conversation.

So we have some big dates coming up, not the least of which is a government shutdown that seems more and more likely could occur in mid-March, accompanied by another very important consideration: the responsibility of the majority party now to raise the national debt ceiling, understanding that when you have control of the White House, the Senate, and the House, that it is the responsibility of the majority party in those instances to raise the debt ceiling. After all, all Members of Congress voted in some measure to add to the national debt.

So, we are pleased that 44 of our colleagues today are going to make and offer their recommendations from both sides of the aisle as it relates to tax policy to improve the lives of the American people. Members come from all parts of America, and this is an opportunity to hear diverse viewpoints on a range of priorities.

One of the reminders on an occasion like this that in the Ways and Means Committee we get to debate some great issues for sure, but we are also obligated to find solutions to the many challenges that face the American family. So that is why we are all here today. We hope that the people's work will come first and indeed strengthen our nation's future.

Mr. NEAL. And with that I yield back my time.

Chairman SMITH. Thank you. I would now like to welcome our first panel of the day. Thank you for taking the time away from your busy schedules to testify before our committee. You each will have five minutes to deliver your remarks.

I now recognize Representative Jim Baird, the gentleman from Indiana. Mr. Baird is a veteran of the Vietnam War, where he earned a Bronze Star and two Purple Hearts for his service to his country. And he continues his service as a dedicated advocate for his constituents.

Mr. Baird.

STATEMENT OF THE HON. JIM BAIRD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. BAIRD. Good morning, and thank you, Chairman Smith and Ranking Member Neal and distinguished members of the House Ways and Means Committee. I appreciate the invitation to speak with you today.

The American people are eager for Republicans to right the wrongs of the past four years, and I commend you on organizing this important hearing so quickly.

Like many of you, I have spent countless hours traveling across my district and listening to constituents in Indiana about what issues matter most to them. Way too often Hoosiers say their pocketbooks are being stretched thinner and thinner every day. On top of this, farmers and industries are facing uncertainty regarding the future of the Trump tax cuts that are set to expire at the end of the year. I am here today not only as your colleague, but as a concerned American.

Many of you probably don't know this, but before being elected to Congress I served on the Indiana General Assembly's House

Ways and Means Committee, where we had a balanced budget biannually. During this time, Indiana successfully repealed the inheritance tax with a Republican majority in 2013. It is my hope that in this Congress we can work together to achieve similar accomplishments.

The inheritance tax can have devastating impacts on our farmers and ranchers. Some have been forced to sell land they had in the family for generations just to keep their head afloat during the unexpected life event. This is especially concerning as family farms, which have been a pillar of the ag sector, have been declining in the United States since 2007.

Right now the average cost per acre in the U.S. is $4,080 an acre. And in our area in Indiana, some of it has gone as high as 19 and $20,000 an acre. The Federal estate tax requires individuals who inherit over 13.6 million in assets pay a 40 percent tax on anything over that cap. That means an individual on average who has more than 3,336 acres pays a 40 percent tax on any other assets. This does not include equipment, equity, retirement funds, which can be much higher in value.

Further adding to this devastating tax burden, I also want to share my concern about the unrealized gains, bonus depreciation, investment tax credit, 45Z tax credit, the SALT cap elimination or increase, and everyone's favorite topic, the corporate tax rate. And like the inheritance tax, taxes on unrealized gains cripple family farms and deeply harm rural communities by forcing them to sell land and assets. We need to be investing in our farmers, not burdening them with additional taxes on speculative income.

Next I would recommend that the committee extend the current provisions in President Trump's Tax Cut and Jobs Act that prioritizes American businesses and keeps the corporate rate at 21 percent. As President Trump has mentioned, businesses have been incentivized to move offshore by excessively high tax rates in the United States prior to the Tax Cut and Jobs Act. Congress needs to let the free market take control. A lower tax rate incentivizes more capital investment that can result in hiring more workers, raising workers' wages, and increasing productivity instead of driving jobs overseas.

Finally, as you already know, two weeks ago the U.S. Department of Treasury released a guidance on the 45Z tax credit. I believe that, as a Republican majority, we should focus our attention to the domestic feedstocks and biofuels, and the eligibility should only apply to our domestic producers. This will help us deliver our promise to producers, and this will help us lower the taxes and lower the costs for Americans, and restore our energy and dominance.

Again, I thank the committee for taking the time to hear my comments, and I would be happy to answer any questions that you may have. I look forward to working with you and the committee and the Trump Administration.

[The statement of Mr. Baird follows:]

Good morning, Chairman Smith, Ranking Member Neal, and distinguished members of the House Ways and Means Committee. I appreciate the invitation to speak with you today. The American people are eager for Republicans to right the wrongs of the past four years, and I commend you on organizing this important hearing so quickly.

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During that time, Indiana successfully repealed the inheritance tax with a Republican majority in 2013. It is my hope that in this Congress, we can work together to achieve similar accomplishments. The inheritance tax can have devastating impacts on our farmers and ranchers: some have been forced to sell land they have had in their family for generations just keep their head afloat during an unexpected life event. This is especially concerning as family farms, which have been a pillar of the Ag sector, have been declining in the United States since 2007.

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average who has more than 3,336 acres pays a 40% tax on any other assets. This does not include equipment, equity, or retirement funds, which can be much higher in value, further adding to this devastating tax burden.

I also want to share my concerns about unrealized gains, bonus depreciation, investment tax credit, 45Z tax credit, a SALT cap elimination or increase, and everyone's favorite topic: the corporate tax rate.

Like the inheritance tax, taxes on unrealized gains cripple family farms and deeply harm rural communities by forcing them to sell land and assets. We need to be investing in our farmers, not burdening them with additional taxes on speculative income.

Next, I would recommend that the committee extend the current provision in President Trump's *Tax Cuts and Jobs Act* that prioritizes American businesses and keeps the Corporate Tax Rate at 21%. As President Trump has mentioned, businesses have been incentivized to move offshore by excessively high tax rates in the Unted States prior to TCJA. Congress needs to let the free market take control. A lower tax rate incentivizes more capital investment that can result in hiring more workers, raising workers' wages, and increasing productivity, instead of driving jobs overseas.

Finally, as you already know, two weeks ago, the U.S. Department of the Treasury released guidance on the 45Z tax credit. I believe that, as a Republican majority, we should focus our attention to our domestic feedstocks on biofuels and eligibility should only apply to our domestic producers. This will help us deliver on our promise to lower costs for Americans and restore our energy dominance.

Again, I thank the committee for taking the time to hear my comments. I would be happy to answer any questions that you may have, and I look forward to working with this Committee and the Trump Administration.

Mr. BAIRD. Thank you, and I yield back.

Chairman SMITH. Thank you, Mr. Baird. We have—I now recognize Representative Andrew Clyde, the gentleman from Georgia. Mr. Clyde is a veteran of the United States Navy, a small business owner, and a dedicated champion for the people of Georgia's 9th congressional district. At Ways and Means we know Mr. Clyde as the man that beat the IRS.

So it is good to have you with us, Mr. Clyde.

STATEMENT OF THE HON. ANDREW CLYDE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. CLYDE. Well, thank you, Chairman Smith, Ranking Member Neal, and members of the Ways and Means Committee, thank you for this opportunity. It is an honor to address the first committee of the United States Congress.

The Tax Cuts and Jobs Act, signed into law by President Trump in 2017, fueled historic economic growth, raised wages, boosted real median household income, and surpassed GDP expectations. However, many of its pro-growth policies will expire in 2025, risking a significant tax increase for hard-working American families and small businesses across the country. We must deliver on our promises to the American people by extending these tax cuts.

But before I talk about the Tax Cuts and Jobs Act, I would like to highlight concerns about the taxation of a fundamental constitutional right, the right to keep and bear arms.

The Bill of Rights was intended to enumerate rights to which the government cannot infringe. Unquestionably, infringement exists when the government taxes those rights in order to limit the people's ability to exercise them. Currently, there is an excise tax, or a transfer tax, imposed on every firearm under the purview of the National Firearms Act of 1934. The only exclusions are purchases by the Department of Defense, Federal Reserve, or state and local law enforcement. So it is primarily the citizens who are taxed. This tax infringes on American Second Amendment liberties by creating a massive financial barrier to every purchase, and risks placing this constitutional right out of reach of many law-abiding, hard-working Americans. It also sets a dangerous precedent for using taxation to limit access to other rights.

In 1819 Chief Justice John Marshall stated, "The power to tax includes the power to destroy," and he was totally correct. The Heller decision of 2008 declared that the Second Amendment protects an individual right to keep and bear arms, and that the right existed prior to the formation of the new government under the Constitution. Therefore, it was a natural right, an unalienable right. And if you can legally tax an unalienable right, natural right, even just a little bit, then you can legally tax it a lot, and eventually tax it out of existence and destroy it for the everyday citizen, just as Chief Justice John Marshall stated in 1819. Therefore, I strongly advocate for eliminating the Federal excise tax and transfer tax on these National Firearms Act firearms.

I also want to caution Congress about the deficit impacts of any reconciliation package. Under President Biden the national debt soared to over $36 trillion, more than 100,000 per person, 250,000 per average household. Every dollar of deficit spending is a tax on

our country's future. Deficit spending equals inflation. I am committed to working with this committee and House Republican leadership to deliver on the promise of cutting $2.5 trillion in spending, ensuring fiscal responsibility in a bill that reduces tax revenues in the short term.

As a small business owner myself, I have seen firsthand the positive impacts of the Tax Cuts and Jobs Act Act, what it has had in boosting small businesses across the country. One provision in particular set to expire is the section 199A 20 percent pass-through business deduction of qualified business income. If this deduction expires, 9 out of 10 small businesses could face significant tax hikes, with effective tax rates rising up to 43.4 percent. I urge Congress to make the 199A pass-through deduction permanent in this year's budget reconciliation process to provide certainty, boost small business investment, and ensure that Main Street small businesses survive.

Another key pro-growth policy is the 100 percent accelerated depreciation for short-lived assets and R&D, also known as full expensing, which is set to fully expire by 2026. Full expensing allows businesses to immediately deduct capital equipment and R&D costs, reducing capital expenses, boosting productivity, driving innovation, and attracting investment. Like the 199A deduction, I advocate for making full expensing permanent to provide businesses the certainty needed for long-term investment.

These two pro-growth policies, along with the Tax Cuts and Jobs Act provisions, helped drive a strong economy during President Trump's first term. I look forward to working with the new Trump Administration, this committee, and my colleagues to deliver an affordable economy for all Americans.

Thank you again for the opportunity to testify before you today, and I would be happy to answer any questions the committee may have.

[The statement of Mr. Clyde follows:]

House Ways and Means Committee
Member Day Hearing-1
January 22nd | 10:00 AM

Chairman Smith and members of the Ways and Means Committee, thank you for this opportunity to testify. It is an honor to address the first committee of the United States Congress.

The Tax Cuts and Jobs Act (TCJA), signed into law by President Trump in 2017, fueled historic economic growth, raised wages, boosted real median household income, and surpassed GDP expectations. However, many of its pro-growth policies will expire in 2025 – risking a significant tax increase for hardworking American families and small businesses across the country. We must deliver on our promises to the American people by extending these tax cuts.

But before I talk about the Tax Cuts and Jobs Act, I would like to highlight concerns about the taxation of a fundamental constitutional right – the right to keep and bear arms. The Bill of Rights was intended to enumerate rights to which the government cannot infringe. Unquestionably, infringement exists when the government taxes those rights in order to limit the people's ability to exercise them.

Currently there is an excise tax or transfer tax imposed on every firearm under the purview of the National Firearms Act of 1934. The only exclusions are purchases by the Department of Defense, Federal Reserve or State and local law enforcement. So it is primarily the Citizens who are taxed. This tax infringes on Americans' Second Amendment liberties by creating a massive financial barrier to every purchase and risks placing this constitutional right out of reach for many law abiding, hard working Americans. It also sets a dangerous precedent for using taxation to limit access to other rights.

In 1819, Chief Justice John Marshall stated "The power to tax includes the power to destroy", and he was totally correct. The Heller Decision in 2008 declared that the Second Amendment "protects an individual right to keep and bear arms", and that the "right existed prior to the formation of the new government under the Constitution". Therefore it was a natural right, an unalienable right. If you can legally tax an unalienable natural right just a little bit then you can legally tax it a lot, and eventually tax it out of existence and destroy it for the everyday citizen, just as Chief Justice John Marshall stated in 1819. Therefore, I strongly advocate for eliminating the federal excise tax and transfer tax on these NFA firearms.

I want to also caution Congress about the deficit impacts of any reconciliation package. Under President Biden, the national debt soared to over $36 trillion—more than $100,000 per person, $250,000 per household. Every dollar of deficit spending is a tax on our country's future. I am committed to working with this

committee and House Republican leadership to deliver on the promise of cutting $2.5 trillion in spending, ensuring fiscal responsibility in a bill that reduces tax revenues in the short term.

As a small business owner myself, I have seen first-hand the positive impacts that the TCJA had on boosting small businesses across the country. One provision in particular set to expire is the Section 199A 20% pass-through business deduction of Qualified Business Income. If this deduction expires, 9 out of 10 small businesses could face significant tax hikes, with effective tax rates rising to 43.4%.

I urge Congress to make the 199A pass-through deduction permanent in this year's budget reconciliation process to provide certainty, boost small business investment, and ensure Main Street thrives.

Another key pro-growth policy is 100% accelerated depreciation for short-lived assets and R&D, also known as full expensing, which is set to fully expire by 2026. Full expensing allows businesses to immediately deduct capital equipment and R&D costs, reducing capital expenses, boosting productivity, driving innovation, and attracting investment. Like the 199A deduction, I advocate for making full expensing permanent to provide businesses the certainty needed for long-term investment.

These two pro-growth policies, along with other TCJA provisions, helped drive a strong economy during President Trump's first term. I look forward to working with the new Trump Administration, this committee, and my colleagues to deliver an affordable economy for all Americans. Thank you again for the opportunity to testify before you today, and I would be happy to answer any questions the committee may have. I yield back.

Mr. CLYDE. And I yield back.

Chairman SMITH. Thank you, Mr. Clyde.

I now recognize Representative Warren Davidson, the gentleman from Ohio. Mr. Davidson serves on the Financial Services and Foreign Affairs Committee and is a dedicated, dedicated advocate for the people of the Ohio's 8th district.

STATEMENT OF THE HON. WARREN DAVIDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. DAVIDSON. Thank you, Chairman and to the members of the committee for this Member Day, and to Ranking Member Neal. Thank you for giving me the opportunity to discuss priorities for the upcoming budget reconciliation package.

And before entering public service I spent 15 years owning and operating manufacturing businesses in southwest Ohio. I understand firsthand the challenges that businesses face in our global economy, challenges that include excessively high taxes, excessively complicated regulatory burdens, and a tax policy that actually discourages investment in America, particularly in manufacturing. Manufacturing is the backbone of our economy, and as we work towards restoring America's competitiveness we must create a tax framework and a trade policy that empowers American businesses to thrive.

Firstly, I believe that the committee should work to make full and immediate expensing permanent, as it was when it passed the House in 2017. These expenses should include expenses on research and development, investment in technology and equipment, and it should incentivize companies to invest more, which in the long run not just generates more tax revenue and more revenue for our economy, but it raises worker productivity, boosts their wages, and creates more jobs.

To further increase these investments in productivity growth, Congress should ensure that 100 percent of the interest paid by companies is also fully deductible as a business expense. It would lower the cost of access to capital and make it easier for businesses to invest in themselves where they can deploy their cash flow, growing their businesses rather than servicing debt.

I also support maintaining the carried interest provision. This is a controversial treatment, but it has been vital to ensure investment from venture capital, private equity, angel investors, and also real estate investors. It drives job growth and creation and investment in our economy.

I urge the committee to consider a provision you might not be familiar with. It is the People Care Act. This legislation would establish a person-centered assistance reform effort so that our social service workers could look at a comprehensive view of the person, not just administer programs. We have more than 90 programs that spend over $1 trillion a year. And if nothing else, this bipartisan commission—two Republicans, two Democrats, they get time to work together—they could hopefully end benefit cliffs, they could have one simple income and asset test, and maybe a coherent work requirement that the American people support.

Our current welfare system has good intentions, but over time it has created all kinds of things that have been ineffective. And

hopefully, this very politically polarizing approach that we normally do could be kind of, you know, disarmed, and create a way for this commission to do their work. And at the end we would simply vote yes or no on their suggestions. It will generate savings and a better-performing social safety net.

However, I think it is important, as the committee deals with the Child Tax Credit, that it shouldn't be part of this reconciliation package. It is a bipartisan approach. And using the tax system as a means of redistribution hasn't worked well. It is part of the challenge that we had as Republicans working together to pass the bill last year, and I hope we do that in a bipartisan way outside of reconciliation.

As the committee reevaluates the tax code, it should also remove provisions that have had a very harmful effect on financial technology. In the infrastructure bill, the Biden Administration put cryptocurrency taxes in there that clearly don't even understand how the technology works. The 1050I provision is particularly troubling, where you have to collect all kinds of personally identifiable information, file reports for transactions if you operate a node. It is so dysfunctional that the Biden Treasury Department had to issue a statement saying the plain language of the bill doesn't mean what the plain language of the bill says. And so, I hope you guys correct it.

Lastly, but certainly not least, I strongly recommend transitioning from the use of taxpayer identification numbers to Social Security numbers, particularly for any kind of tax credit. So this would work hand in hand with the President's policy to eliminate birthright citizenship and rightly apply the 14th Amendment. This change will enhance the integrity of our tax system and ensure that benefits are received for citizens, and address longstanding concerns about unauthorized use of taxpayer resources. Social Security numbers should be uniquely tied to individual American citizens, and this transition will strengthen our tax system's integrity by boosting compliance and curbing fraud, in addition to providing more revenue for the Treasury.

In conclusion, these priorities and additions are designed to bolster our economy, encourage innovation, ensure fairness in our tax system, and I urge the committee to consider these points and the many others as you move forward towards reconciliation.

Thank you so much for the opportunity to testify before your committee. I appreciate your work, and I look forward to the great outcome that you guys are working towards.

[The statement of Mr. Davidson follows:]

Congressman Warren Davidson – 1/22/25 Ways and Means Member Day Testimony

Good morning, Chairman Smith, Ranking Member Neal, and the members of this committee. Thank you for giving me the opportunity discuss my priorities for the upcoming budget reconciliation package. Before entering public service, I spent 15 years owning and operating manufacturing businesses in Ohio. I understand firsthand the challenges that businesses face in a global economy—challenges that include high taxes, regulatory burdens, and a tax policy that discourages investments in America. Manufacturing is the backbone of our economy, and as we work toward restoring American competitiveness, we must create a tax framework that empowers American businesses to thrive.

Firstly, I believe the committee should work to make full and immediate expensing permanent. These expenses should include expenses on research and development, technology, and equipment purchases. This change in the tax code incentivizes companies to invest more, which, in the long run, raises worker productivity, boosts wages, and creates more jobs. To further increase investments and productivity growth, Congress should ensure that 100% of the interest paid by businesses is fully deducted as a business expense.

This would lower the cost of accessing capital and make it easier for businesses to invest in themselves.

I also support maintaining the carried interest provision. This tax treatment has been vital for venture capital, private equity, and real estate professionals, encouraging investment in American businesses and the subsequent benefits of job creation.

I also urge this Committee to consider the inclusion of my bill, the People CARE Act. This legislation would establish the People-Centered Assistance Reform Effort Commission within the legislative branch, which would review federal means-tested welfare programs and ensure that means-tested welfare programs are exclusively providing assistance to low-income Americans. The current welfare system has good intentions, but over time it has created welfare cliffs, maligned incentive structures, and immense government waste at the expense of American taxpayers. My bill's inclusion would enable reassessment to address critical health care disparities and improve access to care for the Americans who need it most, aligning with broader economic goals of fostering a healthy, productive workforce.

However, the Child Tax Credit (CTC) should not be part of the Tax Cuts and Jobs Act or reconciliation considerations. Its inclusion would complicate the tax code and detract from the focus on business and economic growth policies. Using the tax code as a mechanism to redistribute income, particularly through refundable tax credits, warrants further

scrutiny, and the eligibility for these credits should be limited to citizens, ensuring that the benefits are targeted appropriately and effectively.

As the committee reevaluates the tax code, it should also remove provisions that have had a harmful effect on our nation's industries such as the crypto reporting provision from the Infrastructure Investment and Jobs Act. Cryptocurrency and blockchain technologies hold tremendous potential, but the overly broad language of these requirements threatens to stifle growth in a nascent industry that could bring substantial economic and technological benefits to our country. I urge the committee to repeal these provisions.

Last, but certainly not least, I strongly recommend transitioning from the use of Taxpayer Identification Numbers to Social Security Numbers in tax filings, paired with a policy to eliminate birth-right citizenship. This change would enhance the integrity of our tax system, ensure that benefits are reserved for citizens, and address long-standing concerns about unauthorized use of taxpayer resources. Because Social Security numbers are uniquely tied to individual American citizens, this transition will strengthen our tax system's integrity by boosting compliance and curbing fraud, in addition to providing more revenue for the Treasury.

In conclusion, these priorities and additions are designed to bolster our economy, encourage innovation, and ensure fairness in our tax system. I urge this committee to consider these points as we move towards crafting a tax policy that reflects our nation's needs and values. Thank you for your attention, and I look forward to working with you on these vital issues.

Mr. Chairman, I yield back.

Mr. DAVIDSON. I yield back.

Chairman SMITH. Thank you, Mr. Davidson. I now recognize Representative Emmanuel Cleaver, the gentleman from the great State of Missouri, former mayor of Kansas City, and the congressman for the best football team in the NFL, the Kansas City Chiefs. [Laughter.]

Go ahead, Mr. Cleaver.

STATEMENT OF THE HON. EMMANUEL CLEAVER, II, A REPRESENTATIVE IN CONGRESS FROM THE STATE MISSOURI

Mr. CLEAVER. Thank you, Mr. Chairman and Ranking Member Neal. I appreciate the opportunity to testify before you today.

I am pleased to be testifying before a committee headed by my friend and fellow Missourian, Chairman Smith. I have great appreciation for him. And for those who don't know, Chairman Smith does bleed red and wears red as a commitment to the Super Bowl champs twice now. I know that has nothing to do with this committee, but you need to know, especially my friend, Dwight Evans from where the Eagles no longer fly. [Laughter.]

I am sorry.

Whether a rural area of the state or a suburban or urban area, our delegations found ways to work toward common interest over the years. Americans generally share many of the same dreams and desires, regardless of where they are from.

I also proudly serve as the ranking member of the Financial Services, Housing, and Insurance Subcommittee.

I doubt that anyone will disagree that access to affordable housing, that housing that costs a family no more than 30 percent of household income, is central to a good quality of life for an American family. Our committees shared jurisdiction in expanding access to affordable housing and helping Americans become homeowners. The United States is not building enough housing to meet demand, and high housing prices have pushed millions of Americans away from home ownership, increased cost burdens on households, and limited the ability of employers to attract workers, especially in rural areas.

Before redistricting I served many rural areas in our state, and there were and still are communities in the State of Missouri—and probably all around the country—where a new house is not built in more than two decades. Home ownership is important because it is the primary way that Americans accumulate wealth and achieve financial stability. We all want the next generation to have the ability to achieve the American dream by owning a home. And whether a homeowner or a renter, the monthly housing payment is the single largest expense for most American families.

Families who cannot afford housing, food, health care, or other family necessities are increasingly ending up in homelessness. According to HUD, the United States saw an 18.1 increase in homelessness last year. More than 770,000 people were experiencing homelessness on a single given night in the United States of America last year. Many are without a place to lay their heads for the first time.

Housing supply is influenced by inflation, zoning rules and regulations, labor challenges, material cost, and credit availability,

among other factors. Importantly, housing is the single largest category over a third of the consumer price index used to track inflation, and addressing inflation means addressing housing. By addressing only one factor will not be sufficient. Lowering the cost requires the nation to overcome multiple factors across multiple committees to build millions of more housing.

Last year Congress myself, serving as chair of the Housing and Insurance Subcommittee, and other members of our committee on both sides of the aisle came together to advance the Yes in my Backyard Act, this bill that requires localities to examine how unnecessary regulations are increasing housing costs. Addressing local regulations also has the added benefit of saving the Federal Government and taxpayers money. Many of the largest sources for assistance for developing affordable housing are under this committee's jurisdiction, such as the Low-Income Housing Tax Credit, which is the most effective affordable rental housing program in history.

We have many projects in Kansas City, Missouri, such as one called Parade Park Homes, which have attracted significant private capital and Federal investment and needed limited tax credits to move forward. I urge this committee to continue its leadership in examining bipartisan legislation such as Chairman—former member Ray LaHood's Affordable Housing Act and Kelly's Neighborhood Home Investment Act. There are great existing ideas on how we can move forward.

Thank you, Mr. Chairman.

[The statement of Mr. Cleaver follows:]

Congressman Emanuel Cleaver, II (Missouri – 05)
Testimony before the House Committee on Ways and Means
Hearing on: "Member Day Hearing on Matters Within the Committee's Tax Jurisdiction"
January 22, 2025

Chairman Smith, Ranking Member Neal, and members of the committee, thank you for the opportunity to testify today.

I'm pleased to be testifying before a committee headed by a friend and fellow member of the Missouri Delegation, Chairman Smith, who I have a great appreciation for. For those who don't know, Chairman Smith represents a large portion of Southeast Missouri.

I represent a district that includes Kansas City, MO, the largest municipality in the State and home of the Super Bowl Champion Kansas City Chiefs.

Whether a rural area of the state, or a suburban or urban area, our delegation has found ways to work toward common interests over the years. Americans generally share many of the same dreams and desires regardless of where they are from.

I also proudly serve as the Ranking Member of the Financial Services Subcommittee on Housing and Insurance.

Access to affordable housing, housing that costs a family no more than 30 percent of household income, is central to a good quality of life for an American family.

Our committees share jurisdiction in expanding access to affordable housing for American families.

The United States is not building enough housing to meet demand and high housing prices have pushed millions of households away from homeownership, increased cost burdens on households, and limited the ability of employers to attract workers – especially in rural areas.

Homeownership is important because it is the primary way that Americans accumulate wealth and achieve financial stability.

We all want the next generations to have the ability to achieve the American Dream of owning a home.

And whether a homeowner or renter, the monthly housing payment is the single largest expense for most American families. Families who cannot afford housing restrict food, healthcare, or other family necessities, or increasingly end up homeless.

According to HUD, the United States saw an 18.1% increase in homelessness in 2024. More than 770,000 people were experiencing homelessness on a single given night in the United States last year, many the first time.

Housing supply is influenced by inflation, zoning, rules and regulations, labor challenges, material costs, and credit availability, among other factors.

Importantly, housing is the single largest category – over a third – of the consumer price index used to track inflation and addressing inflation means addressing housing.

But addressing only one factor will not be sufficient. Lowering the costs requires the nation to overcome multiple factors, across multiple committees, to build millions more homes.

Last Congress, myself, the current Chairman of the Housing and Insurance Subcommittee, and other members of the Subcommittee advanced the *Yes in My Backyard Act*, a bill that requires localities to examine how unnecessary regulations are increasing housing costs.

Addressing local regulations also has the added benefit of saving the federal government and taxpayers money.

Many of the largest sources of assistance for developing affordable housing are under this committee's jurisdiction, such as the Low-Income Housing Tax Credit, which is the most effective affordable rental housing program in history.

We have many projects in Kansas City, MO – such as Parade Park Homes – which have attracted significant private capital and federal investment and need limited tax credits to move forward.

I urge this committee to continue its leadership in examining bipartisan legislation such as Congressman LaHood's *Affordable Housing Credit Improvement Act,* Congressman Kelly's *Neighborhood Homes Investment Act*.

There are great existing ideas for how we can all move forward.

As we continue to work on the Subcommittee on Housing and Insurance, I would appreciate the opportunity to collaborate with members of this Committee in pursuit of shared goals.

Thank you.

Chairman SMITH. Thank you, Mr. Cleaver. I now recognize representative Tom Barrett, the gentleman from Michigan. Mr. Barrett is a veteran of the United States Army, and was a member of the Michigan legislature prior to joining us in Congress.

Mr. Barrett.

STATEMENT OF THE HON. TOM BARRETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. BARRETT. Thank you, Mr. Chairman and Ranking Member Neal, thank you so much for your attention today and for having me before your committee to discuss these important issues that you have before you.

I want to take a moment to address the urgent issue that directly impacts the hard-working families and constituents and small businesses in Michigan's 7th congressional district, the district that sent me here to be their voice. The tax cuts and tax reforms that were passed under the 2017 Tax Cuts and Jobs Act are essential for us to continue so that our economy can grow and prosper. The tax reforms which brought relief to millions of Americans are, of course, set to expire at the end of this year. If Congress does not act, nearly every household and small business in our communities will face a significant tax hike.

Let's put this into perspective. Michigan's 7th district is home to nearly half-a-million taxpayers. If these tax cuts expire, the typical person will see their taxes increase by 23 percent. For a family of four earning the median household income in my district, that would equate to over $1,600 in taxes every single year, or about 10 weeks' worth of groceries, a staggering burden, especially given the lost wages due to inflation that families have suffered.

But the impact doesn't stop there. More than 80,000 families in my district will see their Child Tax Credit cut in half, a vital support for parents trying to provide for their children. Ninety-two percent of taxpayers will lose half of their guaranteed deduction, significantly reducing the amount of income shielded from taxation.

Our small business owners, the backbone of our local economies, will face an even greater challenge. For example, 44,000 small businesses are in my district and will see their taxes rise—raised to 43 percent if the small business deduction expires. And our farming families who work tirelessly to feed us and preserve our agricultural heritage will see the death tax exemption slashed in half, making it a tremendous financial burden for the more than 4,000 family-owned farms in my district to pass their operations on to the next generation.

These numbers aren't just statistics, they are stories of struggle and sacrifice. Every single dollar that our Federal Treasury takes in is taken from the productivity of the men and women of our districts that sent us here. They these stories represent deciding between paying their bills or putting money aside for the future. And while the major global corporations with their Gucci loafer lobbyists get billions in handouts, small business owners are left weighing whether they can afford their next month's payroll, and farmers are grappling with the uncertainty of passing on their legacy to their children and grandchildren.

Let me be clear. This shouldn't be a partisan issue. The tax increase iceberg is right in front of us. But with your help, this committee can take swift action to steer the ship in the right direction. This is about protecting the livelihoods of the people we serve who sent us here. Allowing these reforms to expire would roll back years of progress and place an entirely preventable burden on our communities.

But there is more that we can do to lift up families in mid-Michigan. I believe it is time we take the Child Tax Credit one step further by extending it to expecting mothers and families. Families preparing to welcome a baby already face financial challenges from medical expenses, maternal care, the cost of setting up a home, buying a crib. By extending the Child Tax Credit to mothers of unborn children, we can provide critical relief at a time when families need it most and affirm our commitment to supporting life-affirming and pro-family policies.

As my district's voice here in the people's house, I am committed to fighting to not only extend these tax cuts, but expand them where it makes sense because I believe fighting to ensure families can keep more of what they earn, that small businesses maintain competitive—their competitive edge, and that the American dream is kept alive for future generations.

Mr. Chairman, the people of my district sent me here to deliver a message: We will not stand for tax hikes that hurt our families, our small businesses, our farmers, and our families. It is time for Congress to act. I am excited to be here with you today, and I am excited to get to work on this.

[The statement of Mr. Barrett follows:]

Speech Draft: Looming Tax Hikes in Michigan's 7th District

Thank you Mr. Chairman for the opportunity to be here.

I want to take a moment to address an urgent issue that directly impacts the hardworking families and small businesses in Michigan's 7th District: the expiration of the 2017 Tax Cuts and Jobs Act.

These tax cuts, which brought relief to millions of Americans, are set to expire on December 31, 2025.

If Congress does not act, nearly every household and small business in our communities will face a significant tax hike.

Let's put this into perspective:

Michigan's 7th District is home to 466,800 taxpayers. If these tax cuts expire, the **average taxpayer will see their taxes increase by 23%**.

For a family of four earning $78,000, the median household income in our district, that means paying **$1,600 more in taxes every year**.

To many families, that's the equivalent of 10 weeks' worth of groceries—a staggering burden.

But the impact doesn't stop there:

More than 80,000 families in our district will see their Child Tax Credit cut in half, a vital support for parents trying to provide for their children.

92% of taxpayers will lose half of their guaranteed deduction, significantly reducing the amount of income shielded from taxation.

Our small business owners, the backbone of our local economy, will face even greater challenges.

For example, nearly 44,000 small businesses in mid-Michigan will see their tax rate rise to 43% if the Small Business Deduction expires.

And our farming families—those who work tirelessly to feed us and preserve our agricultural heritage—will see the Death Tax exemption slashed in half, making it a tremendous financial burden for the **4,300 family-owned farms** in the district to pass their operation to the next generation.

These numbers are not just statistics—they are stories of struggle and sacrifice.

They represent families deciding between paying their bills or putting money aside for the future.

Small business owners weighing whether they can afford to expand or hire.

Farmers grappling with the uncertainty of passing on their legacy to their children and grandchildren.

Let me be clear: this should not be a partisan issue.

This is about protecting the livelihoods of the people we serve.

Allowing these tax cuts to expire would roll back years of progress and place an unnecessary burden on our communities.

Now, some in Washington may want these tax cuts to remain temporary.

But I say this: there's nothing temporary about the hardworking spirit of the people in mid-Michigan.

The benefits we've seen—economic growth, higher wages, and more opportunity—should not be taken away.

As their voice in the People's House, I am committed to fighting to extend these tax cuts…

… because I believe in fighting to ensure that families keep more of what they earn, that small businesses maintain their competitive edge, and that the American Dream is kept alive for future generations.

Mr. Chairman, the people of my district sent me here to deliver a message: We will not stand for tax hikes that hurt our families, our small businesses, and our farms. It's time for Congress to act—before it's too late.

Thank you.

Mr. BARRETT. Thank you so much, and I yield back.

Chairman SMITH. Thank you, Mr. Barrett. I now recognize Representative Andy Barr, the gentleman from Kentucky. He is a dedicated advocate for small businesses and a strong leader in the Financial Services Committee.

Welcome back to Member Day.

STATEMENT OF THE HON. ANDY BARR, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF KENTUCKY

Mr. BARR. Thank you, Chairman Smith and Ranking Member Neal, and all members of the Ways and Means Committee. I appreciate the opportunity to advocate for the Commonwealth of Kentucky. And I come from the land of horses and bourbon, and so let me start with those two topics and then move to opportunity zones and capital gains taxes.

As you all know, I represent the horse capital of the world. We are home, in my district, the 6th district of Kentucky, to 400 of the world's greatest horse breeding operations. And we need bonus depreciation restored, not only for trainers and owners, but breeders, farms, and smaller businesses in the equine industry, many of whom would not be able to participate if it wasn't for full, 100 percent bonus depreciation.

I urge this committee to incorporate into extension of the Tax Cuts and Jobs Act my bill, the Race Horse Cost Recovery Act, which would make permanent the modification of accelerated depreciation allowance for race horses to allow a three-year recovery period for any race horse. This will supercharge the sale of our racing stock, our breeding stock, and it matches the useful life of a race horse. The default is seven years in permanent law. This does not match the useful life for investment in race horses. It needs to be three years so that they have the option of bonus or the three-year depreciation schedule.

And then finally, the Racehorse Tax Parity Act. Believe it or not, the holding period for long-term capital gains for an equity is, of course, as you know, 12 months. But not for race horses. This asset class is discriminated against in the code. You have to hold a race horse for 24 months in order to get the long-term capital gains treatment. End the discrimination against this asset class. End the discrimination against race horses, and adopt the Racehorse Tax Parity Act, which would level the playing field with this asset class and make it a 12-month holding period in order to get capital gain treatment instead of that ordinary income treatment.

Let me talk about bourbon first. So the Duty Drawback Clarification Act. This bill would clarify that all whiskey products are commercially interchangeable and eligible for the drawback program by creating a single eight-digit Harmonized Tariff Schedule code for whiskeys. Under the current HTS, spirits categories such as whiskeys have several HTS numbers at the eight-digit level. For example, Scotch whiskey and bourbon each have their own codes at the eight-digit level, meaning that these products are not commercially interchangeable for purposes of a drawback claim.

Duty drawback was created as an export incentive, so why would we not allow America's signature spirit to compete on a level playing field? If tariffs come back, especially the EU's snapback tariffs,

50 percent tariffs on our whiskey exports, we need the duty drawback to level the playing field for American whiskey exports. The EU trade tariffs are something of great concern for Kentucky bourbon makers, and we have got to secure the permanent return for zero tariffs on spirits with the EU before the scheduled re-introduction of the retaliatory tariffs on American whiskeys March 31, 2025. I have talked to incoming Commerce Secretary Howard Lutnick about this. This is a big deal, a multi-billion-dollar industry, and I look forward to working with you all on that issue.

The rum cover-over. The rum cover-over has expired in the Virgin Islands and Puerto Rico. Rum distilleries work in tandem with many of our U.S.-based spirits companies, including distilleries in central Kentucky. The territories and the companies rely on the cover-over to meet their fiscal obligations. Making the cover-over part of the tax package looking back to 2021 and forward would be the responsible course of action. Extending the cover-over would be beneficial not only to the territories, but also to the Commonwealth of Kentucky.

Real quick on opportunity zones, you know, tax-paying banks always want to level the playing field with credit unions. I urge this committee to look at especially Chairman Kelly, who has been a real leader on opportunity zones enhancement. There has been modest progress in helping those distressed areas of our country, but we can supercharge opportunity zones by giving tax incentives to tax-paying banks to encourage more lending and private capital deployment to individuals and small businesses in low and moderate-income communities, and my bill would do that. I am going to re-introduce that bill which would provide those incentives and decrease taxes on banks that deploy loans into those opportunity zones.

Finally, I want to mention the capital gains tax. You know, the interesting thing about the capital gains tax right now is that the long-term capital gains tax, the 20 percent, is not matched with the actual brackets right now. We could extend middle-class tax cuts, capital gains tax relief if we tied the 0 percent rate to the lower three brackets; a 10 percent rate to the next three brackets; and only the top rate would get that 20 percent rate on capital gains. Right now those income thresholds don't match in terms of the tax brackets for income versus those triggers for capital gains tax, the 0, the 15, and the 20. Only the top tier should pay the 20. The next levels should pay the 15.

But middle-class savers—we have a personal savings crisis in this country, they should get a zero capital gains tax for the first three brackets. So any one individual making less than 100 or a couple making a couple hundred thousand dollars, we need to incentivize and make it easier for those middle-class families to save, super-charging capital formation as well. Tie that 15 percent rate, that 0 percent rate to the actual brackets. It is tax simplicity, and it is also encouraging middle-class savings.

With that, thanks for your time and I yield back.

[The statement of Mr. Barr follows:]

Rep. Barr – Testimony

Equine Tax Items:

- A Return to 100% Bonus Depreciation
  - This provision is vital to the horse industry in central Kentucky – not only for the trainers and owners, but breeders, farms, and smaller businesses – many of whom would not be able to participate if it wasn't for the bonus depreciation incentive.
- Racehorse Cost Recovery Act
  - This legislation makes permanent the modification of the accelerated depreciation allowance for racehorses to allow a three-year recovery period for any racehorse.
  - Currently, the default is seven years, but realistically the useful life of that asset is three years.
  - This encourages investment in racehorses and this dynamic industry.
- Racehorse Tax Parity Act
  - The Racehorse Tax Parity Act would shorten the holding period for racehorses to be considered eligible for long-term capital gains treatment from 24 months to 12 months.
  - We need to level the playing field on that asset class and make it a 12-month holding period in order to get that capital gain treatment.

Opportunity Zones

- Tax paying banks want to level the playing field with credit unions. We should be using tax incentives to supercharge lending to individuals and small businesses in low-and-moderate income communities.

Bourbon Tax Items:

- H.R. 40773 – Duty Drawback Clarification Act
  - This bill clarifies that all whiskey products are commercially interchangeable and eligible for the drawback program by creating a single 8-digit Harmonized Tarriff Schedule code for whiskeys.
  - Under the current HTS, spirits categories such as whiskeys, have several HTS numbers at the 8-digit level. For example, scotch Whiskey and Bourbon each have their own HTS codes at the 8-digit level, meaning these products are not "commercially interchangeable" for purposes of a drawback claim.
  - Duty Drawback was created as an export incentive, so why would we not allow America's Signature Spirit to compete on a level playing field?
- EU Trade Tariffs
  - We must secure the permanent return to zero-for-zero tariffs on spirits with the EU before the scheduled reintroduction of the 25% retaliatory tariff on American Whiskeys on March 31, 2025.
- Rum Cover Over
  - The Rum Cover Over has expired, and the Virgin Islands and Puerto Rico rum distilleries work in tandem with many of our US based spirits-based companies, including distilleries in Central Kentucky.
  - The territories and the companies rely on the cover over to meet their fiscal obligations, making the cover over part of the tax package looking back to 2021 and forward would be the responsible course of action.
  - Extending the cover over would be beneficial not only to the territories, but also to the Commonwealth of Kentucky.

Chairman SMITH. Thank you. I want to thank all of the members for their testimony today. You are all dismissed from the panel, and I would love for the clerk to set up the second panel.

Mr. THOMPSON. Mr. Chairman.

Chairman SMITH. Yes.

Mr. THOMPSON. While we are doing that, could I be recognized to submit an article to the record from the National Shooting Sports Federation who are lauding the fact that we have this voluntary—I guess it is called voluntary, because it came about voluntarily—of excise tax on firearms and ammunition, and that all that money goes back into all of our districts in regard to habitat enhancement and expansion?

Chairman SMITH. So ordered.

[The information follows:]

NSSF Celebrates the One Tax the Firearm and Ammunition Industry is Proud to Pay
March 5, 2024

By Joe Bartozzi

The U.S. Fish and Wildlife Service **recently announced** that the agency was distributing $1.3 billion to the states to fund wildlife conservation, public land access, recreational shooting range construction and improvement and hunter education. That's a figure that firearm and ammunition manufacturers are proud of – especially since this industry paid the overwhelming majority of those funds – over $944 million.

The total funds are collected from the **Pittman-Robertson** and Dingell-Johnson excise taxes. Those are the taxes paid by manufacturers on the products they produce for recreational shooting and hunting firearms and ammunition, archery and angling equipment. In the case of firearm and ammunition manufacturers, that tax is paid for every firearm and box of ammunition produced. That's an 11 percent tax on all long guns and ammunition and a 10 percent tax on handguns. Those taxes added up to $944,007,497 for 2023.

That means nearly three quarters of the conservation dollars going back to the states were derived from the taxes paid by firearm and ammunition makers. Since the inception of the tax

in 1937, firearm and ammunition manufacturers have paid over $25 billion when adjusted for inflation. That's a hefty price tag, to be sure. Some would wonder why an industry would be glad to pay a tax bill of that size.

Why Pay?

The answer is actually rather easy. It's a down payment on the abundant wildlife, habitat and safe public shooting facilities that future hunters and recreational shooters will need. When the tax was started in 1937, wildlife in North America was in **dire straits**. Rocky Mountain elk were few – just an estimated 41,000 roamed the landscape. Whitetail deer numbered just half a million across America. Wild turkeys were teetering at just 100,000 and only an estimated 12,000 pronghorn antelope ran across the plains. Waterfowl were few in America's wetlands. Today, thanks to the investments made in wildlife conservation and habitat from funds like the Pittman-Robertson excise taxes, there's a complete turnabout. More than a million Rocky Mountain elk bugle and states as far east as Virginia have actually opened limited hunting seasons for recovering populations. Over 32 million Whitetail deer live across America. Wild turkeys are in excess of 7 million with pronghorn antelope numbering 1.1 million. Waterfowl are in excess of 44 million, from coast-to-coast.

The USFWS **has distributed** $28 billion to date through annual apportionments. State and territorial fish and wildlife agencies

have contributed approximately $9 billion in investments throughout the program's history. Through these combined funds, agencies have supported the annual stocking of over 1 billion fish, managed and monitored over 500 species of wild mammals and birds, provided hunter education to millions of students and constructed or renovated over 800 target ranges. Eligible states, commonwealths and territories **use this money** to fund professional biologists, offer education and safety programs, operate fish and wildlife health labs, purchase, operate and maintain more than 35 million acres of land open to hunting and angling and provide access at over 9,000 locations nationally for community fishing opportunities.

The firearm industry is proud to know that the overwhelming majority of the conservation dollars being re-invested back to state wildlife conservation, range construction and hunter education is derived from the Pittman-Robertson excise taxes paid by the firearm and ammunition industry.

Rise of the Conservationist-Target Shooter

That conservation heritage is supported by hunters and recreational target shooters that purchase firearms and ammunition. More likely than not, that cost burden is being supported by recreational target shooters and gun owners who are not purchasing firearms for hunting for wild game. Still, there's a sense of pride among those who don't hunt in knowing

that they're supporting companies that are conserving the sustainable wildlife all Americans can enjoy.

A **survey** conducted by Responsive Management, in partnership with the Southeastern Association of Fish and Wildlife Agencies (SEAFWA), found that 86 percent of gun owners and recreational target marksmen and women who don't hunt support the Federal Aid in Wildlife Restoration Program.

Over time, recreational target shooting has grown in popularity as a sport, even as hunting numbers have waned in comparison with population growth across America. That means today's wildlife conservation efforts are increasingly funded by recreational target shooters and everyday gun owners.

That support is more than a passing thought to non-hunting gun owners and recreational target shooters. Of the 86 percent that indicated they supported the excise tax, 52 percent – over half – responded with strong support to the survey. Just three percent were opposed to the tax and another 12 percent were neutral. Later questions in the survey revealed that 9 out of 10 non-hunters were proud to support conservation investments and 8 out of 10 non-hunters feel connected to wildlife and conservation.

This conservation investment led by the firearm and ammunition manufacturers ensures all Americans are able to enjoy access to

public lands, abundant wildlife, healthy habitats for wildlife to thrive and hunter education and firearm safety programs. This investment will ensure the next generation of America's hunter-conservationists are able to pass along this heritage to generations to come. There is no mistaking the firearm and ammunition industry's commitment to conservation. This is in the DNA of our entire industry.

Mr. THOMPSON. Thank you.

Chairman SMITH. Thank you. I would now like to welcome our second panel of the day.

Thank you all for taking time out of your of your busy schedules to testify before the Ways and Means Committee. You each will have five minutes to deliver your remarks.

I now recognize Representative Brad Finstad, the gentleman from Minnesota. This is not his first time joining the Ways and Means Committee. He attended our trade hearing in Minnesota last Congress.

So welcome back.

STATEMENT OF THE HON. BRAD FINSTAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. FINSTAD. Thank you, Mr. Chairman. And at the risk of not offending anybody on this panel, it is nice to see Larry, Curly, and Moe sitting in the front row here. [Laughter.]

But I appreciate your leadership, Mr. Chairman, thank you for holding this important Member Day hearing. And thank you, Ranking Member Neal.

It is an honor to be here on behalf of the families and farmers and small businesses across 21 counties I represent in southern Minnesota. As a proud, fourth-generation corn and soybean farmer raising the fifth generation, I know firsthand the importance of tax policies that allow farmers to fuel and feed the world while ensuring that they have the opportunity to pass their operations on down to the next generation.

I am going to talk about Minnesota biofuels very quickly, Mr. Chairman. Minnesota is currently the fifth-largest ethanol producer in the United States, with a capacity of over 1.3 billion gallons annually from 18 ethanol plants. Moreover, the size of the U.S. biodiesel industry in Minnesota has doubled since 2022, built on major investments. And we have some counties that are leading counties in the country in soybean production. Minnesota was the first state to require the use of biodiesel, and is home to 3 biodiesel plants with a combined production capacity of 85.5 million gallons per year.

As you know, there has been a lot of conversations around tax credits ahead of reconciliation. One tax credit I want to focus on today is 45Z, or the Clean Fuel Production Tax Credit. America First needs American biofuels. American farmers and rural communities will be essential to the unleashing of America's energy dominance. Homegrown American ethanol and biodiesel hold down gas prices, strengthen our domestic energy production, bring jobs and prosperity to rural America, and deliver cleaner air.

Minnesota farmers and biofuel producers are optimistic that sustainable aviation fuel could be another promising market, helping to create a consistent demand and return value and revenue streams to rural communities, and 45Z is essential to achieving these goals. I ask you to preserve 45Z, but I also believe it should be extended to give an adequate foundation for lasting, long-term investments.

Biofuel producers and farmers cannot make sound business decisions when confronted with regulatory and fiscal uncertainty, both

of which have been consistent in 45Z up to this point through delays in the final guidance and a limited three-year window of eligibility. Now, just last week we saw a rule come out of Treasury that lays out the guidance—the guidelines of 45Z. This long-overdue guidance is far from complete, and it still lacks the critical details that are needed to help ensure the American biofuel producers and their farm partners can lead the world in clean fuel production.

That is where we here in Congress, and specifically this great committee, can step in and work with President Trump to provide farmers with a new pathway to drive the farm economy, one that is all encompassing and correctly accounts for the many ways biofuel producers and farmers innovate on the farm and at the plant according to real science, not political science. A strong rural economy depends on strong American biofuels industry, and vice versa. This credit can offer a path forward for all of our agriculture stakeholders, and I look forward to working with you here on this committee and the Trump Administration to assure biofuel producers play a central role in successful efforts to revitalize rural America.

As we act to implement our important work in the 119th Congress, I look forward to working with the Committee on Ways and Means to write and pass strong, conservative tax policies that will benefit families, farmers, and small businesses across southern Minnesota and all of America.

And with that, Mr. Chairman, thank you for having me here today.

[The statement of Mr. Finstad follows:]

Remarks
House Committee on Ways and Means: Member Day Hearing
Time: Approximately 5 Minutes

Opening

- Thank you, Chairman Smith and Ranking Member Neal, for holding this important Member Day Hearing today.
- It is an honor to be here on behalf of the families, farmers, and small businesses across the 21 counties I represent in southern Minnesota.
- As a proud fourth-generation corn and soybean farmer, raising that fifth-generation, I know firsthand the importance of tax policies that allow farmers to fuel and feed the world while ensuring they have the opportunity to pass their operations down to the next generation.

Minnesota Biofuels

- Minnesota is currently the fifth largest ethanol producer in the United States with a capacity of over 1.3 billion gallons annually from 18 ethanol plants.
- Moreover, Minnesota was the first state to require the use of biodiesel and is home to three biodiesel plants with a combined production capacity of 85.5 million gallons per year.

45Z Tax Credit

- There have been a lot of conversations around tax credits ahead of reconciliation. One tax credit I want to focus on today is 45Z, or the Clean Fuel Production Tax Credit.

- "America First" needs American biofuels.
- American farmers and rural communities will be essential to unleashing America's energy dominance.
- Homegrown American ethanol and biodiesel hold down gas prices, strengthen our domestic energy production, bring jobs and prosperity to rural America, and deliver cleaner air.
- 45Z is essential to achieve those goals. I ask you to preserve 45Z, but I also believe it should be extended in order to give an adequate foundation for lasting, long-term investment.

Treasury Guidance

- Now, just last week we saw a rule come out of Treasury that lays out the guidelines of 45Z. This long-overdue guidance is far from complete and it still lacks the critical details that are needed to help ensure that American biofuel producers and their farm partners can lead the world in clean fuel production.
- That is where we, here in Congress, and specifically this great committee, can step in and work with President Trump to provide farmers with a new pathway to drive the farm economy. One that is all-encompassing and correctly accounts for the many ways biofuel producers and farmers innovate on the farm and at the plant according to real science, and not political science.
- A strong rural economy depends on a strong American biofuels industry, and vice versa. This credit can offer a

path forward for all of our agricultural stakeholders, and I look forward to working with you here on this Committee and the Trump administration to ensure biofuel producers play a central role in the successful efforts to revitalize rural America.

Closing

- As we act to implement our important work in the 119th Congress, I look forward to working with the Committee on Ways and Means to write and pass strong, conservative tax policies that will benefit families, farmers, and small businesses across southern Minnesota and all of America.
- Thank you again for holding this important hearing today and I would welcome any questions you may have.

Chairman SMITH. Thank you sir. I now recognize Representative Rosa DeLauro, the gentlewoman from Connecticut, and the ranking member of the Appropriations Committee.

STATEMENT OF THE HON. ROSA DELAURO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Ms. DELAURO. Good morning. I want to say thank you to you, Chairman Smith, and to Ranking Member Neal for hosting this hearing today as we prepare for one of the most important tasks ahead of this Congress: negotiating a tax bill that responds to the cost of living crisis in this country.

But first, if I may, I want to pay tribute to a dear friend, Bill Harris, who recently passed away and fought for decades for the Expanded Child Tax Credit. He recognized and he understood its ability to address the economic security of middle-class families, working families, and vulnerable families.

Today families live paycheck to paycheck in the United States. Their wages have not kept up with costs. The economy is not working for them, and it is children who suffer the most, whose futures are dimmed by the policies that we choose in the present. While families struggle, corporations are richer than ever. Their price gouging has driven prices even higher. Dish Network, FedEx, Salesforce, T-Mobile, these corporations and dozens of others paid no Federal income tax from 2018 to 2020 under the Trump tax law; 95 companies in the Fortune 500 and the S&P 500 paid less than 10 percent tax rate, up from 58 in the pre-Tax Cuts and Jobs Act era. Yet the 2024 tax rate for a married couple making just over $23,000 is 12 percent.

How do we address this deeply unjust system? The answer is to pass my American Family Act, which would restore the largest middle-class tax cut in a generation, and which is the antidote to inflation and to child poverty, the expanded monthly Child Tax Credit.

When we passed the Child Tax Credit in the American Rescue Plan, it reached nearly 36 million households, 61 million children. It gave real money back to millions of working families in the form of monthly checks, cut child hunger by a fourth, and brought child poverty to the lowest recorded levels in history. And the expanded monthly Child Tax Credit returns $10 for every dollar spent. How? Because the Child Tax Credit helps children learn more, earn more, and grow up healthier. It improves educational attainment, lowers health care costs, reduces encounters with the justice system, and boosts lifetime earnings.

Making the Expanded Child Tax Credit permanent through my legislation, the American Family Act, is how we make a lasting, positive impact on all of these issues all at once. Indexing the Child Tax Credit is an essential aspect of the bill, which will make sure that the value of the credit is not diminished over time. I am pleased to see that recent Republican proposals agree this is a good idea, in addition to increasing the value of the credit beyond $2,000.

Too many programs lose effectiveness because they do not keep up with inflation over time. Indexing the credit creates stability and predictability for American families. The American Family Act

would be one of the largest investments in American families and children ever. It would change the game and level the playing field for millions of Americans, massively reduce poverty, and provide tax relief for middle-class and working-class families.

The time to act is now. When we discuss the tax priorities for this Congress we must ask ourselves, are we on the side of American families and children or that of the wealthiest corporations and unchecked billionaires?

Over the past few months members of this committee will hear from corporate lobbyists after corporate lobbyists, begging you to make their tax breaks permanent. They will claim that unless you do, they will have to lay people off, close stores, or move overseas. I will simply urge you to ask them a few questions.

Ask them why, when groceries and other costs like childcare skyrocketed, families bore the brunt of inflation and high interest rates but corporate profits skyrocketed to a regular—record $3 trillion in 2023.

Ask them why, according to the International Monetary Fund study of S&P 500 firms, only about one-fifth of their free cash from the Trump corporate tax cut was used for capital and R&D spending, while the rest was used primarily for stock buybacks and dividends.

And ask them why, with stock buybacks projected to top $1 trillion this year for the first time ever, we should leave more children behind in order to further pad their balance sheets.

This committee has a choice ahead. At the same time as the Trump tax giveaway expires, the current Child Tax Credit will revert to only $1,000 with partial refundability. Chairman Smith, in your district 3 in 10 children were left behind under the Tax Cuts and Jobs Act. They do not receive the full credit because their parents or grandparents did not earn enough to qualify. And it is not that they are not working, they are just not earning enough. Yet parents who parents who do not work but collect dividends from their stocks are eligible. Your requirement is not about work, it is about income, and that is wrong. You can make sure that does not happen again. You can make sure that all the campaign rhetoric about making this economy work for all Americans was not just rhetoric. You can do what you promised by passing the American Family Act, the proven method to cut taxes in a way that helps the middle class.

Thank you, and I yield back.

[The statement of Ms. DeLauro follows:]

TESTIMONY OF THE HON. ROSA L. DELAURO
WAYS & MEANS MEMBER DAY—CHILD TAX CREDIT
JANUARY 22, 2025

Good morning. I thank Chairman Smith and Ranking Member Neal for hosting this hearing today as we prepare for one of the most important tasks ahead of this Congress: negotiating a tax bill that responds to the cost-of-living crisis in this country.

Today, families live paycheck to paycheck. Their wages have not kept up with costs. The economy is not working for them. And it is children who suffer most, whose futures are dimmed by the policies we choose in the present.

While families struggle, corporations are richer than ever. Their price gouging has driven prices even higher.

DISH Network. FedEx. Salesforce. T-Mobile. These corporations and dozens of others paid no federal income tax from 2018 to 2020 under the Trump tax law. 95 companies in the Fortune 500 and S&P 500 paid less than a 10 percent tax rate, up from 58 in the pre-Tax Cuts and Jobs Act era. Yet the 2024 tax rate for a married couple making just over $23,000 is 12 percent.

How do we address this deeply unjust system? The answer is to pass my American Family Act, which would restore the largest middle class tax cut in a generation, and which is the antidote to child poverty: the expanded, monthly Child Tax Credit.

When we passed the Child Tax Credit in the American Rescue Plan, it reached nearly 36 million households – 61 million children. It gave real money back to millions of working families in the form of monthly checks, cut child hunger by a fourth, and brought child poverty to the lowest recorded levels in history.

And the expanded, monthly Child Tax Credit returns $10 for every $1 spent – how? Because the Child Tax Credit helps children learn more, earn more, and grow up healthier. It improves educational attainment, lowers health care costs, reduces encounters with the justice system, and boosts lifetime earnings. Making the expanded Child Tax Credit permanent through my legislation, the American Family Act, is how we make a lasting positive impact on all of these issues, all at once.

Indexing the CTC is an essential aspect of my bill, which will make sure that the value of the credit is not diminished over time. I am pleased to see that recent Republican proposals agree this as a good idea, in addition to increasing the value of the credit beyond $2,000. Too many programs lose effectiveness because they do not keep up with natural inflation over time. Indexing the credit creates stability and predictability for American families.

The American Family Act would be one of the largest investments in American families and children--ever. It would change the game and level the playing field for millions of Americans, massively reduce poverty, and provide tax relief for the middle class and the working class.

The time to act decisively is now. When we discuss the tax priorities for this Congress, we must ask ourselves: are we on the side of American families and children, or that of the wealthiest corporations?

TESTIMONY OF THE HON. ROSA L. DELAURO
WAYS & MEANS MEMBER DAY—CHILD TAX CREDIT
JANUARY 22, 2025

Over the next few months, members of this committee will hear from corporate lobbyist after corporate lobbyist, begging you to make their tax breaks permanent. They will claim that unless you do, they will have to lay people off, close stores, or move overseas. I will simply urge you to ask them a few questions.

Ask them why, when groceries and other costs like child care skyrocketed, families bore the brunt of inflation and high interest rates – but corporate profits skyrocketed to a record $3 trillion in 2023.

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And ask them why, with stock buybacks projected to top $1 trillion this year for the first time ever, we should leave more children behind in order to further pad their balance sheets.

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WAYS & MEANS MEMBER DAY—CHILD TAX CREDIT
JANUARY 22, 2025

This committee has a choice ahead. At the same time as the Trump tax giveaway expires, the current Child Tax Credit will revert to only $1,000, with partial refundability. Chairman Smith—in your district, three in ten children were left behind under the Tax Cuts and Jobs Act. They do not receive the full credit, because their parents—or grandparents—did not earn enough to qualify. And it is not that they are not working; they are just not earning enough. Yet, parents who do not work but collect dividends from stocks are eligible. Your requirement is not about work--it is about income. And that is wrong.

You can make sure that does not happen again. You can make sure that all the campaign rhetoric about making this economy work for all Americans was not just rhetoric. You can do what you promised—by passing the American Family Act, the proven method to cut taxes in a way that helps the middle class.

Thank you.

Chairman SMITH. Thank you. I now recognize Representative Neal Dunn, the gentleman from Florida. Dr. Dunn is an Army veteran and a surgeon, and serves on the House Energy and Commerce Committee. He also testified at our Member Day hearing last Congress.

Welcome back.

STATEMENT OF THE HON. NEAL DUNN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DUNN. Thank you very much, Mr. Chairman. It is good to be with you. I look forward to supporting my colleagues on this committee while you work to renew the Tax Cuts and Jobs Act that passed under the first Trump Administration. As someone who was in Congress when we passed that TCJA in 2017, please consider me an ally to your efforts during this reconciliation year.

In Florida's panhandle, economic growth is driven by tourism, agriculture, defense, and a diverse array of small businesses. And small businesses in Florida rely on the full expensing tax provisions that allow 100 percent write-offs for investments made in the year that they are made. These provisions, along with other business-friendly incentives, are more crucial now than ever as Americans compete with Chinese companies to keep manufacturing and R&D in America.

We should always prioritize American companies' innovation over Chinese competitors that are often beholden to the Chinese Communist Party. This is also why I have been a long-time supporter of reforming the de minimis threshold. I believe that lowering the threshold from the current risky level of $800 is a no-brainer, and a substantial pay-for that the Ways and Means Committee can include for reconciliation. I was fully supportive of the Ways and Means Republican trade package that passed the committee last spring. In fact, you were gracious enough to let me include a bill in that package that prohibits China from participating in the general system of preferences and tariffs, reauthorization of which is way overdue.

I also have a bill with my colleague, Representative Suozzi, the Import Security and Fairness Act, that eliminates China and Russia from receiving de minimis benefits. I believe this is important. This is a bipartisan solution to tackle the recent explosions in e-commerce packages that the de minimis provision allows to enter the United States, currently over two million packages per day. I want to emphasize this is a pay-for.

Lastly, I want to highlight my tax bill that will catapult both our national security and global competitiveness in space. I wrote a bill called the Secure U.S. Leadership in Space Act that amends the IRS code to treat spaceports the same way we treat airports and seaports by allowing the spaceports to receive tax-exempt bonds. Airports and seaports are critical government investments that advance our economic interests and are currently eligible to receive tax-exempt bonds. Spaceports are equally important as we rely more and more on satellites, telecommunications, security operations, rocket launch protocols, and more.

There are already 10 states that have active spaceports, and others are joining the club. We need more national investment, includ-

ing tax incentives, if we want to remain a global leader in space. And my bill ensures that all spaceports in America are eligible to receive greater investment from the public, often used in the construction of airports and other infrastructure projects. Investments in space facilities will keep us competitive as adversaries such as China pour money into their space programs.

Important work is conducted in this committee in the tax space, and I know Ways and Means will fulfill its charge to deliver relief and growth to the American people and the American economy. I would be remiss if I did not touch on the overlap between Ways and Means and the committee on which I sit, Energy and Commerce. There is a lot of health reform that our committees will work on together in reconciliation. I look forward to partnering with my colleagues on this committee on an array of issues from transparency, CMS payments, PBM reforms, all of which I think are very important pay-fors in the reconciliation process.

And I appreciate the opportunity to testify here today. I hope to have Ways and Means' consideration on these incredibly important issues as we proceed through reconciliation.

With that, Mr. Chairman, thank you and I yield back.

[The statement of Mr. Dunn follows:]

Statement of the Honorable Neal Dunn M.D.
Committee on Ways and Means ("W&M")
"Member Day Hearing"
Wednesday, January 22, 2025 at 10:00 a.m. ET
1100 Longworth HOB

[Upon recognition from Chairman Smith]

Thank you, Mr. Chairman.

I look forward to supporting my colleagues on the Ways & Means Committee ("W&M") while they work to renew the Tax Cuts & Jobs Act ("TCJA") that passed under the first Trump Administration.

As someone who was in Congress when we passed the TCJA in 2017, please consider me as an ally to your efforts during Reconciliation this year.

In Florida's Panhandle, economic growth is driven by tourism, agriculture, defense, & a diverse array of small businesses.

Small businesses in FL rely on the full expensing tax provisions that allow for 100% write-offs for investments during the first year.

This provision along with other business-friendly incentives are crucial now more than ever as Americans compete with Chinese companies to keep manufacturing & R&D in America.

We should <u>always</u> prioritize American companies & innovation over Chinese competitors that are often beholden to the Chinese Communist Party (CCP).

This is also why I have been a long-time supporter of reforming the De Minimis threshold.

I believe that eliminating the threshold or even lowering it from $800 is a no-brainer, & a substantial pay-for the W&M Committee can include for Reconciliation.

I was fully supportive of the W&M Republican Trade Package that passed the Committee last spring.

In fact, you were gracious enough to let me include a bill in the package that prohibits China from participating in GSP.

I also have a bill with my colleague Rep. Tom Suozzi, the "Import Security & Fairness Act" that eliminates China & Russia from receiving de minimis benefits.

This is a <u>bipartisan solution</u> to tackle the recent explosions in e-commerce packages that use the de minimis provision to enter the US- that is currently over 2 million packages per day.

I want to emphasize that this is a *payfor*!

Lastly, I want to highlight <u>my tax bill</u> that will catapult our national security & global competitiveness in space.

I wrote a bill called the, *"Secure US Leadership in Space Act"* that amends the IRS code to <u>treat Spaceports like Airports</u> by allowing Spaceports to receive <u>tax-exempt bonds.</u>

Airports & seaports are critical government investments that advance our economic interests & currently receive tax-exempt bonds.

Spaceports play an equally important role through satellites & telecommunications standards, security operations, rocket launch protocols, & more.

There are currently 10 US States that have active spaceports: AL, AK, CA, CO, FL, GA, NM, OK, TX, & VA.

FL has been a longtime leader in Space, but we need national investment *including* tax incentives if we want to remain a *global leader* in Space.

My bill ensures that Spaceports will be able to receive greater investment from public-private partnerships (P-3's) that are often used in the construction of airports, seaports, & other infrastructure projects.

Increased investments in space facilities will keep the U.S. space industry competitive as adversaries such as China increasingly pour money into their space economies.

Important work is conducted in this Committee in the tax space, and I know Ways and Means will fulfill its charge to deliver relief to the American people and the economy.

I would be remiss if I did not touch on the overlap between Ways & Means & the Committee on which I sit- Energy & Commerce. There is a lot of reform in the Health jurisdiction that our Committees will work on together.

I look forward to partnering with my colleagues on this Committee on an array of issues from transparency measures, Medicare payment & importantly PBM Reform, which I believe can be an important pay for in the reconciliation process.

I appreciate the opportunity to testify here today & hope to have W&M consideration on these incredibly important issues for reconciliation.

Thank you, Mr. Chairman, I yield back.

Chairman SMITH. Thank you, Dr. Dunn. I now recognize Representative Julie Fedorchak, the gentlewoman from North Dakota. Prior to coming to Congress, Mrs. Fedorchak spent over a decade in public service in North Dakota, and she now serves on the powerful Energy and Commerce Committee, getting on there as a freshman.

STATEMENT OF THE HON. JULIE FEDORCHAK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH DAKOTA

Mrs. FEDORCHAK. Thank you, Chair Smith and members of the committee. I am honored to be here, and thank you for this opportunity.

I am here. My top goal is to preserve reliable, affordable, sustainable energy policy in our country. And I am here today to talk about part of the tax code that threatens that and, quite honestly, threatens the power grid that all American families and businesses rely upon for all daily functions and, quite honestly, daily survival. Specifically, I want to discuss the Clean Electricity Production Tax Credit.

This policy has been so effective in its 33 years that it is time to rethink and amend it. This policy is triggering a massive investment in new wind and solar resources faster than can be safely incorporated into our grid, and is having adverse impacts on the power grid and energy markets. Enacted in 1992, this program sought to boost investment in wind energy by offering a tax credit for every kilowatt hour of energy produced. At the time the U.S. had less than 1.5 gigawatts of installed wind capacity. Today that figure has increased by nearly 10,000 percent.

Under the Inflation Reduction Act the credit was broadened to cover all zero-emission electricity generators. The IRA also made the Clean Electricity Production Tax Credit transferable, meaning utilities can sell their tax credits to financial institutions. This transferable credit is a major catalyst for renewable energy development, and has created a sizable secondary market.

While the growth of these renewable energy resources is the policy of many states, most Americans, especially lawmakers, don't realize the threat this rapid expansion is having on the reliability and affordability of our electric grid. In your packet is a map provided by the North American Electric Reliability Corporation. It shows that up to two-thirds of our nation is at elevated risk of not having enough power to meet demand for electricity today.

For the last 12 years I was a utility regulator in North Dakota, and in this role I was a liaison from my state to the power grid MISO, which operates a power grid in central U.S. It serves 16 states, and faces increasing grid reliability risks from one simple thing: installed capacity is increasing and accredited capacity is decreasing. Again, in your chart there is a massive gap (sic). In layman's terms, that means that the stuff you can turn on and count on is being replaced with the stuff that provides power only when the weather cooperates. This is an unsustainable gap, and we must correct it.

We are in danger of building a weather-dependent electricity grid. And why is this happening? Because the federal government

is providing a very generous and expensive tax credit to encourage it.

We have the opportunity to do something about this. The Clean Electricity Production Tax Credit and its predecessors were intended to be temporary for emerging technologies, and has become a misaligned market incentive. Without it, renewables would still be competitive. Since 2010 the cost of both onshore wind and solar have fallen by 66 percent and 79 percent respectively, and wind facilities continue to become more efficient. The average wind capacity factor grew from 31 percent in 2004 to 40 percent in 2021. In my state capacity factors reached 50 percent or higher. Instead of allowing renewables to compete on these merits, our tax policy incentivizes investment in renewables at an unsustainable pace, inflates Americans' utility bills, adds to our growing debt, and jeopardizes reliabilities.

We all want clean, sustainable energy technologies, but no energy solution is sustainable unless it is first affordable and reliable. My staff is currently developing a menu of legislative options to address these outdated incentive structures of this program, and I look forward to working with my colleagues on the Ways and Means Committee to pursue reforms that preserve the integrity of our grid. Thank you.

[The statement of Mrs. Fedorchak follows:]

Rep. Julie Fedorchak Opening Statement

Ways and Means Committee

January 22, 2025

INTRODUCTION

Good morning, Chair Smith, Ranking Member Neal, and distinguished members of the committee. Thank you for the opportunity to testify before you today.

It's a privilege to appear before this committee to highlight aspects of the tax code that threaten the reliability, affordability, and sustainability of the power grid that all American families and businesses rely upon for all daily functions and, quite literally, survival.

CLEAN ELECTRICITY PRODUCTION TAX CREDIT

I'm here today to discuss the Clean Electricity Production Tax Credit. This policy has been so effective in its 33 years that it's time to significantly amend it. The policy, as I will show you, is triggering a massive investment in new wind and solar resources that are having adverse impacts on the power grid and energy markets.

Enacted in 1992, this program initially sought to boost investment in wind energy by offering a per kilowatt-hour credit during a facility's first ten years online.

At the time, the U.S. had less than one and a half gigawatts of installed wind capacity. Today, that figure is up by nearly 10,000 percent.

Under the *Inflation Reduction Act* (IRA), the credit became technology-neutral, meaning all zero-emissions electricity generators are now eligible.

The IRA also made the Clean Electricity Production Tax Credit transferable, meaning utilities can sell their tax credits to financial institutions.

We are already seeing that this transferable credit is a major catalyst for renewable energy development and has already created a sizable secondary market. By 2030, industry analysts expect there to be $100 billion in tradable credits available.

As the secondary market continues to grow, renewables will continue to generate more credits and more electricity... but the benefits to families will be negligible.

Let me tell you why.

THREATS TO GRID RELIABILITY

While the growth of these renewable energy resources is the policy of many states, most Americans, especially lawmakers, don't realize the threat this rapid expansion is having on the reliability and affordability of our electric grid.

NERC, the North American Electric Reliability Corporation, in their 2024 Long Term Reliability Assessment, reports that up to 2/3 of our nation is at elevated risk of having insufficient generating resources to meet demand for electricity.

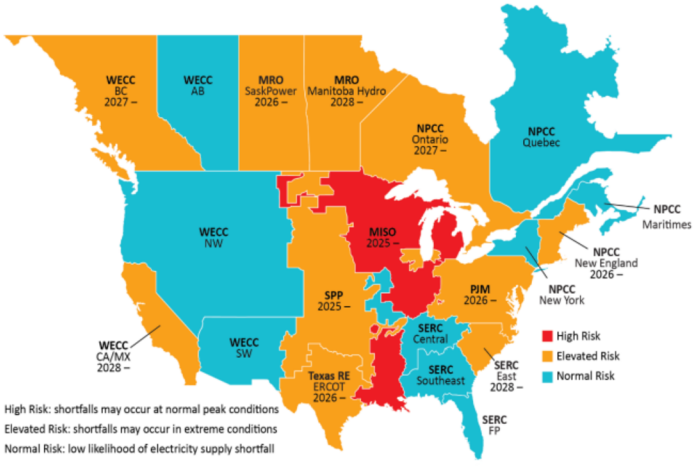


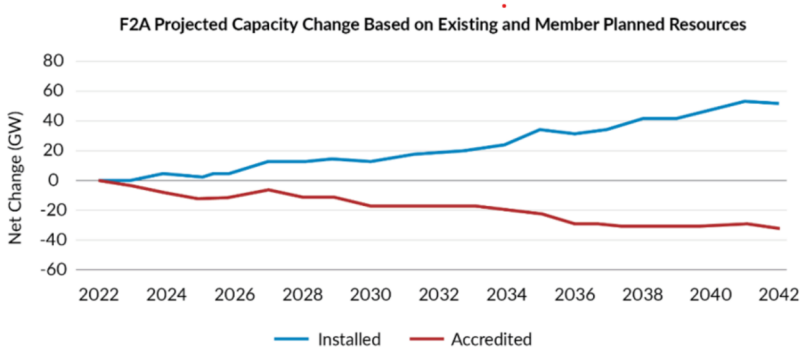
Figure 1: Risk Area Summary 2025–2029

Regional Assessments Dashboards

The Regional Assessments Dashboards section contains dashboards and summaries for each of the 20 assessment areas, developed from data and narrative information collected by NERC from the six Regional Entities. Probabilistic Assessments (ProbA) are presented that identify energy risk periods and describe the contributing demand and resource factors.

I want to share specific information from some regions that are near and dear to your hearts.

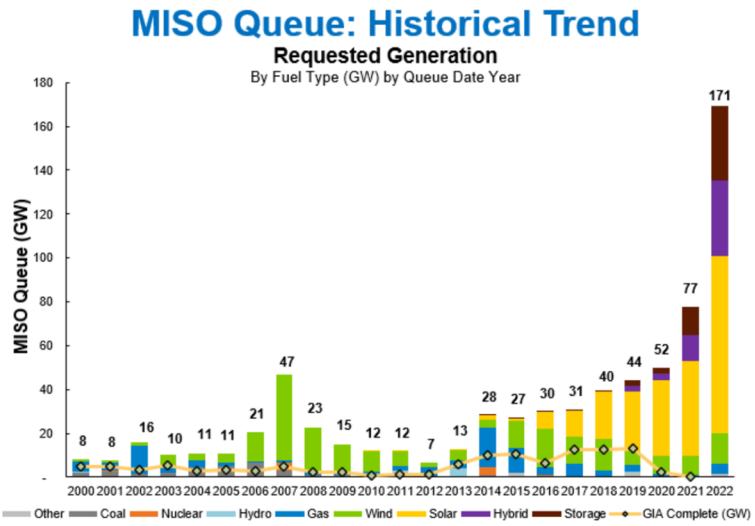
For the last 12 years I was a utility regulator in North Dakota. In this role, I was a liaison from my state to the MISO power grid operator for 8 years. I spent absurd amounts of time studying these issues and advocating for market rules and changes that support reliability and affordability in our power sector.



MISO serves 15 states including North Dakota and Missouri and faces increasing grid reliability risks from one simple thing: installed capacity is increasing, and accredited capacity is decreasing. In laymen's terms that means the stuff you can turn on when you need it is being replaced with stuff that works only when the weather cooperates.

We are in danger of building a weather-dependent energy grid.

Why is this happening? Because the federal government is providing a very generous and expensive tax incentive to encourage it.



Look at the interconnection queue in MISO. That illustrates just how appealing these tax incentives are. Remember the previous chart from NERC showing MISO at the highest reliability risk within the U.S.? That tells us that what MISO needs is dispatchable resources, but the generation that's in line is largely non-dispatchable.

Let me be clear: I am not against renewables. I believe they have a valid role to play in our energy future. But wind and solar technologies have improved so much that these tax incentives aren't needed anymore.

California, which is pursuing 100% renewable electricity by 2045, has become a cautionary tale.

Increased renewable capacity has led to oversupply, skyrocketing prices, and persistent brownouts and blackouts—50,000 between 2017 and 2019 alone.

Californians now pay more than twice the national average for electricity... the highest price in the contiguous U.S.

ISO New England mirrors these vulnerabilities. Over the past decade, it retired 7,000 megawatts of dispatchable generation while adding 8,000 megawatts of wind and solar.

States like Maine and Vermont face some of the worst reliability challenges, while New Englanders pay nearly double the U.S. average for electricity. Rhode Island, ignoring past natural gas shortages that left 7,000 residents without power, is doubling down with 100% renewable electricity generation by 2030.

THE SOLUTION

We have the opportunity to do something about it.

The Clean Electricity Production Tax Credit, which was intended to be temporary for emerging technologies, has become a misaligned market incentive.

Without it, renewables would still be competitive.

Since 2010, the costs of both onshore wind and solar have fallen by 66 percent and 79 percent, respectively.

Onshore wind project lifetimes increased by five years over the same period, allowing more capital costs to be recovered.

And wind facilities continue to become more efficient. The average wind capacity factor grew from 31 percent in 2004 to 40 percent in 2021. In my state, capacity factors reach 50 percent and higher.

Instead of allowing renewables to compete on these merits, the Clean Electricity Production Tax Credit incentivizes investment in renewables at an unsustainable pace, inflates Americans' utility bills, perpetuates dependence on federal subsidies, adds to our growing debt, and jeopardizes reliability.

This means less reliable and affordable energy for Americans. No energy solution is sustainable unless it is first both affordable and reliable.

My staff is currently developing a menu of legislative options to address the outdated incentive structure of this program.

I look forward to collaborating with my colleagues on the Ways and Means Committee to pursue reforms that preserve the integrity of our grid.

Thank you.

Chairman SMITH. Thank you. I now recognize Representative Vince Fong, the gentleman from California. Mr. Fong is a former aide to the two men who were his predecessors, the former chairman of this committee, Chairman Bill Thomas and the former Speaker of the House, my friend, Kevin McCarthy.

It is great to have you here.

STATEMENT OF THE HON. VINCE FONG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. FONG. Thank you, Mr. Chairman, for hosting this opportunity for members to share their thoughts on tax reform.

As I talk to people in California's Central Valley about potential tax hikes, it is clear America needs a tax code that enables taxpayers to provide for their families and invest in their communities.

Here is the reality in the 20th district of California: if the Trump tax cuts expire, workers, families, farmers, and small businesses will pay 21 percent more in taxes. This means for a family of four in my district with a median family income, they would pay $2,000 more in taxes a year, the equivalent of nine weeks' worth of groceries. That is why I would like to thank you, Chairman Smith, and all the members of the committee for beginning this important work last Congress of pro-growth tax incentives to guarantee relief for American families, strengthen our small businesses, and reinvest in our supply chain and American manufacturing.

To build upon that work, I would like to highlight some tax ideas to consider as we work to extend the Trump tax cuts and revitalize opportunities across California and our nation.

My district is filled with family farmers and small business owners. Addressing the death tax would significantly relieve a burden for many family farms, where relief from this unfair tax would allow future generations to continue their farming legacies in rural communities.

In addition to that, to the important extension of lower marginal tax rates, farms across America would continue to benefit from increased and immediate expensing, especially in the Central Valley, where we produce nearly half of the nation's specialty crops, crops which require specialized machinery for harvesting, planting, and irrigation.

Small businesses are the backbone of the American economy, employing almost half of the U.S. workforce. This is no different in my district. While we must continue to keep corporate tax rates low so American companies can compete with foreign competitors, small businesses must also be built to compete, and the small business pass-through tax deduction will allow them to continue to create and invest in our communities.

The Central Valley, which I am proud to call home, is the energy capital of California. We produce 70 percent of the oil and gas in California and nearly 60 percent of California's renewable energy. But demand will continue to grow, especially with the growth of even more data centers, requiring more and more energy to fuel AI capabilities and applications. As a nation, America must work not only toward energy independence, but energy abundance. Allowing geological and geophysical expenditures to be recovered is critical

to incentivize further domestic oil exploration and ultimately allow Americans to see lower prices at the pump.

Finally, we must prioritize tax policy that supports American families. The Child Tax Credit supports parents as they strive to meet the financial challenges of the day. It helps relieve parents of financial stress, whether they are saving for emergencies or college education. Being a parent is one of the most important jobs there is. That is why it is critical to maintain a strong Child Tax Credit to relieve financial strain on families as our country recovers from high inflation.

I urge Congress to quickly work to extend the Trump tax cuts. There are real-world implications, and hard-working Americans are relying on us. It is our duty, as Members of Congress, to ensure a strong economy for our fellow Americans. Doing so will ensure that Congress delivers on President Trump's promise of a vibrant economy for all Americans, including the working families, farmers, and small businesses in my district.

I want to thank you, Mr. Chairman, and I yield back.

[The statement of Mr. Fong follows:]

Rep. Vince Fong (CA-20) Testimony

Thank you, Mr. Chairman, for hosting this opportunity for Members to share their thoughts on tax reform.

As I talk to people in California's Central Valley about potential tax hikes, it's clear America needs a tax code that enables taxpayers to provide for their families and invest in their communities.

Here's the reality in the 20th District of California. If the Trump Tax Cuts expire, workers, families, farmers, and small businesses will pay 21% more in taxes. This means for a family of 4 in my district with a median family income, they would pay $2,000 more in taxes a year – the equivalent of 9 weeks worth of groceries.

That's why I'd like to thank you, Chairman Smith, and all the Members of the Committee for beginning the important work last Congress of pro-growth tax incentives to guarantee relief for American families, strengthen our small businesses, and reinvest in our supply chain and American manufacturing. To build upon that work, I would like to highlight some tax ideas to consider as we work to extend the Trump Tax Cuts and revitalize opportunities across California and our nation.

My district is filled with family farmers and small business owners. Addressing the Death Tax would significantly relieve a burden for many family farms, where relief from this unfair tax would allow future generations to continue their farming legacies in rural communities. In addition to important extension of lower marginal tax rates, farms across America would continue to benefit from increased and immediate expensing, especially in the Central Valley, where we produce nearly half of the nation's specialty crops – crops which require specialized machinery for harvesting, planting, and irrigation.

Small business owners are the backbone of the American economy, employing almost half of the U.S. workforce; this is no different in my district. While we must continue to keep corporate tax rates low so American companies can compete with foreign competitors, small businesses must also be able to continue to compete, which is why, the Small Business Pass-Through Tax Deduction will allow them to continue to create jobs and invest in our communities.

The Central Valley, where I call home, is the Energy Capital of California. We produce 70 percent of the oil and gas in California and nearly 60 percent of California's renewable energy. But demand will continue to grow, especially with the growth of even more data centers, requiring more and more energy to fuel AI capabilities and applications. America must work not only toward energy independence, but also energy abundance. Allowing geological and geophysical expenditures to be recovered are critical to incentivize further domestic oil exploration and ultimately allow Americans to see lower prices at the pump.

Finally, we must prioritize tax policy that supports American families. The Child Tax Credit supports parents as they strive to meet the financial challenges of the day. It helps relieve parents' financial stress, whether they're saving for emergencies or college education. Being a parent is one of the most important jobs there is. That's why it's critical to maintain a strong Child Tax Credit to relieve financial strain on families as our country recovers from high inflation.

I urge Congress to quickly work to extend the Trump Tax Cuts. There are real-world implications, and hard-working Americans are relying on us. It is our duty as Members of Congress to ensure a strong economy for our fellow Americans. Doing so will ensure that Congress delivers on President Trump's promise of a strong economy for all Americans, including the working families, farmers, and small businesses in my district.

Thank you, Mr. Chairman. I yield back.

Chairman SMITH. Thank you. I now recognize Representative Marjorie Taylor Greene, the gentlewoman from Georgia. Along with her service on the Homeland Security Committee, Ms. Greene serves as the chairwoman of the new subcommittee on the Department of Government Efficiency on the Oversight and Government Reform Committee.

Welcome.

STATEMENT OF THE HON. MARJORIE TAYLOR GREENE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Ms. GREENE. Thank you, Mr. Chairman.

President Trump's policies in the Tax Cuts and Jobs Act in 2017 provided much-needed relief to so many American families and businesses, including in my district and also for my own business and my own family. Individual income tax rates went down. The standard deduction was doubled, the Child Tax Credit went up, and the death tax and corporate tax were slashed.

My district, Georgia–14, is home to over 426,000 taxpayers. The average taxpayer in Georgia–14 would see a 25 percent tax hike if Trump's tax cuts expire; a family of 4 making $70,423, which is the median income in my district, would see a $1,389 tax increase if the cuts expire—this is worth about 8 weeks of groceries to typical families of 4 in the region; 93,160 Georgia–14 families would see their household's Child Tax Credit cut in half—this is not manageable for these families; 90 percent of taxpayers in my district would see their guaranteed deduction slashed in half—they cannot go through and handle their monthly expenses if this happens; 31,820 small businesses in Georgia–14 would be hit with a 43.4 percent tax rate if the small business deduction expires—let me tell you, that would ensure certain failure for many of these small businesses; 7,267 of my constituents would be impacted by the return of the Alternative Minimum Tax; 3,226 family-owned farms in my district would have their death tax exemption slashed in half in the half—next year—let me tell you, these people will lose their family farms; American businesses and individuals also deal with burdensome regulations simply to trade securities and invest for their families.

For all these reasons, it is extremely important that we in Congress support Chairman Smith and support President Trump's plan to extend these crucial policies. We need to deliver a historic mandate for the American people, including by supporting President Trump's campaign promises of no tax on tips, no tax on Social Security, no tax on overtime, and tax credits for caregivers.

Let me re-emphasize that. I traveled the country with President Trump for almost four solid years, and I went to many of his rallies, probably more than any Member of Congress that I serve with. I stood with him in every single state and every single city. And when I saw him and heard him campaign saying loudly, No tax on tips, no tax on Social Security, and no tax on overtime, people rose to their feet and cheered loudly, standing ovation after standing ovation.

We have a mandate from the American people to deliver these campaign promises. And I promise you, President Trump, espe-

cially for Republicans, is more popular than you are in your district. So we need to make sure we don't follow any one person's idea of what we need to do here with this historic mandate. We need to follow what President Trump campaigned on and what the people overwhelmingly voted for.

I thank Chairman Smith and the committee here on Ways and Means, and I look forward to working together on these crucial pieces of legislation.

Thank you, Mr. Chairman, I yield back.

[The statement of Ms. Greene follows:]

Congresswoman Marjorie Taylor Greene

Ways and Means Member Day

- President Trump's policies in the Tax Cuts and Jobs Act (TCJA) in 2017 provided much-needed relief to so many American families and businesses, including in my district.
- Individual income tax rates went down, the standard deduction was doubles, the Child Tax Credit went up, and the Death Tax and Corporate Tax were slashed.
- My district, Georgia-14, is home to over 426 thousand taxpayers.
- The average taxpayer in Georgia-14 would see a 25% tax hike if the Trump Tax Cuts expire.
- A family of 4 making $70,423, the median income in my district, would see a $1,389 tax increase if the cuts expire.
    - This is worth about 8 weeks of groceries to typical family of 4 in the region.
- 93,160 Georgia-14 families would see their household's Child tax Credit cut in half.

- 90% of taxpayers in my district would see their Guaranteed Deduction slashed in half.
- 31,820 small businesses in Georgia-14 would be hit with a 43.4% tax rate if the Small Business Deduction expires.
- 7,267 of my constituents would be impacted by the return of the Alternative Minimum Tax.
- 3,226 family-owned farms in my district would have their Death Tax Exemption slashed in half next year.
- For all these reasons, it is extremely important that we in Congress support Chairman Smith and President Trump's plan to extend these crucial policies.
- We need to help deliver a historic mandate for the American people, including by supporting President Trump's campaign promises of "No Tax on Tips," "No Tax on Social Security," "No Tax on Overtime," and tax credits for caregivers.
- I thank Chairman Smith and the Committee, and look forward to working together on these crucial pieces of legislation.

Chairman SMITH. Thank you, Ms. Greene. I want to thank all the members for their testimony.

You are dismissed from the panel. And will the clerk please set for panel three?

[Pause.]

I would now like to welcome our third panel of the day.

Thank you all for taking time away from your busy schedules to be here before the committee. You each will have five minutes to deliver your remarks.

I now recognize Representative Laura Gillen, the gentlewoman from New York. Prior to joining us in Congress this year, Ms. Gillen spent her career in public service to the people of Nassau County.

STATEMENT OF THE HON. LAURA GILLEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Ms. GILLEN. Thank you, Chairman Smith, Ranking Member Neal, members of the House Committee on Ways and Means. Thank you for the opportunity to appear before you today to highlight a critical priority for my constituents in the 4th congressional district of New York.

As members of the chief tax-writing committee in Congress, you will play a major role in the upcoming reauthorization of the 2017 tax bill. Without a doubt, the single most urgent and important tax priority for my constituents on Long Island is the need to eliminate the cap and fully restore the State and Local Tax deduction.

As you know, since the federal income tax was first established in 1913, Congress made state and local taxes deductible from federal income. They did so out of recognition that double taxation of Americans is simply unfair. The SALT deduction allowed the hard-working men and women I represent on Long Island, who pay some of the highest property taxes in the country, to reduce their federally taxable income by deducting the full amount that they pay in state income and local property taxes. This important bipartisan feature of the tax code stood the test of time for more than 100 years.

As you know, the 2017 tax bill did away with this provision, gutting and capping the SALT deduction and, as a result, imposing double taxation on my constituents, some 11 million Americans who hit the cap, according to the Treasury Inspector General for Tax Administration.

By capping and scrapping the full SALT deduction, the 2017 tax bill has made life even more expensive for my constituents. Prior to the cap, nearly 50 percent of all the taxpayers in my district used the SALT deduction, with Nassau County residents deducting $26,259, on average, more than the double the current $10,000 cap. I have heard from countless hard-working families in my district over the past few years who have had to pay tens of thousands of dollars more in taxes, making their lives more expensive and adding to the cost-of-living crisis on Long Island.

For example, a police officer and a teacher in my district each making $120,000 paying about $7,000 in income taxes with $15,000 in property taxes would have been able to deduct about $29,000 in state and local taxes. With the cap they can now only deduct

$10,000, so they lose about $19,000 that they were previously able to deduct.

I am committed to reversing the harmful SALT cap and cutting taxes for my constituents. This is a critical, common-sense concern in my district that affects hard-working middle-class families. That is why in my first week in Congress I sent a letter to the House and Senate leadership calling for the immediate bipartisan negotiations to reinstate the SALT deduction, the full SALT deduction.

I know there is strong support for getting this done in the upcoming reconciliation package, among many House Republicans and Democrats from New York and from many other states, as well as from President Trump. As we all know, he promised in my district to get SALT back. That is why I recently sat down with my colleagues in the bipartisan SALT Caucus to discuss a path forward on reconciliation and our belief in the need to restore SALT for all of our constituents.

Last week I was also proud to join my Republican colleague, Representative Andrew Garbarino, and 20 cosponsors on both sides of the aisle in introducing H.R. 430, the SALT Deductibility Act. I strongly urge the Committee to swiftly consider this important bill to restore the full deduction that taxpayers had before and they still deserve. I will continue working across the aisle on good-faith negotiations to deliver tax relief for Long Island.

Mr. Chairman and Ranking Member, thank you so much for the time today, for your work on this committee to help and serve the American people. I look forward to working with you and all our colleagues to help preserve SALT, lower taxes, and cut costs for the families that I am honored to represent. Thank you.

[The statement of Ms. Gillen follows:]

Testimony of The Honorable Laura A. Gillen (NY-04)

"Member Day Hearing"

House Committee on Ways and Means

January 22, 2025

Chairman Smith, Ranking Member Neal, and Members of the House Committee on Ways and Means,

Thank you for the opportunity to appear before you today to highlight a critical priority of my constituents in the Fourth Congressional District of New York.

As members of the chief tax-writing committee in Congress, you will play a major role in the upcoming reauthorization of the 2017 Tax Bill.

Without a doubt, the single most urgent and important tax priority for my constituents on Long Island is the need to eliminate the cap on and fully restore the State and Local Tax Deduction.

As you know, since the federal income tax was first established in 1913, Congress made state and local taxes deductible from federal income. They did so out of recognition that double-taxation of Americans is simply unfair.

The SALT deduction allowed hardworking men and women I represent on Long Island, who pay some of highest taxes in the country -- to deduct the full amount that they pay in state income and local property taxes, before paying what they owe in federal taxes.

This important, bipartisan feature of the tax code stood the test of time for more than 100 years. As you know, the 2017 tax bill did away with this provision, gutting and capping the SALT deduction, and imposing double-taxation on my constituents and an estimated 11 million Americans.

By capping and scrapping the full SALT deduction, the 2017 Tax Bill has made life even more expensive for my constituents. Prior to the cap, nearly 50 percent of all taxpayers in my district used the SALT deduction, with Nassau County residents deducting $26,259 on average, more than double the current, $10,000 cap.

I've heard from countless hardworking families in my district over the past few years who've had to pay tens of thousands of dollars more in taxes, making their lives even more expensive, and adding to the cost-of-living crisis on Long Island.

I'm committed to reversing the harmful SALT cap and cutting taxes for my constituents. This is a critical, commonsense concern in my district that affects hardworking, middle-class families.

That is why, in my first week in Congress, I sent a letter to House and Senate leadership, calling for immediate, bipartisan negotiations to reinstate SALT.

I know there is strong support for getting this done in the upcoming reconciliation package among many House Republicans and Democrats from New York, and many other states -- as well as from President Trump, who as we all know, has now promised to "get SALT back."

That's why I recently sat down with my colleagues in the bipartisan SALT Caucus to discuss the path forward on reconciliation, and our belief in the need to restore SALT for all our constituents.

Last week, I was also proud to my Republican colleague, Representative Andrew Garbarino, and twenty cosponsors on both sides of the aisle, in introducing H.R. 430, the *SALT Deductibility Act.* I strongly urge the committee to swiftly consider this important bill to restore the full deduction that taxpayers had before -- and still deserve.

I will continue working across the aisle on good-faith negotiations to deliver a tax cut for Long Island.

Mr. Chairman and Ranking Member, thank you for your time today and your work on this Committee to help serve the American people. I look forward to working with you and all our colleagues to help preserve SALT, lower taxes, and cut costs for the families I am honored represent.

Chairman SMITH. Thank you. I now recognize Representative Erin Houchin, the gentlewoman from Indiana. Mrs. Houchin is a small business owner, which makes her an incredible advocate for small businesses and working families in her district. In addition to serving on the Financial Services Committee, she is our House-elected Conference Secretary in leadership.

Welcome.

STATEMENT OF THE HON. ERIN HOUCHIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mrs. HOUCHIN. Thank you, Chairman Smith and Ranking Member Neal. Thank you for the opportunity to speak here today on the tax issues that are most important to families and small businesses in my district.

I want to start by discussing one of the most important provisions we have in the federal tax code: the Low-Income Housing Tax Credit. Since LIHTC was first created as part of the Tax Reform Act of 1986, this program has become the most important and powerful tool at the federal level for the development of affordable housing. From districts like mine in southern Indiana to urban centers like Chicago and New York, LIHTC has been used to build and maintain low-cost housing for Americans across the country.

As this committee begins the work this Congress to incentivize growth and give more families the tools they need to achieve the American dream, I hope the committee also takes time to consider legislation to expand and improve this program, including through proposals like my friend Representative LaHood's Affordable Housing Credit Improvement Act, which I was proud to cosponsor last Congress.

Another issue that is of great importance to my constituents is the immediate expensing for research and development expenditures. Beginning in 2022, companies that invest in R&D are no longer able to immediately deduct these expenses, marking the first time since 1954 that these expenses have been amortized over five years. While this change may seem insignificant, the truth is it has made it more difficult for American companies to innovate and compete with foreign firms. This is why I was proud to cosponsor Representative Estes' American Innovation and R&D Competitiveness Act last Congress, which would revert this change and again allow continued expensing for these expenditures in the years in which they are incurred.

I also want to briefly touch on a topic that I have heard about from many stakeholders in my district: energy tax credits. Under President Trump Americans are excited to see an all-of-the-above approach to energy, embracing new and old technologies to address our energy crisis and decrease costs for all Americans. As you move forward, I ask you to proceed with caution when addressing provisions that have incentivized the onshoring of technology and manufacturing, resulting in billions of dollars in U.S. investments and thousands of jobs, both throughout my district and across the country. Upending these incentives could have severe economic consequences if not approached thoughtfully. So when considering the future of energy tax credits I urge the committee to take a surgical

approach, with particular interest in the investments that have already been made.

Finally, I want to mention how important it is that we move expeditiously toward a single, powerful reconciliation bill. One of the greatest accomplishments of the previous Trump Administration was the enactment of the Tax Cuts and Jobs Act. Under the Trump tax cuts, American families and workers had more money in their pockets, businesses were given more tools to flourish, and our economy grew at a faster rate than what projections thought was possible.

With President Trump back in office, Americans across the country, including in my district, are excited about the possibility of a new golden age of growth and prosperity. In order to achieve this, however, we need to build upon the previous Trump Administration's success and protect working families from impending tax hikes.

Chairman Smith, I know you are aware of how important it is that we provide the necessary tax relief to American workers, families, and businesses to ensure that our economy stays competitive and continues to grow toward its full potential. If we don't, we risk falling behind and losing what makes the United States the best place to work, to innovate, and succeed. That is why it is important that we get to work on one, big, beautiful bill that will set America on the right track by securing our border, ensuring energy independence, and making sure that Americans can keep more of their hard-earned money.

Thank you again to Chairman Smith and Ranking Member Neal for the opportunity to discuss the important priorities for the 9th district of the State of Indiana.

[The statement of Mrs. Houchin follows:]

Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to speak here today on the tax issues that are most important to families and small businesses in my district.

(LIHTC/Low-Income Housing Tax Credit)

I want to start by discussing one of the most important provisions we have in the federal tax code – the Low-Income Housing Tax Credit.

Since LIHTC ("lie-tech") was created as part of the Tax Reform Act of 1986, this program has become the most important and powerful tool at the federal level for the development of affordable housing. From districts like mine in southern Indiana to urban centers like Chicago and New York, LIHTC has been used to build and maintain low-cost housing for Americans across the country.

As this Committee begins its work this Congress to incentivize growth and give more families the tools they need to achieve the American Dream, I hope that the Committee also takes time to consider legislation to expand and improve this program, including through proposals like my friend Rep. LaHood's Affordable Housing Credit Improvement Act, which I was proud to cosponsor last Congress.

(R&D Immediate Expensing)

Another issue that is of great importance to my constituents is immediate expensing for research and development expenditures.

Beginning in 2022, companies that invest in R&D are no longer able to immediately deduct these expenses, marking the first time since 1954 that these expenses have to be amortized over 5 years. While this change may seem insignificant, the truth is that it has made it more difficult for American companies to innovate and compete with foreign firms. This is why I was proud to cosponsor Rep. Estes's American Innovation and R&D Competitiveness Act last Congress, which would revert this change and again allow continued expensing for these expenditures in the years in which they are incurred.

(IRA Tax Credits)

I also want to briefly touch on a topic that I've heard about from many stakeholders in my district – energy tax credits. Under President Trump, Americans are excited to see us take an "all-of-the-above" approach to energy, embracing new and old technologies to address our energy crisis and decrease costs for all Americans. As you move forward, I ask that you proceed with caution when addressing provisions that have incentivized the onshoring of technology and manufacturing, resulting in billions of dollars in US investments and thousands of jobs both throughout my district and across the country. Upending these incentives

could have severe economic consequences if not approached thoughtfully.

(One big, beautiful bill)

Finally, I want to mention how important it is that we move expeditiously towards a single, powerful reconciliation bill. One of the greatest accomplishments of the previous Trump Administration was the enactment of the Tax Cuts and Jobs Act. Under the Trump tax cuts, American families and workers had more money in their pockets, businesses were given more tools to flourish, and our economy grew at a faster rate than what projections thought was possible. With President Trump back in office, Americans across the country, including in my district, are excited about the possibility of a new golden age of growth and prosperity. In order to achieve this, however, we need to build upon the previous Trump Administration's successes and protect working families from impending tax hikes.

Chairman Smith, I know you are aware of how important it is that we provide the necessary tax relief to American workers, families, and businesses to ensure that our economy stays competitive and continues to grow towards its full potential. If we don't, we risk falling behind and losing what makes the United States the best place to work, innovate, and succeed. That is why it is so important that we get to work on one big, beautiful bill that will set America on the right track by securing our border, ensuring energy independence, and

making sure that Americans can keep more of their hard-earned money.

Thank you again for the opportunity to discuss these important priorities. I yield back.

Mrs. HOUCHIN. I yield back.

Chairman SMITH. One, big, beautiful bill. Thank you, Mrs. Houchin.

I now recognize Representative John James, the gentleman from Michigan. Mr. James served our nation in the United States Army for eight years, and continues his service as a dedicated advocate for Michigan's 10th district. This is his second time testifying before the Ways and Means Committee.

Welcome back, my friend.

STATEMENT OF THE HON. JOHN JAMES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. JAMES. Thank you, Mr. Chairman. I appreciate your time.

I will just cut right to the chase. Let's not get it twisted. Every single Democrat is going to vote against this tax package, and I fear that our Republican colleagues are being played for their fools. Giving carte blanche to blue-state governors to continue to enact laws and regulations that will hurt their people and increase with perverse incentives to do the right things is not necessarily what we should be doing.

There are Republicans that are very good friends and colleagues—D'Esposito, Molinaro, Garcia, and Steele—who are at home right now who made the same SALT argument. And for the remaining five of our very dear colleagues who are pushing very hard for the SALT cap raising, for the increase in cost of $225 billion over the next decade, that is $45 billion per seat. How much are we willing to pay for a seat? We need to ask ourselves this question: Are we willing to pay for certain things at the expense of the rest of America? I think that we have a number of things that will benefit all Americans, regardless of where we live, and that is where I would like to focus today, Mr. Chairman.

It is great to be back here in 119th Congress, and I believe that we have to make sure that we ensure that the best avenue of prosperity is through education. I particularly want to highlight this path of prosperity through the Educational Choice for Children Act, legislation intended to expand education freedom and opportunity for students.

And I appreciate our colleague from Nebraska, Mr. Adrian Smith, for leading on these efforts, and I look forward to working with all my colleagues in these months ahead to get this bill for consideration on the House floor. We must continue to prioritize reforms to education that expand choice, and the best way to do that is to put parents back in the driver's seat. I believe firmly that when you give parents choice, you give students a chance.

In addition, I believe the Child Tax Credit, a responsible approach to addressing the provisions in the Inflation Reduction Act, must also be a part of this important debate on how we restore economic prosperity here in America—again, a much better use of money for all Americans than just a few on the coast. My bill from the 118th Congress, Reignite Hope Act, would increase the Child Tax Credit from $4,500 for each child from 0 to 5, and $3,500 for each child 6 to 17.

After four years of reckless Federal spending and terrible economic policies out of the Biden-Harris Administration, parents in

my district and districts all over the country are pleading for some relief. They have paid upwards of $6 for gas, $10 for a dozen eggs, and $7 for milk. Now more than ever, parents across the country deserve relief, proven relief. The Child Tax Credit works.

Lastly, everyone in this room knows there are a multitude of concerns about IRA. I share those concerns. The IRA, which did exactly the opposite of its name, was a radical attempt to institute the left-wing wish list of the Green New Deal agenda. EV mandates, which have already cost thousands of good-paying jobs in Michigan, removed consumer choice from the free market and made us reliant on China, enabled child slave labor in the Congo, and widely prevalent EV supply chain risks. I am thrilled that the House, along with President Trump, have made the elimination of job-killing EV mandates a priority, as I led the EVCRA last Congress. We are going to redouble those efforts.

And I would like to echo the comments of my great friend and colleague, Representative Houchin, when she mentioned we have to go at this with a scalpel and not a chainsaw. I ask that we proceed with caution when looking to address the provisions of the IRA that have incentivized onshoring the future of automotive jobs, manufacturing, and increasing our capacity. I do believe that history will show the United States government does have a role in increasing capacity, and our ability to bring economic prosperity to our people, and to defend ourselves through our manufacturing prowess. While the bulk of the IRA is damaging policy, we must not neglect the sector-wide energy tax provisions that manufacturers and job creators rely on in my district and around the country.

Additionally, it is critical that we continue to manufacture and assemble semiconductor chips here in America. We cannot rely on our foreign adversaries to produce and manufacture our means of self-defense and survival. We can and we must repatriate American jobs, reinvigorate the manufacturing golden age in this country while mitigating the national security risk. If we continue to assemble semiconductor chips here in America, we will be in a much better position. I encourage this committee to continue to consider addressing provisions from past legislation regarding our chip supply chain.

We have to walk and chew gum at the same time, Mr. Chairman, and I am confident with your leadership we will. I appreciate the time here to speak today, and I want to say a particular thank you for working with your staff. We are working on a way that we can help, in a conservative manner, students with their loan debt while also addressing our mandatory spending and the liability we have in the long term.

And with that, Mr. Chairman, thank you for your time. I yield.

[The statement of Mr. James follows:]

Thank you, Mr. Chairman –

It's great to be back for Member Day in the 119th Congress, and I appreciate you opening up your committee to members to discuss key tax policy ideas ahead of what should be a very busy next few months with tax reforms.

I'm excited to get to work this Congress with my colleagues and the Trump Administration to deliver his America First agenda for the people of this great nation.

In my district, Michigan's 10th Congressional District, people are looking to us and the President to restore economic prosperity and unleash the American economy once again. Together, we can begin a new Golden Age in America!

Mr. Chairman, I believe there should be many pathways to prosperity.

I want to particularly highlight the path to prosperity through education. And I'm here to urge support of the Educational Choice for Children Act (ECCA), legislation to expand education freedom and opportunity for students. I appreciate our colleague from Nebraska, Adrian Smith, for leading on these efforts—and I look forward to working with my colleagues in the months ahead to see this bill get consideration on the House floor.

We must continue to prioritize reforms to education that expand choice. The best way to do this is to put our parents back in the driver's seat--and give them more control in choosing the educational pathway that makes the most sense for their child. I believe firmly that when you give parents a choice, you give students a chance.

School choice is a proven way to put America's children on the path to prosperity. And I look forward to supporting the ECCA in the 119th – and I urge my colleagues to do the same.

In addition, I believe the Child Tax Credit and a responsible approach to addressing the provisions from the Inflation Reduction Act (IRA) must also be a part of this important debate on how we restore economic prosperity here in America.

My bill from the 118th Congress, the Reignite Hope Act, would increase the child tax credit $4,500 for each child 0 to 5, and $3,500 tax credit for each child 6 to 17.

After four years of reckless federal spending and terrible economic policies out the Biden-Harris Administration, parents in my district are PLEADING to get them some relief. They've paid upwards of $6 for gas, $10 for a dozen eggs, $7 for milk. Now more than ever, parents across the country deserve relief—and the Child Tax Credit would be a great, commonsense start at delivering for them.

Lastly, everyone in this room knows there are a multitude of concerns about the IRA, and I share those concerns with you.

The IRA, which did exactly the opposite of its name, was a radical attempt to institute the left-wing wish list of a Green New Deal agenda.

EV mandates, which have already cost thousands of good-paying Michigan jobs, removed consumer choice from the free market, made us reliant on China, and enabled child and slave labor which is widely prevalent in the EV supply chain.

I'm thrilled that the House, along with President Trump, have made the elimination of job-killing EV mandates a priority.

However, I ask that you proceed with caution when looking to address provisions of the IRA that have incentivized the onshoring of the future of automotive jobs, which brought billions of dollars in US investments and thousands of jobs created right here.

While the bulk of the IRA is damaging policy, we must not neglect the sector-wide energy tax provisions that manufacturers and job creators in my district rely on. We stand to lose too many American jobs.

Additionally, it's critical that we continue to manufacture and assemble our semiconductor chips here in America. We cannot rely on a foreign adversary to produce and manufacture our chips.

We can repatriate American jobs and reinvigorate a manufacturing golden age in this country, while mitigating National Security risk, if we continue to assemble semiconductor chips right here in the United States. I encourage the committee to consider this when addressing provisions from past legislation regarding our chips supply chains.

We must walk and chew gum at the same time. We can, and must, remove the harmful provisions of the IRA, while keeping in place the policies that we know work to create American jobs.

Mr. Chairman, I appreciate the time to speak with you here today.

I urge the support of my colleagues on these policies mentioned today – that are among the top concerns of my constituents in Michigan's 10th Congressional District.

Thank you Mr. Chairman, I Yield Back.

Chairman SMITH. Thank you, Mr. James. I now recognize Representative Keith Self, the gentleman from Texas. As well, he is a 25-year Army veteran who is now serving the people of north Texas. Mr. Self is a champion for tax fairness for every region of the country.

Mr. Self.

STATEMENT OF THE HON. KEITH SELF, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. SELF. Thank you, Mr. Chairman and members of the Committee. I am here today to express my opposition to raising the State and Local Tax deduction cap, commonly referred to as the SALT cap.

The implications of this deduction are severe, and it is imperative that we consider who in this nation truly bears the cost. Raising the SALT cap would unfairly punish residents of places like my home state of Texas and other states that have no state income tax and are properly governed. Residents in these states have made deliberate choices to keep taxes low and prioritize fiscal responsibility. Yet under a higher SALT deduction their hard-earned dollars would effectively subsidize residents of high-tax states that often demonstrate a pattern of fiscal irresponsibility.

Is it fair to ask a hard-working Texan to shoulder the financial burden of another state's poor policy choices? Let's take a closer look at some of these policy choices. High-tax states like New York and California have adopted agendas that prioritize wasteful spending over sound governance. They funnel billions into programs that promote divisive diversity, equity, and inclusion initiatives, burden businesses with costly regulations under the guise of a Green New Deal, and allocate taxpayer dollars to provide benefits to illegal immigrants. These are policies that not only strain their budgets, but also fail to address the core needs of their residents such as public safety, infrastructure, and education.

Supporters of raising the SALT cap often argue that it is about fairness, claiming that it will ease the tax burden on middle-class families in the high-tax states. But let's be clear. This is a tax break that overwhelmingly benefits the wealthiest households. According to the non-partisan Tax Policy Center, nearly 90 percent of the benefits of removing the SALT cap would go to households earning $200,000 or more per year. Meanwhile, middle-class families in fiscally responsible states see no relief, only an increasing Federal tax burden because of these subsidized deductions.

Raising the SALT deduction incentivizes states to continue their irresponsible practices, knowing they can shift the financial burden to the Federal level and to Texans. This undermines accountability and creates a moral hazard, where leaders in high-tax states have little incentive to enact reforms or control their spending. Our tax policy should reward responsibility, not penalize it. It should encourage states to live within their means, not enable fiscal recklessness.

Raising the SALT deduction cap does the opposite. It is a giveaway to the wealthy in states that prioritize the woke agenda over good governance, and it is paid for by the hard-working taxpayers in states that do things right. In the words of President Reagan,

we can lecture our children about extravagance until we run out of voice and breath, or we can cut their extravagance by simply reducing their allowance. Reagan's words resound profoundly today. Eliminating the SALT deduction is a critical step toward curbing the fiscal excesses of high-tax states while ensuring fairness for taxpayers nationwide.

[The statement of Mr. Self follows:]

Thank you, Mr. Chairman, and members of the committee.

I am here today to express my opposition to raising the State and Local Tax deduction cap, commonly referred to as the SALT cap. The implications of this deduction are severe, and it's imperative that we consider who in this nation truly bears the cost.

Raising the SALT cap would unfairly punish residents of places like my home state of Texas, and other states that have no state income tax and are properly governed. Residents in these states have made deliberate choices to keep taxes low and prioritize fiscal responsibility.

Yet, under a higher SALT deduction, their hard-earned dollars would effectively subsidize residents of high-tax states that have often demonstrated a pattern of fiscal irresponsibility. Is it fair to ask a hardworking Texan to shoulder the financial burden of another state's poor policy choices?

Let's take a closer look at some of those policy choices. High-tax states like New York and California have adopted agendas that prioritize wasteful spending over sound governance. They funnel billions into programs that promote divisive Diversity, Equity, and Inclusion (DEI) initiatives, burden businesses with costly regulations under the guise of a "Green New Deal," and allocate taxpayer dollars to provide benefits to illegal immigrants. These are policies that not only strain their budgets but also fail to address the core needs of their residents, such as public safety, infrastructure, and education.

Supporters of raising the SALT cap often argue that it's about fairness, claiming that it will ease the tax burden on middle-class families in high-tax states. But let's be clear: this is a tax break that overwhelmingly benefits the wealthiest households. According to the nonpartisan Tax Policy Center, nearly 90% of the benefits of removing the SALT cap would go to households earning $200,000 or more per year. Meanwhile, middle-class families in fiscally responsible states see no relief, only an increasing federal tax burden because of these subsidized deductions.

Raising the SALT deduction incentivizes states to continue their irresponsible practices, knowing that they can shift the financial burden to the federal level. This undermines accountability and creates a moral hazard, where leaders in high-tax states have little incentive to enact reforms or control their spending.

Our tax policy should reward responsibility, not penalize it. It should encourage states to live within their means, not enable fiscal recklessness. Raising the SALT deduction cap does the opposite. It's a giveaway to the wealthy in states that prioritize the Woke Agenda over good governance, and it's paid for by the hardworking taxpayers in states that do things right.

In the words of President Reagan: "We can lecture our children about extravagance until we run out of voice and breath. Or we can cut their extravagance by simply reducing their allowance." Reagan's words resonate profoundly today. Eliminating the SALT deduction is a critical step toward curbing the fiscal excesses of high-tax states while ensuring fairness for taxpayers nationwide.

Mr. SELF. Thank you, Mr. Chairman.

Chairman SMITH. Thank you, Mr. Self. I now recognize representative Chuck Edwards, the gentleman from North Carolina. Mr. Edwards serves on the Appropriations and Budget Committees, and this is his second time testifying at the Member Day.

So welcome back.

STATEMENT OF THE HON. CHUCK EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. EDWARDS. Mr. Chairman and fellow committee members, I would like to start by thanking you for the chance to speak on behalf of the people of my district during this member session on four key ideas, and I will be brief on each of those.

First is wasteful spending. I am sure that we can all agree that one of the former administration's most troublesome traits was finding new ways to waste taxpayer money. One prime example is the direct file program by the Internal Revenue Service. In 2024 the IRS spent over $24 million launching the Direct File Tax Preparation program, which has less than a one percent use rate this year. This year the IRS is spending millions more to relaunch that program.

Last week, Representative Adrian Smith and I introduced—and thank you, Representative Smith—the Fair Preparation Act, which would prohibit the IRS from implementing the direct file program or any other similar tax preparation program. Simply put, the IRS should not be both tax preparer and tax auditor for the American people.

Shifting gears, last year I spoke to this committee about an issue plaguing our national unemployment system. Federal law requires that Americans on unemployment search for and accept work, but it does not require that they interview for a job when offered, which is arguably the most important part of a job search. We must protect the integrity of our unemployment system, and that is why I introduced the Unemployment Integrity Act last Congress and I plan to do so again this year.

The Unemployment Integrity Act makes showing up to an interview a mandatory part of the job search, and it strengthens audit requirements to protect against further abuse of our unemployment system. This is a simple, common-sense way to protect against fraud and to return dignity to our unemployment system.

Last year I also spoke to you about difficulties communities face getting environmentally contaminated sites called brownfields and Superfund sites developed. To address this issue and to spark economic development in historically untouched areas, I introduced the Economic Opportunity for Distressed Communities Act. This act would designate hazardous waste sites as opportunity zones, encouraging cleanup, development, and revitalization of areas that may otherwise sit contaminated for decades to come. This act is a must, and a very simple modification to the Tax Cuts and Jobs Act of 2017.

Finally, last September my district was ravaged by Hurricane Helene. Water crested as high as 40 feet in some areas of North Carolina's mountains, and recovery continues to be a challenge. One solution that I am urging this committee to consider is desig-

nating disaster-declared areas from Hurricane Helene as opportunity zones, as was done in 2005 in the Gulf Opportunity Zone Act.

While the GO Zone Act of 2005 is markedly different than the current opportunity zone program that we know today, I believe that the western North Carolina mountains who is occupied by hard-working folks and were uprooted by Helene and deserve the same important investments as communities affected by Hurricanes Katrina, Rita, and Wilma in the early 2000s (sic).

I am currently working on legislation in this area, and I ask you to work with me to ensure western North Carolina has access to every available resource to recover from the devastation of Hurricane Helene. Thank you.

[The statement of Mr. Edwards follows:]

Rep. Chuck Edwards
Ways & Means Member Day Hearing
January 2025

Mr. Chairman and fellow Committee Members, I would like to start by thanking you for the chance to speak on behalf of the people of my district.

As many of you may know, I'm lucky to be representing the beautiful mountains of Western North Carolina. The people of my district, like many you've heard from today, share an interest in cutting wasteful government spending, eliminating fraud in federal programs, and sparking economic development in rural communities. I'd like to speak on each of those points for a moment, before turning our focus to another area my community desperately needs help in.

First, is wasteful spending. I'm sure we can all agree that one of the former administration's most troublesome traits was finding new ways to waste taxpayer money. One prime example is the Direct File program by the Internal Revenue Service.

In 2024, the IRS spent over $24 million dollars launching the Direct File tax preparation program, which had less than a 1% use rate. This year, the IRS is spending millions more to relaunch the program. Last week, Rep. Adrian Smith and I introduced the FAIR PREP Act, which would prohibit the IRS from implementing the Direct File program, or any similar tax preparation program. Simply put, the IRS should not be both tax preparer and tax auditor for the American people.

Shifting gears, last year I spoke to this committee about an issue plaguing our nation's unemployment system. Federal law requires that Americans on unemployment search for and accept work, but it does not require that they interview for a job when offered, which is arguably the most important part of a job search.

We must protect the integrity of our unemployment system. That's why I introduced the Unemployment Integrity Act last Congress, and plan to do so again this year. The UI Act makes showing up to an interview a mandatory part of the job search and strengthens audit requirements to protect against further abuse of our UI system. This is a simple, commonsense way to protect against fraud and return dignity to our unemployment system.

Last year, I also spoke to you about difficulties communities face getting environmentally contaminated sites, called brownfields and Superfund sites, developed. To address this issue, and to spark economic development in historically untouched areas, I introduced the Economic Opportunity for Distressed Communities Act. This Act would designate hazardous waste sites as Opportunity Zones, encouraging clean-up, development, and revitalization of areas that may otherwise sit contaminated for decades to come.

Finally, last September, my district was ravaged by Hurricane Helene. Water crested as high as 40 feet in some areas of NC's mountains, and recovery continues to be a challenge. One solution that I am urging this committee to consider is designating disaster declared areas from Hurricane Helene as Opportunity Zones, as was done in 2005 in the Gulf Opportunity Zone Act of 2005. While the GO Zone Act of 2005 is markedly different than the current Opportunity Zone program that we know today, I believe that Western North Carolinian's whose lives have been uprooted by Helene deserve the same important investments as the communities affected by

Hurricanes Katrina, Rita, and Wilma back in the early 2000s. I am currently working on legislation in this area, and ask that you work with me to ensure WNC has access to every available resource to recover from the devastation of Hurricane Helene.

Thank you again for letting me testify on behalf of the people of Western NC. I urge you to consider moving each of the bills I have mentioned today, and I yield the remainder of my time.

Chairman SMITH. Thank you, Mr. Edwards. I now recognize Representative Wesley Hunt, the gentleman from Texas. Mr. Hunt is a decorated military veteran who serves on the Natural Resources and Judiciary Committees.

Welcome.

STATEMENT OF THE HON. WESLEY HUNT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. HUNT. Thank you, Mr. Chairman, thank you, Ranking Member Neal, for the opportunity to speak in support of my bill, the POWER Act. This bill will establish a tax credit for Americans who have been affected by natural disasters to purchase an emergency generator.

As a native Houstonian, I am too familiar with hurricanes and the devastating impact they can have on cities and families. I also know the lifesaving impact that generators can have during these tragic times. Natural disasters such as tornadoes, fires, hurricanes, and blizzards are an unfortunate part of life in our country, and each state encounters its own unique type of natural disaster. California endures wildfires, as we have tragically recently witnessed. Gulf states like mine in Texas, including many more, endure hurricanes. And northeasterners endure debilitating blizzards as we know, as well. As a real-time example in North Carolina, Americans are still waiting in long lines in the cold for propane tanks and heaters to stay warm after their community was destroyed by Hurricane Helene just a few months ago.

Access to a generator can help all Americans weather the storm, no matter which storm they face. Generators help families keep the lights on, keep medication and refrigerators cold, and keep the house warm when they need it the most. Americans need help when their electricity goes out. Americans need help purchasing lifesaving emergency generators. That is why my bill, the POWER Act, is necessary today.

The POWER Act will give Americans in disaster-affected communities a tax credit of up to $500 to purchase an emergency generator that will be valid for only two years after enactment. Even better, the POWER Act allows this tax credit to be used only for generators made right here in the United States. Under the POWER Act Americans will be safer and American companies will be stronger.

One way this tax credit could be paid for is by instituting a 50 percent tax credit on remittances from illegal aliens. The Texas Public Policy Foundation estimates that a remittance tax could generate around $23 billion, triple what the POWER Act would cost in total.

Not only is this issue important to me, my friends and neighbors in Texas, and the American people, but it is also important to President Trump. President Trump posted on Truth Social about this very issue on October 11, 2024. Mr. Chairman, I would like to submit a record of President Trump's October 11, 2024 Truth Social post concerning a tax credit for generators.

Chairman SMITH. So ordered.

[The information follows:]

TRUTH.

← **Truth Details**
1109 replies

Donald J. Trump
@realDonaldTrump

North Carolina, Georgia, Florida, Alabama, South Carolina, Tennessee and, always, Louisiana, Texas, and other States: Due to the unusual activity of Storms, Hurricanes, and Tornadoes, and other Natural Disasters, especially in well-reported parts of our Country, when I win the Presidential Election of 2024, on November 5th, the Most Important Day in the History of our Country, we are going to allow you, retroactive to September 1st, 2024, to purchase a Generator for your Home, which will, in so doing, entitle you to fully deduct the TOTAL cost of said Generator for Income Tax Purposes. With what our Country is going through, and with the poor response you're getting from the White House and the Federal Government, including Lyin' Kamala Harris and Crooked Joe Biden, this is something you fully deserve. This Tax Deduction is available until August 31st, 2025.

4.88k ReTruths **13.4k** Likes Oct 11, 2024, 1:52 PM

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Mr. HUNT. While I am here, I also can strongly advocate for the 45Q tax credit that allows oil and gas companies to invest in carbon capture and sequestration; 45Q is one of the biggest tax credits the federal government provides that allows energy companies to innovate for the future. For example, for a large part—the 45Q—the energy industry has reduced American carbon footprint immensely. But more importantly, they can utilize the captured carbon for what is known as enhanced oil recovery, which has resulted in the highest oil recovery efficiency of over 100 years.

To put it another way, 45Q is responsible for one of the largest innovative technologies in the world, and that is hydraulic fracturing. And thank God we have that today.

I would like to thank you so much for your time, and thank you for your consideration, and thank you for your work on this issue, sir. Thank you for having me.

[The statement of Mr. Hunt follows:]

Committee on Ways and Means Member Day Hearing
Wednesday, January 22, 2025
10:00 AM

Statement for the Record

- Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to speak in support of my bill, the POWER Act. This bill will establish a tax credit for Americans who have been affected by natural disasters to purchase an emergency generator.

- As a native Houstonian, I'm all too familiar with hurricanes and the devastating impact they can have on cities and families. I also know the life-saving impact that generators can have during these tragic times.

- Natural disasters, such as tornadoes, fires, hurricanes, and blizzards, are an unfortunate part of life in America, and each state encounters its own unique type of natural disaster.

- Californians endure wildfires, as we have tragically recently witnessed. Gulf State residents, including those in my home state of Texas, endure hurricanes. Northeasterners endure debilitating blizzards.

- As a real-time example, in North Carolina, Americans are ***still*** waiting in long lines in the cold for propane tanks and heaters to stay warm after their community was destroyed by Hurricane Helene months ago.

- Access to a generator can help all Americans weather the storm, no matter which storm they face.

- Generators help families keep the lights on, keep medication in refrigerators cold, and keep the house warm when they need it most.

- Americans need help when their electricity goes out.

- Americans need help purchasing life-saving emergency generators.

- That's why my bill, the POWER Act, is necessary.
- The POWER Act will give Americans in disaster-afflicted communities a tax credit of up to $500 to purchase an emergency generator that will be valid for only two years after enactment.
- Even better, the POWER Act allows this tax credit to be used only for generators made right here in the United States.
- Under the POWER Act, Americans will be safer, and American companies will be stronger.
- One way this tax credit could be paid for is by instituting a 50% tax on remittances from illegal aliens. The Texas Public Policy Foundation estimates that a remittance tax could generate around **$23 billion,** triple what the Power Act would cost.
- Not only is this issue important to me, my friends and neighbors in Texas, and the American people, but it's also important to President Trump.
- President Trump posted on Truth Social about this very issue on October 11, 2024.
- **Motion to Submit**: Chairman Smith, I'd like to submit to the record President Trump's October 11, 2024, Truth Social post concerning a tax credit for generators.
- While I'm here, I'd also like to strongly advocate for the 45-Q tax credit that allows oil and gas companies to invest in carbon capture and sequestration.
- 45Q is one of the best tax credits the federal government provides that allows energy companies to innovate for the future.

- For example, due in large part to 45-Q, the energy industry has reduced America's carbon footprint immensely.

- But more importantly, they can utilize the captured carbon for what's known as "Enhanced Oil Recovery," which has resulted in the highest oil recovery efficiency in over 100 years.

- To put it another way, 45-Q is responsible for one of the largest innovative technologies in the oil and gas industry since hydraulic fracturing was invented.

- I would like to thank the Ways and Means Committee for giving me the opportunity to speak about these vital issues for Americans. I urge you to advance the POWER Act and retain 45-Q this Congress as we work to extend President Trump's Tax Cuts and Jobs Act.

- I yield back my time.

Chairman SMITH. Thank you so much, Mr. Hunt, and I want to thank you all for your testimonies.

You are dismissed from the panel. And will the clerk please set up panel number four?

[Pause.]

I would now like to welcome our fourth panel of the day. Thank you all for taking time away from your busy schedules to testify to our committee. You each will have five minutes to deliver your remarks.

I now represent—recognize Representative Kevin Kiley, the gentleman from California. Mr. Kiley is an attorney and a teacher, and is currently serving in his second term in Congress. He is a member of the Judiciary, Education and Workforce, and Transportation and Infrastructure Committees.

Welcome.

STATEMENT OF THE HON. KEVIN KILEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. KILEY. Thank you, Mr. Chair. I appreciate the opportunity to testify, and I want to take a moment today to strongly urge the committee to raise the cap on the State and Local Tax deduction that was put in place in 2017.

In California, my constituents and all Californians pay among the highest taxes in the country, and placing this cap on the SALT deduction caused them to pay even more. And so this year we have an opportunity to provide some much-needed tax relief, and I will be strongly advocating for that every step of the way as we consider an extension and throughout the reconciliation process.

So as we are all aware, the SALT deduction allows filers to deduct up to $10,000 of certain state and local taxes from their taxable income. This cap was a major change from longstanding federal policy, which respected fiscal federalism between the federal government and state and local governments, and worked to protect taxpayers from a form of double taxation by forcing them to pay taxes on income that went to—not to their expenses, but to local governments.

The average itemized filer in each of the 10 counties in my district reported a SALT burden from 12,000 to $28,000 in 2021. In a state which already contributes more than any other in Federal taxes, this additional burden is difficult to bear. As the committee starts work on a new tax package, I am asking you to support raising the SALT deduction cap. The Ways and Means Committee has an opportunity here to adjust the previous policy in a way that will help hard-hit consumers and taxpayers by limiting double taxation and demonstrate that this Congress hears their concerns.

A second item that I would like to bring to the committee's attention is a bill that I have recently introduced called the No Medicaid for Illegal Immigrants Act. This bill prohibits states from using both federal and state Medicaid funds to provide services for illegal immigrants. I recognize that much of this jurisdiction might fall within other committees, but there are significant opportunities here to ensure that scarce health care dollars are properly focused on Americans and not those who have violated the law coming in to this country.

Border security, of course, is going to be a top priority for this Congress, and this is a particularly powerful tool to provide an added measure of security at our border and ensuring fiscal responsibility.

To take my state, for example, California has been steadily increasing the number of illegal immigrants who can receive Medicaid—we call it Medi-Cal—since 2019. In 2024 California completed its expansion of Medi-Cal for illegal immigrants, allowing individuals between the ages of 26 and 29 to receive all benefits afforded to citizens and legal immigrants. California's non-partisan Legislative Analyst's Office estimates that this will cost Californians $6.5 billion annually. That is $6.5 billion annually in taxpayer funds going to support free health care for those in our state illegally. My legislation will prevent states from spending billions of taxpayer dollars on benefits for those who are here illegally, while promoting fairness and fiscal responsibility.

Finally, I want to thank this committee for all its work on the Federal Disaster Tax Relief Act last Congress. This legislation was vital to my constituents because it allows wildfire settlements to be exempted from federal income taxes. Many of my constituents have been victims of wildfires in which there was a link to a utility. And for them to have to then pay taxes on their recoveries was fundamentally unjust and this legislation corrected that injustice and goes a long way—certainly doesn't restore or make them whole, but goes a long way towards giving folks the support that they need as they are recovering.

So I thank the committee for considering these very important issues for my district, for my constituents, and my state.

[The statement of Mr. Kiley follows:]

Talking Points For Ways and Means Member Day Hearing

- Thank you Chairman _____ and Ranking Member _____ for giving me the chance to testify in front of the Committee.
- I want to talk about three issues today that are pertinent to my constituents, as well as many other Americans across the Country.
- First, I want to bring up the state and local tax deduction or as it's more commonly referred to, SALT.
- As you are all aware, the SALT deduction allows filers to deduct up to $10,000 of certain state and local taxes from their taxable income.
- This cap was a major change from long-standing federal policy which respected fiscal federalism between the federal government and state and local governments and worked to protect taxpayers from a form of double-taxation by forcing them to pay taxes on income that went to not to their expenses but to local governments.
- The average itemized filer in each of the 10 counties in my district reported a SALT burden from 12k-28k in 2021. In a state which already contributes more than any other in federal taxes, this additional burden is difficult to bear.
- As the Committee starts work on a new tax package, I'm asking you to support raising the SALT deduction cap. The Ways & Means Committee has an opportunity here to adjust the previous policy in a way that will help hard hit consumers and taxpayers by limiting double-taxation and demonstrate that this Congress hears their concerns.
- The next item I want to bring up is my bill, the No Medicaid for Illegal Immigrants Act, which I introduced this week.
- This bill would prohibit states from using both federal and state Medicaid funds to provide services for illegal immigrants. I recognize that much of this jurisdiction is shared with ... ahem... another Committee, but there are significant opportunities here to ensure that scarce healthcare dollars are properly focused on Americans and not those who have abused our laws and borders.
- Border security is a top priority for my constituents, as is cutting back on wasteful spending.
- This bill will prevent states from spending billions of taxpayer dollars on benefits for illegal immigrants, while promoting fairness and fiscal responsibility.
- I wanted to end by thanking this Committee for all its work on the Federal Disaster Tax Relief Act last Congress.
- This legislation was vital to my constituents, because it allows wildfire settlements to be exempted from federal income taxes.
- Many of my constituents have been victims of wildfires caused by utilities.
- For years they've been fighting to keep their disaster settlements from being classified as income.
- When a fire devastates a community, families need every resource available to them to rebuild. This bill will allow them to file amended tax returns, and take back the money that is owed to them.
- While this money won't make them whole, it's one more step towards recovery.
- Once again, thank you for the opportunity to testify in front of this Committee, and with that I'll yield back.

Chairman SMITH. Thank you, Mr. Kiley. I now recognize Representative Nick LaLota, the gentleman from North Carolina. Mr. LaLota is a——

Mr. NEAL. New York.

Chairman SMITH. New York. Definitely not——

Mr. NEAL. Mr. Chairman, we anticipate what he is going to say. [Laughter.]

Chairman SMITH. I am looking forward to it. He is a champion for the people of New York, and has probably talked to me more about tax policy than most members of this conference, especially with a provision called SALT.

It is great to have you here, Mr. Lalota.

STATEMENT OF THE HON. NICK LALOTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. LALOTA. Thank you, Mr. Chairman. Mr. Chairman, my constituents need more SALT, and we in Congress should give it to them in this upcoming budget reconciliation.

The State and Local Tax deduction, commonly called the SALT deduction, is the number-one federal tax issue for Long Islanders. Discussions of SALT dominate not just the editorial pages, but conversations and diners and pizza places and delis and bagel stores all around Long Island. And we Long Islanders need SALT relief for reasons of Federal fairness and equity.

First, SALT bars double taxation of income, allowing the amount a federal taxpayer pays towards their state income and property taxes to be deducted from income taxable by the federal government.

Second SALT's roots in our tax code are as old as the federal income tax itself, both established in 1913.

Third, SALT's foundational principle is based in federalism, where states were meant to be a unique and driving governing force, and the federal government was meant to have limited power and spending.

Finally, since New York taxpayers receive far less back from Washington than we give, SALT helps make us a little more even with Uncle Sam.

Despite these points, some of my Democrat colleagues argue that SALT relief is welfare for the wealthy. With due respect, that couldn't be further from the truth. My district has the highest cost of living in the entire nation, driven by New York's staggering tax burden, the highest in the country. What might be considered a high income elsewhere barely keeps pace with expenses on Long Island.

And some of my own party argue that SALT relief is an improper subsidy for big, bloated state budgets like New York's. And I won't deny that Albany's government is oversize, wasteful, and mismanaged, but there is an inconvenient truth when it comes to federal subsidies: The largest blue states, like California and New York, contribute far more to Washington than they get in return. California taxpayers send $263 billion more to the federal government than it receives, while New York taxpayers send $136 billion more to Washington than we receive.

Said another way, California is ranked 43rd of the 50 states, getting just $0.65 back for every dollar they send to Washington. And New York is ranked 41st of the 50 states, receiving just $0.74 back for every dollar. New Jersey, who is for SALT, as well, is ranked 48 of 50, getting a mere $0.56 back for every dollar it sends to Washington. In fact, while the poorly run government of New York gets $0.74 back for every dollar we send to Washington, efficiently-run state governments like Kentucky get $1.89 for every dollar; Arizona, $1.71; and South Carolina too gets $1.71 for every dollar it sends to Washington.

I am not here to defend the tax-and-spend policies of my state, for those ill-fated policies that are the primary reason that New Yorkers are leaving for places like Florida and the Carolinas. But I am here to say that the assertion that my state's big, bloated government gets more than its fair share from Washington is not grounded in fact. To the contrary, hard-working Long Islanders and millions of others in high-tax states are already subsidizing the rest of the country. SALT relief simply ensures they aren't taxed twice on the same income. A higher cap on SALT, my colleagues from the Ways and Means Committee, will bring fairness and equity to this disparity.

Thank you, Chairman, for your time and I yield back.

[The statement of Mr. LaLota follows:]

House Ways and Means Committee
Full Committee Hearing
Member Day
Wednesday, January 22, 2025 at 10:00am
Longworth 1100

SUGGESTED STATEMENT:

Thank you Chairman for hosting this opportunity.

The State and Local Tax deduction, commonly called the SALT deduction, is not just the top tax issue for Long Islanders… it is the top issue.

If you asked any subset of people on Long Island what the first thing they want changed, nearly all would say they want their full SALT deduction back.

I hear it at every town hall or event in Suffolk County.

New York has the dubious distinction of having the highest combined income, property and sales taxes in the nation.

That's a problem created by Albany politicians.

Governor Hochul and the one-party leadership in Albany have made Long Island one of the most expensive places to live in the nation.

Albany Democrats must do more to repeal unfunded mandates and lower taxes statewide.

Long Island cannot continue to be a piggybank for the rest of the state.

New York is not alone. States like California, New Jersey, and Illinois have also adopted tax and spend policies to the detriment of the citizens.

While the SALT problem is created by Albany, my constituents know better than to rely on Albany to make their lives easier.

In Washington, we must raise/eliminate the SALT cap to make sure the middle class on Long Island can make ends meet.

One of the reasons I came to Washington was to lower the cost of living for families back on Long Island.

The Tax Cuts and Jobs Act marked a transformative moment in American economic growth.

Most of the country experienced unprecedented innovation and prosperity.

American competitiveness improved and we saw the best economy in recent history.

But not everywhere got to experience its full benefits.

Many Long Islanders actually saw their tax bills go up because of the creation of the SALT cap.

The imposition of a double tax on high-cost areas greatly diminished the simplification of the tax code and pro-growth policies.

When the Tax Cuts and Jobs Act passed in 2017, it passed with 12 Republican Nos.

This Congress, only two or three no votes would doom the tax package.

TCJA also sealed the fate of 17 members.

A $10,000 cap was not acceptable for those members and their constituents then and it will not be now.

Many members have argued that the SALT deduction is a bailout for blue states.

Respectfully, I and the facts disagree.

New York is actually a donor state.

For every dollar New York sends to the federal government, we receive 87 cents back.

The average state fairs much better.

The national average was $1.24 received for every dollar sent.

While New York would still be a donor state, repealing the SALT cap would help close this gap.

These are the middle-class families on Long Island that were hurt most by the creation of the SALT Cap in 2017.

Last Congress, I helped introduce the SALT Marriage Penalty Elimination Act.

My colleagues and I offered a solution that improved the life of the average middle class family.

Sadly, Democrats and some members of this committee voted against floor consideration.

I made a promise to my constituents that I would not support a tax package without a SALT fix. Since day one, I made that clear to my colleagues.

In January 2024 I upheld that promise. I voted against the Wyden-Smith tax bill because it failed to address the SALT cap.

This Congress, I hope we can work together to ensure that middle class families throughout the nation receive the full benefit of the tax package.

Chairman SMITH. Thank you, sir. I now recognize Representative Ashley Hinson, the gentlewoman from Iowa. She joined us back in August for our hearing at the Iowa State Fair.

So we heard from you the priorities of Iowans in the Trump tax cuts. It is great to have you back with us.

STATEMENT OF THE HON. ASHLEY HINSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mrs. HINSON. Thank you, Mr. Chairman, and thank you, Ranking Member Neal and my colleagues on this committee, for having this very important Member Day hearing to hear about the most important tax issues facing Iowa families and American families.

We are really approaching a critical inflection point in our tax policy this year, as we all know. The 2017 Tax Cuts and Jobs Act provided tremendous opportunities for Iowa businesses to grow and expand and for working families to truly thrive. In sectors like manufacturing the Tax Cuts and Jobs Act spurred five million new jobs, one of the many resulting accomplishments of this legislation. And Members of Congress and this committee have the chance now to build on the success of these tax cuts to continue to foster economic growth, especially in rural communities like those that I am proud to represent in Iowa.

As our foreign adversaries like China continue to invest in research and work to gain control of critical supply chains, it has never been more important for Congress to commit to pro-growth tax policy that secures American leadership on the global stage. To do so, reaffirming our support for American small businesses will be a vital step to ensure the United States remains the best place to do business globally.

Small businesses are the foundation of Iowa's economy, making up over 99 percent of Iowa businesses and employing over half of our state's workforce. Permanently extending key provisions of the TCJA, including section 199A deduction, will help small businesses continue to invest in their operations and employees.

Additionally, Congress can continue to support research and development by domestic manufacturers by extending key policies like immediate expensing for research and development.

Congress should also maintain and expand policies that allow Americans to pass their operations on to the next generation. Preserving essential tax tools like stepped-up basis will ensure that Iowa farmers can keep those farms in the family.

I am also supportive of efforts led by my fellow Iowan, Congressman Randy Feenstra, to permanently eliminate the death tax, which would help Iowans pass on those family farms and small businesses without extreme tax burdens from the federal government.

As a mom to two boys, I know the importance of providing tax relief to working families. The Trump tax cuts significantly expanded the Child Tax Credit, providing necessary support to millions of American families. Building on those improvements, I introduced the Providing for Life Act to continue prioritizing the needs of families and ensure that they have the have the resources to thrive. This comprehensive package supports families at every stage of life, including provisions for paid family leave, support for

expectant parents and pregnancy centers, and an Expanded Child Tax Credit with increased refundability and extended eligibility.

So these improvements, combined with continued commitment to support access to child care through the Child and Dependent Care Tax Credit, will help to reduce financial pressure on rural working families who often face really unique challenges such as limited job opportunities, longer commutes, and higher costs for many essential services.

And finally, I encourage the committee to double down on policies that help to support American energy dominance. Tax provisions that incentivize new investment in the production of liquid transportation fuels like biofuels, many made right in Iowa, will be a critical component of an energy strategy that bolsters our energy independence and lowers costs for consumers. This is especially important for my state. The biofuels industry contributes over $7 billion to our economy annually, and supports nearly 57,000 jobs across Iowa.

I appreciate the committee's attention to potential improvements for tax incentives, like the 45Z Clean Fuel Production Credit and the 40B Sustainable Aviation Fuel Credit. Ensuring that these are preserved and effectively implemented will support new opportunities for home-grown liquid transportation fuels, and continue to bring millions of dollars in private-sector investments to states like Iowa. As we like to say, it is an all-of-the-above and all-of-the-below strategy. Congress should ensure these credits are driven by the needs of producers, providing farmers with the flexibility that rewards them for their good practices while providing long-term certainty to make those new investments.

So again, I would like to thank the chairman, members of the committee for being here today and listening to us, for the opportunity to testify before you. By allowing Americans to keep more of their hard-earned money, keep it in their pockets, we are going to continue to support American competitiveness on the global stage and enact policies that will facilitate American energy dominance. We will continue to promote that economic growth and prosperity across the country.

Thank you, Mr. Chairman, I yield back.

[The statement of Mrs. Hinson follows:]

Testimony of Representative Ashley Hinson
Iowa's 2nd Congressional District
United States House of Representatives, Committee on Ways and Means
Member Day Hearing

January 22, 2025

Chairman Smith, Ranking Member Neal, and Members of the committee, thank you for hosting today's hearing to highlight some of the most important tax issues facing America's working families and small business owners.

We are approaching a critical inflection point for our federal tax policy in 2025. The 2017 Tax Cuts and Jobs Act provided tremendous opportunities for Iowa small businesses to grow and for working families to thrive. In sectors like manufacturing, the TCJA spurred five million new jobs – one of the many resulting accomplishments of this legislation. Members of Congress and this committee have the chance to build on the success of these tax cuts to foster economic growth, especially in rural communities like those I am proud to represent in Iowa.

As foreign adversaries like China continue to invest in research and work to gain control of critical supply chains, it has never been more important for Congress to commit to pro-growth tax policy that secures American leadership on the global stage. To do so, reaffirming our support for American small businesses will be a vital step to ensure the United States remains the best place to do business globally.

Small businesses are the foundation of Iowa's economy, making up over 99% of Iowa businesses and employing almost half of our state's workforce. Permanently extending key provisions of the TCJA, including the Section 199A deduction will help small businesses continue to invest in their operations and employees. Additionally, Congress can continue to support research and development by domestic manufacturers by extending key policies like immediate expensing for research and development.

Congress should also maintain and expand policies that allow Americans to pass their operations on to the next generation. Preserving essential tax tools like stepped-up basis will ensure that Iowa farmers can keep their farms in the family. That is why I'm supportive of efforts like those led by Congressman Feenstra to permanently eliminate the death tax, which would help Iowans pass on their family farms and small businesses without an extreme tax burden from the federal government.

As a mom of two boys, I also know the importance of providing tax relief to working families. The Trump Tax Cuts significantly expanded the Child Tax Credit (CTC), providing necessary support to millions of American families. These tax cuts doubled the CTC, increased its refundability, and raised the income threshold, allowing more hardworking American families to benefit from the full credit. Building on these improvements, I introduced the Providing for Life Act to continue prioritizing the needs of families and ensure they have the resources to thrive. This comprehensive package supports families at every stage of life, including provisions for paid family leave, support for expecting parents and pregnancy centers, and an expanded Child Tax Credit (CTC) with increased refundability and extended eligibility.

By broadening access to these benefits, this legislation will help reduce financial pressure on rural working families, who often face unique challenges such as limited job opportunities, longer commutes, and higher costs for essential services.

Finally, I encourage the committee to double down on policies that support American energy dominance. Tax provisions that incentivize new investment in the production of liquid transportation fuels – like biofuels – will be a critical component of an energy strategy that bolsters our energy independence and lowers costs for consumers. This is especially important for my state, as the biofuels industry contributes over $7 billion to our economy annually and supports nearly 57,000 jobs across the state.

I appreciate the committee's attention to potential improvements for tax incentives like 45Z Clean Fuel Production Credit and the 40B Sustainable Aviation Fuel Credit. Ensuring these credits are preserved and effectively implemented will support new opportunities for homegrown liquid transportation fuels and bring millions in private sector investments to states like Iowa. Congress should ensure that these credits are driven by the needs of producers, providing farmers with the flexibility that rewards them for their good practices while providing long-term certainty to make new investments.

I'd like to thank the Chairman and Members of the committee for providing the opportunity to testify today. By allowing Americans to keep more of their hard-earned money in their pockets, supporting American competitiveness on the global stage, and enacting policies that facilitate American energy dominance, Congress can promote economic growth and prosperity across the country.

Thank you, Mr. Chairman, and I yield back.

Chairman SMITH. Thank you, Mrs. Hinson. I now recognize the Resident Commissioner, Pablo José Hernández, the gentleman from Puerto Rico. Mr. Hernandez is a graduate of Harvard University and Stanford Law School, and just recently joined us this Congress.

So welcome.

STATEMENT OF THE HON. PABLO JOSÉ HERNÁNDEZ, A RESIDENT COMMISSIONER IN CONGRESS FROM THE TERRITORY OF PUERTO RICO

Mr. HERNÁNDEZ. Thank you, Chairman. Chairman Smith, Ranking Member Neal, and distinguished members of the Ways and Means Committee, thank you for the opportunity to testify before you today and share the issues that are critical to Puerto Rico's success.

As Puerto Rico's resident commissioner, I have three priorities: one, economic development, particularly through tax incentives that take advantage of Puerto Rico's unique status; two, equal treatment in federal programs; and three, the island's energy grids reconstruction. Since this is the Ways and Means Committee, I will focus on priority number one, tax incentives. My written statement will address the other two points.

Puerto Rico presents a valuable opportunity to help strengthen our supply chain resilience, reduce our reliance on China, and counter Chinese influence in the Americas. Our island combines a skilled workforce, a strategic location, and a special tax status, as Puerto Rico is generally exempt from federal income tax laws. This, along with being part of the U.S., has made us an attractive hub for manufacturing, particularly pharmaceuticals and an emerging air and space industry. For example, Puerto Rico leads the U.S. in pharmaceutical manufacturing and exports, contributing 19 percent of the $66 billion in pharmaceuticals exported in 2020. Additionally, in 2022 Puerto Rico's aerospace industry generated $625 million in annual revenue.

But Puerto Rico needs additional incentives to offset the cost of doing business in an island. We had incentives like that in the past, and they worked for the U.S., for Puerto Rico, and for the cause of freedom and democracy in the Caribbean region during the height of the Cold War. The phase-out of section 936, as that incentive was known, triggered an economic recession and Puerto Rico's eventual bankruptcy. Since then, Puerto Rico has barely seen any positive economic indicators. We need to do better. I urge this committee to explore modern tax incentives tailored to Puerto Rico's potential and America's challenges.

One promising bipartisan initiative is the Supply Chain Growth and Recovery Act, introduced by Congresswoman Malliotakis of this committee, which incentivizes investments in Puerto Rico to re-shore critical supply chains to the United States. This legislation not only supports our local economy and boosts domestic production, but also strengthens U.S. supply chain resilience and reduces reliance on foreign adversaries like China.

Another promising initiative is the Territorial Economic Recovery Act, introduced by Congresswoman Stacey Plaskett of this committee, which would restore favorable tax treatment for invest-

ments in U.S. territories and commonwealths, including the Virgin Islands and Puerto Rico. I rarely agree with him, but as White House trade councilor Pete Navarro said, "This is our chance to say China is fired, Puerto Rico is hired."

Mr. Chairman, I ask for unanimous consent to enter my full written testimony for the record.

Chairman SMITH. Without objection.

[The statement of Mr. Hernández follows:]

- **Chairman Smith, Ranking Member Neal, and distinguished Members of the Ways and Means Committee:**

- Thank you for the opportunity to testify before you today and share the issues that are critical to Puerto Rico's success.

- As Puerto Rico's Resident Commissioner and the representative of over 3 million U.S. citizens in Congress, my goal is to ensure that our island's economic development through small business incentives, federal program parity, and energy reconstruction remain at the forefront of legislative discussions here in Washington, D.C.

- **First, we must urgently address Puerto Rico's energy challenges.**

- As you know, Puerto Rico experienced a major power grid blackout on New Year's Eve, leaving the entire island without power.

- Our outdated energy infrastructure, coupled with the devastating impact of recent natural disasters like hurricanes and earthquakes, has created significant vulnerabilities for residents and businesses, hampering Puerto Rico's economic growth.

- Economic growth for small businesses relies on accessible and affordable energy.

- By advancing innovative, long-term solutions—such as expanded funding and tax incentives for economic development—we can accelerate energy reconstruction and transition Puerto Rico to a resilient, energy future that supports business success and sustainability.

- This is not just about modernizing infrastructure—it is about ensuring energy security for Puerto Rico while contributing

to broader U.S. energy goals and meeting the needs of small businesses.

- **Second, addressing long-standing inequities in federal programs is critical.**

- Residents of Puerto Rico continue to face disparities in key federal programs such as Medicare, Medicaid, and Supplemental Security Income (SSI).

- These inequities disproportionately harm our most vulnerable populations, particularly seniors and children while also hindering economic stability on the island.

- Additionally, the expansion of the Child Tax Credit (CTC) has significantly benefited families in Puerto Rico and across the country.

- This expansion increased eligibility from 20,000 to 225,000 families, providing an average of $4,700 per family and making a substantial impact in reducing child poverty.

- Unless Congress acts to extend these critical tax provisions, CTC is set to revert to $1,000 per child at the end of 2025.

- I urge Congress to extend and expand the Child Tax Credit (CTC) to benefit Puerto Ricans, and to enact long-term, equitable funding solutions that ensure stability and fairness in these essential programs.

- Addressing these disparities is also fostering sustained economic growth in Puerto Rico.

- **Third, restoring Puerto Rico's economic competitiveness and advancing its role in U.S.-Caribbean relations is essential for U.S. national security in the region.**

- Our island has historically served as a bridge between the United States and the Caribbean Basin.

- During the 1980s and 1990s, Puerto Rico's involvement in President Reagan's Caribbean Basin Initiative was instrumental to its success.

- Today, with China's growing influence in the region, Puerto Rico has a renewed opportunity to play a key role in securing stronger U.S.-Caribbean partnerships.

- The Caribbean region is ready for U.S. leadership, and Puerto Rico is the right partner and is uniquely positioned to help reaffirm American influence.

- One promising bipartisan initiative is the **Supply Chain Growth and Recovery Act**,

introduced by Congresswoman Malliotakis of this Committee, which incentivizes investments in Puerto Rico to reshore critical supply chains to the United States.

- This legislation not only supports our local economy and boosts domestic production but also strengthens U.S. supply chain resilience and reduces reliance on foreign adversaries like China.

- **In conclusion, Puerto Rico has been—and continues to be—a vital part of the United States.**

- I urge this Committee to prioritize Puerto Rico's inclusion in any legislation that comes out of the Ways and Means Committee, address inequities in federal programs, restore economic competitiveness, and invest in our energy future.

- These actions will not only strengthen Puerto Rico but also advance the interests of the United States as a whole.

- I extend a warm invitation to each member of this Committee to visit our beautiful island, where you can witness firsthand the resilience, potential, and pride of the Puerto Rican people.

- Thank you again for the opportunity to speak today.

- I look forward to working with you to advance policies that benefit Puerto Rico and our nation.

Mr. HERNÁNDEZ. Thank you.

Chairman SMITH. Thank you sir. I now recognize Representative Young Kim, the gentlewoman from California, Mrs. Kim made history when she became the first Korean-American woman to ever serve in the United States Congress. She serves on the Financial Services and Foreign Affairs Committee.

Welcome.

STATEMENT OF THE HON. YOUNG KIM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mrs. KIM. Thank you, Chairman Smith and Ranking Member Neal, members of this committee. Thank you for having this Member Day hearing to learn about our priorities for our respective districts.

I represent the hard-working people of California's 40th district. My constituents primarily reside in the counties of Orange and San Bernardino, and a small portion of Corona in the San Bernardino Riverside County. For most of my constituents, as I am sure many of your constituents, increasing living costs and home affordability are top of mind.

As the Ways and Means Committee begins the process of writing a tax package, I ask that your members consider fixing the State and Local Tax, SALT, deduction cap that is imposed by the Tax Cuts and Jobs Act.

The TCJA SALT cap also discriminated against families who filed their taxes jointly because it imposed the same 10,000 cap as individual filers. The committee must also consider fixing this marriage penalty.

The SALT deduction originated from the Revenue Act of 1913, which included a provision that allowed the deduction of state and local taxes in order to prevent double taxation. For over a century, the SALT deduction was a bedrock of tax law and allowed more families to keep more of their hard-earned money in their pockets. Unfortunately, the SALT cap made home ownership unattainable for districts like mine. According to the Federal Housing Finance Agency's National House Price Index, a metric of how selling prices for single family homes have changed, we saw an increase of 60 percent from July 2019 to July 2020. All the while, the SALT cap remains the same.

Fixing the SALT cap is not a red or blue state issue. It is all about making homes affordable for my constituents, no matter who they voted for.

I also would like to encourage the Committee to consider Representative LaHood's Affordable Housing Credit Improvement Act, which I have strongly supported as an original cosponsor. The bill would finance more affordable housing by expanding and strengthening the Low-Income Housing Tax Credit.

Additionally, I urge the Committee to follow the Speaker's thinking on the Energy Tax Credit enacted by the Inflation Reduction Act, and use a scalpel, not a sledgehammer, when thinking about which tax credits to repeal.

So Chairman Smith, members of the committee, I look forward to continuing to work with you and your team to address many of

my constituents' concerns. So thank you again for listening and for the opportunity to speak with you today.

[The statement of Mrs. Kim follows:]

CONGRESSWOMAN YOUNG KIM
WAYS AND MEANS COMMITTEE MEMBER DAY
WEDNESDAY, JANUARY 22ND, 2025
1100 LONGWORTH

SUGGESTED REMARKS

Thank you, Chairman Smith, and Ranking Member Neal, for convening this important Member Day hearing to learn about our priorities this Congress.

I represent the hardworking people of California's 40th District. My constituents primarily reside in the counties of Orange and San Bernardino, and a small portion of Riverside County. For most of my constituents – as I am sure many of your constituents – increasing living costs and home affordability are top of mind.

As the Ways and Means Committee begins the process of writing a tax package, I ask that your Members consider fixing the state and local tax, or SALT, deduction cap imposed by the Tax Cuts and Jobs Act, or TCJA. The TCJA SALT Cap discriminated against families who filed their taxes jointly because it imposed the

same $10,000 cap as individual filers. The Committee must also consider fixing this marriage penalty.

The SALT deduction originated from the Revenue Act of 1913, which included a provision that allowed the deduction of state and local states in order to prevent double taxation. For over a century, the SALT deduction was a bedrock of tax law and allowed more families to keep more of their hard-earned money in their pockets. Unfortunately, the Cap on SALT deductions made home ownership unattainable for districts like mine.

According to the Federal Housing Finance Agency's national House Price Index[1], a metric of how selling prices for single-family homes have changed, we saw an increase of nearly 60 percent from July 2019 to July 2024 all the while the SALT Cap remains the same.

[1] https://www.pewresearch.org/short-reads/2024/10/25/a-look-at-the-state-of-affordable-housing-in-the-us/

Fixing the SALT Cap is not a red or blue state issue – it's all about making homes affordable for my constituents no matter who they voted for.

I also would encourage the Committee to consider Rep. LaHood's Affordable Housing Credit Improvement Act, which I have strongly supported as an original cosponsor. The bill would finance more affordable housing by expanding and strengthening the Low-Income Housing Tax Credit. Mr. LaHood's bill would allow more affordable housing to be built for millions of families.

Additionally, I urge the Committee to follow the Speaker's thinking on some of the energy tax credits enacted by the Inflation Reduction Act and use a scalpel and not a sledgehammer when thinking about which tax credits to repeal.

Chairman Smith, I look forward to continuing to work with you and your team to address many of my constituents' concerns. Thank you for listening and for the opportunity to speak with you today. I yield back.

Mrs. KIM. I yield back.

Chairman SMITH. Thank you, Mrs. Kim. I now recognize Representative Mike Kennedy, the gentleman from Utah. Mr. Kennedy is a family physician, attorney, small business owner, and comes to Congress following his service in the Utah State Legislature.

Welcome.

STATEMENT OF THE HON. MIKE KENNEDY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. KENNEDY. Chairman Smith, thank you very much, and Ranking Member Neal. I am honored to be here. Frankly, I will just say I didn't know freshmen were even allowed in this room, let alone to be able to testify to this august body.

Thank you very much for allowing me to be here, and also for leading the charge to craft what President Trump has called one, big, beautiful bill, which I want to call B3 as a result of the way he alliterates that. Your vision and leadership will be crucial as we work to extend tax relief for workers, families, and businesses while reigniting our nation's economic engine.

President Trump's Tax Cuts and Jobs Act was a monumental step forward for our economy. It lowered taxes for hard-working Americans, created a surge in business investment, and increased opportunities for families across the country, including my own. Many of the key provisions of this historic law are set to expire, and we cannot allow the progress we have made to unravel. It is imperative that we extend these tax cuts as soon as possible to provide the stability and certainty that American families and businesses need to plan, grow, and thrive. Acting now ensures that we avoid unnecessary economic disruptions and solidify the foundation for sustained prosperity.

At the same time, we must honor President Trump's vision by ensuring this effort remains truly beautiful. That means cutting away any unnecessary complexity or provision that does not directly serve American taxpayers. A clean, focused and effective approach will deliver the maximum benefit to the American people and ensure this relief is felt where it is needed most.

Equally important is addressing the growing challenge of mandatory spending. Without reform, programs such as Medicaid will continue to drain our fiscal resources, limiting our ability to invest in key priorities. These programs are riddled with unchecked and unnecessary spending that diminishes their effectiveness and severely jeopardizes their financial sustainability. B3 will provide a critical opportunity to cut wasteful spending and improve program efficiency. And I will just say to the body I am invested in Medicaid reform. And any ideas that I can bring to the table, I would be honored to share those with you.

Mr. Chairman, President Trump is counting on us to deliver results, and so are the American people. Let's make his one, big, beautiful bill a reality by extending his tax cuts, refining the system, eliminating wasteful spending, and doubling down on economic policies that work for our country. Thank you for your leadership, and I look forward to working with you in this committee to achieve these critical results.

[The statement of Mr. Kennedy follows:]

Ways & Means Member Day Remarks – Congressman Mike Kennedy (UT-03)

Thank you, Mr. Chairman, for organizing this Member Day and for leading the charge to craft what President Trump has called "One Big Beautiful Bill" or "B-three". Your vision and leadership will be critical as we work to extend tax relief for workers, families, and businesses while reigniting our nation's economic engine.

President Trump's Tax Cuts and Jobs Act was a monumental step forward for our economy. It lowered taxes for hardworking Americans, created a surge in business investment, and increased opportunities for families across the country. Many of the key provisions of this historic law are set to expire, and we cannot allow the progress we have made to unravel.

It is imperative that we extend these tax cuts as soon as possible to provide the stability and certainty that American families and businesses need to plan, grow, and thrive. Acting now ensures that we avoid unnecessary economic disruptions and solidify the foundation for sustained prosperity.

At the same time, we must honor President Trump's vision by ensuring this effort remains truly "beautiful." That means cutting away any unnecessary complexity or provision that does not directly serve American taxpayers. A clean, focused, and effective approach will deliver the maximum benefit to the American people and ensure this relief is felt where it is needed most.

Equally important addressing the growing challenge of mandatory spending. Without reform, programs such as Medicaid will continue to drain our fiscal resources, limiting our ability to invest in key priorities. These programs are riddled with unchecked and unnecessary spending that diminishes their effectiveness and severely jeopardizes their financial sustainability. This bill provides a critical opportunity to cut wasteful spending and improve program efficiency.

Mr. Chairman, President Trump is counting on us to deliver results, and so are the American people. Let's make his "One Big Beautiful Bill" a reality by extending his tax cuts, refining the system, eliminating wasteful spending, and doubling down on economic policies that work for our country.

Thank you for your leadership, and I look forward to working with you and this committee to achieve these critical goals.

Mr. KENNEDY. And I yield back. Thank you, Mr. Chairman.

Chairman SMITH. Thank you for your testimony. You are dismissed from the panel. The clerk will set up panel five.

[Pause.]

I would now like to welcome our fifth panel of the day, and thank everyone for their time for their busy schedule right now (sic). You all have five minutes to deliver your remarks.

I now recognize representative Rich McCormick, the gentleman from Georgia. Dr. McCormick is a decorated veteran and an emergency room physician, and brings his expertise to the House Armed Services Committee, Science, Space, and Technology Committees.

Welcome.

STATEMENT OF THE HON. RICH MCCORMICK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. MCCORMICK. Thank you, Mr. Chair, and thank you for hosting, and all my esteemed colleagues on this committee that is so important to our future in America. I am really excited about the opportunities we have to trim some of the fat that we have, and actually address some issues that are going to lock in our prosperity for the next several years.

Our nation's tax code is a massive tool to drive the economic engine or to hinder it. With the impending Tax Cuts and Jobs Act tax provisions that we must sustain, it is not a tax cut, it is a sustainment of something that keeps us competitive in the world market, something that without which we will have higher tax corporate rates than those of China and Russia. We will have headquarters moving overseas. So it is imperative to lock these in as soon as possible, and I don't think we will have any dispute there.

Most importantly, the American innovation needs to be unshackled to the tax code. When you look at the policies for R&D, to lock in the ability to write off those without extending them over a period of five years, which really hampers small businesses that don't have that sort of leverage, we need to lock that in as well. I support extending the 45X Advancing Manufacturing Production Tax Credit, all these things which aren't very controversial. The tax incentives, not government handouts, should also be our motto.

Now, one thing I want to talk about that will be the controversy and the thing that holds us up. We have some things that we need to get to and we need to get to quick if we are going to solve this before the last minute. A lot of times we pin ourselves on the back marker. In other words, if we wait until last minute to vote on these things and we don't have consensus, we will hamper our big, beautiful bill from being passed.

Now, I have my own concerns, whether it be about specifically giving people tax deferment or even tax credits because they have a special sort of service—in other words, people who get tips. I get it, it is something great, and I know they work hard, but so do police officers, firefighters, military people, childcare providers, teachers. A lot of great people work for money that make less than those people who receive tips. I think we have to be really even-handed when we apply the Constitution to our Americans. That is our promise, to sustain and defend the Constitution of the United States.

Furthermore, our SALT provisions. I know we are probably going to have to come to some sort of compromise, but we better come to it quick, and we better have some specifics quickly, because if we don't we will be mired down and we will put our backs against the walls and we will end up with another CR, and it won't be what the American people want. We have a very short opportunity, a window of about 100 days, to get done what we have to get done with compromise. But we want to hear specifics. We, as Congress members—and you guys are in control, you guys get to drive this boat—but we want to hear what the specifics are on the SALT provisions so we can start that debate on what specifically we need to come to the table with.

What—I don't want to have SALT at all, but we probably will, so let's talk specifics. I am willing to compromise on some issues, maybe some things I don't want. All of us are going to have to do that in order to get this across the line. But let's get down to the specifics sooner, rather than later. I think that is the main point, because we all want to sustain Trump's promises, deliver to the people the tax cuts that we promised, deliver an economy that is robust and brings us into the future, and cut down on the deficit spending so that we don't bankrupt our system.

If we don't address Medicare and Social Security in this Congress, the next two years, we will have automatic cuts of 21 percent on Social Security and 11 percent on Medicare. It is not going to be addressed by somebody else. It has to be us. This is our one opportunity.

I leave it to you, Jason Smith, our illustrious chair, and this illustrious body, my peers and those people who have the finer details than I do to get this done. I am ready to work with you.

[The statement of Mr. McCormick follows:]

5 Minute Statement
Rep. Rich McCormick (GA-07)
"Ways and Means Member Day Hearing on Tax Policy"
Committee on Ways and Means
Wednesday, January 22, 2025, at 10:00 A.M. in 1100 Longworth HOB

[OPENING:]

- Thank you, Chairman Smith, for hosting today's member day.
- It is time to unleash American economic prosperity after the last four years of high inflation and economic uncertainty.
- Our Nation's tax code is a massive tool to drive that economic engine.
- With the impending lapse of the Tax Cuts and Jobs Act tax provisions, Congress must make sure to extend these beneficial economic drivers.
- As a diverse body, we will not all agree fully with one another on policy, but we must find consensus.
- **Most Importantly - American innovation needs to be unshackled through the tax code.**
- I support policies that spur innovation, such as the Research and Development (R&D) tax credit and keeping corporate tax rates competitive here in the U.S. to prevent international "headquarter moves."
- I support extending the 45X Advanced Manufacturing Production Tax Credit. Policies like the 45X tax credit are vitally important for our manufacturing industry's continued global competitiveness. Manufacturing companies, such as a battery manufacturer in my district, would benefit significantly as they compete against Chinese-made products.
- Tax incentives, not government hand-outs, should be our motto.
- These tax provisions will continue to drive our country towards being the number one economic power-house in the world and ensure Americans live in the new "Golden Era" President Trump promised us in his inaugural speech.
- **Additionally - Our tax code should be built on consistency.**

- This is why I share my concerns with this committee about the proposed State and Local Tax or **SALT provisions**. By its very nature, the SALT tax provisions LACK consistency on how they benefit certain states over other more fiscally conscious states.
- I insist we start addressing specifics immediately to find a path forward.
- Furthermore, I want to express to this committee that we need to **change how income is taxed** in our country. More people should be able to keep their hard-earned income in their pockets, not based on what type of employment, but on fair, consistent application.
- Military service members, teachers, firefighters, E.R. Techs, and law enforcement officers struggle to make ends meet just as much as tipped employees. Our tax code needs policies that are **CONSISTENT** and don't unfairly benefit one group of income earners over another.
- Although it may be a reach, this committee should work toward a fair income tax system.
- I want to work with this Committee to prevent the impending automatic cuts to Social Security and Medicare. If no course corrections are made, this will result in a 21 percent benefits cut to the main Social Security trust fund and an 11 percent cut to Medicare Hospital Insurance payments within the next 10 years.
- This will have disastrous consequences for our senior citizens. We need to address this pending crisis so current and near-future retirees are not adversely affected. Being timely would also allow those just entering working age to have time to plan accordingly.
- This committee has the opportunity to address waste, fraud, and abuse by working alongside President Donald Trump's Department of Government Efficiency, or DOGE.

[CLOSING:]

- I look forward to working with this Committee to achieve these goals.
- Thank you again for allowing me to testify before you all today.

Mr. MCCORMICK. And with that I yield.

Chairman SMITH. Thank you, sir. I now recognize Representative Ryan Mackenzie, the gentleman from Pennsylvania. Mr. Mackenzie is one of our newest members, and comes to us from the Pennsylvania House of Representatives.

Welcome.

STATEMENT OF THE HON. RYAN MACKENZIE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. MACKENZIE. Thank you, Mr. Chairman, for that introduction and for allowing me the opportunity to speak with the committee today.

In 2017 Congress and the President secured the passage of the Tax Cuts and Jobs Act, a piece of legislation that helped in many ways restore our competitiveness, grow our economy, and raise wages for working people. I am here today to talk about what we can do to build on that and actually improve the standing for working families with new and expanded tax credits.

Specifically, I am proposing expanding four areas of relief that we can provide to working families: the first is expanding paid family and medical leave benefits for businesses that offer that to their employees; the second is expanding and actually creating a child care tax credit; third is an expansion of a tax credit for children; and the fourth is the expansion of an adoption tax credit, with an additional inclusion of a tax credit for IVF.

Today, as we consider these extensions and the many components of the Tax Cuts and Jobs Act which could help build on the foundation of a new era of prosperity in our country, we need to focus on working families. In the greater Lehigh Valley and across the country, we want to see more than just an extension or an expansion of the law. We need to see that these working families receive immediate relief from inflation and high prices that have plagued them for the last number of years.

As the committee is well aware, for four years the American people have faced difficult economic challenges. Prices have skyrocketed. Wages have stagnated. And home ownership is increasingly out of reach. This has created hardship for people across socio-economic and demographic spectrums, but it has especially impacted working families who already face high costs relating to raising children.

As we begin the work of revitalizing the American economy, I hope that we can work to deliver immediate relief to those families. That starts with untangling the increasingly complex financial knot of parenthood, starting at the beginning.

For parents the stress and financial difficulty of raising children starts early. According to the Department of Labor, only 27 percent of civilian workers have access to paid family leave. That means the majority of workers, especially prospective mothers, face major strains and tough choices in the early and first couple months of parenthood. Many parents cannot afford to take time off of work in order to be with their newborns. Some families may be able to rely on friends and relatives, but many don't have that luxury. That is why I am proposing that the employer tax credit for paid

family and medical leave be doubled and be made permanent. This credit, created by the Tax Cuts and Jobs Act for 2018–2019 and then extended through this year, has had a meaningful difference for millions of parents. Now we have the opportunity to go even further and make paid family leave a reality for even more Americans.

We also know that the challenges facing working families go far beyond the first weeks of a newborn's life. Childcare costs have become an extraordinarily challenging topic for millions of parents. In the greater Lehigh Valley, the area that I represent, the Department of Labor has said that the median cost of child care exceeds $11,000 per year in 2024, which is about 11 percent of the median family income. Factor in the surge in prices of things such as food and energy, housing, and health care, and it is clear that working families are facing an extraordinary challenge in paying for child care.

This also means that working parents face tough questions on whether or not to join the labor force. For many, the take-home pay after accounting for the cost of child care is negligible, leading many to stay at home who may otherwise be interested in working. At a time when many employers say that they need workers, we don't want parents wrestling with the question of whether it makes more financial sense to work or stay at home.

We can help solve this problem. We can support working families and revitalize the labor force by creating a child care tax credit. Such a credit provided to working parents of young children would help offset the enormous cost of child care and reduce the growing financial burden on families at a time when they need help. And again, I will say that the child tax credit, which has received a lot a lot of attention, could certainly use the expanding.

And the final point is that for many families who are not able to have children of their own, adoption is a great resource and opportunity for them. Expanding that tax credit and adding an additional tax credit for IVF would help those families that are looking to grow their family have the ability and the financial opportunity to do so.

I would like to thank the committee and the chairman for this opportunity to present these four ideas for you, and I appreciate your consideration. Thank you again.

[The statement of Mr. Mackenzie follows:]

In 2017, Congress and the President secured the passage of the Tax Cuts and Jobs Act — a piece of legislation that helped in many ways to restore our competitiveness, grow our economy, and raise wages for working people. I'm here today to talk about how we can build on this achievement by standing up for working families with new and expanded tax credits which can improve access to childcare, reduce the costs of raising a family, and help families to grow.

Today, we are considering an extension of many components of the Tax Cuts and Jobs Act, which could help to build a foundation for a new era of prosperity in our country. While we work to achieve this, working families in the Greater Lehigh Valley and throughout our country want to see more than an extension of this law because they are struggling and are seeking immediate relief from inflation and high prices.

As this committee is well aware, the last four years have been difficult for the American people. Prices have skyrocketed, wages have stagnated, and home ownership is increasingly out of reach. This has created hardships for people across the socioeconomic and demographic spectrum, but it has especially impacted working families who already faced high costs related to raising children. As we begin the work of revitalizing the American economy, I hope that we can work to deliver immediate relief to these families. That starts with untangling the increasingly complex financial knot of parenthood, starting at the beginning.

For parents, the stress and financial difficulty of raising children starts early. According to the Department of Labor, only 27% of civilian workers have access to paid family leave.[1] That means the majority of workers, especially prospective mothers, face major strains and tough choices in the first months of parenthood. Many parents cannot afford to take time off work in order to be with their newborns. Some families may be able to rely on friends or relatives, but many don't have that luxury.

That's why I'm proposing that the employer tax credit for paid family and medical leave be doubled and made permanent. This credit — created by the Tax Cuts and Jobs Act for 2018-2019 and then extended through this year — has made a meaningful difference for millions of parents. Now, we have an opportunity to go further and make paid family leave a reality for even more American families.

We also know that the challenges facing working families go far beyond the first weeks of a newborn's life. Childcare costs have become an extraordinary challenge for millions of parents. In the Greater Lehigh Valley, according to the Department of Labor, the median cost of childcare exceeds $11,000 in 2024 dollars, which is about 11% of the median family income.[2] Factor in the surge in prices for things such as food, energy, housing, healthcare, and it's clear that working families are facing an extraordinary challenge.

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[1] *Press Release: US Department of Labor announces new research that underscores benefits of paid family and medical leave,* U.S. Department of Labor, 11/21/24
[2] *Childcare Prices by Age of Children and Care Setting 2022,* U.S. Department of Labor, accessed 1/21/2025

This also means that working parents face the question of whether or not to join the labor force. For many, the take-home pay after accounting for the cost of childcare is negligible, leading many to stay at home when they would otherwise like to work. At a time when many employers say they need more workers, we don't want parents wrestling with the question of whether it makes more financial sense to work or to stay at home.

We can help to solve this problem, support working families, and revitalize the labor force by creating a childcare tax credit. Such a credit, provided to working parents of young children, would help to offset the enormous cost of childcare and reduce the growing financial burden on families at a time when they need the help.

Of course, we know that the cost of raising children continues through their entire upbringing. We can alleviate that cost by expanding the Child Tax Credit to better reflect the challenges families face. The current credit, while helpful, no longer sufficiently addresses the rise in costs that have afflicted families. Increasing the credit would provide much-needed relief, giving families the resources they need to thrive. We can further improve the credit by allowing mothers to claim it during pregnancy, and by making the credit more accessible to working-class families by allowing it to offset payroll and income taxes.

To bring this full-circle, we can't forget those who are trying to start or grow their families. Whether it's through adoption or IVF, many hopeful parents face daunting barriers. Expanding the current Adoption Tax Credit — capped at $16,810 for 2024 — to $25,000 would help offset the high costs associated with adoption, such as legal fees, agency expenses, and travel. Similarly, creating a matching $25,000 tax credit for IVF expenses would provide critical relief for families navigating infertility.

These steps are more than just financial relief — they reflect a commitment to helping families grow and increasing opportunity for all. For too long, working families in America have had to take a back seat to other priorities. Now, we have an opportunity to change that. By reducing the barriers to building or growing a family, we can empower parents to grow their families and ensure that every child has the chance to thrive.

Chairman SMITH. Thank you, sir. I now recognize Representative Dan Meuser, the gentleman from Pennsylvania. Mr. Meuser is a small businessman and serves on the Financial Services Committee. He also testified at our Member Day hearing last Congress.

So welcome back.

STATEMENT OF THE HON. DAN MEUSER, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. MEUSER. Well, thank you very much, Mr. Chairman, and to all members of Ways and Means. I appreciate it very, very much. Certainly, the work here is going to be done very carefully as our focus needs to be on tax investments that create growth while we are at the same time trying to reduce our incredibly excessive deficit. So that is very much appreciated.

And I also appreciate the fact that the only red line I have is that there are no red lines. But what I have to offer here, I think, fits within what I—as I express, return on investment tax reductions because the whole idea, of course, is to create more taxpayers while we have less taxes, which is the result of less taxes.

So this Congress, Mr. Chairman, this committee in particular, has a chance to deliver significant relief to the American people by, of course, extending the TCGA (sic), especially for small business tax credits.

I do urge the committee to consider something, Chairman, and you and I have talked about it before. My bill, known as the USA Batteries Act, which has deductions for—or excuse me, as well as deductions for intangible drilling costs and needed health care provisions that will bring stability and ensure access to care, particularly in rural areas.

Foremost, the committee needs to strongly consider the progrowth policies again of the TCJA. That certainly cannot be overstated.

As I mentioned, the USA Batteries Act is a bill that would repeal a tax, Mr. Chairman, on domestic manufacturers, okay? Batteries made in the United States have this tax placed on them by the Biden Administration, where imported batteries do not have such a tax. So it is really upside down and backwards, which is a lot of what we have seen before.

The U.S. leads the world in lead battery production. The Infrastructure Investment and Jobs Act did introduce a Superfund chemical tax, which again gave advantages for the foreign battery manufacturers. So the increased cost for American manufacturers has forced an unfair disadvantage while dealing with all the other economic pressures that, of course—that we had. So I just urge very much consideration of the USA Batteries Act.

As well, President Trump's agenda seeks to unleash American energy dominance. In Pennsylvania we have a generational opportunity to onshore American jobs and win the AI battle, but that is going to take an immense amount of amount of baseload power and new manufacturing to create these new manufacturing data centers. Currently, baseload nuclear energy is critical to supporting the existing grid. It would be a mistake to repeal the 45U Nuclear Production Tax Credit, a performance-based, means-tested tax

credit that supports 94 nuclear reactors nationwide. I certainly encourage my colleagues to consider this very important tax credit as we consider the future of AI growth and how nuclear energy will assure that that allows USA to be dominant.

The committee also should give strong consideration to restore the tax deductibility for intangible drilling costs, which has been something that has existed for a long time here in the United States. This, of course, promotes domestic energy production in a significant manner.

Along, as well, there is something known as the DME relief, which is a fix for the DME suppliers. In the past the DME has been reduced due to, frankly, unfair treatment by CMS. And we need to restart a blended program via the competitive bidding program. This flawed reimbursement rate has caused a 21 percent reduction in the Medicare payment. And it is known as the DMEPOS Relief Act, and I strongly encourage that to be included in reconciliation.

Another area the committee must also examine to ensure patient access to health care services is the need to fix the physician fee schedule, which I think you are very well aware of, whereby from anesthesiologists, particularly in rural areas, receive far less in reimbursement than it costs them to perform the service.

So with that, Mr. Chairman, and all those members of the committee, we certainly appreciate your consideration.

[The statement of Mr. Meuser follows:]

Thank you, Chairman Smith, Ranking Member Neal, and Members of the Ways and Means Committee, for the opportunity to testify today on my tax and healthcare priorities for reconciliation. This Congress, the Committee has the chance to deliver significant relief to the American people by extending provisions of the Tax Cuts and Jobs Act, especially the small business tax credits. In addition, I urge the Committee to include the *USA Batteries Act*, deductions for intangible drilling costs, and needed healthcare provisions that will bring stability and ensure access to care, particularly to those in rural communities.

Foremost, the Committee must include extending pro-growth policies that benefit small businesses created by the *Tax Cuts and Jobs Act*. These include the R&D Tax Credit, full Bonus Depreciation, and Small Business Deduction, all of which provide predictability and enable small businesses to thrive. If these provisions sunset, then Congress would have missed an opportunity to provide needed relief to America's main street.

I also encourage the Committee to consider including the *USA Batteries Act* in reconciliation. My bill would repeal a tax on domestic manufacturers that hurts good-paying American jobs and provides an unfair advantage to cheap imports from countries with lax environmental and labor laws. While the United States

leads the world in lead battery production, the Infrastructure, Investment, and Jobs Act reintroduced the Superfund Chemical Tax, which has unfairly advantaged foreign battery manufacturers. This has dramatically increased costs for American manufacturers, forcing them to compete at a disadvantage against foreign producers—many operating under unethical labor conditions—while grappling with economic pressures, supply chain disruptions, and workforce challenges. To level the playing field, I urge the Ways and Means Committee to include the *USA Batteries Act* in reconciliation, eliminating the Superfund Chemical Tax on lead battery inputs. This simple step will lower costs, strengthen American competitiveness, and protect domestic jobs.

In addition to the *USA Batteries Act*, the Committee should restore the tax deductibility for Intangible Drilling Costs. To unleash American energy dominance, the Committee must include the *Promoting Domestic Energy Production Act* in reconciliation. This bill would allow oil and gas companies to factor in Intangible Drilling Costs when calculating taxable income which will lower energy production costs for all Americans.

Along with addressing important tax matters in reconciliation, I would encourage the Committee to include DMEPOS relief and a fix for the physician fee schedule.

We should ensure that durable medical equipment (DME) suppliers can provide their products at an affordable rate. I would encourage the Committee to include Rep. Miller Meek's *DMEPOS Relief Act* in reconciliation. This important piece of legislation would reinstate a blended payment rate for DME products. The DME industry has faced extreme uncertainty because CMS has been unable to restart the Competitive Bidding Program, leaving providers to rely on flawed reimbursement rates. Compounding the issue, a 21% Medicare payment cut went into effect on January 1, 2024, further straining providers and beneficiaries nationwide. These cuts, paired with inflation, workforce challenges, and lack of financial relief, ultimately jeopardize patients' access to affordable medical equipment.

Another area that the Committee must also examine to ensure patient access to health care services is the need to fix the physician fee schedule. As we are all aware, each year CMS decreases the physician fee schedule which leaves most physicians operating at a loss when providing care to Medicare patients. Further, the continued cuts to the fee schedule have resulted in a lack of access to medical services, especially for rural communities. For example, if an anesthesiologist in my district is going to care for a patient getting their gallbladder removed, they are going to be reimbursed $386.04 by Medicare - but in reality, it costs them $1124 to provide that service. Think about that. This is unsustainable- and leads to physician

practices closing and Medicare patients searching for quality care. Just like with DME, physicians were cut another 3% by Medicare at the beginning of the year. The Committee must mitigate these continued cuts now or else the access to care crisis facing the nation will only worsen.

Finally, I would be remiss if I did not mention my support for addressing the unfair payment structure in place for Medicare Dependent Hospitals that operate a teaching program. The Committee understands small rural hospitals are lifelines for underserved communities, providing essential care to vulnerable populations. However, those operating teaching programs are unfairly penalized by CMS through reduced reimbursements. For that reason, I encourage the Committee to advance legislation that addresses this disparity by updating the formula CMS uses to calculate hospital-specific rates, ensuring Medicare Dependent Hospitals (MDHs) with teaching programs receive fair and accurate reimbursements.

Thank you for the opportunity to testify before you today, and I look forward to working with the Committee to find a solution to this critically important issue.

Mr. MEUSER. I yield back.

Chairman SMITH. Thank you. I now recognize Representative William Timmons, the gentleman from South Carolina. In addition to his service to Congress on the Financial Services Committee, Mr. Timmons also serves as a JAG officer for—and captain for—the South Carolina Air National Guard.

Welcome to the Ways and Means Committee.

STATEMENT OF THE HON. WILLIAM TIMMONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. TIMMONS. Thank you, Mr. Chairman. Chairman Smith and members of the Ways and Means Committee, thank you for holding this hearing and allowing us to testify before you today. I am grateful for this opportunity because I am excited to work with President Trump and his administration to quickly deliver economic relief to the American people by extending his successful tax reforms as soon as possible to get our country and our economy back on track. American workers and families are counting on us, and it is time to roll up our sleeves and get to work.

While many of us have unique ideas and our priorities of what should be included in the reconciliation bill, today I would like to focus on something I believe should be included as an offset. Yes, Mr. Chairman, I am here to help you find ways to pay for reconciliation.

I would like to bring to this committee's attention my bill to crack down on pandemic era fraud, H.R. 324, the PPP Shell Company Discovery Act. It represents a decisive step in cracking down on the unprecedented fraud that plagued the Paycheck Protection Program during the pandemic. PPP was a lifeline during one of the darkest periods in recent history. It was designed to save jobs, support struggling businesses, and ensure hard-working Americans could weather the storm. But while millions of small businesses use this program to stay afloat, some unscrupulous individuals saw it as an opportunity to steal from the American people.

With estimates of PPP loan fraud reaching as high as $100 billion—I am going to say it again, $100 billion—it is evident that action must be taken to ensure accountability. The PPP Shell Company Discovery Act does just that.

This bill creates a simple yet effective report to identify potentially fraudulent activity by targeting two critical discrepancies: recipients who had no tax withholdings in 2019, and those who received loans far exceeding their actual payroll expenses. These red flags provide a clear roadmap for the Department of Justice to investigate and prosecute those who defrauded this vital program.

To be clear, all I am asking is to instruct the IRS and the SBA to run a report to give the Department of Justice and the FBI a roadmap to holding these criminals accountable and recover as much of the stolen money as possible. All this would do was give the FBI probable cause to get a warrant to proceed with their investigation. But if either one of these metrics is accurate, and the discrepancy is substantial, it is very clear that this is all that the FBI would need to hold them accountable. This legislation is about cutting through the existing bureaucratic hurdles that are holding us back from bridging—from bringing these criminals to justice.

The tools to identify fraud already exist. What we need to do is act and get the federal government to share information.

The scale of this fraud is staggering. It represents one of the largest thefts in American history. For every dollar stolen, a legitimate small business was left hanging. For every fraudulent loan approved, an honest employer struggled to make payroll. This isn't just theft from the federal government; it is theft from hard-working Americans.

My bill will allow us to not only bring these fraudsters to justice, but also reclaim tens of billions of dollars that rightfully belong to the American people, and then allow us to use it in reconciliation as an offset.

President Trump was given a mandate from the American people, and our Republican majority must keep our promises to deliver much-needed economic relief, cut government waste, and restore the rule of law.

Again, I would like to thank Chairman Smith and the members of this committee for having me today. I look forward to working with you to deliver timely economic relief to the American people this year.

[The statement of Mr. Timmons follows:]

House Ways and Means Committee
January 22, 2024
Member Day Hearing on Matters Within the Committee's Tax Jurisdiction
Remarks of Congressman William R. Timmons, IV [R-SC-04]

Thank you, Mr. Chairman. And thank you to the members of the Ways and Means Committee for hosting this Member Meeting today.

Today, I'd would like to raise the committee's attention to the H.R. 324, the PPP Shell Company Discovery Act. This bill represents a decisive step in cracking down on the unprecedented fraud that plagued the Paycheck Protection Program (PPP) during the pandemic.

Let's be clear—PPP was a lifeline during one of the darkest periods in recent history. It was designed to save jobs, support struggling businesses, and ensure hardworking Americans could weather the storm. But while millions of small businesses used this program to stay afloat, some unscrupulous individuals saw it as an opportunity to steal. With estimates of PPP loan fraud reaching as high as $100 billion, it's evident that action must be taken to ensure accountability.

The PPP Shell Company Discovery Act does just that. The bill creates a simple yet effective report to identify potential fraudulent activity by targeting two critical discrepancies: recipients who had no tax withholdings in 2019 and those who received loans far exceeding their actual payroll expenses. These red flags provide a clear roadmap for the Department of Justice (DOJ) to investigate and prosecute those who defrauded this vital program.

This legislation is not about adding more red tape. It's about cutting through the existing bureaucratic hurdles that are holding us back from bringing these criminals to justice. As Congressman Timmons rightfully pointed out, the tools to identify fraud already exist. What we need is the political will and the operational efficiency to act on them.

The scale of this fraud is staggering—it represents one of the largest thefts in American history. For every dollar stolen, a legitimate small business was left hanging. For every fraudulent loan approved, an honest employer struggled to make payroll. This isn't just theft from the federal government; it's theft from the American people.

The urgency of this legislation cannot be overstated. By leveraging existing data, H.R. 324 will save taxpayers hundreds of millions of dollars while delivering the accountability our nation demands.

At the onset of this historic Congress, we must keep our promises to the American people and root out waste and fraud throughout our government. We will not stand idly by while criminals exploit taxpayer dollars. It's a commitment to the small businesses that relied on PPP to survive. And it's a message to those who stole from this program: you will be found, you will be prosecuted, and you will be held accountable.

Again, I would like to thank Chairman Smith and the members of this Committee for having me today. I look forward to working with each of you to better protect taxpayer dollars and restore faith in our institutions.

Thank you.

Mr. TIMMONS. And with that, Mr. Chairman, I yield back. Thank you.

Chairman SMITH. Thank you, Mr. Timmons. I now recognize Representative Miller-Meeks, the gentlewoman from Iowa. Not only is she a doctor and a leader in public health, but she is a strong voice for family farmers in Iowa.

Welcome to the Ways and Means Committee.

STATEMENT OF THE HON. MARIANETTE MILLER-MEEKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mrs. MILLER-MEEKS. Thank you so much, Chairman Smith, Ranking Member Neal, members of the committee. Thank you for allowing me to testify before this committee today. Like you all, I am very excited to get to work on President Trump's agenda and the American-first agenda. Thank you for the opportunity to share my tax priorities for the 119th Congress.

As the representative for Iowa's 1st district and a member of the Energy and Commerce Committee and the chairwoman of the Conservative Climate Caucus, I represent America's heartland, where agriculture and energy production come together to strengthen our nation's energy independence while maintaining some of the lowest electricity prices in the country. This success story shows the vital role that American energy production plays in supporting our economy, strengthening our national security, and providing good jobs to working families.

However, our energy sector faces significant challenges that demand bold action. Rising global energy demand, geopolitical instability, and the need for greater resilience in our energy systems all underscore the urgency of developing a comprehensive American energy strategy. We must act now to secure our energy future, lower costs for consumers, increase accessibility, and maintain our nation's competitive advantage. That is why I am here today to advocate for an any-of-the-above energy approach that leverages American innovation and unlocks the full potential of our diverse energy resources.

By responsibly developing our oil and gas reserves, supporting the growth of renewables, and investing in cutting-edge, clean energy technologies, we can enhance Americans' domestic energy production, boost our economy, and strengthen our national security. This approach allows us to enhance the reliability of our energy grid, and allows for greater flexibility in meeting the growing energy demands of our economy while reducing the risk associated with relying too heavily on one source. And importantly, it puts America first, not Brazil.

While I believe the partisan processes used to pass the Inflation Reduction Act created a deeply flawed bill in many respects, it did include some important energy tax credits that are already driving transformative investments across the U.S. energy sector. Many of these credits have historically enjoyed bipartisan support, and some of those were pre-existing. Many of these credits have historically enjoyed bipartisan support, as I mentioned, and American companies are utilizing them right now to develop critical new energy infrastructure, spur innovation, and create good jobs in communities nationwide, including many in our districts.

Prematurely repealing these tax credits would jeopardize the private investments and economic benefits they are delivering. As Republicans we should take a thoughtful approach and seek to refine and improve the IRA's energy provisions in a way that promotes market certainty and continues to incentivize a comprehensive energy strategy. As a surgeon, I would say use a scalpel, not a sledgehammer.

As part of the strategy, I want to highlight five tax credits from the Inflation Reduction Act that are already driving transformative investments in American energy.

The Clean Fuel Production Credit, 45Z, this credit is critical for agricultural states like Iowa. It is accelerating the deployment of low-carbon transportation fuels, including sustainable aviation fuel produced from Iowa-grown feedstocks, not from Brazilian feedstocks. In 2021 Iowa was the top producer of ethanol in the United States, generating over 4.4 billion gallons. By creating new markets for our farmers and biofuel producers, 45Z can help Iowa build on this leadership while significantly reducing transportation emissions. Maintaining this market is especially important for producers and farmers who have already made important investments, planting decisions, and sacrifices as corn has dropped to around $4 a bushel.

The advanced manufacturing production credit, 45X, this credit is powering a resurgence of domestic clean energy manufacturing, including in Republican districts. From wind turbine blades to solar panels to battery components, 45X is helping the U.S. build resilient supply chains and reduce dependance on foreign imports from countries like China.

The carbon dioxide sequestration credit, 45Q, this credit is driving innovation in carbon capture, a technology that enjoys broad bipartisan support because of its potential to reduce emissions while supporting American energy production, supplementing the manufacturing boom by storing industrial emissions, keeping America beautiful. Iowa has long been at the forefront of carbon capture deployment, with products like the ADM facility in Decatur sequestering over one million tons of carbon dioxide annually. Extending 45Q can build on this progress and submit leadership U.S. leadership, in this essential technology.

Then 45Y and 45A, clean energy production investment credits. The IRA brought in a new wave of investment by expanding the scope of these longstanding credits.

I know that my time is almost over, so let me just say by maintaining smart incentives, turbo-charging innovation, and harnessing the power of markets, we can secure America's energy future while creating lasting jobs and opportunities. Repealing these credits without regard for investments already made would be a setback to clean energy and, importantly, economic growth, and put Brazil first, not America first.

I look forward to working with my colleagues to shape an energy agenda that puts America first.

[The statement of Mrs. Miller-Meeks follows:]

Chairman Smith, Ranking Member Neal, and Members of the Committee:

Thank you for the opportunity to share my tax priorities for the 119th Congress. As the representative for Iowa's 1st District, a member of Energy & Commerce, and the Chairwoman of the Conservative Climate Caucus, I represent America's heartland where agriculture and energy production come together to strengthen our nation's energy independence – while maintaining some of the lowest electricity prices in the country. This success story shows the vital role that American energy production plays in supporting our economy, strengthening our national security, and providing good jobs for working families.

However, our energy sector faces significant challenges that demand bold action. Rising global energy demand, geopolitical instability, and the need for greater resilience in our energy systems all underscore the urgency of developing a comprehensive American energy strategy. We must act now to secure our energy future, lower costs for consumers, increase accessibility, and maintain our nation's competitive edge.

That's why I am here today – to advocate for an all-of-the-above energy approach that leverages American innovation and unlocks the full potential of our diverse energy resources. By responsibly developing our oil and gas reserves, supporting the growth of renewables, and investing in cutting-edge clean energy technologies, we can enhance America's domestic production, boost our economy, and strengthen our national security. This approach allows us to enhance the reliability of our energy grid and allows for greater flexibility in meeting the growing energy demands of our economy while reducing the risks associated with relying too heavily on one source.

While I believe the partisan process used to pass the Inflation Reduction Act (IRA) created a deeply flawed bill in many respects, it did include some important energy tax credits that are already driving transformative investments across the U.S. energy sector. Many of these credits have historically enjoyed bipartisan support. American companies are utilizing them right now to develop critical new energy infrastructure, spur innovation, and create good jobs in communities nationwide, including in many of our districts. Prematurely repealing these credits would jeopardize the private investments and economic benefits they are delivering. As Republicans, we should take a thoughtful approach and seek to refine and improve the IRA's energy provisions in a way that promotes market certainty and continues to incentivize a comprehensive energy strategy.

As part of this strategy, I want to highlight five tax credits from the Inflation Reduction Act that are already driving transformative investments in American energy:

- **The Clean Fuel Production Credit (45Z)**. This credit is critical for agricultural states like Iowa. It is accelerating the deployment of low-carbon transportation fuels, including sustainable aviation fuel produced from Iowa-grown feedstocks. In 2021, Iowa was the top producer of ethanol in the U.S., generating over 4.4 billion gallons. By creating new markets for our farmers and biofuel producers, 45Z can help Iowa build on this leadership while significantly reducing transportation emissions. Maintaining this market is especially important for producers and farmers who have already made important investments and planting decisions.
- **The Advanced Manufacturing Production Credit (45X)**. This credit is powering a resurgence in domestic clean energy manufacturing, including in Republican districts. From wind turbine

blades to solar panels to battery components, 45X is helping the U.S. build resilient supply chains and reduce dependence on foreign imports from countries like China.

- **The Carbon Oxide Sequestration Credit (45Q).** This credit is driving innovation in carbon capture, a technology that enjoys broad bipartisan support because of its potential to reduce emissions while supporting American energy production. Supplementing the manufacturing boom by storing industrial emissions, keeping America beautiful. Iowa has been at the forefront of carbon capture deployment, with projects like the ADM facility in Decatur sequestering over 1 million tons of CO2 annually. Extending 45Q can build on this progress and cement U.S. leadership in this essential technology.
- **45Y and 48E Clean Electricity Production and Investment credits**. The IRA brought in a wave of new investment by expanding the scope of these long-standing credits to make them tech-neutral, designed to evolve with the energy industry over the long term. These credits helped Iowa become the first state to generate 40% of its electricity from wind power in 2019, and they will continue to incentivize investments across all energy sectors moving forward.

These IRA provisions are delivering real benefits for American energy. I believe any changes should be targeted and balanced, not sweeping repeals that would jeopardize our economic and security gains. Prematurely repealing these critical tax incentives would disrupt ongoing projects, some of which have already broken ground. The potential backlash and uncertainty for the business community could result in investments fleeing to our neighbors and rivals who continue to support these industries.

By maintaining smart incentives, turbocharging innovation, and harnessing the power of markets, we can secure America's energy future while creating lasting jobs and opportunities. Iowa proves this approach works: we've become the nation's leader in wind energy generation while maintaining electricity prices among the lowest in the country. Despite not producing crude oil, Iowa ranks among the top 10 states in total energy consumption per capita, showing how strategic energy investments can support a thriving industrial economy. Our success didn't happen by accident – it came from sustained policy support that allowed us to capitalize on our natural advantages. Repealing these credits without regard for investments already made would be a setback to clean energy and economic growth. I look forward to working with my colleagues to shape an energy agenda that puts America first.

Thank you, and I yield back.

Mrs. MILLER-MEEKS. Thank you, and I yield back.

Chairman SMITH. Thank you. Thank you, Mrs. Miller-Meeks.

I now recognize Representative Celeste Maloy, the gentlewoman from Utah. Ms. Maloy is an attorney and serves on the powerful House Appropriations Committee. She previously attended our Ways and Means Committee field hearing in Salt Lake City back in July.

So welcome back.

STATEMENT OF THE HON. CELESTE MALOY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Ms. MALOY. Thank you, Mr. Chairman. I am excited to be here. I am grateful for the opportunity to testify on critical tax reforms in order to create a prosperous future for all Americans, and especially for the Utahns I represent.

I urge the committee to repeal the death tax, also known as the estate tax. The death tax is a levy on the transfer of wealth from one generation to the next. And I know there is a perception out there that repealing it would help the most prosperous Americans who don't need this help. But the reality is it penalizes families who have spent their lives building businesses, farms, and legacies that they want to pass on to their children and grandchildren.

In Utah small, family-owned businesses and farms are the backbone of our economy. Utah has more than 300,000 small businesses, including about 14,000 family farms. Repealing this tax will allow families to pass on their hard-earned assets without the fear of financial ruin for the next generation, the generation for which they have been working to build up a business.

A study performed by USDA's Economic Research Service indicated that 98 percent of American farms are still family-owned and operated. These families that work tirelessly for decades to build a successful small business, investing their time, energy, and resources into creating jobs, contributing to the local economy, and providing for their loved ones shouldn't have to face a hefty tax bill they may not be able to afford, especially after losing a loved one.

I served on the Small Business Committee in the last Congress, and we need those Main Street businesses to stay strong. And when they stay in families, they stay in towns and they are the anchors of the economy, especially in rural areas.

So thank you for your work. I want to see this tax bill get done in a way that makes Americans freer, more prosperous, and more likely to start a family business and pass it down. Thank you for your time.

[The statement of Ms. Maloy follows:]

119th Ways and Means Member Day Hearing – Rep. Celeste Maloy

Chairman Smith, Ranking Member Neal, and members of the committee, I'm grateful for the opportunity to testify today on critical tax reform that will significantly impact the hardworking people of Utah. I am here to advocate for policies that will foster economic growth, create jobs, and ensure a prosperous future for all Utahns – and for all Americans. Today I want to zoom in on one very important issue that I know everyone here is already familiar with – the death tax.

I urge the Committee to repeal the death tax, also known as the estate tax. In Utah, where family-owned businesses and farms are the backbone of our economy, the death tax forces the sale of assets to pay for the tax liability, undermining generational wealth and economic stability. Repealing this tax will allow families to pass on their hard-earned assets without the fear of financial ruin.

The death tax is a levy on the transfer of wealth from one generation to the next. It penalizes families who have spent their lives building businesses, farms, and legacies that they hope to pass on to their children and grandchildren. In Utah, the death tax can tear apart the very fabric of our communities. Utah has more than 300,000 small businesses, including about 14,000 family farms.

A study performed by USDA's Economic Research service indicated that 98% of American farms are family-owned and operated. These families that work tirelessly for decades to build a successful small business – investing their time, energy, and resources into creating jobs, contributing to the local economy, and providing for their loved ones – shouldn't have to face a hefty tax bill that they may not be able to afford – especially after losing a loved one.

Repealing the death tax is not just about fairness; it's about taking better care of rural economies in America. Studies have shown that eliminating the death tax would lead to increased investment, higher wages, and more jobs. A recent study by the Heritage foundation estimates that eliminating the death tax would boost the U.S. economy by $46 billion over the course of 10 years and generate an average of 18,000 private-sector jobs annually.

When families are free to pass on their businesses and assets without the fear of a crippling tax burden, they are more likely to invest in their communities and expand their enterprises.

The death tax generates relatively little revenue for the federal government compared to the economic harm it causes. The administrative costs of enforcing the tax are high, and the revenue it brings in is a drop in the bucket compared to the overall federal budget. Repealing the death tax would have a negligible impact on government revenue but a profound positive impact on American families and businesses.

Mr. Chairman, thank you for the opportunity to allow me to come testify in support of repealing the death tax. Doing so will benefit small business owners and family farms in my home state, and throughout the country.

Thank you and I yield back.

Ms. MALOY. I yield back.

Chairman SMITH. Thank you very much, and I want to thank everyone for their testimonies. You are all dismissed from the panel.

And so will the clerk please add panel six?

[Pause.]

Mr. KELLY [presiding]. Okay, we are now ready to welcome our sixth panel of the day.

Thank you for taking time away from your busy schedules to testify to our committee. You each have five minutes to deliver your remarks.

Representative Nellie Pou of New Jersey, you are recognized for five minutes.

STATEMENT OF THE HON. NELLIE POU, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Ms. POU. Thank you so very much, Mr. Chairman. Good afternoon. My name is Nellie Pou, and I am the new congresswoman representing the 9th district of the great State of New Jersey. It is my pleasure to offer testimony to the House Ways and Means Committee as you set your agenda for the 119th Congress.

The consideration of comprehensive changes to our Federal tax code this year is a momentous occasion for this committee and for our nation. It is an opportunity to enshrine positive reforms that benefit regular Americans, their families, and our small businesses. As our neighbors have been hurt by inflation and high prices these last few years, tax release—relief is essential for tens of millions of squeezed Americans.

My state of New Jersey is no exception to these negative pressures. Like all Americans, Garden State residents have struggled mightily. But our struggle has also been compounded by the capping of the State and Local Tax deduction by the state tax law enacted in 2017. Any financial relief for our state begins with undoing this mistake. I am here today to urge you to remove the cap on the State and Local Tax deduction. The simplest action this committee could take would be taking no action at all, allowing the 2017 cap to expire as was written into the law.

New Jerseyans pay some of the highest property taxes in our whole—in the entire country. For many years the State and Local Tax deduction helped us shoulder this burden. The State and Local Tax deduction provided a vital conduit for our families by putting money into the pockets of regular Americans. There are many misconceptions or outright falsehoods circulating about the State and Local Tax deduction.

Let me be clear. The State and Local Tax deduction benefits regular Americans in New Jersey and states across the nation. I am speaking about middle-class families who are trying to make ends meet, including teachers seeking to meet mortgages, police officers making tuition payments, and firefighters looking to pay for their families' vacations. These are not multi-millionaires, they are just hard-working Americans.

At the same time, the former State and Local Tax deduction has helped our cities and towns shoulder their own burdens. It has helped our local government pay for essential services upon which

our communities rely every single day. The limiting of our State and Local Tax deduction has, in turn, hampered the ability of our municipal governments to function at their best.

Even though I am new to the U.S. Congress, I understand the role of this committee in developing our tax laws. For almost 20 years my predecessor, Congressman Bill Pascrell, Jr., was a member of this panel. Many of you know Bill well, or knew Bill. While he sat on your dais he argued passionately and vehemently against the SALT cap, for its restoration. For him its restoration may have been his biggest priority. Like Congressman Pascrell, I believe the capping of the State and Local Tax deduction has been deeply unfair to New Jerseyans. I share his passion on this subject. The Garden State residents are known for their directness, and I am no exception. Any comprehensive Federal tax law legislation must undo the State and Local Tax deduction cap to earn my support.

I look forward to working with the committee on this issue and all—and on all other ways to help hard-working families from New Jersey like expanding the Child Tax Credit, reducing health care costs, and strengthening Social Security.

I thank you for the opportunity to testify before this committee. Thank you, Mr. Chair.

[The statement of Ms. Pou follows:]

Member Day, House Ways and Means Committee
Wednesday, January 22, 2025
Testimony of Congresswoman Nellie Pou

Good morning. My name is Nellie Pou and I am the new Congresswoman representing the Ninth District of the great state New Jersey. It is my pleasure to offer testimony to the House Ways and Means Committee as you set your agenda for the 119th Congress.

The consideration of comprehensive changes to our federal tax code this year is a momentous occasion for this Committee and for our nation. It is an opportunity to enshrine positive reforms that benefit regular Americans, their families, and our small businesses. As our neighbors have been hurt by inflation and high prices these last few years, tax relief is essential for tens of millions of squeezed Americans.

My state of New Jersey is no exception to these negative pressures. Like all Americans, Garden State residents have struggled mightily. But our struggles have been compounded by the capping of the state and local tax deduction by the tax law enacted in 2017. Any financial relief for our state begins with undoing this mistake. I am here today to urge you to remove the cap on the state and local tax deduction. And the simplest action this committee could take would be taking no action at all, allowing the 2017 cap to expire as was written into the law.

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There are many misconceptions or outright falsehoods circulating about the state and local tax deduction. Let me be clear: the state and local tax deduction benefits regular Americans in New Jersey and states across the nation. I am speaking about middle class families who are trying to make ends meet, including teachers seeking to meet mortgages, police officers making tuition payments, and firefighters looking to pay for family vacations. These are not multi-millionaires – they are just hard-working Americans.

At the same time, the former state and local tax deduction has helped our cities and towns shoulder their own burdens. It has helped our local governments pay for essential services upon which our communities rely every single day. The limiting of the state and local tax deduction has in turn hampered the ability of our municipal governments to function at their best.

Even though I am new to the U.S. Congress, I understand the role of this committee in developing our tax laws. For almost twenty years, my predecessor, Congressman Bill Pascrell, Jr., was a member of this panel. Many of you know Bill well. While he sat on your dais, he argued

passionately and vehemently against the SALT cap and for its restoration. For him, its restoration may have been his biggest priority.

Like Congressman Pascrell, I believe the capping of the state and local tax deduction has been deeply unfair to New Jerseyans. I share his passion on this subject.

Garden State residents are known for their directness and I am no exception. Any comprehensive federal tax legislation must undo the state and local tax deduction cap to earn my support.

I look forward to working with the Committee on this issue, and on other ways to help hard working families from New Jersey, like expanding the Child Tax Credit, reducing health care costs and strengthening Social Security.

I thank you for the opportunity to testify before this committee.

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Mr. KELLY. Thank you, Ms. Pou. I now recognize Representative Burgess Owens from Utah. Mr. Owens is no stranger to the Ways and Means Committee, having joined us for our field hearing in Salt Lake City and our Member Day hearing last Congress, and he is now the second NFL Super Bowl champion to have testified before the committee.

Mr. Owens.

STATEMENT OF THE HON. BURGESS OWENS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. OWENS. Thank you, Mr. Chair, I appreciate that. Chairman, Ranking Member Neal, and members of the committee, thank you for the opportunity to testify today. I am here to advocate for legislation shared between this committee and the Committee on Education and Workforce, on which I serve as vice chair.

Here shortly I will be introducing the Educational Choice for Children Act, the ECCA, along with my friend Adrian Smith, a senior member of this committee and a tireless advocate for school choice. The ECCA passed through this committee last September. I first introduced this in the 117th Congress with my late colleague and our beloved friend, Jackie Walorski. Jackie was a joyful champion of policies to ensure every child, every parent had resources and education they needed to succeed. This bill is a fitting tribute to her legacy.

By offering parents and students more educational options, we create more and better options that empower generations to make their American dream a reality. This was true for me growing up in the segregated South, and it can be for so many children today trapped in a cycle of forgotten dreams and lost hope.

Our bill is based on a wildly popular and incredibly successful state program. Like the Children First Educational Fund in my home state of Utah, these programs are designed to address many concerns of direct government funding for scholarships. Because the ECCA provides a refundable tax credit to support scholarships, it diverts no existing funding away from public schools. Any fearmongering saying otherwise is just that, a fearmongering effort to keep choice and money out of the hands of parents.

The ECCA can be compared to other existing tax programs, such as Low-Income Housing Tax Credits and the New Market Tax Credit, which benefits from robust bipartisan support. The ECCA tax credits and scholarships are administered through an independent Scholarship Granting Organization, SGOs. These SGOs both allocate non-refundable credits to donors and select those families who will receive scholarships, guaranteeing that students in all parts of the country, not just cities and suburbs, can participate.

The choice model has already proven to be both sustainable and successful for recipients of children's scholarship funds across the country. In Philadelphia, 98 percent of eighth graders graduated from high school on time, and 70 percent of enrollments in some form of post-secondary education within one year of graduating from high school. In New York, 97 percent graduated from high school on time in 2024, compared to the most recent average in New York's public school graduation rates of 83.7. In Baltimore, 97 percent graduation rate with 84 percent enrollment into college.

Compare this to a 2017 California Department of Education study, in which 75 percent in the most anti-choice state in our union could not pass standard reading and writing tests.

An educational system that normalizes the failure to read and write is unconscionable, and should not be linked with the word "education." "Ignorant and free can never be" harkens to the vision and foresight of our founders who considered education and pursuit of knowledge as fundamental to a free and open society. Our Constitution enshrines the right to life, liberty, and pursuit of happiness as a vision of our Heavenly Father that puts value on every child and every life, regardless of race, creed, color, or zip code.

Unfortunately, many children across this country, particularly Black and Brown children, lack basic reading and writing skills, are discouraged from fostering pride in our country, and are taught to embrace victimhood as a virtue while perceiving hard work and merit as vices. This combination of challenges make the pursuit of life, liberty, and pursuit of happiness unattainable. Adrian Smith and I are fighting today for the heart and soul of our nation. This committee cannot accept the intellectual and educational failure of our own children as normal.

This legislation assures a win-win-win-win, a win for the parent to see their children reach their potential, a win for educational community to allow competition in meritocracy, a win for American citizen donors seeking to reduce their tax burden, and a win to allow the investment of our most precious product, our children, to become happy, productive citizens in our country and in our communities.

I look forward to continuing working with my colleagues here today to again pass this bill to the Ways and Means Committee. The ECCA is transformative, innovative, empowering for parents, and liberating for their children, all based on the agreement that every parent should have the opportunity to choose the best educational pathway for their own child.

I urge this committee to expeditiously consider and pass the Educational Choice of Children's Act. Our children desperately need it.

[The statement of Mr. Owens follows:]

BURGESS OWENS
Representing the 4th District of Utah

119th Ways and Means Member Day Hearing – Rep. Burgess Owens Remarks

Chairman Smith, Ranking Member Neal, and members of the committee – thank you for the opportunity to testify today. I am here to advocate for legislation shared between this committee and the Committee on Education and the Workforce, on which I serve as Vice-Chair.

Here shortly I will be introducing the Educational Choice for Children Act, or ECCA, alongside my friend, Adrian Smith – a senior member of this committee and tireless advocate for school choice.

The ECCA – passed through committee last September – I first introduced in the 117th Congress with our late colleague and beloved friend Jackie Walorski. Jackie was a joyful champion of policies to ensure every parent and child had the resources and education they need to succeed, and this bill is a fitting tribute to her legacy.

Jackie, like myself, was raised with the strong belief that education and hard work have the power to create upward socio-economic mobility. This was true for my own father, a WWII veteran and HBCU professor, who leveraged education to ensure our family thrived in the middle-class.

By offering parents and students more educational options, we create more and better opportunities that empower generations to make their American Dream a reality. This was true for me, growing up in the bigoted segregated south and can be so for so many children today trapped in a cycle of forgotten dreams and lost hope.

Our bill is based on wildly popular and incredibly successful state programs. Like the *Children First Education Fund* in my home state of Utah, these programs are designed to address any concerns of direct government funding of scholarships.

Because the ECCA provides a "refundable" tax credit to support scholarship, it diverts no existing funding away from our public schools. Any fear-mongering saying otherwise is a slapdash effort to keep choice and money out of the hands of parents. The ECCA can be compared to other existing tax programs such as the Low-Income Housing Tax Credit and the New Markets Tax Credit, which benefit from robust bipartisan support.

To ensure that the government does not participate in awarding scholarships for attendance at religious schools, ECCA tax credits and scholarships are administered through independent Scholarship Granting Organizations (SGOs). These SGOs both allocate non-refundable credits to donors and select those families who receive scholarships, guaranteeing that students in all parts of the country – *not just cities and suburbs* – can participate. SGOs may also offer assistance with supplemental educational assistance and supplies for families in need – not solely school tuition.

This model has already proven to be both sustainable and successful for the recipients of children scholarship funds across the country:

In Philadelphia – 98 percent of eighth graders graduate high school on time and 70 percent enroll in some form of post-secondary education within one year of graduating high school.

In New York City – 97 percent graduated high school on time in 2024, compared to the most recent average NYC public school graduation rate of 83.7 percent.

In Baltimore – a 97 percent graduation rate and 84 percent enroll in college.

In San Francisco – a 98 percent high school graduation rate and 53 percent college graduation rate, compared with 11 percent for low-income students nationally.

"Ignorant and Free, can never be" harkens to the vision and foresight of our founders who considered education and the pursuit of knowledge as foundational to a free and open society. The Constitution, in no uncertain terms, enshrines the right to Life, Liberty and the Pursuit of Happiness as the vision of a Heavenly Father that puts value on every child and every life.… Regardless of race, creed, color or zip code.

Unfortunately, many children across the country, particularly Black and Brown children, lack basic reading and writing skills, are discouraged from fostering pride in their country, and are taught to embrace victimhood as a virtue while perceiving hard work and merit as vices. This combination of challenges makes the pursuit of life, liberty, and happiness unattainable.

Adrian Smith and I are fighting today for the Heart and Soul of our nation. This committee cannot accept that the intellectual & educational failure of our own children is normal.

This legislation assures a WIN/WIN/WIN/WIN. A **Win** for the Parent to see their child reach their potential, a **WIN** for the educational community to allow competition and meritocracy, a **WIN** for caring citizen donors seeking to reduce their tax burden, and a **WIN** for our nation's most *precious produc*t…**our children** .. to become happy, productive citizens of their community and country.

I look forward to continue working with my colleagues here today to *again* pass this bill through the Ways and Means Committee. Outside of this room and to the rest of my colleagues, I will not be outworked as a relentless and passionate advocate for what I know to be a transformative innovation in school choice, empowering parents across the country with new tools to maximize opportunity for their kids.

I urge this Committee to expeditiously consider and pass the Educational Choice for Children Act – our children desperately need it. Thank you and I yield back.

Mr. OWENS. Thank you, and I yield back.

Mr. KELLY. Thank you. I now recognize Representative Dina Titus, the gentlewoman from Nevada. Ms. Titus has been a staunch advocate for the people of Las Vegas.

Ms. Titus, you have five minutes.

STATEMENT OF THE HON. DINA TITUS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Ms. TITUS. Thank you very much, and thank you for this opportunity.

I would like to start by addressing several outdated provisions in the tax code that directly impact the gaming industry. Now, I do represent Las Vegas and southern Nevada, where we have long been known for gaming, but this is something that is very widespread now and affects many different districts and many of you in different ways.

For example, sports betting is now legal and operational in 38 states and Washington, D.C. The legal gaming industry supports 1.8 million jobs and $52.7 billion in direct tax revenue. Many of these jobs are located in my district but, as I said, they are across the country. Despite gaming's widespread acceptance, though, and economic importance to many of our communities, the Federal Government still imposes an outdated excise tax on legal sports wagers.

The 0.025 percent Sports Betting Handles Tax, as it is called, and the accompanying $50-per-person head tax for sports book employees really serves no purpose, and only empowers the illegal market by enabling it to offer better odds than the legitimate ones. You know, I once asked the IRS, where does this money go? What do you use it for? And they couldn't even answer me. They couldn't even find it. It just went in some pile somewhere, I guess.

Additionally, a second outdated tax on gaming is that the IRS requires casinos to furnish tax forms for any jackpot over $1,200 from a slot machine. Now, this $1,200 threshold has not been updated since 1977. That means that the IRS is just flooded with hundreds of thousands of these tax forms for customers who hit minimum jackpots and don't owe any taxes at the end of the day.

Furthermore, the patrons have to wait a long time for the tax forms to come, get filled out, they shut down the machines, closes off the floor. This slows down the industry, as well as the customer. Updating this threshold to $5,000 and indexing it to inflation is what the IRS's own advisory committee has endorsed. And if we do that, it would be beneficial, as I said, to operators, customers, and the government.

So I strongly urge this committee to look at those two outdated provisions of the tax code. I am the co-chair of the Gaming Caucus. We will be coming with this legislation. It has bipartisan support, and I hope you that you will consider it this Congress.

Next I want to turn to another business that has outdated tax treatment, and that is the cannabis industry. I seem to be advocating for all the vices here this morning; I apologize for that. Like gaming, cannabis has now spread to many states, and it is a legitimate source of jobs and tax revenue. It is legal for medical purposes in 39 states and regional uses in 24 states. Despite this, the

outdated scheduling of cannabis as a schedule I drug means that those who work in the legitimate industry in those states where it is legal have to jump through hoops to operate just like any other small business does.

Under the purview of this committee is section 280E of the tax code that prohibits businesses that traffic in schedule I and II drugs from deducting ordinary business expenses. Section 280E drastically increases prices for consumers and harms businesses that are legitimate in these states, thereby sending people to the illegitimate market where prices are lower. Again, as co-chair of the Cannabis Caucus, I hope we can—I can work with this committee to see that we can begin to treat cannabis businesses like any other small businesses that operate in so many of our districts.

Third—and you have been hearing a lot about this lately—I want to touch on taxation of tax—tipped income. I am supportive of exempting tips from taxation only if it is coupled with an increase in the minimum wage, elimination of the tipped sub-minimum wage, and protections to prevent abuse. We have to ensure that the tax code uplifts everyone, but does so in a fair way.

Finally, on an issue that is very important in my district, is Social Security. I have a lot of seniors in my district, as many of you do, and Social Security is unquestionably one of the most successful programs we have had in our history. Over 144,000 people who live in my 1st congressional district receive $250 a month from Social Security benefits. The program is 89 years old. It has been working well. I hope that the committee will build on the Social Security Fairness Act that was passed by the last Congress, and continue to look for ways to strengthen Social Security and perhaps broaden it so that it stays solvent and stays there as that lifesaver that so many of our constituents need.

So those are our priorities, things that I look forward to working with you all on, and thank you for your attention.

[The statement of Ms. Titus follows:]

Testimony For Ways and Means Members Day

Congresswoman Dina Titus (NV-01)

- Chairman Smith and Ranking Member Neal, I greatly appreciate the chance to address the Ways and Means Committee at the start of the 119th Congress.
- The immense jurisdiction of the Ways & Means Committee touches on many of my priorities.

- I want to start by discussing several outdated provisions in the tax code that directly impact the gaming industry.
- Sports betting is now legal and operational in 38 states and Washington, DC. The legal gaming industry supports 1.8 million jobs and $52.7 billion in direct tax revenue. Many of these jobs are located in Nevada's First Congressional District.
- Despite gaming's widespread acceptance and economic importance to communities like mine, the federal government still imposes an outdated excise tax on legal sports wagers.
- The .025% sports betting handle tax and accompanying $50 per person tax for sportsbook employees serve no purpose and only empower the illegal market by enabling it to offer better odds to consumers.
- I once asked the IRS where this money went, and they did not even know.
- Additionally, the IRS requires casinos to furnish tax forms for any jackpot over $1200 from a slot machine.
- This $1200 threshold has not been updated since 1977. This means that the IRS is flooded with hundreds of thousands of tax forms for customers who hit minimal jackpots and do not owe any taxes at the end of the day.

- Patrons must also wait for these forms to be filled out, significantly slowing down operations on the floor.
- Updating the threshold to $5,000 and indexing it to inflation, which the IRS's own advisory committee has endorsed, would be beneficial to operators, customers, and the IRS.
- I strongly urge the committee to look at these two outdated provisions of the tax code. As Co-Chair of the Gaming Caucus, I will be re-introducing two pieces of legislation that deal with these issues and hope that the committee will consider them this Congress.

- Next, I want to turn to another business that is subjected to outdated tax treatment, the cannabis industry. Like gaming, cannabis has now spread to many states, providing a source of jobs and tax revenue.
- Cannabis is legal for medical use in 39 states and for recreational use in 24 states.
- Despite this, because of the outdated scheduling of cannabis as a Schedule I drug, those who work in the cannabis industry must jump through hoops to operate like any other business does.
- In the purview of this committee is Section 280E of the tax code which prohibits businesses "trafficking" in Schedule I or II drugs from deducting ordinary businesses expenses.
- Section 280E drastically increases prices for consumers and harms businesses that operate in states where they are permitted.
- As a co-chair of the Cannabis Caucus, I hope to work with the committee to look at the tax issues facing legitimate cannabis operators and provide solutions so that these businesses can compete with the black market.

- Lastly, I want to touch on an issue of critical importance to my district, Social Security.
- Over 144,000 of my constituents in Nevada's First Congressional District receive $250 million per month in Social Security benefits.
- The 89-year-old Social Security program is one of our government's greatest success stories and enjoys widespread support.
- I hope this committee builds on The Social Security Fairness Act passed last Congress and continues to look for ways to strengthen Social Security for the tens of millions of our constituents who rely on it.
- As the committee considers all the issues before it this session, I hope that they will not look at cutting Social Security benefits or raising the retirement age to pay for other priorities.

- Thank you so much for the opportunity to address the committee and I look forward to working together to improve our tax code and protect Social Security.

Mr. KELLY. Yes, ma'am. Thank you, Ms. Titus. I now recognize Representative Derrick Van Orden, the gentleman from Wisconsin. Mr. Van Orden is a Navy SEAL who served multiple tours overseas, and continues his service as an outspoken champion for southwestern Wisconsin in Congress.

Mr. Van Orden, you are recognized for five minutes.

STATEMENT OF THE HON. DERRICK VAN ORDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. VAN ORDEN. Thank you, Mr. Chairman. I deeply appreciate the opportunity to come here and speak in this rather fancy room. I will give it to you, I am on the Agriculture Committee, the VA Committee, and also on Armed Services, and it is wonderful to be here. And I would like to thank all the distinguished members for having me today.

As we are discussing the upcoming reconciliation package and the expiration of various tax provisions at the end of the fiscal year, I am here today to emphasize three key points that must be included in this package: the first is the no tax on tips; no tax on Social Security; and the extension of President Trump's Tax Cuts and Jobs Act, or the TCJA.

I have been supporting myself financially since I was 16 years old. I joined the Navy at 18. In those intervening years I worked in the hospitality industry, in restaurants. And as a young man, a teenager, having to pay this tax bill on my tips that would come in every day was very disconcerting, and it made life very, very difficult. Our service workers and people that are depending on these tips often times are not recognized, and they need to be so recognized. And we have to have to understand the dignity of labor and getting them to stay in these critical fields. So I very, very strongly support the no tax on tips.

Our seniors built this nation. They are responsible for the building that we are sitting in, they are responsible for the freedoms that we enjoy, and they must be respected as so. To have our seniors being concerned that their Social Security benefits are being taxed and making it more difficult for them to live is simply unacceptable. So I stand very strongly in support, and I was very happy to cosponsor the Senior Citizens Tax Elimination Act last Congress, and I will be doing so again this Congress. And hopefully, we will get this into the reconciliation package so that our seniors can live a little bit easier in this tough economy.

And finally, we need to extend the historic tax cuts that were put in place by President Trump in 2017. These tax cuts were responsible for the incredibly strong economy we saw under President Trump's first term. Provisions such as the reduction of individual income taxes and the expansion of the standard deduction have provided significant relief to Wisconsin families. Letting them expire would be a huge hit to the working-class Wisconsinites that I represent in my district.

And moreover, measures like the 1099A deduction have played an essential role in enabling small and medium-sized businesses to achieve greater tax equity or equality with larger corporations, and

by eliminating this deduction, it would jeopardize over 2.5 million jobs.

I realize there has been a lot of conversations about the cost of these extensions, but I urge my colleagues here to be cautious by following the CBO's advice. The Congressional Budget Office has consistently proven to be inaccurate in their in their estimates, so I want to make sure that everybody understands that—let's go into this with our eyes wide open and really look at the CBO's estimates and take them for what they are, which is nearly useless.

Mr. Chairman and members of the committee, the policies I have outlined today—no tax on tips, no tax on Social Security, and the extension of President Trump's TCJA, are essential to safeguarding the financial security of families in Wisconsin and across this country. These measures will support hard-working Americans, alleviate the burden of inflation, and continue the economic momentum that we are starting to build under President Trump's second term.

[The statement of Mr. Van Orden follows:]

Ways and Means Member Day Hearing

Testimony of Congressman Derrick Van Orden (WI-03), as prepared
January 22, 2025

Good morning, Chairman Smith and other members of the Committee on Ways and Means. Thank you for giving me the opportunity to speak here today.

As we discuss this upcoming reconciliation package and the expiration of various tax provisions at the end of this fiscal year, I am here today to emphasize three key points that must be included in any package. **No Tax on Tips, No Tax on Social Security, and the extension of President Trump's 'Tax Cuts and Jobs Act' or TCJA.**

From the age of 16 until I joined the U.S. Navy, I supported myself by working in a restaurant, so I personally understand how important tips are for folks who rely on them as their main source of income. In Wisconsin, many tipped workers make $2.33/hour, meaning that the more of their tips they can take home, the better suited they will be to provide for themselves and their families.

That is why I am proud to have supported the No Tax on Tips Act in both the 118th and 119th Congresses. The No Tax on Tips Act will eliminate taxes on tipped wages, allowing Americans to keep more of their hard-earned dollars in their pockets. Specifically, this bill will allow tipped taxpayers to claim a 100% above-the-line dedication at filing for tipped wages. This is a provision that was first championed by President Trump, and is a critical step toward reversing the disastrous economic policies put forth by the Biden-Harris administration that sent inflation soaring. We in Congress must do everything we can to put more money back in the pockets of hardworking Americans.

Similarly, we must ensure that our senior citizens are taken care of and their benefits are protected. Last Congress, I was proud to cosponsor the Senior Citizens Tax Elimination Act, which assists middle-class seniors by eliminating the double tax on Social Security benefits. Like the tax on tips, this tax relief would help ease the financial burden caused by rising costs for essentials like groceries, housing, and prescription medications. I take my commitment to our senior citizens seriously and will always work to ensure they are taken care of and their benefits are protected.

And finally, we must extend the historic tax cuts that were put into place by President Trump in 2017. These tax cuts were responsible for the incredibly strong economy we saw under President Trump's first term. The reduction in individual income tax rates and the expansion of the standard deduction have provided significant relief to Wisconsin families. Letting them expire would hit working-class Wisconsinites in my district incredibly hard.

I realize there has been a lot of conversation around the cost of such an extension, but I urge my colleagues here to be cautious of these cost estimates. The CBO projects have increasingly fallen short of accurately reflecting economic realities.

More importantly, the cost of inaction—higher taxes on families, reduced economic growth, and increased financial strain—is too great to ignore. We must prioritize long-term prosperity over short-term budgetary concerns.

Chairman Smith and members of the Committee, the policies I've outlined today — No Tax on Tips, No Tax on Social Security, and the extension of President Trump's TCJA —are essential to safeguarding the financial security of families in Wisconsin and across the country. These measures will support hardworking Americans, alleviate the burden of inflation, and continue the economic momentum we built under President Trump's first term.

Mr. VAN ORDEN. And with that I yield back.

Mr. KELLY. Mr. Van Orden, again, thank you for your service.

We now recognize Representative Riley Moore, the gentleman from West Virginia. Mr. Moore, is a former member of the West Virginia House of Delegates, and he served as West Virginia's 25th state treasurer prior to being elected to Congress.

Mr. Moore, five minutes.

STATEMENT OF THE HON. RILEY MOORE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. MOORE of West Virginia. Thank you, Mr. Chairman, and thank you for hosting this Member Day hearing.

I think the American people spoke loudly and clearly on November 5. They sent President Trump back to the White House with a resounding victory and a clear mandate to put America first and to make us a secure and prosperous nation once again.

The American people also entrusted us with majorities in both houses of Congress to help President Trump achieve this historic mandate. A key pillar of President Trump's mandate is to make America an energy superpower. That means prioritizing our reliable baseload energy sources such as coal, oil, and natural gas. As I like to say, we need to prioritize an all-of-the-below-the-ground strategy to make us energy dominant again.

However, for too long this town has crushed our reliable baseload energy sources with devastating regulations and harmful policies that put ideology over energy security. Policies like Obama's Clean Power Plan, better known as the war on coal, which cost West Virginia thousands of coal jobs, and the so-called Inflation Reduction Act, which was a Trojan horse for the radical Green New Deal, have gotten us further and further away from energy security.

We should be a net exporter. Instead, President Biden had to beg Saudi Arabia not to raise oil prices, and our coal-fired power plants are being shuttered at record rates. This must change if we truly want to make America great again. We need to re-prioritize our baseload energy sources as we look to repeal the Inflation Reduction Act, Green New Deal's tax credits in reconciliation.

We should simultaneously consider harnessing our tax code to offer incentives for increasing reliable energy production. One way to do that is offering a tax credit to defray operations and maintenance costs for energy producers that meet certain production benchmarks. In 2018 Larry Bucshon of Indiana, along with the entire West Virginia delegation, introduced the Electricity Reliability and Fuel Security Act, which offered coal-fired power plants a temporary tax credit to recover up to 30 percent of the plant's operations and maintenance expenses.

While I fully support the original proposal focused on coal, I believe we can expand the idea to ensure we aren't picking winners and losers, and helping bring about a total energy renaissance in this country. We should consider broadening this tax credit proposal to make all forms of energy eligible for this 30 percent O&M tax credit if that producer can maintain a certain required X amount of megawatts produced. We can consult with experts to help us determine the right amount of megawatts that must be produced to receive this tax credit, but I believe this proposal will

both reward dependable baseload production, while also incentivizing other forms of energy to innovate and become more reliable.

And I would note that currently in the Inflation Reduction Act this 30 percent tax credit does exist on operations and maintenance for green energy products currently, right now, while coal and natural gas receive zero tax credits for operations and maintenance.

So I thank the chairman for the opportunity to testify today, and I am glad to work with the committee on this proposal, and I am glad to answer any questions. Thank you so much, Mr. Chairman.

[The statement of Mr. Moore of West Virginia follows:]

Ways and Means Member Day Hearing

Testimony – Rep. Riley M. Moore

Chairman Smith, thank you for hosting this Member Day hearing.

The American people spoke loudly and clearly on November 5th. They sent President Trump back to the White House with a resounding victory and a clear mandate to put America First, and to make us a secure and prosperous nation once again. The American people also entrusted us with majorities in both houses of Congress to help President Trump achieve this historic mandate.

A key pillar of President Trump's mandate is to make America an energy superpower. That means prioritizing our reliable baseload energy sources, like coal, oil, and natural gas. As I like to say, we need to prioritize an all of the below – the ground – strategy to make us energy dominant again.

However, for too long, this town has crushed our reliable baseload energy sources with devastating regulations and harmful policies that put ideology over energy security. Policies like Obama's Clean Power Plan, better known as his war on coal, which cost West Virginia thousands of coal jobs, and the so-called Inflation Reduction Act, which was a trojan horse for the radical Left's Green New Deal, have gotten us further and further away from energy security.

We should be a net energy exporter. Instead, President Biden had to beg Saudi Arabia not to raise oil prices, and our coal-fired power plants are being shuttered at record rates. This must change if we truly want to Make America Great Again.

We need to reprioritize our baseload energy sources. As we look to repeal the IRA's Green New Deal tax credits in reconciliation, we should simultaneously

consider harnessing our tax code to offer incentives for increasing reliable energy production. One way to do that is offering a tax credit to defray operations and maintenance costs for energy producers that meet certain production benchmarks.

In 2018, Rep. Larry Bucshon of Indiana, along with the entire West Virginia delegation, introduced the Electricity Reliability and Fuel Security Act, which offered coal-fired power plants a temporary tax credit to recover up to 30 percent of a plant's operations and maintenance expenses.

While I fully support this original proposal focused on coal, I believe we can expand this idea to ensure we aren't picking winners and losers and help bring about a total energy renaissance in this country. We should consider broadening this tax credit proposal to make all forms of energy eligible for this 30 percent O&M tax credit, if that producer can meet a certain required "X amount" of megawatts produced.

We can consult with experts to help us determine the right "X amount" of megawatt hours that must be produced to receive this tax credit, but I believe this proposal will both reward dependable baseload production while also incentivizing other forms of energy to innovate and become more reliable.

I thank the Chairman for the opportunity to testify today, and I am glad to work with the committee on this proposal. I'm glad to answer any questions. Thank you.

Mr. MOORE of West Virginia. I yield back.

Mr. KELLY. Thank you. We now recognize Representative Emilia Sykes from Ohio. The gentlewoman comes from a family of leaders in her state, and we are glad to have her here serving in Congress with us.

Ms. Sykes.

STATEMENT OF THE HON. EMILIA SYKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mrs. SYKES. Thank you, Mr. Chair, and thank you to Ranking Member Neal for holding this hearing today and offering members an opportunity to speak on tax priorities that are so important to our districts. I appreciate the both of you for your leadership in this committee, and I look forward to working with you to improve our nation's tax code for the people of Ohio's 13th congressional district and for Americans all around the country in this 119th Congress.

Before speaking on priorities for the upcoming Congress, I want to highlight a policy from the 118th that is driving the conversation in my home district. It is the Social Security Fairness Act. The Social Security Fairness Act eliminates the windfall elimination provision in the government pension offset from the Social Security Act, which previously prevented public service employees from receiving their full Social Security benefits if they also received other forms of retirement benefits such as a pension. There is no good reason why teachers, firefighters, and other public service employees who have earned their retirement benefits should not receive them. Again, they earned these benefits and they should not have been penalized for working hard.

Ohio is especially going to benefit from this piece of legislation, with the Congressional Research Commission indicating over 230,000 Ohioans will be eligible for increased benefits because of this law. The Social Security Fairness Act is not just important because it provides relief to thousands of my constituents who were frustrated and are frustrated they couldn't receive their full benefits, it also demonstrates what Congress is capable of when we work together in a bipartisan fashion.

Mr. Chairman and members of the committee, there is not a single place I have gone in the last few weeks back at home where someone has not stopped me to thank me for the work that Congress did to ensure that the Social Security Fairness Act was passed and signed into law. Whether it was a retired firefighter or a widowed teacher who could not get the full benefits—survivor benefits from her late husband, there are people all across Ohio's 13th congressional district and this country who have much more greater economic opportunities because of this bill. We should keep this example of bipartisanship in mind as we prepare for the upcoming tax debate.

With so many provisions from the Tax Cuts and Jobs Act expiring, we have a great opportunity to lower costs for the American people and give families a better chance at the American dream. For example, Congress could expand the Earned Income Tax Credit by doubling the credit percentage for families with children and reinstate the expansion of the Child Tax Credit, which cut poverty

nearly in half when it was fully implemented. Putting more money in people's pockets of the individuals who work hard but struggle to make ends meet should be a top priority for all of us.

Both of these policies are included in my first bill of the 119th Congress, the Lower Your Taxes Act, which, if implemented, would expand the middle class by reducing costs and expanding opportunity for everyday working families. Further, this legislation incentivizes work and self-sufficiency, a goal that I know everyone in this room and on this committee has.

This bill would also reverse some of the unpopular policies of the Tax Cuts and Jobs Act by shifting the tax burden from low and middle-class Americans back to the corporations who are currently not paying their fair share. There is no reason why line cooks, firefighters, and teachers are taking more of the tax burden on than rich corporate billionaire corporations.

We instead know that the best way to deliver for American families and workers is to invest in American families and workers, and not greedy corporations. This year's tax debate gives us a chance to do right by the American public and ensure that they can make ends meet in the face of rising costs and put more money in their pockets, which, by the way, Mr. Chair, is their money. I hope this committee takes these issues into consideration as we look to improve the lives of America's hardest workers, including those in my community, in my district, the birthplace of champions, Ohio's 13th congressional district.

Thank you, Mr. Chair. I appreciate the opportunity to address the committee, and I yield back.

[The statement of Mrs. Sykes follows:]

CONGRESSWOMAN
EMILIA SYKES
SERVING OHIO'S 13TH DISTRICT

MEMBER DAY HEARING MEMO

To: Congresswoman Emilia Strong Sykes

Prepared By: Owen Beal

Date: Monday, January 20, 2025

Re: Ways and Means Committee – Full Committee Organizational Meeting and Hearing titled *"America Builds: The State of the Nation's Transportation System"*

SUMMARY: The Full Committee on Ways and Means will hold a Member Day Hearing at 10:00 a.m. ET on Wednesday, January 22, 2025, in 2167 of the Rayburn House Office Building.

This hearing will provide Members an opportunity to highlight tax priorities important to them and their congressional districts. The Committee has developed a robust legislative agenda for the 119th Congress and is eager for Members to provide testimony regarding key issues under the Committee's tax jurisdiction.

ORGANIZATION: House Full Committee on Ways and Means

WHAT: Member Day Hearing

ROLE: Attend and address the Committee

WHEN: 10:15 AM

WHERE: 1100 Longworth HOB

WITNESSES:

- *Rep. Ryan Mackenzie (R-PA-07)*
- *Rep. Andy Barr (R-KY-06)*
- *Rep. Burgess Owens (R-UT-04)*
- *Rep. Nick LaLota (R-NY-01)*
- *Pablo Jose Hernandez (R-Resident Commissioner of Puerto Rico)*
- Rep. Rosa DeLauro (D-CT-03)
- Rep. Emilia Sykes (D-OH-13)
- Rep. Nellie Pou (D-NJ-09)
- *Rep. Andrew Clyde (R-GA-09)*
- *Rep. Ashley Hinson (R-IA-02)*
- *Rep. Jim Baird (R-IN-04)*
- *Rep. Derrick Van Orden (R-WI-03)*
- *Rep. Warren Davidson (R-OH-08)*
- Rep. Emanuel Cleaver, II (D-MO-05)
- *Rep. John James (R-MI-10)*
- *Rep. Vince Fong (R-CA-20)*
- *Rep. Riley Moore (R-WV-02)*
- *Rep. Neal Dunn (R-FL-02)*
- *Rep. Troy Downing (R-MT-02)*
- *Rep. Dale Strong (R-AL-05)*
- *Rep. Wesley Hunt (R-TX-38)*
- *Rep. Brad Knott (R-NC-13)*
- *Rep. Tony Wied (R-WI-08)*
- *Rep. Jeff Van Drew (R-NJ-02)*
- *Rep. Zach Nunn (R-IA-03)*

- *Rep. Julie Fedorchak (R-ND-AL)*
- *Rep. Mariannette Miller-Meeks (R-IA-01)*
- *Rep. Young Kim (R-CA-40)*
- *Rep. Keith Self (R-TX-03)*
- *Rep. Diana Harshbarger (R-TN-01)*
- *Rep. Erin Houchin (R-IN-09)*
- Rep. Laura Gillen (D-NY-04)
- *Rep. Dan Meuser (R-PA-09)*

SUGGESTED REMARKS

Thank you, Chairman Smith and Ranking Member Neal, for holding this hearing today and offering Members this opportunity to speak on tax priorities that are so important to our districts. I appreciate both of your leadership in this committee and I'm looking forward to assessing and improving our nation's tax code for the people of Ohio's 13th Congressional district and for Americans across the country in the 119th Congress.

I also want to thank Representative Mike Carey, for looking after the needs of Ohioans during your time in Congress. I look forward to continuing our work together protecting America's hard earned Social Security benefits as we've done with our Social Security Claw Back Act – and I hope to join you in representing Ohioans on the Ways and Means Committee in the 120th Congress.

Before speaking on priorities for the upcoming Congress, I want to highlight a policy from the 118th Congress that is driving the conversation in my home District; the Social Security Fairness Act.

The Social Security Fairness Act eliminates the Windfall Elimination Provision and the Government Pension Offset from the Social Security Act, which previously prevented public service employees from receiving their full Social Security benefits if they also received other forms of retirement benefits, such as a pension. There's no good reason why teachers, firefighters, and other public service employees who have earned their retirement benefits should not receive them.

This important law not only provides relief to thousands of my constituents who are frustrated they couldn't receive their full Social Security benefits – it demonstrates what Congress is capable of when we work together in bipartisan fashion.

We should keep this example of bipartisanship in mind as we prepare for the upcoming tax debate. With so many provisions from the Tax Cuts and Jobs Act expiring, we have a great opportunity to lower costs for the American people and give families a better chance at the American Dream.

For instance, Congress could expand the Earned Income Tax Credit by doubling the credit percentage for families with children and reinstate the expansion of the Child Tax Credit, which cut child poverty in half.

Both of these policies are included in my first bill of the 119th Congress, the Lower Your Taxes Act, which, if implemented, would expand the middle class by reducing costs and expanding opportunity for everyday working families.

This bill would also reverse some of the unpopular policies of the Tax Cuts and Jobs Act and raise the corporate tax rate from 21% back to 28%. After being in place since 2017, it is clear that lowering taxes for corporations fails to have a positive impact on the middle class. We instead know that the best way to deliver for families and workers is to invest in families and workers – not greedy corporations.

This year's tax debate gives us a chance to do right by the American people and ensure they can make ends meet in the face of rising costs. I hope that this Committee takes these issues into consideration as we look to improve the lives of America's hardest workers.

Thank you Mr. Chairman, I yield back.

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Chairman SMITH [presiding]. Thank you. I recognize Representative Dale Strong, the gentleman from Alabama with a heart for service. Mr. Strong has spent his entire career as a dedicated first responder. He now serves the community as a Member of Congress and on the Appropriations, Homeland Security.

Welcome to the committee.

STATEMENT OF THE HON. DALE STRONG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. STRONG. Thank you, Chairman Smith, distinguished members of this committee. Thank you for the opportunity to stand up for businesses and workers in north Alabama. I am proud to speak on behalf of American jobs, American competitiveness, and our future as the world's leader in innovation.

The 2017 Tax Cuts and Jobs Act was a game-changer for our nation. It unleashed the full potential of our economy, strengthened America's businesses, and help create high-paying jobs in communities across our country. To keep the United States competitive on the global stage, create new jobs, and grow our economy, we must restore these crucial tax provisions, starting with the immediate expensing of research and development.

Throughout north Alabama, businesses depend on the ability to immediately deduct R&D expenses so they can reinvest in their products, their employees, and their communities. This is truly an investment in America. Immediately expensing isn't just a tax provision. It is a job creator, a growth accelerator, and a fundamental tool that keeps American businesses at the cutting edge of the global economy.

Unfortunately, nations like China continue to pour more and more into R&D and technology. The U.S. has fallen behind. We are one of only two developed countries that do not allow businesses to immediately write off the full cost of machinery and equipment. It means fewer jobs for American workers, less investment in American innovation, and a weakening of our global competitiveness.

It is not just business that benefits from President Donald Trump's tax cuts. Working families do, too. The personal income tax cut provided working families with more take-home pay, which they used to reinvest in their communities and local economies. Americans—America's economic success depends on a tax code that rewards innovation, supports job creation, and prioritizes American workers over foreign competitors. America first. If we seriously talk about keeping America competitive, we want to ensure that we are the economic leader of the world stage. We cannot afford to let these provisions expire. Our time is now.

[The statement of Mr. Strong follows:]

Rep. Dale Strong (AL-05) Member Day Remarks

Chairman Smith,

Thank you for the opportunity to stand up for businesses and workers in North Alabama. I'm proud to speak on behalf of American jobs, American competitiveness, and our future as the world's leader in innovation.

The 2017 Tax Cuts and Jobs Act was a game-changer for our nation. It unleashed the full potential of our economy, strengthened American businesses, and helped create high-paying jobs in communities across the country.

To keep the United States competitive on the global stage, create new jobs, and grow our economy, we must restore these crucial tax provisions, starting with the immediate expensing of research and development. Throughout North Alabama, businesses depend on the ability to immediately deduct R&D expenses so they can reinvest in their products, their employees, and their communities.

Immediate expensing isn't just a tax provision — it's a job-creator, a growth-accelerator, and a fundamental tool that keeps American businesses at the cutting edge of the global economy.

Unfortunately, as nations like China continue to pour more and more into R&D and technology, the U.S. has fallen behind. We are one of only two developed countries that do not allow businesses to immediately write off the full cost of machinery and equipment. It means fewer jobs for American workers, less investment in American innovation, and a weakening of our global competitiveness.

It is not just businesses that benefited from President Trump's tax cuts — working families did too. The personal income tax cuts provided working families with more take-home pay, which they used to reinvest in their communities and local economies.

America's economic success depends on a tax code that rewards innovation, supports job creation, and prioritizes American workers over foreign competitors. If we're serious about keeping America competitive — if we want to ensure that we're the economic leader on the world stage — we cannot afford to let these provisions expire.

Mr. STRONG. Mr. Chairman, I yield back.

Chairman SMITH. Thank you. I now recognize the congresswoman from American Samoa, Mrs. Radewagen. This is not her first time with the Ways and Means Committee. We had the great opportunity to travel together to Southeast Asia to discuss the issues of China's aggression over there.

It is great to have you back with us on the committee.

STATEMENT OF THE HON. AUMUA AMATA COLEMAN RADEWAGEN, A DELEGATE IN CONGRESS FROM THE TERRITORY OF AMERICAN SAMOA

Mrs. RADEWAGEN. Thank you, Chairman Smith and Ranking Member Neal, for allowing me to submit testimony on my bill, H.R. 399, to permanently extend the American Samoa Economic Development Tax Credit.

American Samoa relies upon the operation of a tuna cannery to provide economic vitality to the island. This cannery has become the largest private-sector employer on the island, providing 2,450 jobs, or approximately 25 percent of the island's employment. Despite the economic challenges, the operation of this cannery is crucial for the economic sustainability of American Samoa, as it, along with its associated fishing operations, contributes to a third of the island's gross domestic product.

Other related industries on the island such as fueling, shipping, and stevedoring depend on the ongoing activities of the cannery to support their own operations. This economic activity has allowed American Samoan citizens to retain meaningful employment along with a reliable income and valuable fringe benefits.

My bill, H.R. 399, would permanently extend the American Samoa Economic Development Credit, or ASEDC, which expired on January 1, 2022, after repeated renewals. The ASEDC was designed to encourage investment in the U.S. insular areas and create jobs by reducing the federal taxes on income earned by qualifying U.S. businesses. The credit has helped to alleviate significant competitive disadvantages facing businesses in the territory, helping companies, including the cannery, continue operations on U.S. soil while competitors increasingly move business overseas to take advantage of cheap labor and foreign subsidies.

The ASEDC was routinely extended as part of an annual package of tax extenders since its creation in 1996 until it expired on January 1, 2022. The credit was typically extended for one to three years at a time, and had been renewed and made retroactive nine times since 1996. Since the credit's expiration, companies in American Samoa have had to consider either significantly reducing their operations or exploring the possibility of relocating to more viable economic environments. The American Samoan government estimates that such relocations could cause a financial crisis from which the island economy may never recover.

The credit represents an offset of approximately a quarter of the cannery's annual labor costs. For comparison, relocation of the cannery to outside the U.S. would cut costs by nearly three-fourths. Competing canneries in Asia pay their workers the equivalent of less than $2 an hour under harsh and unsafe conditions. To be frank, Starkist has expressed a strong desire to remain in Amer-

ican Samoa under the U.S. flag, where U.S. workers' rights are better protected, but the fact remains that they require government support to remain competitive.

A 2023 GAO report noted that reductions in the tuna canning industry would likely also affect support industries such as transportation, and warehousing, retail, and wholesale, and construction in American Samoa.

The tax credit also represents an opportunity for further development of the American Samoa economy. While we are primarily a fishing town, the credit could be used to attract other industries and revenue streams for the island.

Thank you again, Chairman Smith, Ranking Member Neal, and the rest of the Ways and Means Committee for the opportunity to speak today. Given the low cost of the credit compared to its immense economic benefit to American Samoa, I strongly encourage my colleagues to pass H.R. 399 to permanently extend the ASEDC.

[The statement of Mrs. Radewagen follows:]

House Committee on Ways and Means
Member Day Hearing on Matters Within the Committee's Tax Jurisdiction
Testimony from Rep. Uifa'atali Amata Radewagen

10:00 AM, Wednesday, January 22, 2025
1100 Longworth House Office Building

Thank you, Chairman Smith and Ranking Member Neal, for allowing me to submit testimony on my bill, H.R. 399, *To permanently extend the American Samoa economic development tax credit.*

American Samoa relies upon the operation of a tuna cannery to provide economic vitality to the island. This cannery has become the largest private-sector employer on the island, providing 2,450 jobs, or approximately 25 percent of the island's employment. Despite the economic challenges, the operation of this cannery is crucial for the economic sustainability of American Samoa, as it, along with its associated fishing operations, contributes to a third of the island's gross domestic product. Other related industries on the island, such as fueling, shipping, and stevedoring, depend on the ongoing activities of the cannery to support their own operations. This economic activity has allowed American Samoan citizens to retain meaningful employment, along with a reliable income and valuable fringe benefits.

My bill, H.R. 399 would permanently extend the American Samoa Economic Development Credit (ASEDC), which expired on January 1, 2022, after repeated renewals. The ASEDC was designed to encourage investment in the U.S. insular areas and create jobs by reducing the federal taxes on income earned by qualifying U.S. businesses. The credit has helped to alleviate the significant competitive disadvantages facing businesses in the territory, helping companies, including the cannery, continue operations on U.S. soil while competitors increasingly move business overseas to take advantage of cheap labor and foreign subsidies.

The ASEDC was routinely extended as part of an annual package of tax extenders since its creation in 1996, until it expired on January 1, 2022. The credit was typically extended for 1-3 years at a time and had been renewed and made retroactive nine times since 1996. Since the credit's expiration, companies in American Samoa have had to consider either significantly reducing their operations or exploring the possibility of relocating to more viable economic environments. The American Samoan government estimates that such relocations could cause a financial crisis from which the island economy may never recover.

The credit represents an offset of approximately a quarter of the cannery's annual labor costs. For comparison, relocation of the cannery to outside the U.S. would cut costs by nearly three-fourths. Competing canneries in Asia pay their workers the equivalent of less than two dollars an hour under harsh and unsafe conditions. To be frank, StarKist has expressed a strong desire to remain in American Samoa under the US flag, where workers' rights are better protected, but the fact remains that they require government support to remain competitive.

A 2023 GAO report noted that "reductions in the tuna canning industry would likely also affect support industries such as transportation and warehousing, retail and wholesale, and construction in American Samoa." The tax credit also represents an opportunity for further

development of the American Samoan economy. While we are primarily a fishing town, the credit could be used to attract other industries and revenue streams for the island.

Thank you again Chairman Smith, RM Neal and the rest of the Ways and Means Committee for the opportunity to speak today. Given the low cost of the credit compared to its immense economic benefit to American Samoa, I strongly encourage my colleagues to pass H.R. 399 to permanently extend the ASEDC.

Additional Background Information and Statistics:

- H.R. 399 would permanently extend the American Samoa Economic Development Credit (ASEDC), which expired on January 1, 2022, after repeated renewals.
- The ASEDC was designed to encourage investment in the U.S. insular areas and create jobs by reducing the federal taxes on income earned by qualifying U.S. businesses. The credit has helped to alleviate the significant competitive disadvantages facing businesses in the territory, helping companies, including StarKist, continue operations on U.S. soil while competitors increasingly move business overseas to take advantage of cheap labor and foreign subsidies.
- The credit offsets the U.S. tax imposed on taxable non-U.S. source income from (1) the active conduct of a trade or business within a U.S. possession, (2) the sale or exchange of substantially all of the assets that were used by taxpayer in such a trade or business, or (3) qualified possessions investment.
- The ASEDC was routinely extended as part of an annual package of tax extenders since its creation in 1996, until it expired on January 1, 2022. The credit was typically extended for 1-3 years at a time, and had been renewed and made retroactive nine times since 1996.
- According to a 2020 GAO report, the ASEDC offsets about a quarter of the cannery's annual labor costs, from $23 million to $18 million. By comparison, relocating out of the U.S. would cost about $5 million in annual labor costs.[1]
- Since the credit's expiration, companies in American Samoa have had to consider either significantly reducing their operations or exploring the possibility of relocating to more viable economic environments. The American Samoan government estimates that such relocations could cause a financial crisis from which the island economy may never recover.[2]
- A 2023 GAO report[3] noted that "reductions in the tuna canning industry would likely also affect support industries such as transportation and warehousing, retail and wholesale, and construction in American Samoa."
- The latest CBO analysis[4] (2022) scored the credit's renewal at approximately $8.5 million a year

[1] U.S. Government Accountability Office. "American Samoa: Economic Trends, Status of the Tuna Canning Industry, and Stakeholders' Views on Minimum Wage Increases." | U.S. GAO, Government Accountability Office, 11 June 2020, www.gao.gov/products/gao-20-467.

[2] U.S. Economic Development Administration. "Comprehensive Economic Development Strategy 2018-2022." 9 Feb. 2018 https://policy.asiapacificenergy.org/sites/default/files/American%20Samoa%27s%20Comprehensive%20Economic%20Development%20Strategy%202018-2022.pdf

[3] U.S. Government Accountability Office. "U.S. Territories: Public Debt Outlook - 2023 Update." | U.S. GAO, Government Accountability Office, 29 June 2023, www.gao.gov/products/gao-23-106045

[4] https://www.cbo.gov/system/files/2022-05/51138-2022-05-Revenue-Projections.xlsx

Mrs. RADEWAGEN. Thank you, Mr. Chairman, I yield back.

Chairman SMITH. Thank you. I now recognize Representative Jen Kiggans, the gentlewoman from Virginia. Mrs. Kiggans is a United States naval veteran, helicopter pilot, and is a proud Navy wife and mom. She is also a former member of the Virginia State Senate.

So welcome.

STATEMENT OF THE HON. JEN KIGGANS, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

Mrs. KIGGANS. Thank you so much, Mr. Chairman and distinguished members of the committee.

As we begin a new era of conservative leadership, it is important for Republicans to use our voices in energy and climate conversations so we can find common-sense, conservative solutions that will address our nation's energy security needs. One way to do that is by protecting the existing Clean Energy Tax Credits.

As Republicans we support an all-of-the-above approach to energy development. While the Inflation Reduction Act contained countless harmful provisions that led to our conference wholly opposing its package, some of the energy tax credits included in the bill have led to a significant increase in domestic manufacturing and energy production across the country, including in my district.

That is why I joined 17 of my Republican colleagues this past August in sending a letter to Speaker Johnson in support of protecting the IRA's Clean Energy Tax Credits. They have spurred innovation, driven billions of dollars in investment, and created good jobs in many parts of the country including in my district and many districts represented by members of our Republican Conference. In Virginia alone, over $445 million in IRA-supported private investments have been announced, supporting over 250 jobs. That is not to mention a new report showing that the combination of federal programs, Clean Energy Tax Credits, and clean energy investment will add $37 billion to the Commonwealth's economy by 2035.

It is important to note that the IRA's Clean Energy Tax Credits have been traditionally bipartisan, with many being in existence in some form or fashion since the George W. Bush Administration, and others gaining bipartisan support when they were introduced as individual legislative proposals.

I have seen the benefits of clean energy firsthand—again, in my district—through investments in offshore wind, which has not only brought significant economic gains and job growth, but is benefiting our United States Navy bases. Upgrading and improving our military bases continues to be a top priority of mine as a Navy veteran, and offshore wind has allowed us to harness the power of America's renewable energy to support the countless military installations along the Atlantic coast. As someone who represents one of the most military-heavy districts in the country, I know that energy security is national security.

The public-private partnership with the wind turbine industry in my district will allow upgrades to a very outdated power grid at our Navy's east coast master jet base, Naval Air Station Oceana.

While we continue working to unleash American energy, we cannot turn a blind eye to the benefits these Clean Energy Tax Credits provide, and how they are actively helping our armed forces, small businesses, and American families. The bottom line is that, in order to increase American energy dominance and bolster our domestic energy security, we need to protect as much production and innovation as possible. These Clean Energy Tax Credits have helped accomplish that goal.

At a time when energy demands continue to skyrocket, the repeal of these credits would have a significant negative impact on the United States' ability to counter growing threats from the Chinese Communist Party's activity in the energy sector. We need to be pragmatic in our approach to unleashing American energy independence. We must put America first by prioritizing domestic energy production and protecting our existing clean energy tax credits. I hope I can count on your support to do just that.

[The statement of Mrs. Kiggans follows:]

Ways and Means Remarks - 1/22/25

Rep. Jen Kiggans

Thank you, Mr. Chairman. As we begin a new era of conservative leadership, it's important for Republicans to use our voices in energy and climate conversations so we can find common sense, conservative solutions that will address our nation's energy security needs.

One way to do that is by protecting existing clean energy tax credits.

As Republicans, we support an all-of-the-above approach to energy development. While the Inflation Reduction Act contained countless harmful provisions that led to our conference wholly opposing its passage, the energy tax credits included in the bill have led to a significant increase in domestic manufacturing and energy production across the country.

That's why I joined 17 of my Republican colleagues this past August in sending a letter to Speaker Johnson in support of protecting the IRA's clean energy tax credits.

They have spurred innovation, driven billions of dollars in investment, and created good jobs in many parts of the country - including in my district and many districts represented by members of our Republican conference.

In Virginia alone, over $445 million in IRA-supported private investments have been announced, supporting over 250 jobs. That's not to mention a new report showing that the combination of federal programs, clean energy tax credits, and clean energy investment will add $37 billion to the Commonwealth's economy by 2035.

It is important to note that the IRA's clean energy tax credits have been traditionally bipartisan, with many being in existence in some form or fashion since the George W. Bush Administration, and others gaining bipartisan support when they were introduced as individual legislative proposals.

I have seen the benefits of clean energy firsthand in my district through investments in offshore wind, which has not only brought significant economic gains and job growth but is also benefiting our U.S. Navy bases.

Upgrading and improving our military bases continues to be a top priority of mine as a former Navy helicopter pilot, and offshore wind has allowed us to harness the power of America's renewable energy to support the countless military installations along the Atlantic coast.

As someone who represents one of the most military-heavy districts in the country, I know that energy security is national security.

So while we continue working to unleash American energy, we cannot turn a blind eye to the benefits of these clean energy tax credits and how they are actively helping our Armed Forces, small businesses, and American families.

The bottom line is that in order to increase American energy dominance and bolster our domestic energy security, we need to onshore as much production and innovation as possible. These clean energy tax credits have helped to accomplish that goal.

At a time when energy demands continue to skyrocket, the repeal of these credits would have a significant negative impact on the United States' ability to counter growing threats from the Chinese Communist Party's activity in the energy sector.

We need to be pragmatic in our approach to unlocking American energy. We must put America first by prioritizing domestic energy production and protecting our existing clean energy tax credits. I hope I can count on your support to do just that.

Thank you, and I yield back.

Mrs. KIGGANS. Thank you, and I yield back.

Chairman SMITH. Thank you very much. I now recognize Representative G.T. Thompson, the gentleman from Pennsylvania. As the chairman of the great Agriculture Committee, he understands firsthand of how tax policy impacts our farmers and our families.

It is great to have you back to Member Day.

STATEMENT OF THE HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. THOMPSON. Chairman, thank you so much. Thanks for this opportunity. Ranking Member Neal, members of the House Committee on Ways and Means, good afternoon and thank you for providing the opportunity to share my priorities for the 119th Congress within the committee's jurisdiction, and I believe the policies described will enhance the quality of life not just for my constituents, but for all Americans.

I was proud to recently introduce H.R. 464. The Skills Investment Act is a bipartisan legislation designed to expand tax-advantaged savings opportunities for Americans pursuing new job skills and better career prospects. This legislation would change existing Coverdell Education Savings Accounts, ESAs, to create lifelong learning accounts by raising the age-based contribution limit to 70, and expanding the scope of allowable distributions to cover a broader array of in-demand education and skills training forums. These expanded uses include for programs offered by career and technical education institutions, adult education and literacy programing, and other federally-recognized workforce development initiatives.

Additionally, employers would receive a 25 percent tax credit for contributions to a worker's account to ensure the skills and training provided meet labor market demands. As employers face tight labor markets and skills gaps throughout the workforce, this legislation directly addresses those needs by expanding access to skills-based educational opportunities for learners of all ages. It is my hope that these needed reforms will be included in the upcoming reconciliation package.

I would also like to address several tax issues that significantly impact rural and agricultural communities. As chairman of the Committee on Agriculture, I am acutely aware of substantial challenges facing farmers across the nation. As this committee turns its attention to tax reform, I urge you to prioritize several key provisions in the code that are important to maintaining and protecting ongoing farming operations and, ultimately, food security, which is national security.

First and foremost, it is essential that tax reform protect a number of provisions that were made permanent in the Tax Cuts and Jobs Act, including section 197 expensing, the indefinite carryover—or carry forward of deductions, and the 21 percent corporate tax rate. These permanent tools are critical to farmers' abilities to plan and to manage their operations each year.

Similarly, there are provisions slated to expire that I strongly encourage the committee to either extend or make permanent. These include the corporate pass-through rates and the expanded tax

brackets, the section 199A deduction, and the bonus depreciation provision. Together, these provisions help preserve farm profitability and ensure stability for agricultural businesses.

In addition to preserving the essential aspects of TCJA, Congress has an opportunity to provide new tools to support farmers and ranchers during these times of economic dislocation in farm country. Many of these proposals are further detailed in my written testimony, but they include the creation of farmer savings accounts to allow producers to better manage their cash across the agricultural business cycle, incentivizing the consumption of domestically sourced agricultural products, and finally scrapping the death tax once and for all.

As many of you know, the death tax places an incredible burden on anyone trying to plan for an orderly transition of a family business. At a time when older farmers and ranchers are passing their operations—on their operations, the return of this tax and the elimination of stepped-up basis threaten the transition with devastating tax bills.

Beyond the policies that directly affect farmers, the committee should also consider the broader impact of tax policies on the agricultural producers and rural economy. It is essential that discussions surrounding these tax credits prioritize the productivity of farmland. Incentives that encourage the conversion of large areas of productive farmland to non-agricultural uses could have long-term negative consequences for food production and food security.

Similar tax credits related to farming methods should be guided by clear, practical policies that support the real-world benefits of today's agriculture practices. For example, the Biden-Harris Administration's recent 45Z tax credit guidance reflects a lack of understanding of the emissions-reducing benefits inherent in American agriculture. It is my hope that any forthcoming tax package would implement policies that genuinely empower farmers and align with the realities of modern farming.

I have additional priorities within the committee's jurisdiction that I have submitted for the record, including legislation that could yield significant savings for Medicare by cracking down on waste, fraud, and abuse with respect to orthotics and prosthetics.

Thank you again, Chairman Smith, and members of this committee, for allowing me to express my priorities with this committee for the 119th Congress. I appreciate your consideration, and look forward to working together on these and other issues.

[The statement of Mr. Thompson follows:]

The Honorable Glenn "GT" Thompson (PA-15)
Testimony before the House Committee on Ways and Means
Member Day Hearing on Priorities in the 119th Congress
January 22, 2025

Chairman Smith, Ranking Member Neal, and Members of the House Committee on Ways and Means:

Good morning and thank you for providing the opportunity to share my priorities for the 119th Congress. Representing one of the most rural districts east of the Mississippi River, agriculture and rural development, accessible and affordable health care, and workforce development are top priorities for me and my constituents. I believe the policies described below within the Committee's jurisdiction would enhance the quality of life for my constituents and all Americans.

Skills Investment Act

As co-chair of the Career and Technical Education Caucus, I was proud to recently introduce H.R. 464, the *Skills Investment Act*, bipartisan legislation designed to expand tax-advantaged savings opportunities for Americans pursuing new job skills and better career prospects. This bill directly responds to the needs of employers who have been struggling to fill vacancies due to skills misalignments in the workforce.

Specifically, the *Skills Investment Act* would change existing Coverdell education savings accounts (ESA) to create lifelong learning accounts by raising the age-based contribution limit to 70 and expanding the scope of allowable distributions to cover a broader array of in-demand education and skills training forums. These expanded uses include for programs offered by career and technical education institutions, adult education and literacy programming, and other federally recognized workforce development initiatives.

Additionally, the bill makes Coverdell investments eligible for pretax contributions, and workers over 30 would be allowed to contribute up to $4,000 tax free each year, with a maximum contribution limit of $10,000 for any individual. Employers would also receive a 25% tax credit for contributions to a worker's account to ensure the skills and training provided meet labor market demands.

As employers face tight labor markets and skills gaps throughout the workforce, this legislation directly addresses those needs by expanding access to skills-based educational opportunities for learners of all ages. With millions of job openings in the United States today, we must ensure job seekers are equipped with the necessary skills to fill in-demand jobs.

Agricultural Tax Issues

I would like to address several tax issues that significantly impact on rural and agricultural communities. As Chairman of the Committee on Agriculture, I am acutely aware of substantial

challenges facing farmers across the nation. The tax code is often the silent partner for our farming businesses, preserving profitability in the face of rising costs and protecting farms in the face of falling revenues.

As the Committee turns its attention to tax reform this Congress, I urge you to prioritize several key provisions in the code that are incredibly important to maintaining and protecting ongoing farming operations.

First and foremost, it is essential that tax reform protect a number of provisions that were made permanent in the *Tax Cuts and Jobs Act* (TCJA), including Section 197 expensing, the indefinite carry-forward of deductions, and the 21% corporate tax rate. These permanent tools are critical to farmers' ability to plan and manage their operations each year.

Similarly, there are provisions slated to expire that I strongly encourage the Committee to either extend or make permanent. These include the corporate pass-through rates and the expanded tax brackets, the Section 199A deduction, and the bonus depreciation provision. Together, these provisions help preserve farm profitability and ensure stability for agricultural businesses.

In addition to preserving the essential aspects of TCJA, Congress has an opportunity to provide new tools to support farmers and ranchers, during these times of economic dislocation in farm country.

First, I recommend the Committee explore the creation of Farmer Savings Accounts to allow producers to better manage their cash across the agricultural business cycle. A well-designed Farmer Savings Account could remove the current tax incentives to overspend during profitable years and help farmers save for times when economic conditions are less favorable.

Second, I encourage the Committee to consider options to incentivize the consumption of domestically sourced agricultural products. Given that agriculture is an intensely competitive global industry, we should leverage this upcoming reconciliation bill as an opportunity to boost demand for US agricultural products by encouraging US companies to increase their use of American-grown goods.

For most producers, farming and ranching is not just a way to make a buck. It is a way of life, handed down from generation to generation. Today, the average age of a farmer is 58 years old, the oldest it has ever been. To preserve these family operations, it is essential that their heirs can inherit the farm or ranch without being burdened by a massive tax debt.

In the coming years, a generational shift in US agriculture will take place as these older farmers and ranchers pass on their operations. Because farming and ranching is tied to land that has likely appreciated over a lifetime, the return of the Death Tax and the elimination of stepped-up basis threaten that transition with devastating tax bills.

As this Committee considers tax reform, I urge you to finally scrap the Death Tax once and for all. This tax is a millstone around the necks of anyone trying to plan for an orderly transition of a family business. Failing permanent repeal, I encourage the Committee to expand the exemption

or, at a minimum, maintain it at its current levels. Similarly, the Committee should continue to reject any attempt at eliminating stepped-up-basis, as such a change would place overwhelming financial pressure on family farms and ranches on the death of a loved one.

Beyond policies that directly affect farmers, the Committee should also consider the broader impact of tax policies on agricultural producers and the rural economy.

Numerous tax credits play a crucial role in diversifying the nation's energy supply, advancing energy efficiency, fostering economic opportunities in rural America, and supporting farmers and ranchers. It is essential that discussions surrounding these tax credits prioritize the productivity of farmland. Incentives that encourage the conversion of large areas of productive farmland to non-agricultural uses could have long-term negative consequences for food production.

Similarly, tax credits related to farming methods should be guided by clear and practical policies that support the real-world benefits of today's agricultural practices. For example, the Biden-Harris Administration's recent 45Z tax credit guidance reflects a lack of understanding of the emissions-reducing benefits inherent in American agriculture. It is my hope that any forthcoming tax package will implement policies that genuinely empower farmers and align with the realities of modern farming.

Medicare Orthotics and Prosthetics Patient-Centered Care Act

This Congress, I will reintroduce the *Medicare Orthotics and Prosthetics Patient-Centered Care Act*, which would strengthen Medicare for beneficiaries who use orthoses and prostheses by reducing waste, fraud, and abuse within the Medicare program and expanding access to these critical devices.

Orthoses (orthopedic braces) and protheses (artificial limbs) help millions of Americans increase mobility, recover from injury, and improve overall quality of life. Medicare currently reimburses the "drop shipment" of custom orthoses and prostheses directly to a Medicare beneficiary's home without any clinical guidance, training, or intervention from a provider or supplier. This leads to rampant waste, fraud, and abuse within Medicare as durable medical equipment suppliers are reimbursed for devices that may not fit a patient's needs, do not work as advertised, or are not able to be operated without professional guidance. Prohibiting the drop-shipment of all prosthetic limbs and custom-fabricated or custom-fitted orthoses could yield significant savings and ensure these beneficiaries have appropriate access to a health care practitioner to provide the necessary guidance for proper use of their device.

This legislation would also expands access to replacement orthoses for Medicare beneficiaries. Currently, Medicare does not generally cover the replacement of a custom-fitted or custom-fabricated orthosis within the "reasonable use lifetime" of the orthosis, usually around five years. This forces beneficiaries to wait long periods of time before being eligible for replacements, undeniably delaying access to medically necessary care. The bill would allow Medicare to reimburse for a replacement orthosis if any of the following conditions are met:

- A change in the physiological condition of the patient
- An unrepairable change in the condition of the orthosis
- The orthosis requires repairs and those costs would be more than 60 percent of the cost to replace the orthosis

Finally, this legislation would allow certified or licensed orthotists and prosthetists to provide off-the-shelf orthoses directly to Medicare beneficiaries by exempting them from competitive bidding. Under the present system, orthotists and prosthetists without a competitive bidding license are required to send patients in need of an off-the-shelf orthosis to a colleague that has a competitive bidding license, adding an unnecessary barrier to care. This change brings orthotists and prosthetists in line with other providers, like physical and occupational therapists and physicians, who the Centers for Medicare and Medicaid Services also exempt from the competitive bidding process.

Combined, these changes could save taxpayers at least $60 million over the next 10 years, according to an independent analysis. Therefore, I respectfully request this Committee use any upcoming opportunities to enact these policies, which will expand access to proper care and replacement orthoses, into law.

Improving Access to Medicare Coverage Act

As you may know, current Medicare law requires that patients have an inpatient stay of at least three days in order for Medicare to pay for prescribed care at a skilled nursing facility (SNF). There is mounting concern and evidence that too many Medicare beneficiaries and their families are being saddled with insurmountable, surprise out-of-pocket costs for stays at SNFs because hospitals are increasingly caring for these patients under "outpatient observation status" rather than admitting them as inpatients. This billing technicality has significant repercussions for beneficiaries who are left facing either enormous, unexpected post hospital bills or avoiding the care and treatment their doctors have suggested.

In 2013, both the HHS Office of the Inspector General and the Long Term Care Commission urged the CMS to consider ways "to ensure that beneficiaries with similar post-hospital care needs have the same access to and cost-sharing for SNF services," including the request to count time spent in observation status toward meeting CMS' three day stay requirement. We saw the temporary waiver of the three-day rule during the COVID-19 pandemic, and now it is time to take it a step further.

Medicare should cover this doctor-recommended post-acute care by counting the time spent under "observation status" toward the requisite three-day hospital stay for coverage of skilled nursing care. Medicare beneficiaries should be able to have peace of mind when receiving medical care advised by their physicians and certainty that Medicare will reimburse their care.

This Congress, legislation will be reintroduced to expand access to necessary medical care for Medicare beneficiaries, and I respectfully request the Committee give this policy full and fair consideration in any upcoming legislative vehicle.

Inpatient Rehabilitation Therapy

CMS uses an intensity of therapy requirement to determine, in part, which Medicare beneficiaries qualify for treatment in an inpatient rehabilitation facility (IRF). The "Three-Hour Rule" requires the patient to participate in, and benefit from, at least three hours of rehabilitation therapy per day, five days per week. Prior to 2010, CMS regulations for IRFs explicitly recognized physical therapy, occupational therapy, speech therapy, and/or orthotics and prosthetics as countable toward the "Three-Hour Rule" but allowed the physician and rehabilitation team to prescribe the appropriate mix of "other therapeutic modalities" in addition to the skilled services listed in the regulation. In 2010, CMS revised the IRF regulations and limited the "Three-Hour Rule," removing the physician's discretion to count additional therapeutic services toward satisfaction of the rule. Other skilled therapies, including recreational therapy, psychological services, respiratory therapy, and neuropsychological services, are no longer counted.

Although IRFs are permitted to provide these services, the fact that they cannot be counted toward the rule has limited their availability in many rehabilitation hospitals. During the COVID19 Public Health Emergency, the "Three-Hour Rule" was waived in its entirety. Despite this broad flexibility, nationwide IRF data demonstrates that admissions did not increase, and the average amount of therapy provided to patients remained steady. The blanket waiver of the rule has not resulted in negative impacts on care, but has allowed IRF patients to receive a broader, more appropriate mix of therapies to treat their conditions.

This Congress, I will reintroduce the *Access to Inpatient Rehabilitation Therapy Act* to ensure that rehabilitation physicians are able to prescribe the correct mix of skilled rehabilitation therapies for their patients by allowing "other skilled therapeutic modalities," including recreational therapy, respiratory therapy, and other defined by CMS, to count toward the intensity of therapy requirement during an IRF stay. This bipartisan legislation will support America's seniors by preserving expanded access to skilled rehabilitation therapies for Medicare patients. As a former rehabilitation therapist, I request the Committee give full and fair consideration to the bill once introduced.

Thank you again Chairman Smith, Ranking Member Neal, and Members of this Committee for allowing me to express my priorities for this Committee in the 119th Congress. I appreciate your consideration and look forward to working together on these and other issues.

Chairman SMITH. Thank you, Chairman Thompson. I now recognize Representative Hillary Scholten, the gentlewoman from Michigan. Ms. Scholten serves on the Transportation and Infrastructure and Small Business Committees, and represents the great people of Michigan's 3rd congressional district.

STATEMENT OF THE HON. HILLARY SCHOLTEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Ms. SCHOLTEN. Thank you so much, Mr. Chairman and Madam Ranking Member, for holding this hearing, and all the wonderful members of this committee. I am thrilled to be here today to talk about a bill I introduced just last week, H.R. 536, the Agricultural Environmental Stewardship Act of 2025.

This bill is a common-sense approach to unlocking our domestic energy production, as it seeks to extend section 48 investment tax credit for qualified biogas properties. The section 48 ITC has been around long before the Inflation Reduction Act, first enacted in 1962. However, the Treasury Department was significantly delayed in rolling out its latest section 48 guidance, announcing its final rulemaking just 27 days before section 48 ITC expired on December 31, 2024. This has left biogas developers in the dark, as they sought to make major investments in America's clean energy future.

My bipartisan bill, co-led by Mr. Valadao, will provide biogas developers the time and certainty to catalyze America's clean energy alternative production from landfills, wastewater treatment plants, and agricultural operations. This biogas then can be converted to renewable natural gas, or RNG, and then used as vehicle fuel or to generate electricity.

We all know the pain our constituents are feeling at the pump or while paying their utility bills right now. Bolstering our biogas production will help our communities cut costs and stretch their dollars. This tax credit will also promote energy investments and job growth in local communities across America, including in districts represented by my colleagues here on this dais.

I have seen the benefits firsthand in my community, as west Michigan is home to many farms utilizing anaerobic digesters, as well as water resource recovery facilities generating biogas. When it comes to energy, I strongly support an all-of-the-above approach. Leaving the environmental concerns with traditional energy aside, these are limited resources. When they run out, they are gone.

As a mom of two young kids, I can't help but think about the next generation's energy needs. As we look to lower energy prices now, we also need to create the fuels of tomorrow today so we are ready. This bill will help us do just that. It is a win-win-win situation. In addition to helping producers create alternative energy sources and creating jobs, ramping up our biogas production in addition to alternative—in addition to other energy forms will reduce the U.S.'s dependance on foreign fuels, protecting our national security.

I look forward to forward to working with my colleagues on the committee to get this extension across the finish line. My bill will

save consumers money, expand domestic energy production, create new jobs, slash greenhouse gas emissions.

[The statement of Ms. Scholten follows:]

Thank you, Chairman Smith and Ranking Member Neal!

I am thrilled to be here today to talk about a bill that I filed last week, H.R. 536, the *Agricultural Environmental Stewardship Act of 2025.*

This bill is a common sense approach to unlocking our domestic energy production, as it seeks to extend the Section 48 investment tax credit for qualified biogas properties.

The Treasury Department was significantly delayed in rolling out its Section 48 guidance and announced its final rule-making just 27 days before the Section 48 ITC expired on December 31, 2024.

This has left biogas developers in the dark as they sought to make major investments in America's clean energy future.

My bipartisan bill–co-led by Mr. Valadao–will provide biogas developers the time and certainty to catalyze America's clean and alternative production from landfills, wastewater treatment plants, and agricultural operations.

This biogas can then be converted to renewable natural gas, or RNG, and then used as vehicle fuel or to generate electricity.

We all know the pain our constituents are feeling at the pump or while paying their utility bills. Bolstering our biogas production will help our communities cut costs and stretch their dollars.

This tax credit will also promote energy investment and job growth in local communities across America, including in the districts represented by my colleagues here on the dais.

I have seen these benefits first-hand in my community, as West Michigan is home to farms utilizing anaerobic digesters, as well as water resource recovery facilities generating biogas.

When it comes to energy, I strongly support an all-of-the-above approach. Even leaving the environmental concerns with fossil fuels aside, these are a limited resource–when they run out they're gone.

As a mom of two young kids, I can't help but think about and plan for the next generation's energy needs. Even as we look to lower energy prices now, we need to be creating the fuels of tomorrow today, so we're ready.

This bill will help us do just that, and it's win, win, win situation. In addition to helping producers create alternative, renewable energy sources, and creating jobs, ramping up our biogas production will reduce the U.S.'s dependence on foreign fuels– protecting our national security.

I look forward to working with my colleagues to get this extension across the finish line. My bill will save consumers money, expand domestic energy production, create new jobs, and slash greenhouse gas emissions.

Thank you again–I yield back.

Ms. SCHOLTEN. And with that, Mr. Chairman, I would like to request two letters of support—or request that these letters be introduced from the American Biogas Council and the Coalition for Renewable Natural Gas. I request they be entered into the record now.

Chairman SMITH. Without objection.

[The information follows:]

January 22, 2025

The Honorable Jason Smith, Chair
House Ways and Means Committee
1129 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard Neal, Ranking Member
House Ways and Means Committee
1129 Longworth House Office Building
Washington, D.C. 20515

Re: Agricultural Environmental Stewardship Act of 2025

Dear Chair Smith and Ranking Member Neal,

The Coalition for Renewable Natural Gas (RNG Coalition) represents the renewable natural gas (RNG) industry in North America. We are a non-profit association of companies and organizations dedicated to the advancement of RNG as a clean, alternative, and domestic energy and fuel resource. Our membership includes companies throughout the value chain of waste feedstock conversion to varied end uses. RNG is derived from biogas that has been captured from organic waste streams—including agricultural wastes, municipal wastewater, and municipal solid waste in landfills—and cleaned and conditioned to achieve quality standards necessary to blend with or substitute for geologic natural gas. RNG projects utilize methane that might otherwise have been emitted into the atmosphere.

We write you to voice our strong support for the bipartisan *Agricultural Environmental Stewardship Act of 2025* introduced by Congresswoman Hillary Scholten (D-MI) and Congressman David Valadao (R-CA) on January 17th. The bill would extend the Section 48 investment tax credit (ITC) for qualified biogas property through December 31st, 2025.

This bill provides an important opportunity to facilitate billions of dollars of private investment across the U.S. In August 2022, Public Law 117-169, otherwise known as the *Inflation Reduction Act*, introduced the ITC for Qualified Biogas Property. However, the Department of Treasury neglected to issue a final rulemaking for the tax credit until December 4th, 2024, just four weeks before the tax credit was due to expire. As a result, many RNG producers were unable to take the necessary steps to satisfy beginning of construction requirements to qualify for the credit. Moreover, many producers were simply unable to finalize investment decisions last year and planned projects remained in limbo as taxpayers waited for Treasury to offer clarification on critical ITC provisions. A one-year credit extension will ensure that industry has the necessary runway and certainty to advance these projects and contribute to accelerating domestic energy production.

The *Agricultural Environmental Stewardship Act of 2025* complements well the Trump-Vance administration's stated goal to unleash America's energy and natural resources. The U.S. has an abundance of bio-energy resources that have the potential to

power American economic prosperity for years to come. The development, deployment and utilization of RNG is uniquely well-suited to further U.S. energy security, reliability, and affordability. It is seamlessly deployed in natural gas pipelines and often used as fuel for heavy-duty vehicles. RNG can also be used for combined heat and power in the industrial, commercial and residential sectors. There is also burgeoning interest to use RNG as a feedstock or energy input for the development of other biofuels, such as clean ethanol.

The bill will also promote significant investment in geographically diverse rural and urban communities since aggregated organic waste sites that can produce RNG and benefit local economies are situated all over the country. These projects can power communities and create jobs for those living near landfills and wastewater treatment plants in America's major cities. They also provide farmers new income opportunities, power their livestock operations, and even help them produce home-grown fertilizers that can reduce dependence on imported fertilizers and components from unstable parts of the world, such as Ukraine, or U.S. adversaries including China and Russia.

The RNG Coalition commends Representatives Valadao and Scholten for their leadership in introducing the *Agricultural Environmental Stewardship Act of 2025*. We look forward to working with them to promote the bill with colleagues in this first session of the 119th Congress. Moreover, our organization stands ready to work closely with House Ways & Means Committee leadership as we build awareness of the important and diverse roles that biogas and RNG can play in advancing domestic energy abundance and economic prosperity for all Americans.

Thank you for your consideration. We would appreciate the opportunity to discuss further.

Sincerely,

Geoffrey Dietz

Geoffrey Dietz
Senior Director, Federal Government Affairs
Coalition for Renewable Natural Gas

January 22, 2025

The Honorable Jason Smith
Chair, House Committee on Ways & Means
1011 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member, House Committee on Ways & Means
372 Cannon House Office Building
Washington, DC 20515

RE: Support for the Agricultural Environmental Stewardship Act of 2025

Dear Chair Smith and Ranking Member Neal,

On behalf of over 400 member companies in all parts of the biogas supply chain, **the American Biogas Council (ABC) offers support to urge passage of the Agricultural Environmental Stewardship Act of 2025**. Representatives Scholten and Valadao's bipartisan bill would extend Section 48 investment credit for "qualified biogas property" projects by one year. Passing this legislation will provide the biogas industry with the market certainty necessary to unlock millions of dollars in private investment across rural America.

The ABC is the voice of the domestic biogas industry, representing investors, farmers, owners and operators of anaerobic digesters, wastewater recovery facilities, utilities, and landfills across the country. The biogas systems our members build, own, and operate provide recycling solutions for organic materials including, but not limited to manure, food waste, and purpose-grown crops. Biogas systems recycle nutrients, creating nutrient-rich domestic fertilizers while producing renewable energy (biogas) that can be converted to renewable natural gas (RNG), renewable electricity, and other advanced fuels like hydrogen and sustainable aviation fuel (SAF).

Despite the domestic energy, economic, and environmental benefits, and multiple applications of biogas systems, the industry has witnessed significant regulatory and programmatic actions across multiple agencies that severely limit the industry's ability to contribute its full potential. The Treasury Department's long delay in releasing implementation regulations **effectively nullified the value of the Sec. 48 investment credit because there was insufficient regulatory certainty for investors to make decisions prior to the expiration of the credit.**

In 2021, bicameral, bipartisan legislation was introduced to expand Sec. 48 to include qualified biogas property. In 2022, the Agricultural Environmental Stewardship Act of 2021 was included in the Inflation Reduction Act. Over two years later, on December 4, 2024, the Treasury Department provided final regulation with *less than one month until the expiration of the credit*.

Nationally, the U.S. is falling behind on bioeconomy competitiveness compared to global peers. To maintain and bolster energy independence and alleviate high prices on consumers we must increase domestic energy production today. Currently, the U.S. has more than 2,400 sites producing biogas in all fifty states. The ABC counts over 24,000 new sites ripe for development today. If fully realized, these new biogas systems could produce 20 gigawatts of electricity, or 2 trillion cubic feet of biogas each year. These new biogas systems would also catalyze an estimated $45 billion in capital deployment for construction activity which would result in approximately 600,000 short-term construction jobs to build the systems and nearly 40,000 permanent jobs to operate them. **The ABC and its members strongly support the efforts of Representatives Scholten and Valadao to ensure that the benefits to American farmers and rural communities that Sec. 48 can catalyze do not go unrealized due to regulatory delays.**

1126 I Street SE, Washington DC 20003 | 202-640-6595
team@americanbiogascouncil.org | www.americanbiogascouncil.org

We ask that you consider supporting and passing this bipartisan legislation to ensure biogas producers are able to utilize Sec. 48 credit as intended by the expansion of the provision for "qualified biogas property" projects. Passage of this legislation will catalyze development of new biogas systems, thus creating jobs, adding new sources of revenue for farmers and rural towns, cultivating energy independence and security, reducing emissions, and stimulating the growth of the bioeconomy in the U.S.

Thank you for your consideration and thank Reps. Hillary Scholten and David Valadao for your leadership on this critical issue. We welcome the opportunity to further discuss.

Sincerely,



Heather Dziedzic
Vice President, Policy
American Biogas Council

About the ABC
The American Biogas Council (ABC) is the voice of the U.S. biogas industry, with over 400 member companies in all parts of the biogas supply chain. We work to create the regulatory, policy, and economic conditions that will catalyze development of new biogas systems, thus creating jobs, adding new sources of revenue for farmers and rural towns, cultivating energy independence and security, reducing emissions, increasing circularity, and stimulating growth of the bioeconomy in the U.S.

Ms. SCHOLTEN. Thank you for your time today. I yield back.

Chairman SMITH. Thank you very much. I now recognize Representative Jeff Van Drew, the great gentleman from the State of New Jersey. Mr. Van Drew has served his community as a dentist, and now he serves them as a great Member of Congress.

It is great to have you.

STATEMENT OF THE HON. JEFF VAN DREW, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. VAN DREW. Thank you, Mr. Chairman. I think it was easier being a dentist, by the way, you know?

Chairman Smith, Ranking Member Neal, and members of the committee, thank you for hosting this Member Day and allowing me to speak on this incredibly important subject.

Let me be clear. President Trump is counting on us. He is counting on us to deliver the certainty and economic relief that comes from extending his historic tax cuts. This must be done. It fueled one of the strongest comebacks in the American economy in history. By locking in these tax policies now we can give working families, small businesses, and manufacturers the confidence to invest, to grow, and to sponsor.

This bill must also go beyond the basics and address the challenges everyday Americans face. First, tax relief for working families must remain front and center. That is so important. It is critical. Let's expand the Child Tax Credit and ensure families that they can keep more of what they actually earn. They are breaking their back making a living, some of them working two jobs, some families working three and four jobs. Working parents should not have to choose between paying their bills and investing in their child's futures. And the Child Tax Credit should continue to be a tool for helping Americans.

But let me even be more clear. The Child Tax Credit should not go towards the families of illegal aliens. It should not. That is why I introduced legislation to cut this provision from the Child Tax Credit, and I hope to see similar action taken in the very bill that we are discussing today. I would like to be part of that. We can no longer offer incentives that drive people to come to our borders illegally. We can no longer afford to keep paying the billions of dollars it costs to take care of them.

In addition, the Child and Dependent Care Tax Credit also plays a crucial role in helping parents afford the high cost of child care so that they can work and fuel the economy. This is not the only provision of the tax code specifically designed to assist working parents, but it is the main one, and it is important. Expanding the CDCTC could provide families with much-needed relief, offset the cost of going to work, and ensure that parents can continue to provide for their families.

Next, it is past time that we get our border under control. We all know this. I hope that we are all together in this at the end of the day. It is a big deal. We need robust funding in this bill to secure our borders, to hire more border agents, and enforce our immigration laws. It isn't just about safety. It is about protecting American workers, and it is about the integrity of our immigration system.

We must also unleash American energy. We have been blessed with the resources to do this. American energy is the answer. It will increase revenues. It will place us once again in a dominant role on the world scene. It is critical. We should export energy. We should lead. We should supply all of our own energy. Others need to come to us, not as in the past administration, where we had to go begging to them.

Maintaining the 45U year tax credit for existing nuclear plants is essential to preserving and strengthening this clean, reliable energy source. Nuclear energy is one of the main answers to energy in our country. It already supplies nearly 20 percent—in my home state of New Jersey almost 40 percent. The mechanism, this mechanism, ensures nuclear facilities can confidently plan significant investments such as the $1 billion plant in my district, the Salem Nuclear Power Plant. It is important, and they are looking for reliability. They are looking for consistency. They don't want to know that they want to start a project, put a lot of money into it, and then the rug is pulled out from underneath them.

Additionally, we need to strike a balance when addressing the SALT deduction cap. And this is what I mean by that. We cannot have a deduction of $100,000 or $200,000. I come from a blue state. It could be run better. I understand why other members have concerns about SALT. But we do help states in various ways, whether it is subsidizing corn, whether it is in agriculture in general, and I support that. I support the needs and desires of my colleagues. I also know that this is important to my state and many other states.

And it isn't as if we don't raise it we are not punishing the people who are responsible for bad policies; we are punishing good taxpayers and good Americans. So we have to find that balance. We have to find the sweet spot where we help the majority of middle-class taxpayers, but we don't overburden our budget. I get it, I understand it. I understand the concern with it. I have said this directly to President Trump last weekend. I spoke to him today, same issue. We cannot overburden the budget and our reconciliation bill. At the same time, we need to do something. We need to have some sort of a SALT adjustment.

As Congress, we routinely subsidize programs—and I mentioned that before—all across the country. We need to do something here, too. We need to cut waste, foreign programs that are wasteful and we need to cut funding for certain international organizations that continue to undermine the United States of States of America. We are funding the UN, and the UN half the time is cutting our throat. We are funding the World Health Organization cutting our throat. We need to cut subsidies for the Green New Deal. We need to cut the bureaucratic waste in our federal agencies. We need to cut federal grants to partisan research projects.

There is a lot we can cut. We have to use a scalpel, not a hatchet, and that is from a dentist. We need to use that scalpel appropriately, and make sure that we are not cutting things that help good, hard-working, average American people, but that we are cutting the waste and, quite frankly, the stupidity.

I appreciate this committee. Chairman, I appreciate you. You all have an unbelievably hard task and hard work.

And by the way, I am done now. I will say this one last thing. We need one, big, beautiful bill.

[The statement of Mr. Van Drew follows:]

Chairman Smith, Ranking Member Neal, and Members of the Committee, thank you for hosting this member day and allowing me to speak on this incredibly important piece of legislation.

Let me be clear: President Trump is counting on us to deliver the certainty and economic relief that comes from extending his historic tax cuts—cuts that fueled one of the strongest economies in modern history.

By locking in these tax policies now, we can give working families, small businesses, and manufacturers the confidence to invest, grow, and prosper.

This bill must also go beyond the basics and address the challenges everyday Americans face.

First, tax relief for working families must remain front and center.

Let's expand the Child Tax Credit and ensure families keep more of what they earn.

Working parents shouldn't have to choose between paying their bills and investing in their children's futures, and the child tax credit should continue to be a tool for helping Americans to start and raise their families.

But let me be clear: The Child Tax Credit should NOT go towards the families of illegal immigrants.

That is why I introduced legislation to cut this provision from the Child Tax Credit and hope to see similar action taken in the bill we are discussing today.

We can no longer offer incentives that drive people to come to our borders illegally, and we can no longer afford to keep paying the billions it costs to provide for them.

In addition, the Child and Dependent Care Tax Credit (CDCTC) also plays a crucial role in helping parents afford the high cost of child care so they can work.

This is the only provision of the tax code specifically designed to assist working parents with child care expenses, allowing them to claim a percentage of these costs for children under the age of 13 or adult dependents.

Expanding the CDCTC would provide families with much-needed relief, offset the cost of going to work, and ensure that parents can continue to provide for their families.

Next, it's past time we get our border under control.

We need robust funding in this bill to secure our borders, hire more border agents and enforce our immigration laws.

A secure border isn't just about safety—it's about protecting American workers and the integrity of our immigration system.

We must also unleash American energy.

We've been blessed with the resources to power both our nation and much of the world, yet we're watching energy costs skyrocket because of failed policies that tie our hands and empower our adversaries.

This bill should advance energy independence by unlocking domestic oil and gas production, while also empowering proven renewable energy sources like nuclear power.

Maintaining the 45U tax credit for existing nuclear plants is essential to preserving and strengthening this clean, reliable energy source, which already supplies nearly 20% of the nation's electricity and more than half of our carbon-free energy.

This mechanism ensures nuclear facilities can confidently plan significant investments, such as the ~$1 billion planned at the Salem Nuclear Power Plant in my district in New Jersey, securing their role as a cornerstone of the nation's clean energy future.

Additionally, we need to strike a balance when addressing the SALT deduction cap.

While I agree that we cannot have a system offering tax deductions in the hundreds of thousands of dollars annually, we can adjust the current caps to a more reasonable level.

This adjustment should aim to provide relief to the vast majority of middle-class Americans who are facing high property taxes in certain states.

As a Congress, we routinely subsidize programs and industries to support specific districts and states.

A reasonable increase in the SALT deduction cap would follow this principle, helping millions of Americans free up resources to better provide for themselves and their families.

To balance these investments, it is critical that we cut wasteful funding that provide little or no benefit to Americans.

We need to cut wasteful foreign aid programs.

We need to cut funding for certain international organizations that continue to attempt to undermine U.S. sovereignty, like the UN.

We need to cut subsidies for the green new deal.

Cut the bureaucratic waste in our federal agencies.

And we need to cut federal grants to partisan research projects.

More money spent for the American family, less money spent on researching Russian cat's ability to run on a treadmill.

This moment is bigger than tax policy. It's about reestablishing America's strength and confidence.
By extending tax cuts, securing our border, bolstering energy independence, and putting America first in every aspect of this bill, we can usher in a new golden age of American prosperity.

The stakes could not be higher. Every day, families see their paychecks stretched thin by rising costs.

This reconciliation bill represents an opportunity to deliver real relief and to make America the best place to live, work, and build for generations to come.

Thank you, and I yield back.

Mr. VAN DREW. I yield back.

Chairman SMITH. Thank you, Mr. Van Drew. I now recognize Representative Zach Nunn, the gentleman from Iowa. Mr. Nunn is a sixth-generation Iowan and an advocate for working families and farmers. He testified at our Member Day hearing last Congress, but also participated in our field hearing at the Iowa State Fair.

It is great to have you back.

STATEMENT OF THE HON. ZACH NUNN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. NUNN. Well, Mr. Chairman, I want to say thank you very much and to the Ways and Means Committee, who took the time to exactly come to Iowa and hear directly from folks who are impacted by the decisions you are about to make.

We have a critical opportunity this year to extend and improve the tax cuts. The legislation that we passed will play a major role in making the economy work again for families. I know this because in Iowa we led the largest tax cuts in state history, and our economy grew. And Mr. Chairman, I know you are going to do the same for our country.

So I would like to begin with, number one, the Child Tax Credit. By doubling the Child Tax Credit in 2017, nearly 400,000 Iowa families saw major relief. And now this is money that they are directly taking back to our communities. I spoke recently with Sarah, a farm mother and—has three kiddos at home, and I asked her what she did with her tax returns. And despite the surprise to some liberals, she didn't buy an Italian-made Ferrari with her tax credit, she put her kids through speech therapy and bought a water boiler so her family could be warm this winter. That is a direct investment in a community. These Child Tax Credits help not only grow families in support, but they grow at a local, a hometown level.

Issue number two: adoption. Mr. Chairman, as you know, my wife and I recently got to adopt two incredible little girls, Jayna and Aliya. They have been a great part of our family. But the reality is, as so many here who have adopted, it is an expensive endeavor, and it can be challenging to bring kids into a safe and loving home. That is why I am fighting to help more low and middle-income families adopt children by taking advantage of the Adoption Tax Credit, making it permanent and fully refundable to help offset those initial costs so that more families have the opportunity to bring children into their forever home.

Three, the Infant Tax Credit. As we all know, just years ago millions of parents with babies were struggling to find the formula they needed to just feed their kids. We must prevent another baby formula shortage, or be dependent on a place like China to provide it. My bipartisan Infant Tax Credit Act would create tax credits so that small baby formula manufacturers, including in my home state of Iowa, would be able to help diversify our supply chain and ensure that infant formula options for families across the country are available and ready in our time of need.

Four, our small businesses. In my home state of Iowa, small businesses are more than 270,000 in total and make up 99 percent of our state's economy. They are the lifeblood of our hometowns. If

we allow the tax deduction to expire by inaction, 92 percent of Iowa's Main Street businesses will be hit with a new 44 percent tax increase. That means closed doors, shuttered communities, and the hollowing out of middle America. In simple terms, family farms will die. That is why it is so important that we move forward and recognize the role our small businesses play.

Five, biofuels. Not only is this important for America's energy independence, it unleashes the great parts of your districts and mine. I am thrilled that, by extending 45Z, 45B, and 40A, as well as other biofuel tax credits that people have built an industry upon, we have the opportunity to truly lead for not only our country, but help families at the pump and in their supply chain costs to drive it down for generations to come.

And six, the death tax. Finally, more than half of U.S. farmlands in our country today are on the brink of a generational changeover. The family farm for all of us is on the line, and it has forced families to determine whether they can keep their farm in the family or whether they have to sell to places like big ag or, worse, to China. Here is a real-life example. A farmer friend of mine from Cass County recently inherited his entire family farm. And while many might think that is a great thing, at the same time without the death tax exemption, he would have been forced to pay millions. As a result, to preserve our family farms, to make sure that we can feed our country, and to provide both food security and national security, I am working with my Iowa colleague, Mr. Feenstra, on the committee today to make sure that we permanently repeal the death tax.

Mr. Chairman, to the men and men and women of the Ways and Means Committee, you have a huge duty before you. We are honored to stand with you, but know this: the American people are watching, and they are depending on you to help lead the charge with our support to unleash America's greatness and make sure that Iowans and the country keep a little bit more money in their pocket. Because I guarantee you this: they will do more to grow our economy than anything we can do here in Washington.

With that, Mr. Chairman, let's get to work.

[The statement of Mr. Nunn follows:]

Congress of the United States
Washington, DC 20515

- Thank you, Chairman Smith, for hosting this hearing today.
- We have a critical opportunity this year: to extend and improve the 2017 Tax Cuts. The legislation we pass will play a major role in making the economy work for working families again.
- By doubling the Child Tax Credit in 2017, nearly 400,000 Iowa families saw major relief – and now rely on this money.
- I spoke recently with Sarah, a mother of three in Iowa, who used her savings from the child tax credit to pay for speech therapy for her child and a new water heater for her home.
    - Middle-class families aren't buying Ferraris with their savings. They're investing in their communities and their children's futures.
- Tax credits provide folks with financial relief so they can support their family.
- As many of you know, my wife and I are blessed with 6 children – including our two youngest, Jayna and Aliya, who we adopted nearly 2 years ago.
- Throughout our adoption journey, we learned just how expensive it can be to bring kids into a safe and loving home.
- That's why I'm fighting to help more low- and middle-income families adopt children by making the adoption tax credit permanent and fully refundable for families of varying incomes to help offset the costs of adopting a child.
- This small change in our tax code could be life-changing for a child waiting to be adopted.
- Three years ago, millions of parents with babies were struggling to find formula to feed their children.
- We must prevent another baby formula shortage like our country experienced in 2022.

- My bipartisan *INFANT Tax Credit Act* would create tax credits for small baby formula manufacturers – which in turn will help diversify the supply chain and ensure access to infant formula options for families across the country.
- Iowa is home to more than 270,000 small businesses, making up 99% of my state's economy.
- If we allow the 2017 tax bill to expire, 92% of Iowa Main Street Businesses will be hit with a new 43.4% tax.
- This means Iowa small businesses will struggle to keep the doors open and create jobs that Iowans rely on. We must stop this massive tax increase from making it impossible for businesses to keep the lights on.
- Unleashing American energy will help bring down costs for everyone – and that includes a homegrown solution right from the heart of the heartland.
- Our nation's farmers, retailers, and consumers all stand to benefit greatly from the flexibility and cost-savings offered by biofuels.
- By extending 45Z, 40A, and 40B, and other biofuel tax credits, we can lower costs at the pump for families, give farmers the support they need, and ensure our economy is sustainable for generations to come.
- Finally, more than half of all U.S. farmland is on the brink of changing ownership over the next two decades.
- The rise of input costs, market uncertainty, and economic downturn have led to tough financial situations for family-owned operations – forcing them to make decisions about keeping their farm in the family or selling it to China or Big Ag.
- To make that decision even more difficult, families that spend a generation building a successful farm or small business are being punished by our tax code – forced to pay an excessive death tax when passing down their operation.
- Here's a real-life example: Frank, a farmer in Cass County, Iowa, recently inherited his century family farm after the passing of his father. If it weren't for the Death Tax exemption, which expires at

the end of this year, he would've had to sell his family's legacy to afford the HUGE tax bill from the government.

- To preserve family farms and legacies, I'm working with my Iowa colleague, Mr. Feenstra, to permanently repeal the death tax and allow family farms to thrive.
- Thank you, Mr. Chairman, for the opportunity to speak before the Committee today and for your diligent work to protect families, farmers, and small businesses across the nation.
- We must extend this tax relief for families across Iowa – and the country.
- Now, let's get to work.

Mr. NUNN. Thank you very much. I yield my time.

Chairman SMITH. Thank you, Mr. Nunn. I am now pleased to recognize Representative Stephanie Bice, the gentlewoman from Oklahoma. Mrs. Bice is a former member of the Oklahoma State Senate, where she was the Senate chairman of the Finance Committee. But more importantly, a fearless leader in the House of Representatives.

Welcome to the Ways and Means.

STATEMENT OF THE HON. STEPHANIE BICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mrs. BICE. Thank you, Mr. Chairman, and thank you to the members of the committee for allowing me the opportunity to be here this afternoon and share with you some of the priorities that I hope you will consider as we look to move good policy this 119th Congress.

Let me first start by saying that, you know, many of us here focus on families. We want to make sure that we are doing right by families. So the legislation that I want to offer up today really focuses on that. First of all, first, number one is the CHILD Act.

Since the creation of Dependent Care FSAs in 1986, the contribution limit has remained $5,000. With the ever-increasing cost of child care and cumulative inflation measuring roughly 188 percent over the 39-year period since these accounts were created, relief is needed for American families. My legislation, the CHILD Act, co-led by Representative Sánchez in a bipartisan way, proposes doubling the contribution limit to $10,000 and indexing it for inflation annually.

In 2021 the average cost of cost of child care was 10 percent of a couple's income. These employer-sponsored accounts can be used for after-school programs, childcare, extended care, day camp, sick child care, and other expenses. And I think it is incredibly important that we look at increasing this cap.

Second, the Paid Family and Medical Leave Tax Credit Extension and Enhancement Act, 45S. My friend and former Ways and Means member, Randy Feenstra, has introduced legislation to extend and reform the 45S tax credit. The provision, which was in TCJA and expires at the end of this year, has helped many employers expand their paid family leave benefits for their workers. Rep. Feenstra's bill not only makes the credit more flexible, but it also increases employer awareness and makes the tax credit permanent. As a mother of two daughters, I was thankful my employer offered me paid family leave. We need to incentivize employers to offer paid family leave, not mandate it.

I want to thank Mr. Feenstra for leading this initiative, and I hope to see this tax credit permanently extended.

And lastly, Paid Family Leave Working Group. I would like to share with you all that for the last year and a half or so I have co-chaired a House bipartisan Paid Family Leave Working Group. And at the end of this last year our working group released two discussion drafts. The first is legislation I authored to create a modest federal incentive for states to offer their own paid leave programs through the use of a public-private partnership. This would include states who partner with insurance companies to offer

cost-effective benefits, and would tie in well with the reforms proposed by Mr. Feenstra's 45S legislation.

The second concept would establish an interstate paid leave action network, or I–PLAN, which would enable a private, non-profit intermediary to assist with the coordination and harmonization of paid leave benefits across state lines. While working on paid family leave, stakeholders continuously told my office that they had to deal with a patchwork of state regulations and requirements. Rep. Houlahan's forthcoming legislation will help streamline this and help them navigate the benefits programs.

Mr. Chairman, I would also like to ask unanimous consent to submit the following articles for the record: one, "The End of the Tax Breaks Could be Very Disruptive to Business Owners"; two, "Intangible Drilling Costs"; three, "NCBA Continues to Push for Death Tax Relief"; and finally, "How the Loss of Immediate Expensing Reduces Innovation Inputs."

Chairman SMITH. Without objection.

[The information follows:]

PERSONAL FINANCE

The end of this tax break could be 'very disruptive' to business owners, expert says — what to know

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KEY POINTS

Enacted via the Tax Cuts and Jobs Act of 2017, the qualified business income deduction, or QBI, is worth up to 20% of eligible revenue, subject to limitations.

That tax break is scheduled to expire after 2025 without changes from Congress, which could affect millions of filers.

"It's something that is very important to a lot of privately held businesses," said Howard Gleckman, senior fellow at the Urban-Brookings Tax Policy Center.

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The Good Brigade | Digitalvision | Getty Images

Tax breaks worth trillions of dollars are scheduled to expire after 2025 without extension from Congress — including a hefty deduction for millions of self-employed filers and business owners.

Enacted by former President Donald Trump, the Tax Cuts and Jobs Act of 2017 created the qualified business income deduction, or QBI, which is worth up to 20% of eligible revenue, subject to limitations.

The temporary deduction applies to so-called pass-through businesses, which report income at the individual level, such as sole proprietors, partnerships and S-corporations, along with some trusts and estates.

"The hope is that this gets extended because it's going to be very disruptive for a lot of business owners" if the tax break is allowed to expire, said Dan Ryan, a tax partner at law firm Sullivan and Worcester.

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Lawmakers added the temporary QBI deduction to the Tax Cuts and Jobs Act to create tax rates for pass-through businesses that are similar to tax rates for corporations.

But while the QBI deduction will sunset after 2025, the legislation permanently reduced corporate taxes by dropping the top federal rate from 35% to 21%.

For tax year 2021, the most recent data available, there were roughly 25.9 million QBI claims, up from 18.7 million in 2018, the first year the tax break was available, according to the IRS.

"It's something that is very important to a lot of privately held businesses," said Howard Gleckman, senior fellow at the Urban-Brookings Tax Policy Center.

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An extension would be 'fairly pricey'

As the 2025 tax cliff approaches, there have been "very strong feelings" about whether to extend the QBI deduction, according to Garrett Watson, senior policy analyst and modeling manager at the Tax Foundation.

Business advocates say the deduction promotes growth and have pushed to make the tax break permanent. Meanwhile, some policy experts and lawmakers point to the high cost and the deduction's complexity.

The QBI deduction is "fairly pricey," with an estimated 10-year cost of more than $700 billion, Watson said. That could pose a challenge amid debate over the federal budget deficit.



VIDEO 05:56

Biden vs. Trump on corporate taxes: Which is better for the economy?

Other critics say the QBI deduction primarily benefits the wealthy because higher earners are more likely to have pass-through income. However, there are millions of middle-income taxpayers also claiming the deduction, according to IRS data.

Watson said some Democrats are eager to see the tax break expire, "but that runs right into the president's tax pledge."

White House National Economic Advisor Lael Brainard in June reaffirmed President Joe Biden's promise to extend Trump's tax breaks only for those making less than $400,000.

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Quick takes, quips, and commentary on the latest in tech policy

R&D Under Attack: How the Loss of Immediate Expensing Reduces Innovation Inputs

By Trelysa Long
December 20, 2024

Historically, U.S. companies have been allowed to deduct their research and development (R&D) expenditures immediately. However, the Tax Cut and Jobs Act of 2017 requires companies to capitalize and amortize their R&D expenditures over a five-year period, reducing the financial value of the R&D tax incentive.

While the act was surmised to harm R&D investment, a new scholarly study provides hard evidence of this effect. Mary Cowx et al. studied the impact of the 2017 provision on firms' R&D investment decisions. Examining a sample of 672 U.S. firms, they found that the requirement increased firms' cash effective tax rate (ETR) by 11.9 percentage points and the current effective tax rate by 9.9 percentage points. As such, firms' cash ETR and current ETR increased by 61.7 and 50.5 percent, respectively.

Due to this higher tax rate, many firms reduced their R&D investments. Indeed, the study found that domestic firms (those operating only in the United States) affected by the new requirement reduced their R&D investments by 2.7 percent more than comparable unaffected firms. This translates to a decrease of $13.2 million in R&D investments per firm in the first year. Domestic firms also reduced their R&D investments more than multinational firms affected by the requirement, likely because all their R&D expenditures are subject to the requirement. Moreover, impacted R&D-intensive firms reduced their R&D investments by 3.8 percent more than unaffected R&D-intensive firms, which translates to

a decrease of $58.8 million per firm in the first year. Additionally, this group reduced their investments more than low intensity R&D firms.

However, some firms did not reduce their R&D spending in response to the new R&D capitalization requirement. The study found that while affected financially constrained firms reduced their investments by 2.5 to 9.5 percent more than unaffected firms, unconstrained firms did not reduce their R&D spending. These firms' capital expenditures were 7.4 percent lower than the prior year. As such, overall R&D investments are likely lower than would be expected had the new tax requirement not become law.

It is time for Congress to correct this and pass the Tax Relief for American Families and Workers Act of 2024 to restore the immediate expensing of R&D expenditures.

Editors' Recommendations

November 28, 2022

Why Congress Should Restore Full Expensing for Investments in Equipment and Research and Development

September 7, 2021

The Case for Repealing the R&D Amortization Provision in the 2017 Tax Cuts and Jobs Act

January 17, 2023

Fact of the Week: Key Industries Are the Most Affected by the Elimination of Full Expensing of R&D Activity

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Sitemap



NCBA Continues to Push for Death Tax Relief

NCBA Continues to Push for Death Tax Relief

| JANUARY 19, 2024

WASHINGTON (January 18, 2024) – The National Cattlemen's Beef Association (NCBA) strongly supports the Death Tax Repeal Act, led by Reps. Randy Feenstra (IA) and Sanford Bishop (GA). The Senate companion bill is led by Sen. John Thune (SD). Repealing the federal estate tax, also known as the Death Tax, is a top priority for NCBA.

"It is unconscionable for cattle producers to face a tax that forces them to sell all or part of their family's farm or ranch due to the death of a family member. With the cost of farmland rapidly rising, the Death Tax presents a significant threat to the future of family farms and ranches," said NCBA President and South Dakota cattle producer Todd Wilkinson. "Most cattle producers have significant assets but are cash-poor and operate on thin margins, leaving them with few options when they are saddled with an unexpected tax liability. Some producers are forced to sell off assets including land, livestock, farm equipment, or even their home. This is an incredible loss, and it starts a vicious cycle where future generations continue to face punitive taxes their ancestors paid multiple times. Rural America needs a tax code that promotes multi-generational, family-owned businesses instead of chopping them up."

Current Death Tax relief is set to expire at the end of 2025, and it is vital that Congress acts soon and provide permanent relief for our family operations. If the federal estate tax exemption reverts to pre-2017 limits, coupled with the rapid inflation of farmland values, many more families will be subject to the Death Tax.



Intangible Drilling Costs

Download IDCs PDF

What are IDCs?

Quite simply, Intangible Drilling Costs (IDCs) represent all expenses an operator may incur at the wellsite that don't – by themselves – produce a physical asset for the producer. In the oil and natural gas business, those costs include things like labor and site preparation, renting drilling rigs – costs that have no salvage value after they are spent.

The standard IDC tax deduction – which has been around in one form or another for 100 years — allows producers to recover those investment costs quickly and reinvest them in exploring for, and hopefully producing, new American oil and natural gas supplies. Since 1913, IDCs have allowed producers to invest literally hundreds of billions of dollars in finding and delivering new energy that might not have been available without them. For America's 7,000-plus independent oil and natural gas producers (who drill more than 90 percent of the nation's wells), IDCs can be deducted in the year they are spent or spread over 60 months. Independent producers are in the business of exploring for and producing oil and natural gas. The integrated companies (who have marketing or retail operations like gasoline stations) must amortize 30 percent of IDCs over 60 months and can deduct the remaining 70 percent in the year they are spent or spread them over 60 months.

Drilling a well does not guarantee resource production; the IDCs deduction enables America's independent oil and gas producers to continue exploring even when a well is unsuccessful and reinvesting production revenues when they are. Independent producers reinvest as much as 150 percent of their US cash flow in new US projects. This investment and reinvestment in America's vibrant oil and natural gas production sector supports the small businesses and the countless other industries and consumers who benefit from affordable, secure American energy.

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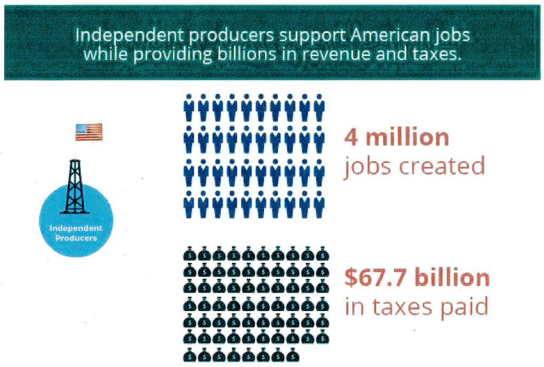
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Do Other Industries Get IDCs?

The terminology might be different, but IDCs are just like tax deductions available to many American industries – to farmers for fertilizer and to technology companies for research and development. Even bakeries have deductible costs. Their supplies—sugar, flour, eggs—are all tax deductible raw materials, along with labor costs. No matter the industry, these are all upfront costs facing nearly every American small business owner with no guaranteed return on investment. In fact, IDCs are no different than costs that are immediately deductible under the general tax law that applies to all business losses – vital deductions, not government handouts, that help American businesses.

Why Are IDCs Important For America?

IDCs were put in place to reflect the deduction of expenses specifically for oil and natural gas production – and that's just what they do. Removing this 100-year-old tax provision from the code would not only strip away roughly 25 percent of the capital available for independent producers to continue looking for new oil and natural gas, but also diminish the many economic benefits created by those activities. Independent producers support over 4 million direct, indirect, and induced jobs – in the lower 48 states alone – while providing billions in revenue and taxes. In 2010 alone, onshore upstream taxes amounted to $67.7 billion.



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Mrs. BICE. Thank you. These articles support the reauthorization of 199A, intangible drilling costs, the R&D tax credit, and the repeal of the estate death tax. And these provisions are discussed in almost every meeting I have with constituents. The repeal of the death tax and extension of the other credits will allow Main Street America to continue to grow and employ more Americans.

Thank you for giving me the opportunity to discuss tax issues that are important to my constituents in Oklahoma's 5th congressional district.

[The statement of Mrs. Bice follows:]

Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to testify today.

CHILD Act – Since the creation of Dependent Care FSA's in 1986, the contribution limit has remained $5,000 dollars. With the ever-increasing cost of childcare and cumulative inflation measuring roughly 188% over the 39-year period since these accounts were created, relief is needed for American families. My legislation, The CHILD Act, co-led by Rep. Sanchez, proposes doubling the contribution limit to $10,000 and indexing for inflation annually.

Paid Family and Medical Leave Tax Credit Extension and Enhancement Act/45S – My friend from Iowa, Rep. Feenstra, has introduced

legislation to extend and reform the 45S tax credit. This provision, which was in TCJA and expires at the end of this year, has helped many employers expand their paid family leave benefits for their workers. Rep. Feenstra's bill not only makes the credit more flexible, but it also increases employer awareness and makes the tax credit permanent. As a mother of two daughters, I was thankful that my employer offered me paid family leave. We need to incentivize employers to offer paid family leave, not mandate it. I want to thank Mr. Feenstra for leading this initiative, and I hope to see this tax credit permanently extended.

I-PLAN – I-PLAN is intended to coordinate and harmonize paid leave benefits across states. While working on paid family leave, stakeholders continuously told my office they had to deal with a patchwork of regulations and

requirements. Rep. Houlahan's forthcoming legislation will help streamline this and help them navigate benefit programs.

I would also like to submit the following articles for the record in support of 199A, Intangible Drilling Costs, Death Tax Repeal, and the R&D tax credit. These tax provisions are discussed in almost every meeting I have with constituents, and the repeal of the death tax and extension of the other credits will allow Main Street America to continue to grow and employ more Americans.

- 199A – "The end of this tax break could be 'very disruptive' to business owners, expert says"
- IDC – "Intangible Drilling Costs"

- Death Tax Repeal – "NCBA Continues to Push for Death Tax Relief."
- R&D Tax Credit – "R&D Under Attack"

Mrs. BICE. And with that I yield.

Chairman SMITH. Thank you, Mrs. Bice. I now recognize Representative Jim McGovern, the gentleman from Massachusetts. Mr. McGovern currently serves as the ranking member of the Rules Committee.

Great to have you.

STATEMENT OF THE HON. JIM MCGOVERN, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF MASSACHUSETTS

Mr. MCGOVERN. Thank you, Mr. Chairman, and it is great to see my colleague, Gwen Moore, here as well. Thank you for the opportunity to testify today on a few of my priorities before the House Committee on Ways and Means.

As this committee knows, ending hunger and improving access to nutritious food has been the cause of my career. And last Congress this committee favorably reported the bipartisan, bicameral, Medically Tailored Home-Delivered Meals Demonstration Act, which I authored with our colleagues, Representative Malliotakis, Representative Evans of Pennsylvania, and Representative Fitzpatrick of Pennsylvania, and Representative Pingree of Maine. It was an important step toward prioritizing this innovative solution to patient care that will save lives and save money.

Our bipartisan bill would establish a Medicare pilot program to deliver medically tailored meals, nutritious meals designed by registered dietitian nutritionists tailored to the specific medical needs of a person living with a diet-affected disease like diabetes or congestive heart failure. Numerous studies have demonstrated the tremendous cost savings associated with medically tailored meals. They are proven interventions that reduce emergency room visits as well as inpatient hospital and skilled nursing facility admissions. Recent research has demonstrated that if all eligible patients received access to medically tailored meals, almost $1.5 million hospitalizations could be avoided and over $13 billion saved in just the first year of service.

Because of the hard work that has gone into this bill, there is now more bipartisan support on the Hill than ever for incorporating medically tailored meals into our health programs. A similar bipartisan effort is going on in the Senate with Senators Booker, Marshall, and Cassidy. And, you know, it is very—almost identical to our bill. We have the opportunity to move this bill first in the House.

I am grateful for the support of Health Subcommittee Chairman Vern Buchanan for his support for this effort and for his continued partnership on advancing the goals of food as medicine. And I request that the committee mark up and send to the House floor for a vote the bipartisan, bicameral, Medically Tailored Home-Delivered Meals Demonstration Act. That is a concrete and incredibly important step that this committee can take to promote healthy living and lower health care costs.

Additionally, I plan to reintroduce the Medical Nutrition Equity Act in the 119th Congress. This bill expands coverage under Medicare, Medicaid, and other specified Federal health care programs and private health insurance to include food, vitamins, and indi-

vidual amino acids that are medically necessary for the management of certain digestive and metabolic disorders and conditions.

In the 118th Congress, I proudly co-led this effort with Congressman John Rutherford of Florida. Our bicameral bill garnered bipartisan support in the last Congress. But medically necessary nutrition for management of Crohn's disease is routinely denied by insurance companies, while more costly treatments that put people at risk of medical complications are approved. It doesn't make any sense. All states have mandated testing for inherited metabolic disorders. So as a result, approximately 2,000 infants every year are diagnosed with one, and yet treatment of these disorders is uncovered and unavailable for far too many.

So for many of the covered disorders, this legislation simply establishes treatment parity. In December of 2016 Congress passed improved coverage for medical nutrition for military families enrolled in Tricare as part of the National Defense Authorization Act. Our bill expands coverage to include parents covered under Medicaid, the Children's Health Insurance Program, Medicare, the Federal Employee Health Benefit Program, and private insurance. It is narrowly written to focus on individuals for whom medically necessary nutrition is the treatment for their disease.

I respectfully urge that you include the Medical Nutrition Equity Act in a hearing so that Congress may pass this important legislation in the 119th Congress.

Again, I thank you all for your patience and for all that you do.

[The statement of Mr. McGovern follows:]

Written Statement of Rep. James P. McGovern (MA-02)
Testimony before the House Committee on Ways and Means
January 22, 2025

Chairman Smith and Ranking Member Neal—

Thank you for the opportunity to testify today on a few of my priorities before the House Committee on Ways and Means.

As this committee knows, ending hunger and improving access to nutritious food has been the cause of my career. Last Congress, this esteemed committee favorably reported the bipartisan, bicameral Medically Tailored Home Delivered Meals Demonstration Act, which I authored with our colleagues Congresswoman Nicole Malliotakis (R-NY), Dwight Evans (D-PA), Brian Fitzpatrick (R-PA), and Chellie Pingree (D-ME). It was an important step toward prioritizing this innovative solution to patient care – a solution that can both save lives and save money.

Our bipartisan bill would establish a Medicare pilot program to deliver medically tailored meals (MTMs)– nutritious meals designed by Registered Dietitian Nutritionists tailored to the specific medical needs of an individual living with a diet-affected disease like diabetes or congestive heart failure.

Numerous studies have demonstrated the tremendous cost savings associated with MTMs. They are a proven intervention that reduces emergency room visits and reduces in-patient hospital and skilled nursing facility admissions. Recent research has demonstrated that if all eligible patients received access to MTMs, in just the first year of service almost 1.5 million hospitalizations could be avoided and over $13 billion saved.[1]

Because of the bipartisan work that has gone into this bill, there is now more bipartisan support on the Hill than ever for the concept of incorporating MTMs in our health care programs. A similar bipartisan effort, championed by Senators Cory Booker (D-NJ), Roger Marshall (R-KS), and Bill Cassidy (R-LA), is being undertaken in the Senate on a companion bill. But we have the opportunity here in the House to move this bill first.

I am grateful for the support Health Subcommittee Chairman Vern Buchanan has given to piloting coverage for MTMs in Medicare, and for our continued partnership on advancing the goals of Food is Medicine.

I request that the committee mark-up and send to the House floor for a vote the bipartisan, bicameral Medically Tailored Home Delivered Meals Demonstration Act. It is a concrete – and incredibly important – step this committee can take to promote healthy living and lower health care costs.

[1] Food is Medicine Coalition support letter https://fimc.stg.limusdesign.com/wp-content/uploads/2024/03/2024_FIMC_MTM_Demonstration_Support_Letter.pdf

Additionally, I plan to re-introduce the Medical Nutrition Equity Act, a bill that expands coverage under Medicare, Medicaid, other specified federal health care programs, and private health insurance to include food, vitamins, and individual amino acids that are medically necessary for the management of certain digestive and metabolic disorders and conditions. In the 118th Congress, I proudly co-led the Medical Nutrition Equity Act with Congressman John Rutherford (R-FL). Our bicameral bill garnered 17 bipartisan cosponsors in the House.

Medically necessary nutrition for the management of Crohn's disease is routinely denied by insurance companies, while more costly treatments that put people at risk of medical complications are approved. All states have mandated testing for inherited metabolic disorders so, as a result, approximately 2,000 infants every year are diagnosed with one. And yet, treatment of these disorders is uncovered and unavailable for far too many. For many of the covered disorders, the legislation simply establishes treatment parity.

In December 2016, Congress passed improved coverage for medical nutrition for military families enrolled in TRICARE as a part of the National Defense Authorization Act. Our bill expands coverage to include patients covered under Medicaid, the Children's Health Insurance Program (CHIP), Medicare, the Federal Employee Health Benefit Program, and private insurance. It is narrowly written to focus on individuals for whom medically necessary nutrition is the treatment for their diseases. I respectfully urge you to include the Medical Nutrition Equity Act in a hearing so that the House may pass this important legislation during the 119th Congress.

Lastly, I'd like to bring to your attention a bill to amend title XVIII of the Social Security Act to provide coverage for wigs as durable medical equipment under the Medicare program, which I plan on re-introducing in the 119th Congress. I have previously introduced this bill with Congresswoman Ayanna Pressley (D-MA). Senator Richard Blumenthal (D-CT) is the lead sponsor of this bill in the Senate.

Many patients who suffer from a variety of diseases, including cancer, live with medical hair loss as a result of medically necessary treatment. Additionally, alopecia areata, an autoimmune skin disease with no known cause or cure that causes hair loss, affects approximately 6.8 million Americans. Our bill would increase access to cranial prosthetics for patients with medical hair loss, including those with cancer and alopecia areata. This bill is a simple change that will grant those in need access to this important treatment option.

I have proudly been the lead sponsor of this bicameral, bipartisan bill since the 115th Congress. I respectfully urge you to consider this bill before the House Ways and Means Committee so that the House may pass this bill during the 119th Congress.

Thank you for your consideration of these requests and this opportunity to testify.

Mr. MCGOVERN. I yield back.

Chairman SMITH. Thank you, Mr. McGovern. I now recognize Representative Buddy Carter, the gentleman from Georgia. Mr. Carter is a pharmacist by trade, and he is a proud member of the House Energy and Commerce Committee. He previously testified before our committee at the last Member Day.

So welcome back.

STATEMENT OF THE HON. BUDDY CARTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. CARTER. Thank you, Mr. Chairman, and thank you for allowing me to testify today to the second-best committee in Congress, the Ways and Means Committee.

Chairman SMITH. Your time has expired. [Laughter.]

Mr. CARTER. I bring greetings from—Mr. Chairman, Mr. Chairman, H.R. 262, the Disaster Reforestation Act—seriously, Hurricane Helene has devastated the State of Georgia. And our timberland, the number one forestry state in the country, we have more commercial timberland available and we harvest more timber than any other state—this is a serious, serious problem.

As you all know, timber takes time. You—it might take anywhere from 25 to 30 years. And even if you are trying to grow different trees for telephone poles, it may take 40 years. It is a long-term investment. And when you invest in this, after seven years you don't have anything. You are wide open to just nature. And when we have a natural catastrophe like we have with Hurricane Helene, these people lose everything. They don't have any way. This is a crop. Timber is a crop. Unlike other crops that have insurance, there is no insurance for timber. That is why this bill is so vitally important.

Think about the massive fires that we have had in L.A. Think about the devastation that our timberland has had with Hurricane Helene. Our tax codes make it extremely difficult, if not impossible for private forest landowners to recover after such a devastating event.

And also thank goodness we have gotten disaster relief in the CR, and I thank all of you for voting for that, and for making sure that that was available. That is going to be very important. But if we don't get that timber that has been knocked down by Hurricane Helene, if we don't get it cleaned up, that is going to be just kindling ready to start massive fires, and we can't have that.

What does the Disaster Reforestation Act do? It will amend the tax code to allow forest owners to deduct the full market value of their timber prior to the loss caused by the federally declared natural disaster. This is a win-win-win situation. Why is that? Because, further, this bill requires those landowners to reforest their land within five years, ensuring that the forest land is not converted to other uses and preserving the environmental and economic benefits.

We all know about the economic benefits. Let's talk about the environmental benefits. Eight percent of all the pollution in the State of Georgia is absorbed through these carbon sinks that is timberland. That is extremely important to our air. We have a saying in south Georgia: When you breathe fresh air, get down on your

knees and thank the farmer who planted the trees. And it is true. It cleans our air. It cleans our water. So that is why this is so very important.

I also want to talk about the Tax Cuts and Jobs Act. I know that you are extending this, and I am all with you. I am chair of the Health Subcommittee, and most of the cuts are going to come from us. We are doing everything we can. But I want to ask you on the IRA just to please, instead of taking a sledgehammer to it, please take a scalpel to it.

There are a variety of credits in that partisan IRA—and it was partisan—but they were modified by the law. Many of them either existed prior to the law, or already had bipartisan support and were thrown into that partisan package. So all I am asking you to do is to look at it carefully. If they have achieved what we hope to achieve, and that is bringing manufacturing back to America and solidify our supply chains, then perhaps we need to look at keeping those tax credits there. So I am just simply appealing to you on that.

My last ask is about H.R. 25, the Fair Tax. And thank you for having a hearing on it last session. You were very kind to do that. Again, the Fair Tax is just what it says, it is a fair tax. It is a consumption tax, a 23 percent consumption tax. And yes, that sounds like it is a high number, and it is a high number. But at the same time, you are already paying that. You are already paying that when you buy a product anyway.

So this would just simply eliminate the IRS. And we could do that, Mr. Chairman, I assure you. The fair tax's time has come. The President has said no tax on tips. We want to do that. We want to make sure that we eliminate as much as we can.

We have got unelected bureaucrats who are armed, who are imposing, who have more control over your paycheck than you do. The fair tax changes that. And again, thank you for having a hearing last session. I hope that this session we can move forward with it.

I thank you for the work that this important committee does. You do extremely important work, and I thank you for that.

[The statement of Mr. Carter follows:]

Ways & Means Member Day Testimony: H.R. 262, the Disaster Reforestation Act, Tax Credits Supporting American Manufacturing, and H.R. 25, the Fair Tax Act

- Mr. Chairman, thank you for allowing me to testify today at this Member Day hearing so that I can discuss before this Committee some pieces of legislation that I am leading, and I believe are important to advance this Congress.

- First, I'd like the Committee to consider is H.R. 262, the Disaster Reforestation Act.

- As those on the Committee may be aware, Georgia is our nation's number one forestry state with more commercially available timberland and harvested timber than any other state.

- This industry is important to providing thousands of everyday products that are essential to our lives, as well as providing clean air, water, and habitats.

- Unfortunately, our nation's family forest landowners face threats on multiple fronts.

- As we've seen recently, natural disasters and fires threaten the significant investments our foresters make into maintaining forestland.

- Most recently, of course, we've seen the massive fires in LA, but in my home district, Hurricane Helene devastated our timberland.

- Compounding the issue is fact that our tax code makes it extremely difficult or impossible for private forest landowners to recover after such devastating events.

- The Disaster Reforestation Act would amend the tax code to allow forest owners to deduct the full market value of their timber prior to the loss caused by the federally declared natural disaster.

- Further, this bill requires those landowners to reforest their land within 5 years, ensuring the forestland is not converted to other uses and preserving the environmental and economic benefits.

- Again, forest landowners provide clean air, fresh drinking water, and quality jobs for our nation.

- Let me emphasize the unique situation these landowners find themselves in.

- Like any other agricultural producer, they spend significant amounts of time and money to plant and grow their crops.

- In this case, the crop is a tree instead of wheat, corn, fruits, vegetables, or any other food.

- Unlike other crops, timber takes decades to grow.

- That is a generation of investment into the hope of turning a small profit to keep operations going.

- Whereas more traditional crops have some relief with crop insurance, these growers do not have a way of recouping any portion of their often decades-long investment.

- This bipartisan bill, endorsed by more than 70 state and national associations, offers long-term stability for those making significant investments in forestry.

- Natural disasters have devastated many private forests, and we cannot afford to delay this necessary aid.

- I thank the Chairman for his engagement on this bill already and hope to find a path forward this Congress.

- In addition, as the Committee considers tax reforms this Congress with the expiration of portions of the Tax Cuts and Jobs Act, I ask that it carefully consider and examine existing energy and manufacturing tax credits.

- It has been a nearly universal policy goal to attract more investment in the U.S., build more in the U.S., and secure our supply chains from the whims of bad actors, like China.

- We should take a careful look at what existing tax credits support those policy goals and support manufacturing in the United States.

- It's been said many times, but approach should be with a "scalpel and not a sledgehammer."

- While a variety of credits were in the partisan IRA or modified by the law, many of them either existed prior to the law or already had bipartisan support but were thrown into a partisan package.

- Manufacturing projects have started in communities across the country, bringing thousands of jobs and billions of dollars in investments.

- This is exactly the kind of growth that will make America more competitive, secure, and great again.

- We must ensure that our policies continue to do that, and that we do not jeopardize the economic future of those communities that have invested in these projects.

- Lastly, I'd be remiss if I did not take time to speak on the FairTax and urge that it receive serious consideration.

- The FairTax is incredibly popular.

- After all, how many tax plans have been New York Times Bestsellers?

- It's no secret that the American people are completely dissatisfied with the current tax code, which is a convoluted, absurd system that punishes hard work and is built on government control.

- As a result, some 85 percent of Americans are frustrated by the complexity of our tax code and only two-in-ten Americans say they trust the government in Washington to do what is right with their hard-earned money.

- The current tax code is not working for Americans, and they are hungry for something that serves them, not unelected bureaucrats.

- H.R. 25, the FairTax, would eliminate the federal income, payroll, and estate and gift taxes, replacing them with a revenue-neutral national 23 percent consumption tax.

- It would eliminate the need for the IRS. It would eliminate Tax Day.

- It would allow you to take home 100 percent of your paycheck, so that you control where your hard-earned dollars go.

- Skeptics point out that a 23 percent consumption tax sounds like a lot, and it is.

- But what many consumers fail to realize is that today's sticker prices are already inflated to cover corporation's tax burdens.

- Every tax imposed on businesses – whether it is corporate, FICA, or other taxes – is passed down to the consumer.

- You're already paying taxes every time you purchase a good or service. Under the FairTax, you're paying your own, not someone else's.

- The FairTax includes an advance tax refund to every legal American family at the beginning of every month to purchase goods and services tax-free up to the national poverty level.

- This means a family of four can spend $30,000 a year without paying a penny in taxes. That's an effective tax rate of 0 percent.

- No one else is seriously advocating to repeal the most regressive and largest tax American families pay – the payroll tax – while making the United States the most competitive place to do business on the globe.

- That checks every box and principle we have, regardless of what side of aisle you are on.

- Does overturning an entrenched tax code with thousands of special interests invested in keeping their carve-outs pose significant challenges? Yes.

- Is this a big, radical idea? Absolutely.

- However, I did not come to Congress to satisfy special interests or maintain the status quo. I was sent to Congress to fight for taxpayers, small businessowners, mothers, fathers, students, truck drivers, and everyone who keeps our great country running.

- I thank the Chairman for holding a hearing last Congress with an advocate for the FairTax, and I hope to see continued action on this issue in the 119th Congress.

- Thank you, Mr. Chairman, and yield back the remainder of my time.

Mr. CARTER. And I yield back.

Chairman SMITH. Thank you, Mr. Carter.

Before we go to Mr. Downing I will say that votes have been called. After Mr. Downing we will recess until after votes are done, and finish the hearing.

Mr. Downing, I am pleased to recognize you. Welcome to the Ways and Means Committee.

STATEMENT OF THE HON. TROY DOWNING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. DOWNING. Thank you, Chairman Smith and members of the committee.

I come before you today on behalf of all Montanans to stress the importance of ensuring that Trump's tax cuts do not expire. Many of these provisions, you know, marginal tax rates, higher standard deduction, the 20 percent deduction for pass-through businesses are a lifeline for hard-working Montanans.

Now, allowing the 2017 Tax Cuts and Jobs Act to expire would result in a massive tax hike for my constituents. The average taxpayer in Montana's 2nd congressional district would see a staggering 26 percent tax increase.

Now, one provision of the Trump tax cuts that is particularly consequential to Montanans is the estate tax, appropriately called the death tax. Now, the TCJA more than doubled the estate tax exemption, increasing from 5 million to 11.5 million per person. Estates that fall outside of the exemption can face up to a 40 percent tax on the market value of the estate when transferring to an heir at the time of death. Now, if the Trump tax cuts expire, nearly 15,000 Montana family farms would see their death tax exemption slashed in half starting next year.

Now, how is this fair? Farmers and ranchers across the country already face constant uncertainty from weather and market fluctuations. Montana is a heavy producer of cattle and wheat, which accounts for three-quarters of our agricultural cash receipts. Montana is also the largest producer of lentils in the United States.

Now, American farmers and ranchers put the food on our tables and the clothes on our backs. Unfortunately, many people that want to gut the death tax exemption simply see high-asset values on farms and think they need to be drowned in taxes. But nothing could be further from the truth. Now, most of these farms, especially in Montana, are what we call land rich and cash poor, meaning many of these families do not have the cash to pay these exorbitant taxes.

Now, what does this mean? This means that when a family is suffering from the loss of a loved one, they are then forced to sell equipment or the entire business just to be able to write a check to the IRS. The death tax is especially pernicious in Montana, where development pressures, thanks to conservative leadership in bringing jobs and growth, have increased land values.

Now, let me be clear. The death tax is a punitive tax on families who are already grieving loss. By no means are these ultra-rich people avoiding paying their fair share. They are simply working to make sure we have food to eat, often with little appreciation.

Now, tax burdens on family farms, you know, may force the next generation of farmers and ranchers to sell farmland to pay their taxes. This takes agricultural land out of production, reducing our ability to feed ourselves.

Now, this is a national security issue. Throughout the history of humanity, you want to bring a country down the easiest way is to make it so it can't feed itself. So I strongly believe the death tax should be eliminated in its entirety. It only seems to cause hard-working, grieving families to suffer even more.

Now, at a bare minimum, I implore the members of this committee to make sure that farms and ranches in Montana or the two million across the United States do not see a massive tax hike come 2026.

Thank you for listening.

[The statement of Mr. Downing follows:]

W&M Member Day Death Tax Remarks

Thank you, Chairman Smith, Ranking Member Neal, and Members of the Committee. I come before you today to stress the importance, on behalf of all Montanans, of making sure the Trump tax cuts do not expire. Many of these provisions, like lower marginal tax rates, a higher standard deduction, and the 20 percent deduction for pass-through businesses, are a lifeline for hardworking Montanans. Allowing the 2017 Tax Cuts and Jobs Act, or TCJA, to expire would result in a massive tax hike for my constituents. The average taxpayer in Montana's Second Congressional District would see a staggering 26% tax increase.

One tax provision of the Trump tax cuts is particularly important, and that is the estate tax, or more appropriately named—the Death Tax.

The TCJA over doubled the estate tax exemption, increasing from $5 million to $11.5 million per person. Estates that fall outside of the exemption can face up to a 40% tax on the market value of the estate when transferring to an heir at the time of death. So if the Trump tax cuts expire, nearly 15,000 Montana family farms would see their Death Tax Exemption slashed in half starting next year.

How is this fair? Farmers and ranchers across the country already face constant uncertainty from weather and market fluctuations. Montana is a heavy producer of cattle and wheat, which accounts for three-quarters of our agricultural cash receipts. In fact, Montana is the largest producer of lentils in the United States.

U.S. farmers and ranchers put food on all of our tables. Unfortunately, many people that want to gut the Death Tax exemption simply see high asset values on farms and think they need to be soaked in taxes. But nothing could be further from the truth. Most of these farms, especially in Montana, are what we call "land rich and cash poor," meaning many of

these families do not have the cash to pay these exorbitant taxes. So what does that mean? That means when the family is suffering from the loss of a loved one, they are then forced to sell equipment or the entire business just to be able to write a check to the IRS. The Death Tax is especially pernicious in Montana, where development pressures—thanks to conservative leadership bringing jobs and growth—have increased land values.

Let me be clear, the Death Tax is a punitive tax on families who are already suffering. By no accounts are these ultra rich people avoiding paying their fair share, they are simply working their tails off to make sure we have food to eat, with little appreciation. I strongly believe the Death Tax should be eliminated in its entirety. Its sole purpose seems to be to make hardworking, grieving families suffer even more. But at a bare minimum, I implore the Members of this Committee to make sure that farms and ranches in Montana, or the two million across the United States, do not see a massive tax hike come 2026. Thank you for listening to my testimony, and I am happy to answer any questions you may have.

Chairman SMITH. Thank you, Mr. Downing. We will now recess until after the vote on the House floor ends.

[Recess.]

Chairman SMITH. The meeting will come back to order. We will start with Mr. Scott.

STATEMENT OF THE HON. AUSTIN SCOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. SCOTT. Thank you, Mr. Chairman.

Several years ago I was taking a young man hunting, and he was a combat-disabled veteran. He stepped on a pressure plate. He had a Purple Heart, and he was totally and permanently wounded and lost both legs. And as we were traveling to where we were going to hunt, he told me that he worked at O'Reilly's Auto Parts, but that he had to be very careful about how much he made because if he made more than—and at the time it was about 1,000, maybe $1,100 a month, then he lost 100 percent of his Social Security benefits. And so if he worked one hour too long, his family ended up with less money at the end of the month than if he didn't work at all.

And so, Mr. Chairman, I wrote a piece of legislation. I appreciate you sharing time with me to discuss it. It is named the Purple Heart Freedom to Work. I firmly believe that the number one thing we can do for our veterans is to get them back in the workforce.

And basically, what the bill does—and right now—and the number is higher than it was when I originally wrote the bill, but combat disabled veterans who earn an income in excess of $1,550 per month lose 100 percent of their Social Security disability insurance for being actively engaged in the workforce. This is a very low limit. It discourages them from going back to work. And I think one of the best things we can do for their mental health is to get them back to work.

I have had bipartisan support on this legislation in the past. The challenge with it, as you know, Mr. Chairman, is because it is Social Security, it is mandatory spending. I want this committee to know I recognize that when we are dealing with mandatory spending we need to make sure that we limit the cost. And so it is drafted very narrowly so that you have to have received a Purple Heart. So it is combat injuries only, and you have to be total and permanently disabled. So it only applies to that small segment of people. If we can make it work for them, then hopefully we can make it work for other people, as well.

That is the primary reason that I am here. I appreciate you and Ms. Moore and your work on these issues, and would be happy to answer any questions on that.

[The statement of Mr. Scott follows:]

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SUBCOMMITTEE ON GENERAL FARM COMMODITIES AND RISK MANAGEMENT

HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE

STATEMENT OF

REP. AUSTIN SCOTT (GA-08)

MEMBER DAY HEARING ON MATTERS WITHIN THE COMMITTEE'S TAX JURISDICTION

JANUARY 22, 2025

Chairman Smith, Ranking Member Neal, and members of the Committee, I am grateful for the opportunity to testify on behalf of an important piece of legislation that I will soon re-introduce in the 119th Congress called the Purple Heart Freedom to Work Act.

After going on a hunting trip with some combat-disabled veterans, I was disappointed to learn that our tax code penalizes combat-disabled veterans for re-entering the workforce. This is wrong and is why I have championed this bipartisan effort in the past several Congresses, and will do so again in the 119th Congress once the details are ironed out with various entities across Congress to finalize this legislation.

Currently, combat-disabled veterans who earn an income in excess of $1,550 per month lose 100% of their Social Security Disability Insurance (SSDI) for being actively engaged in the workforce. This unacceptably low limit deters workforce participation and disincentivizes injured veterans from pursuing jobs, promotions, or working overtime.

I feel they should be able to freely work in the country that they sacrificed to protect without losing the Social Security Disability Insurance (SSDI) benefits that they are entitled to. Moreover, I think encouraging combat-disabled veterans to remain in the workforce will help save lives.

One of the best things we can do for veterans' mental health is to make sure they have the option to work without losing support. The suicide rate among veterans is too high – allowing them to remain in the workforce maintains their sense of dignity, self-worth, and morale. The alternative is much more bleak – staying at home and not contributing to society as much as they should be able to do, which puts them at risk.

Then Representative and now Senator Andy Kim remarked at the introduction of this important bill in the last Congress:

"Too many veterans face barriers accessing the benefits they deserve. We must do better on our promise to have our servicemembers' backs and do more to support their continued success after they return home. I am proud to help introduce bipartisan legislation that would promote combat-disabled veterans' participation and success in the workforce without them having to worry about losing their Social Security disability benefits. With an increased income threshold, they would

be able to more freely pursue the careers and the well-rounded lives they want in our communities."

There is no incentive for combat-disabled veterans to remain engaged in the workforce if they are going to lose their SSDI. This small group of people paid a high price to our country, and we owe it to them to ensure they continue to receive the benefits they have certainly earned.

I look forward to working with you, Mr. Chairman, to keep our combat-disabled veterans in the workforce. I would be remiss if I didn't thank Shaun Freiman and Ben Ridder of your staff for their help in crafting a solution that will enable our combat-disabled veterans to remain in the workforce. Thank you again for the opportunity to appear before this Committee.

Chairman SMITH. Thank you, Mr. Austin.
Mr. SCOTT. No questions?
Chairman SMITH. No——
Mr. SCOTT. Can I mention one other thing, Mr.——
Chairman SMITH. Please.
Mr. SCOTT. Prior to becoming a Member of Congress, I spent 20 years as an insurance broker. As you know, the federal estate tax exemption right now is just short of $14 million, and if something is not done at the end of the year it goes down to $7 million. I just hope, as the committee pushes forward, that we can get some permanency in the number. For families that are trying to plan, it is difficult to create a financial plan for the family and the transfer of the businesses when the estate tax threshold shifts from $14 million to $7 million. I know people, some people, want to get rid of it all together. I wish we could do that. I am not naive to the numbers. I don't think we get there, but I would just ask that we get some permanency in that law.
Thank you both for your time, and I appreciate the opportunity to testify.
Chairman SMITH. Thank you for being here, Mr. Scott. I now recognize Representative Pete Stauber, the gentleman from Minnesota. Mr. Stauber is a former professional hockey player and a retired police officer. He participated in our Ways and Means Committee hearing in Kimball, Minnesota.
It is great to have you back to the committee.

STATEMENT OF THE HON. PETE STAUBER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. STAUBER. Thank you, Mr. Chair. I appreciate you and the members of the committee holding this Member Day hearing.
I know it is a priority of this Congress, and especially this committee, to build on the successes of the Tax Cut and Jobs Act. I appreciate the opportunity to testify today regarding the importance of ensuring we extend these provisions that have expired and are set to expire.
We know the positive impact of provisions from this legislation, like lowering the corporate rate, had on our economy and investment and we know what will happen to our economy if Congress fails to act. According to a recent study by the National Association of Manufacturers, failure to extend the TCJA could cost them more than 1.1 million manufacturing jobs.
Our constituents sent us to Congress and put President Trump back in the White House because they wanted us to enact commonsense policies that are good for economy. Mr. Chairman, I appreciate the work and the outreach you are doing, and stand ready to work with you and this committee to get this bill to President Trump's desk.
There are two other areas that I would like to briefly highlight and I would ask the committee to consider as they draft the legislation.
First, I have authored legislation that would create parity for volunteer drivers. Mr. Chairman, as you know, volunteers are key to ensuring our seniors get the health care and other critical services they need, especially in rural America. Currently, the IRS reim-

bursement rate for these drivers is $0.14 a mile, even though the business rate of reimbursement is 5 times that in 2025. And I believe there should be parity between the two, and I hope the committee can look into this issue.

You see, those of us in rural Minnesota, if we don't have the volunteer drivers, these seniors can't get to their dental, their health appointments, can't get to church. The volunteer drivers, Mr. Chair, are not doing it for money. All we are asking is get the IRS reimbursable tax rate via the mileage to be equal.

We are losing volunteer drivers in rural America, and it is not fair to our seniors when sometimes the seniors, that is all they have is their independence at home and that volunteer driver, that consistent volunteer driver who will drive them every day to wherever they want. It is a volunteer driver they know and they trust, and I think our seniors benefit from that. We cannot lose any more volunteer drivers in rural America because we don't have the transportation method to do it.

Again, Mr. Chair, they are not there to make money. They are there to do anything for their communities. And I would really implore you to look at that and make that parity, please.

And also, Mr. Chair, this committee has focused on the families, and especially children. One issue that is near and dear to my heart is adoption. This committee has looked at legislation to assist families with the adoption process. I know firsthand the difficult and cumbersome process, so I appreciate those efforts. We must do what we can to help families trying to provide homes for kids who do not have them. Legislation has been introduced that would expand the Adoption Tax Credit in certain instances, and I believe this should be a priority as we look to improve our tax code. Those of us who chose to adopt and bring these children into the families should be able to have the tax credit.

You know, Mr. Chair, we are a pro-life community. We are a pro-life conference. This is the extension of that. Families that want to adopt should not be prohibited because of cost. And I have talked to hundreds of families after my wife and I adopted on their interest in adopting, but they can't afford it. And the tax credit for adoptions would make great strides in allowing these children to be brought into these loving homes.

And so, Mr. Chair, I appreciate your work, and especially reaching out and holding these meetings. I think that, from my perspective, your leadership is second to none. And you are listening, and I ask you to consider my two points that I brought up.

[The statement of Mr. Stauber follows:]

Mr. Chairman and Members of the Committee, thank you for holding this member-day hearing.

TCJA Extension

I know it is a priority of this Congress, and especially this Committee, to build on the successes of the Tax Cuts and Jobs Act. I appreciate the opportunity to testify today regarding the importance of ensuring we extend those provisions that have expired and are set to expire.

We know the positive impact the provisions from the legislation, like lowering the corporate rate, had on our economy and investment, and we know what will happen to our economy if Congress fails to act. According to a recent study by the National Association of Manufacturers, failure to extend TCJA could cost us more than 1.1 million manufacturing jobs.

Our constituents sent us to Congress and put President Trump back in the White House because they wanted us to enact common-sense policies that are good for our economy.

Mr. Chairman, I appreciate the work and the outreach you are doing and stand ready to work with you and this Committee to get this bill to President Trump's desk.

Other Issues

There are two other areas that I would like to briefly highlight that I would ask the Committee to consider as they draft legislation.

First, I have authored legislation that would create parity for volunteer drivers. Mr. Chairman, as you know, volunteers are key to ensuring our seniors get the healthcare and other critical services they need, especially in rural America.

Currently, the IRS reimbursement rate for these drivers is 14 cents a mile, even though the business rate of reimbursement is three times that. I believe there should be parity between the two, and I hope the Committee can look into this issue.

Finally, I know, Mr. Chairman, that you and this Committee have focused on families, especially children. One issue that is near and dear to my heart is adoption.

This Committee has looked at legislation to help assist families with the adoption process. I know firsthand the difficult and cumbersome process, so I appreciate those efforts. We must do what we can to help families trying to provide homes for kids who do not have them. Legislation has been introduced that would expand the adoption tax credit in certain instances, and I believe that this should be a priority as we look to improve our tax code.

Thank you for the opportunity, and I look forward to working with you.

Mr. STAUBER. And I yield back. Thank you.

Chairman SMITH. Thank you, Mr. Stauber. Just a quick question. The adoption credit that you are referring to, are you wanting to make that refundable so that that would help more families? Is——

Mr. STAUBER. Yes.

Chairman SMITH. Okay.

Mr. STAUBER. Make it refundable. You see, it is between $30,000 and $35,000 to adopt.

Chairman SMITH. That is a lot.

Mr. STAUBER. There are great families that can't afford that. And any help, Mr. Chair, would be beneficial to the pro-life and the family cause.

Chairman SMITH. Thank you.

Mr. STAUBER. I yield.

Chairman SMITH. Thank you very much. I now recognize Representative Tony Wied, the gentleman from Wisconsin. Mr. Wied is a businessman, and is serving in his first term in Congress, and has a full plate with appointments to the Small Business Committee, Agriculture, Transportation and Infrastructure.

So welcome to the Ways and Means Committee.

STATEMENT OF THE HON. TONY WIED, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. WIED. Well, thank you. Thank you, Mr. Chairman. I appreciate this opportunity here at the Ways and Means Committee, and that is extended to me, to non-committee members, to speak to the priorities of my constituents in Wisconsin's 8th district.

Northeast Wisconsin is home to over half a million taxpayers and a wide variety of small businesses who have faced economic uncertainty from an over-reaching and over-taxing federal government. From manufacturing and shipping to agriculture and food processing, Wisconsin's 8th congressional district boasts a very diverse set of industries and small businesses. In fact, our district is the largest dairy producing district east of the Mississippi.

So for nearly 30 years I owned and operated a small business called Dino Stop. Our convenience stores, gas stations, car washes, and Little Caesar's pizza franchises employed hundreds of Wisconsinites over the years. I know from firsthand experience how difficult it is to operate and grow a successful small business in a very competitive industry, especially while dealing with burdensome government regulation and unpredictable tax policies. Dino Stop regularly had high revenues due to fuel sales, but low profit margins owing to stiff market competition and high operating costs.

The section 199A tax deduction, created and signed into law as part of the 2017 Trump tax cuts, greatly benefits our small businesses, farmers, and manufacturers. Nearly three-quarters of people claiming the 199A deduction in 2022 had an adjusted gross income below $200,000. Simply put, this tax cut is for Main Street, not Wall Street. The deduction is also designed to ensure small businesses are investing in employee wages and benefits, a vital part of recruiting and retaining a talented workforce. I think we can all agree that putting more money in the pockets of working

families is a top priority for this Congress and the Trump Administration.

Section 199A ensures agriculture cooperatives are taxed on an equal playing field with larger corporations. The Trump tax cuts of 2017 reduced the corporate tax rate from 35 percent to 21 percent, while also including section 199A to reduce the tax burden on sole proprietorships, partnerships, S corporations, and LLCs. This tax cut allows dairy producers in northeast Wisconsin to offset tax liabilities and invest their deductions in their facilities and operations.

Finally, as I travel across northeast Wisconsin I also hear the need for tax certainty and the importance of extending the Trump tax cuts. The average taxpayer in our district will see a 23 percent tax hike if they expire. It is my hope that we can work together toward a permanent and consistent tax policy that benefits every hard-working taxpayer in my district.

Mr. Chairman, I strongly support making the 199A tax deduction permanent to provide much-needed relief to small businesses, working families, and farmers in my district and across this country. Should Congress fail to renew 199A, 52,230 small businesses in Wisconsin's 8th district would be hit with an unconscionable 43.4 percent tax rate. Any limitation or reduction in 199A would unfairly target and hurt middle-class taxpayers and the small businesses who are the lifeblood of the economy.

[The statement of Mr. Wied follows:]

Thank you, Mr. Chairman. I appreciate the opportunity the Ways and Means Committee has extended to non- Committee Members to speak to the priorities of my constituents in Wisconsin's 8th District.

Northeast Wisconsin is home to over half a million taxpayers and a wide variety of small businesses who have faced economic uncertainty and an overreaching and overtaxing federal government. From manufacturing and shipping to agriculture and food processing, Wisconsin's 8th Congressional District boasts a very diverse set of industries and small businesses. In fact, our district is the largest dairy producing district east of the Mississippi.

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Finally, as I travel across Northeast Wisconsin, I also hear the need for tax certainty and the importance of extending the Trump Tax Cuts. The average taxpayer in our district will see a 23% tax hike if they expire. It is my hope that we can work together toward a permanent and consistent tax policy that benefits every hardworking taxpayer in my district.

Mr. Chairman, I strongly support making the 199A tax deduction permanent to provide much needed relief to the small businesses, working families and farmers in my district and across the country. Should Congress fail to renew 199A, 52,230 small businesses in Wisconsin's 8th District would be hit with an unconscionable 43.4% tax rate. Any limitation or reduction in 199A would unfairly target and hurt middle class taxpayers and the small businesses who are the lifeblood of our economy.

Thank you again for the opportunity to testify today, and I yield back.

Mr. WIED. Thank you again for this opportunity to testify today, and I yield back.

Chairman SMITH. Ms. Moore.

Ms. MOORE of Wisconsin. Good afternoon, Representative Wied. Welcome——

Mr. WIED. Good afternoon.

Ms. MOORE of Wisconsin [continuing]. To the Ways and Means Committee. I wonder if you had any comment about the dyed fuel problem in your district, where there is a double taxation of the fuels that are being transported to your district due to a broken pipeline?

Mr. WIED. Correct. So we had the pipeline that used to run from Milwaukee up to Green Bay. And when it broke down, right now we are hauling that by a transport. And that is an issue right now that folks in the industry are getting double taxed on the dyed fuel. And that is something that I am very passionate about, and would like to propose legislation that I think you have, and to help out with that issue.

Ms. MOORE of Wisconsin. Well, the chairman of the Ways and Means Committee is very happy that you are passionate about this.

And so with that I will yield back. Thank you for your——

Mr. WIED. All right, thank you.

Chairman SMITH. Thank you, sir. I appreciate you being here.

Mr. WIED. All right, thank you.

Chairman SMITH. The committee will stand in recess for just a few moments.

[Recess.]

Chairman SMITH. The committee will come back to order.

I now recognize Representative Rick Crawford, the gentleman from Arkansas. Mr. Crawford is an Army veteran and serves as chairman of the House Intelligence Committee. And today is his birthday.

So happy birthday, and so welcome to the Ways and Means Committee.

STATEMENT OF THE HON. RICK CRAWFORD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. CRAWFORD. Thank you. Thank you, Chairman Smith, ranking Member Neal, and members of the Ways and Means Committee. Thank you for receiving my testimony today. I have two proposals that I will present back-to-back here in the interest of time.

First, it is no secret that student loans are out of control in this country, and I know for a fact this pervasive issue affects constituents in every one of our districts. However, I can't support large giveaway proposals that unload the full burden of student loan debt from a current minority of U.S. adults who attended college to do the majority who did not. That is simply not fair. Instead, I strongly support a fiscally responsible middle ground where we provide Americans struggling under the weight of massive student loan debt better tools to pay back the loans they chose to take out.

That is where my proposal for a 401(edu) plan comes in. For many people, especially recent graduates, their wisest financial option is to attack their student loan debt and its punishing interest

before focusing on longer-term financial decisions like retirement. A 401(edu)—and forgive my ignorance, but I am just using (edu) as an example of what you might call this type of account—is modeled after a 401(k), it allows them to do that for a time. Instead of investing in an employee retirement plan, those funds would go straight toward paying down student loan principal.

A 401(edu) also retains its pre-tax deduction status, but since the payments are disbursed immediately there is not a future tax burden on withdrawn funds as there would be for a 401(k). And since nearly all displaced retirement withdrawals would fall outside the 10-year budget window, there would not be a large CBO score. Contribution limits for employee retirement would also apply to 401(edu) plans.

People leaving college with tens of thousands, if not hundreds of thousands of dollars in debt often postpone their American dream and feel restricted from pursuing positive life choices such as marriage, starting a family, or buying a home. I understand the responsibility on the borrower for the choices they made, but a 401(edu) does not seek to absolve them of that responsibility. Instead, it offers people a choice to make a temporary financial sacrifice, using their own money and work benefits to pay off their debt burden. Providing this option will help millions of Americans shed the weight of their student loans without asking other Americans to bankroll that relief in full.

Like a mortgage, there are substantial benefits for people who can make accelerated payments and pay off their loan in 15 years versus 30. They gain peace of mind, the financial freedom of losing a monthly payment, and the extra savings from years of unrealized interest payments. Ultimately, a 401(edu) plan will provide another path for employees to take control of their financial future and businesses to attract talent by taking care of their workforce.

Now for my second proposal. As you know, Mr. Chairman, we live in adjacent districts, and our districts are very much alike. Farming is a big part of it, and it is a risky business. And we don't need to look any further than just this past year: wildfires in the West, hurricanes in the east. A massive downturn in the farm economy left many farmers without much hope for the future.

While some government help came eventually, for many it will not be enough and for others it won't be in time. However, even when the farm economy broadly does well, individual farmers can still suffer losses. A violent hail storm, for example, in Stuttgart, Arkansas or a local disease outbreak in Kennett, Missouri would devastate operations in those local areas while not producing destruction on a large-enough scale to attract supplemental federal dollars.

In these situations, many more producers would benefit from a tax advantaged account they could draw on in times of need. I call these accounts "frame accounts" and my proposal is outlined in my bill, the Farm Risk Abatement and Mitigation Election, or the FRAME Act. Those frame accounts are basically HSAs for farmers, allowing them to exercise greater control over the protection of their own operations. These tax-deferred farm disaster saving accounts would be available to all USDA-recognized farmers and, like Roth IRA or HSA, frame accounts can be administered by any local

bank, giving the farmer the ability to manage contribution and investment as he or she sees fit.

Contributions, capital gains, and dividends would be tax deferred, and the farmer would only be able to draw upon his or her account in the instance of a disaster, or they would otherwise incur strict penalties. To encourage initial investment, farmers will be eligible to write off frame account contributions on their tax bill. Contributions would be tax deductible up to $50,000 per year, with a $250,000 limit, and farmers will retain 10 percent of their contributions in the form of a tax credit during the first few years of opening the account. Frame accounts give the farming community the ability to have a self-supporting disaster plan, and over time it would reduce reliance on government support programs and fickle supplemental disaster payments.

The farmers and bankers I have talked to like the idea of frame accounts and believe it would greatly benefit the farm economy.

Once again, Mr. Chairman, thank you for your latitude allowing me the opportunity to testify today. I am happy to discuss either of my proposals further, and have discussion drafts from the past Congresses to give out to anybody that is interested. I can also email anybody the updated versions I am preparing for this Congress once the Legislative Counsel gets back with me on that.

And once again, thank you for the opportunity.

[The statement of Mr. Crawford follows:]

Chairman Smith, Ranking Member Neal, and members of the Ways and Means Committee, thank you for receiving my testimony today.

It is no secret that student loans are out of control in this country. I know for a fact; this pervasive issue affects constituents in every single one of our districts. However, I cannot support large giveaway proposals that unload the full burden of student loan debt from the current minority of U.S. adults who attended college to the majority who did not. That is simply not fair. Instead, I strongly support a fiscally responsible middle ground where we provide Americans struggling under the weight of massive student-loan debt better tools to pay back the loans they chose to take out. That is where my proposal for a 401(edu) plan comes in.

For many people, especially recent graduates, their wisest financial option is to attack their student loan debt and its punishing interest before focusing on longer-term financial decisions like retirement. A 401(edu) allows them to do that. For a time, instead of investing in a 401(k) or another employer retirement plan, those funds would go straight toward paying down student loan principal. This permits Americans to put their employee benefits towards their most pressing need and provides companies another tool to attract talent. A 401(edu) also retains its pre-tax deduction status, but since the payments are disbursed immediately, there is not a future tax burden on withdrawn funds, as there would be for a 401(k). And since nearly all displaced 401(k) withdrawals would fall outside the 10-year budget window, there would not be a large CBO score on the proposal. Contribution limits for employer retirement plans would also apply to 401(edu) plans.

People leaving college with tens of thousands, if not hundreds of thousands, of dollars in debt often postpone their American dream and feel restricted from pursuing positive life choices such as marriage, starting a family, or buying a home. I fully understand the responsibility on the borrower for the choices they made, but a 401(edu) does not seek to absolve them of that responsibility. Instead, it offers people a choice to make a temporary financial sacrifice and use their own money and work benefits, for a season, to pay off their debt burden. The optimal word there is choice. People do not have to use a 401(edu) and can go the more traditional route of saving for retirement. But providing this choice will help millions of Americans more quickly shed the weight of their student loans, without asking other Americans to bankroll that relief in full.

Just like a mortgage, there are substantial benefits for people who can make accelerated payments and pay off their loan in 15 years versus 30 years. They gain peace of mind, the financial freedom of losing a monthly payment, and the extra savings from years of unrealized interest payments. My proposal would help many Americans do the same with their student loans.

Millions of Americans choose to go to college and use student loans to pay for them, and thousands of American businesses look to hire people in this situation. 401(edu) plans will provide another path for employees to take control of their financial future and businesses

to take care of their workforce. Ultimately, this helps lead the paradigm switch of the federal government's role in the student loan crisis from one of enabler to empowerment.

Thank you all for your time today, and I am happy to discuss this proposal further.
And thank you, Mr. Chairman, for allowing me to testify today.

Chairman Smith, Ranking Member Neal, and members of the Ways and Means Committee, thank you for receiving my testimony today.

Farming is a risky business, and we don't need to look any further than this past year. Wildfires in the west, hurricanes in the east, and a massive downturn in the farm economy left many farmers without much hope for the future. While some government help came eventually, for many it will not be enough, and for others it may not be in time. However, even when the farm economy broadly does well, individual farms can still suffer disastrous losses. A violent hailstorm in Stuttgart, Arkansas, or a local disease outbreak in Kennett, Missouri, would devastate individual operations in those local areas while not producing destruction on a large enough scale to attract supplemental federal dollars. In these situations, and many more, producers would benefit from tax-advantaged disaster accounts they could draw on in times of need.

I call these accounts FRAME accounts, and my proposal is outlined in my bill, the Farm Risk Abatement and Mitigation Election Act, or FRAME Act. Similar to the healthcare space, where consumers can choose High-Deductible Deductible Health Plans (HDHP) with accompanying Health Savings Accounts (HSA), FRAME accounts would not fully replace existing risk mitigation tools, like crop insurance or revenue protection programs. Rather, it would provide farmers with another option to exert more control over their own operations instead of being forced to depend on the changing political whims of Washington.

The FRAME Act establishes tax-deferred farm savings accounts that would help farmers take it upon themselves to prepare for disasters by saving in advance. Upon implementation, any USDA-recognized farmer would be eligible to own a FRAME account by registering with the Farmer Service Agency (FSA). Like a Roth IRA or HSA, FRAME accounts can be administered by any bank, giving the farmer the ability to manage contributions and investments as he or she sees fit. Contributions, capital gains, and dividends would be tax-deferred, and the farmer would only be able to draw upon his or her account in the instance of a disaster; any other withdrawal would incur strict penalties.

In order to encourage initial investment, farmers will be eligible to write off FRAME account contributions on their tax bill. Contributions will be tax deductible up to $50,000 per year, with a $250,000 limit, and farmers will retain 10% of their contributions in the form of a tax credit during the first few years after opening the account.

The FRAME Act is a common-sense bill to give the farming community the ability to have a self-supporting disaster plan. Over time, it will reduce reliance on government support programs and protect farmers from reliance on fickle government disaster payments.

The farmers and bankers I have talked with like the idea of FRAME accounts, and I believe it will greatly benefit the farm economy. I am happy to discuss this proposal further with anyone on this committee.

Thank you, Mr. Chairman, for allowing me to testify today.

Chairman SMITH. Thank you, Chairman Crawford. I now recognize Tim Moore, the representative from North Carolina. Before coming to Congress, he was the longest-serving Republican speaker of the North Carolina House in state history, and previously he served in his local community as an attorney, something he and I both share, as we graduated from the same law school. A caucus of two in Washington, D.C. with us.

Mr. Moore.

Ms. MOORE of Wisconsin. One of the Moores.

STATEMENT OF THE HON. TIM MOORE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. MOORE of North Carolina. Thank you, Mr. Chairman. I appreciate you and Ranking Member Neal and the members of the committee for allowing me this opportunity to testify before you today.

I am honored to represent North Carolina's 14th congressional district, an area in western North Carolina that exemplifies the best of what America has to offer. But we also have a long way to recover from the devastation of Hurricane Helene. I represent a lot of hard-working families, small businesses, and resilient communities. These folks embody the American spirit of grit and determination. To be frank, they are tough, but they are stretched thin as we put our resources toward rebuilding western North Carolina.

I have promised to deliver real results for these people, and the best way that this committee can help to do that is by addressing the key provisions of the 2017 Tax Cuts and Jobs Act that are set to expire, adding regulatory uncertainty to an already difficult economic environment. Making these tax cuts permanent would give working families, small businesses, and communities in North Carolina and across the United States the opportunity to thrive.

These policies are proven to promote business expansion, job creation, and economic growth. We cannot afford to allow them to expire. Just look at what the TCJA has done for our manufacturing sector. It made it permanent. It is projected to generate $284 billion in new GDP growth. In my district alone, over 45,000 people are employed in the manufacturing sector. Letting these provisions expire would do nothing but jeopardize this progress.

Western North Carolina's economy also relies on small businesses. Our state is home to over 964,000 small businesses which employ nearly half of our workforce. I would submit you probably see similar statistics, frankly, around the country. These business owners have told me that without the certainty of the TCJA small business deductions, their ability to invest in new equipment, hire workers, and expand operations would be greatly at risk. Making these provisions permanent is not just good policy, it is, in fact, essential to their survival because if these provisions were to expire, North Carolina would lose five to nine million jobs, $540 billion in wages, and $1.1 trillion in economic output.

Let's also not forget about our family farmers in the rural parts of my district who have passed down their farms from generation to generation, just as Representative Crawford talked about in his state, in Arkansas. The estate tax, better known as the death tax, stands to threaten these multi-generational legacies. When a farm-

er passes away and their family faces that tax bill, they are often forced to sell the farm just to make ends meet. How is it fair that our government can lay claim to the land, equipment, and assets that families have spent decades building and maintaining just because a loved one has passed away?

These farms are businesses, but they are also a way of life, and they are a vital part of feeding, clothing, and fueling our nation. In fact, they are a key part to our national security. Only a nation that can feed itself can be a free nation. I am proud to cosponsor the Death Tax Repeal Act to protect family-owned businesses and enable these multi-generational farms to continue long after their loved ones pass.

Another issue that deeply affects families as we face rising costs and work to turn our economy around is the Child Tax Credit. This credit has been a lifeline for working families in western North Carolina, providing financial relief for parents who are doing everything they can to give their kids a brighter future. By increasing the credit and indexing it to inflation, we can help families keep up with the rising expenses and give them the resources they need to succeed. It just makes sense so we can empower parents and give them a fair shot at the American dream.

As we address the economic challenges facing families, we cannot ignore the importance of affordable and accessible health care. Like so many rural areas, our community also has struggles with families finding providers and affording what they do get to. Hurricane Helene has only exacerbated this crisis, with damaged facilities and strained resources leaving some communities without reliable healthcare operations. We need policies that incentivize providers to serve rural areas, reduce out-of-pocket costs, and ensure every American, regardless of where they live, can have access to quality care.

Again, I want to thank the committee for giving me the opportunity to address these issues on behalf of the hard-working people of North Carolina's 14th district. I will tell you, under the leadership of President Trump's first term we saw what bold, pro-growth policies can achieve: lower taxes, rising wages, and a booming economy. By making the Tax Cuts and Jobs Act permanent, expanding the Child Tax Credit, supporting our family farms, and addressing health care challenges we can bring that momentum and restore the American dream.

[The statement of Mr. Moore of North Carolina follows:]

Ways and Means Member Day

Rep. Tim Moore, Tuesday, January 22, 2025

I want to start by thanking Chairman Smith, Ranking Member Neal, and the members of this committee for allowing me the opportunity to testify before you today. I'm honored to represent North Carolina's 14th Congressional District, an area that exemplifies the best of what America has to offer, but we also have a long way to go to recover from the devastation of Hurricane Helene. I represent a lot of hardworking families, small businesses, and resilient communities.

These folks embody the American spirit of grit and determination. To be frank, they're tough, but they're stretched thin as we put all of our resources toward rebuilding Western North Carolina. I've promised to deliver real results for these people, and the best way that this committee can help me do that is by addressing key provisions of the 2017 Tax Cuts and Jobs Act that are set to expire, adding regulatory uncertainty to an already difficult economic environment.

Making them permanent would give working families, small businesses, and communities in North Carolina and across the United States the opportunity to thrive. These policies are proven to promote business expansion, job creation, and economic growth – we can't afford to let them expire.

Just look at what TCJA has done for our manufacturing sector, and if made permanent, it's projected to generate $284 billion in new GDP growth. In my district alone, over 45,000 people are employed in the manufacturing sector. Letting these provisions expire would do nothing but jeopardize this progress.

Western North Carolina's economy also relies on small businesses – our state is home to over 964,000 small businesses, which employ nearly half of our workforce. These business owners have told me that without the certainty of the TCJA's small business deductions, their ability to invest in new equipment, hire workers, and expand operations would be at risk. Making these provisions permanent isn't just good policy, it's essential to their survival. Because if these provisions were to expire, North Carolina would lose 5.9 million jobs, $540 billion in wages, and $1.1 trillion in economic output.

Let's also not forget about our family farmers in the rural parts of my district who have passed down their farms from generation to generation. The estate tax, better known as the death tax, stands to threaten these multigenerational legacies. When a farmer passes away and their family faces that tax bill, they're often forced to sell the farm just to make ends meet. How is it fair that our government can lay claim to the land, equipment, and assets that families have spent decades building and maintaining just because a loved one has passed away? These farms are businesses, but they're also a way of life and a vital part of feeding, clothing, and fueling our nation.

I'm proud to cosponsor the Death Tax Repeal Act to protect family-owned businesses and enable these multigenerational farms to continue long after their loved one passes.

Another issue that deeply affects families as we face rising costs and work to turn our economy around is the Child Tax Credit. This credit has been a lifeline for working families in Western North Carolina, providing financial relief for parents who are doing everything they can to give their kids a brighter future. By increasing the credit and indexing it to inflation, we can help families keep up with rising expenses and give them the resources they need to succeed. It just makes sense so we can empower parents and give them a fair shot at the American dream.

As we address the economic challenges facing families, we cannot ignore the importance of affordable and accessible healthcare. In rural areas of my district, too many families are struggling to find providers, let alone afford the care they need. Hurricane Helene only exacerbated this crisis, with damaged facilities and strained resources leaving some communities without reliable healthcare options. We need policies that incentivize providers to serve rural areas, reduce out-of-pocket costs, and ensure every American, regardless of where they live, can access quality care.

Finally, I want to thank this committee again for giving me the opportunity to advocate for the hardworking people of North Carolina's 14th District before you today. Under the leadership of President Trump's first term, we saw what bold, pro-growth

policies can achieve: lower taxes, rising wages, and a booming economy. By making the Tax Cuts and Jobs Act permanent, expanding the Child Tax Credit, supporting our family farms, and addressing healthcare challenges, we can bring back that momentum and restore the American Dream. Thank you.

Mr. MOORE of North Carolina. Thank you, Mr. Chairman.

Chairman SMITH. Thank you, Mr. Moore. I now recognize Representative Andrew Garbarino, the gentleman from New York. Mr. Garbarino serves on the Financial Services and the Homeland Security Committee, and is truly a dedicated advocate for the people of the 2nd congressional district in New York.

Mr. GARBARINO. Thank you. You forgot Ethics. Good afternoon——

Chairman SMITH. And he serves on the Ethics Committee, and we all love him. [Laughter.]

Mr. GARBARINO. That is—I like that.

STATEMENT OF THE HON. ANDREW GARBARINO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. GARBARINO. Good afternoon, Chairman Smith and Ranking Member Moore. Thank you for having me.

The initial purpose of the SALT deduction when it was first implemented more than a century-and-a-half ago, was to prevent imposing federal taxes on top of state and local taxes already paid. As we all know here, the SALT deduction was capped at $10,000 in 2017, resulting in tax increases for many middle-income-class families. Since the cap was implemented, hard-working Americans from states like New York have been suffering from unfair double taxation, all while receiving a fraction of what they contribute to federal funds.

In 2017 nearly half of my constituents, regardless of income, itemized their returns, compared to only 16.5 percent in 2021. To break this down further, nearly 61 percent of individuals making between $50,000 and $100,000, which isn't considered middle class on Long Island, claimed a SALT deduction, compared to 18.6 percent in 2021. These percentages jumped to nearly 91 percent of those making between $100,000 and $200,000 in 2017, compared with only 27 percent in 2021. As for the actual State and Local Taxes paid, the average constituent of mine reported paying just under $33,000 in State and Local Taxes in 2021.

The cap is set to expire this year. I am committed to ensuring that middle-class families who have suffered under its implementation find the relief they sorely need. And for those who are willing to work with me, I welcome you to join me in finding an equitable solution to this problem.

Moving on to another topic, I would also like to emphasize the importance of preserving some of the energy tax credits included in the Inflation Reduction Act. The IRA was a heavily flawed bill that included various provisions our conference rightly opposed. At the same time, the energy tax credits that were included in this bill have proven to be incredibly valuable when it comes to incentivizing domestic investment, creating jobs, and securing American energy independence. Should these credits be repealed, the United States will have invested countless tax dollars into energy development, all for the benefits to never be realized.

Further, these credits have been immensely helpful in providing industry certainty, which is paramount when it comes to long-term planning, capital allocation, and attracting domestic investment in

the energy sector. For example, in the State of Missouri these credits stand to provide up to $10.7 billion in direct investment, $18.9 billion in total economic activity, and over 3,000 jobs. In Louisiana these credits have the potential to provide up to $58.3 billion in direct investment, $103.6 billion in total economic activity, and over 28,000 jobs.

Further, Texas could enjoy up to $125.3 billion in direct investment, $259.4 billion in total economic activity, and see an increase over 51,000 jobs, while Florida could see up to $33.6 billion in direct investment, $66 billion in total economic activity, and over 22,000 jobs.

We are at a critical time for our nation's energy future, and it is essential that we take a pragmatic approach to our energy tax framework. As has been said by Speaker Johnson himself, the best way to examine our nation's energy tax future is to use a scalpel, not a sledgehammer. I look forward to continuing to work with the Committee to develop an America-first tax plan that champions fiscal responsibility and supports a forward-looking energy approach that ensures we can keep pace with domestic energy demand, counters efforts by foreign adversaries to gain an impressive foothold in the energy sector, and supports economic growth and innovation.

Thank you very much for having me.

[The statement of Mr. Garbarino follows:]

Good morning, Chairman Smith and Ranking Member Neal. Thank you for having me.

The initial purpose of the SALT deduction, when it was first implemented more than a century and a half ago, was to prevent imposing federal taxes on top of state and local taxes already paid.

As we all here know, the SALT deduction was capped at $10,000 in 2017, resulting in a tax increase for many middle-class families.

Since the cap was implemented, hardworking Americans from states like New York have been suffering from unfair double taxation—all while receiving a fraction of what they contribute to federal funds.

In 2017, nearly half of my constituents, regardless of income, itemized their returns, compared to only 16.5% in 2021. To break this down further, nearly 61% of individuals making between $50,000 and $100,000, which isn't considered middle class on Long Island, claimed a SALT deduction, compared to only 18.6% in 2021. These percentages jumped to nearly 91% of those making between $100,000 and $200,000 in 2017, compared with only 27% in 2021.

As for actual state and local taxes paid, the average constituent of mine reported paying just under $33,000 in state and local taxes in 2021.

With the cap set to expire this year, I am committed to ensuring that middle-class families who have suffered under its implementation find the relief they sorely need. And for those you who are willing to work with me, I welcome you to join me in finding an equitable solution to this problem.

Moving on to another topic, I would also like to emphasize the importance of preserving the energy tax credits included in the Inflation Reduction Act.

The Inflation Reduction Act was a heavily flawed bill that included various provisions our conference rightly opposed.

At the same time, the energy tax credits that were included in this bill have proven to be incredibly valuable when it comes to incentivizing domestic investment, creating jobs, and securing American energy independence.

Should these credits be repealed, the United States will have invested countless tax dollars into energy development, all for the benefits to never be realized.

Further, these credits have been immensely helpful in providing industry certainty, which is paramount when it comes to long-term planning, capital allocation, and attracting domestic investment in the energy sector.

For example, in the State of Missouri, these credits stand to provide up to $10.7 billion in direct investment, $18.9 billion in total economic activity, and over three thousand jobs. In Louisiana, these credits have the potential to provide up to $58.3 billion in direct investment, $103.6 billion in total economic activity, and over twenty-eight thousand jobs.

Further, Texas could enjoy up to $125.3 billion in direct investment, $259.4 billion in total economic activity, and see an increase of over fifty-one thousand jobs, while Florida could see up to $33.6 billion in direct investment, $66 billion in total economic activity, and over twenty-two thousand jobs.

We are at a critical time for our nation's energy future, and it is essential that we take a pragmatic approach to our energy tax framework.

As has been said by Speaker Johnson himself, the best way to examine our nation's energy tax future is to use a scalpel, not a sledgehammer. I look forward to continuing to work with the Committee to develop an America First tax plan that champions

fiscal responsibility and supports a forward-looking energy approach that ensures we can keep pace with domestic energy demand, counters efforts by our foreign adversaries to gain an oppressive foothold in the energy sector, and supports economic growth and innovation.

Mr. GARBARINO. I yield back.

Chairman SMITH. Thank you, sir. I now recognize Representative Mike Haridopolos, the gentleman from Florida. Mike is a former teacher and business consultant. He spent 12 years in the Florida legislature.

Welcome to the Ways and Means Committee.

STATEMENT OF THE HON. MIKE HARIDOPOLOS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. HARIDOPOLOS. Thank you, Mr. Chairman and Ranking Member Moore, it is an honor to be here today. And as a former history professor, I am confident that history can be our best guide.

Exactly 62 years ago this Friday, in a message from President John F. Kennedy, he said the largest single barrier of full employment of our manpower and resources and to a higher rate of economic growth is the unrealistically heavy drag of Federal income taxes on private purchasing power, initiative, and incentive. He was right. History teaches us that President Kennedy's plan spurred the economy with the 1963 tax cuts, and Ronald Reagan's cuts in 1981 and 1986. And even more recently in 2017, President Donald Trump and Congress reduced taxes and created unprecedented economic growth that lifted the prosperity of all Americans.

Yes, history, especially recent history, teaches us that reducing taxes will be a key tool in order to grow our economy. That is why I am here today to represent the taxpayers in my district and discuss the importance of extending the 2017 Trump tax cuts. We all recognize that failure is not an option.

If we do not extend the Trump tax cuts, the average taxpayer in my district will see a 27 percent increase in their taxes, and that is intolerable. Families are already struggling in my district with the high interest rates that have spiked from three to seven percent in the last four years. And that means, for the average home in my district, they are paying $1,100 more per month in just higher interest mortgage payments. A family of four in my district making $77,000, the median average in my district, would pay more than $1,600 in taxes more versus last year. That is the equivalent of about nine weeks of groceries for a typical family in my district.

Sadly, that would not be the end of the pain if we fail to extend the Trump tax cuts. If we allowed the tax cuts to expire, nearly 80,000 families in my district would have their Child Tax Credit cut in half, 90 percent of the people I represent would have their standard deduction cut in half, over 58,000 small businesses in my district would be hit with a 43 percent tax increase when the 199A small business deduction expires.

Mr. Chairman, as you can imagine, I won't sit by and watch as this happens to the workers, families, and small business owners in our community I have the honor of representing. We must act, and I urge you to act quickly to renew the Trump tax cuts. I pledge to you my support in this, and will deliver whatever assistance you need me to provide in order to meet this critical objective.

And again, I thank you for this opportunity to speak today, and I look forward to working with you in getting these things done for our community.

[The statement of Mr. Haridopolos follows:]

Ways and Means Member Day Hearing
Testimony
January 22, 2025
Congressman Mike Haridopolos

Mr. Chairman, thank you.

As a former American History professor and business owner, I think that we should allow our approach to be informed by the lessons and wisdom from our past and knowledge of the impacts of our consequences in the future.

Exactly 62 years ago this Friday, in a message to Congress, President John F. Kennedy said, "The largest single barrier to full employment of our manpower and resources and to a higher rate of economic growth is the unrealistically heavy drag of federal income taxes on private purchasing power, initiative, and incentive."

He was right: History teaches that President Kennedy spurred the economy with the 1963 tax cuts, President Ronald Reagan did the same in 1986, and even more recently in 2017, President Donald Trump and Congress reduced taxes and spurred unprecedented economic growth that lifted the prosperity of all our people.

Yes, history, especially recent history, teaches us that reducing taxes will be a key tool to grow our economy. Therefore, I appear here today to represent the taxpayers in my district and to proclaim the critical importance of extending the Trump 2017 tax cuts.

But the importance of extending these tax cuts is not just a lesson of history; if we allow these tax cuts to expire, there will be very real consequences for the people I represent.

If we do not extend the Trump Tax Cuts, the average taxpayer I represent will see a 27% increase in taxes. That's intolerable. A family of four with an income of $77,000, the median income in my district, would see an increase of almost $1,600 in annual taxes if we allow the Tax Cuts expire. This amount is equal to about 9 weeks of groceries for a typical family of four in the region.

Sadly, that would not be the end of the pain that failing to extend the Trump Tax Cuts would bring:

- If we allow the tax cuts to expire, nearly 80,000 families in my district would have their child tax credit cut in half;
- If we allow the tax cuts to expire, 90% of the people I represent would have their standard deduction cut in half;
- If we allow the tax cuts to expire, over 58,000 small businesses in my district would be hit with a 43% tax rate when the 199A Small Business Deduction expires;
- If we allow the tax cuts to expire, over 1,000 Family-Owned Farms in my district would have their Death Tax Exemption slashed in half next year, exposing millions of dollars of estate value to inheritance tax;

Mr. Chairman, as you can well imagine, I won't sit by and watch this happen to the workers, families, and small businesses owners that I represent.

We must act. I urge you to act swiftly to renew the Trump Tax Cuts, and I pledge you my support and will deliver whatever assistance you may ask of me to achieve this critical objective. I yield back.

Mr. HARIDOPOLOS. And I yield back.

Chairman SMITH. Thank you, sir. I now recognize Mike Lawler, the gentleman from New York. Mr. Lawler is a tireless advocate for his constituents in the 17th congressional district.

And I am glad to have you here.

STATEMENT OF THE HON. MIKE LAWLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. LAWLER. Thank you, Mr. Chairman, and thank you for your hard work as we work through this tax bill and that of the committee.

At a time when middle-class families are increasingly squeezed by a significant cost of living, providing real tax relief is imperative. And that is why I recently introduced the SALT Marriage Penalty Elimination Act, which is designed to correct an inequity that has burdened married couples across New York in the United States since 2017.

The current tax code unfairly caps State and Local Tax deductions at $10,000 for married couples filing jointly, essentially penalizing them for their marital status and depriving them of the full deduction they rightfully deserve. In addition, as has often been argued over the last few years, the $10,000 cap overall places an undue burden on taxpayers, especially in states like New York. In the 119th Congress the bill I have introduced would increase the cap on SALT deductions to $100,000 for single filers and up to $200,000 for married couples.

This is ultimately a question of fairness. Is it fair for folks across the country to be double-taxed because of where they live? I do not believe so.

And the impacts of the SALT cap aren't just isolated to big, blue states either. The impact of the cap is being felt by homeowners across the country. According to data released just this week by Realtor.com, there are many states where the bare minimum home buyer purchasing a median-priced home is right up against or past the cap on SALT.

The minimum required annual income for a home buyer in Utah, for instance, is $173,744. The State and Local Tax burden in Utah, according to the Tax Foundation, clocks in right at 12.1 percent. That means many families in Utah break well through the SALT cap.

How about Arizona? The minimum required annual income for a home buyer there is $140,470. The average State and Local Tax burden is 9.5 percent. So a family in Arizona making that amount is already past the SALT cap.

In Wisconsin, the minimum income of $107,769 to buy the median-priced home, and their state and local tax burden is 10.9 percent, another state where home-owning families are past the cap.

How about Montana? The bare minimum income for a home buyer there is $178,017, and with an average State and Local Tax burden of 10.5 percent, that family is also through the cap on SALT.

In North Carolina, their State and Local Tax burden clocks in at 9.9 percent, and the minimum income for a median-priced home is $117,573.

I can go on and on, but the reality is that because of Biden inflation over the last few years, cost has risen dramatically. The average home value in my district, for instance, in Westchester County, has risen from $700,000 to $1.1 million just four years. In Rockland County, where I live, from $400,000 to $700,000 in just four years. Rockland and Westchester Counties have the highest tax burden in America. They pay the highest property taxes.

And so lifting the cap on SALT is not just an issue of fairness, it is an issue of providing real tax relief. I mean, yes, I agree, states like New York need to fix their reckless spending and reduce the tax burden. There is a reason we lead the nation in out-migration. But the people who stay should not be penalized because of that. And so it is critically important that we increase the cap on SALT and really provide an opportunity for folks who own a home, who are paying property taxes, who are paying state income taxes to be able to afford to live in their state.

This ultimately is an issue of fairness, and I appreciate the committee's willingness to work with us as we try to address this issue in particular within the broad tax bill. The Tax Cuts and Jobs Act from 2017 overwhelmingly provided real tax relief to American families and businesses across the country. Revenue is at an all-time high. But I do believe, as we move forward, we do need to address the $10,000 cap on SALT, and so I appreciate the chairman and the committee working with us to do just that.

[The statement of Mr. Lawler follows:]

Thank you Mr. Chair.

At a time when middle-class families are increasingly squeezed by a significant cost-of-living, providing real tax relief is imperative.

That is why I introduced the SALT Marriage Penalty Elimination Act, which is designed to correct an inequity that has burdened married couples across New York and the United States since 2017.

The current tax code unfairly caps state and local tax (SALT) deductions at $10,000 for married couples filing jointly, essentially penalizing them for their marital status and depriving them of the full deduction they rightfully deserve.

In the 119th Congress, the bill I've introduced would increase the cap on SALT deductions to $100,000 for single filers and up to $200,000 for married couples.

This is ultimately a question of fairness - is it fair for folks across the country to be double-taxed because of where they live? I say no.

And the impacts of the SALT Cap aren't just isolated to big, blue states either - the impact of the cap is being felt by homeowners across the country.

According to data released just this week by Realtor.com, there are many states where the bare-minimum home buyer purchasing a median-priced home is right up against or past the cap on SALT.

The minimum required annual income for a home buyer in Utah is $173,744. The state and local tax burden in Utah, according to the Tax Foundation, clocks in right at 12.1%.

That means many families in Utah break well through the SALT cap.

How about Arizona? The minimum required annual income for a home buyer there is $140,470. The average state and local tax burden is 9.5%.

So a family in Arizona making that amount is also already past the SALT cap.

In Wisconsin, the minimum income is $107,769 to buy the median-priced home, and their state and local tax burden is 10.9%. Another state where home owning families are past the cap.

How about Montana? The bare-minimum income for a home buyer there is $178,017 - and with an average state and local tax burden of 10.5%, that family is also through the cap on SALT.

In North Carolina, their state and local tax burden clocks in at 9.9% and the minimum income for a median-priced home is $117,573. Another state being impacted.

In Idaho, the minimum required income is $164,750, and their average state and local tax burden comes in at 10.7%. More families breaking through the cap on SALT.

In Florida, the state and local tax burden is 9.1% - the income required to buy a median-priced home is $127,343. One of the largest states in the country, and President Trump's new home state, being negatively impacted by this policy.

In Nevada, the minimum required income is $142,369, and the state and local tax burden is 9.6% - yet another state where families break through the cap.

How about Georgia? The average state and local tax burden there is 8.9% - the minimum income for a

median-priced home comes in at $113,495 - meaning more families hurting due to the cap on SALT.

Wyoming has the same issue - minimum income there for a median-priced home is $135,643 and their state and local tax burden is 7.5%. Another state impacted by the cap on SALT.

And, lastly, in Nebraska, the minimum income for a median-priced home is $99,831 and the state and local tax burden comes in at 11.5% - more families hurting due to the SALT cap.

One thing all of those states have in common? Each was carried by President Trump this past November.

The unfair cap on SALT is not just a big, blue state issue, but one that impacts millions of Americans across the country regardless of population size, government spending, or how they vote.

Since its implementation, we've witnessed a dramatic decline in taxpayers claiming the SALT deduction—a drop from 31% in 2017 to a mere 9% in 2020.

This stark decrease has disproportionately impacted high-cost states like New York, but as we've just seen - it also has far-reaching impacts beyond my home state.

In my district alone, the percentage of filers itemizing taxes has halved since the cap's introduction, which only further underscores the urgent need for reform.

With housing costs only just beginning to recede from near-record highs and Biden-induced inflation having diminished purchasing power, the need for SALT relief is all the more necessary.

For instance, in Rockland and Westchester Counties, in my district, the monthly cost of a mortgage surged by $1,000 in 2023, thanks to rate increases brought about by the trillions in new spending from the Biden administration.

These spikes in housing costs, coupled with stubbornly high grocery prices, are unsustainable for the average family, making SALT relief essential.

As we move forward, I am hopeful that this will be a moment of unity amongst my colleagues on both sides of the aisle, reflecting the bipartisan commitment to supporting our families, regardless of where they live.

I urge all of my colleagues to support this pro-family measure that corrects an unfair penalty on millions of families across the country.

Thank you.

Chairman SMITH. Thank you, Mr. Lawler. It is great to have you before the committee. You were the last one. We have had 55 different members of the House that has shared their priorities within the Ways and Means Committee today.

I want to thank all my colleagues who participated today for Members Day hearing. And with that the committee stands adjourned.

[Whereupon, at 2:46 p.m., the committee was adjourned.]

MEMBER SUBMISSIONS FOR THE RECORD

I am Congressman Eric Burlison, and I represent the seventh district of Missouri. I previously served as a board member for the Missouri Consolidated Health Care Plan, the primary health plan for Missouri's public employees, responsible for buying and managing the health insurance of more than 100,000 people. From this, I came to learn the fundamental cost-saving value of pharmacy benefit managers (PBMs). Any plan sponsor, whether employers, government agencies or unions, can voluntarily hire PBM's to negotiate concessions on their behalf against large drug companies – and to provide them flexible options to design prescription drug benefits that best meet the needs of the people and families whose coverage they support.

Serving as a steward of Missouri's state employee plan, I witnessed firsthand how working with a PBM dramatically drove down our costs for the entire group. This was not theoretical; it was real savings. A small business or municipality with 100 employees, has no leverage against powerful pharmaceutical companies. Through a PBM, they can leverage the combined scale of many thousands of American businesses and other purchasers, to force big drug companies to the table and secure concessions in volume-based deals. Through these negotiations, PBMs save an average of more than $1,000 per person per year negotiating on behalf of plan sponsors.

This is simple private sector economics. Some players in the health care supply chain pretend otherwise, since it is in their financial interest to undermine the cost-saving role of PBMs, but that does not make their arguments any more aligned with a pro-market, freedom-oriented approach toward policymaking – or aligned with the interests of our constituents.

In fact, every single proposal seeking to undermine cost-saving options or pay-for-performance incentives in the private health care marketplace has been estimated to increase health care costs for employers, unions and the patients and families whose coverage they sponsor.

The American people, including my constituents, voted overwhelmingly in November for an agenda focused on lowering costs for essential everyday goods, including prescription drugs.

Heavy handed government mandates targeting the cost-savings and the freedom and flexibility plan sponsors rely on to design their prescription drug benefits, has no place in that agenda.

Such proposals, designed to pick winners and losers in the marketplace, would increase health care costs to the benefit of special interests in Washington.

I strongly encourage this committee to take a measured approach to the private market. We can have a conversation on matters of transparency and reform in Medicare Part D, where the federal government is footing the bill – but the commercial market should be off limits to government meddling and Washington picking winners and losers, especially when the consequence would be higher health care premiums for American families.

I urge my colleagues to remember our mandate to lower costs for the American people – and to reject special interest calls for government intervention in the private market that would have the opposite effect.

The Honorable Tom Cole (OK-04)
Testimony before the House Committee on Ways and Means
Member Day Hearing on Priorities in the 119th Congress

Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to share my testimony.

Like many of you, I have been communicating with my constituents about their tax priorities, and I would appreciate you giving the following priorities proper consideration.

Treatment of Tribes as States with Respect to Bond Issuances and Excise Taxes—repeal the "essential government function" (EGF) test that limits the ability of tribes to issue governmental bonds. Also establish a private activity bond volume cap rules to enable tribal governments to issue private activity bonds for economic development purposes like state and local governments can. This fix will bring full parity for tribes with state and local governments in accessing tax-exempt bond financing that will enhance job creation, generate needed government revenue for social services, stimulate business development on tribal lands, and more.

Creation of New Markets Tax Credit for tribal statistical areas—create an annual $175 million New Markets Tax Credit for low-income Tribal communities and for projects that serve or employ Tribe members. Because the CDFI Fund scores NMTC applications based on how much of an impact they will make per dollar invested, urban-based applications targeting areas of high population densities are approved over applications focused on rural areas, where most tribes are located. This set-aside will address the low rate of NMTC deployment in Indian Country and allow tribes more opportunities for economic development.

Exclusion from gross income for payments under Indian health service loan repayment program and Indian health professions scholarships program— make health professionals at the Indian Health Service eligible for recruitment and retention tax incentives available to other public sector health professionals. Individuals who participate in similar programs such as, HHS and DOD, benefit from having any support they receive excluded from their federal gross income

taxes. Recipients of IHS scholarships do not. This fix will address parity issues and also help with critical IHS recruitment and retention of health professionals.

Increased effectiveness of Tribal Low-Income Housing Tax Credits (LIHTC) in Indian Country—the LIHTC program provides tax incentives to developers to create affordable housing, but credits are often unavailable to tribes. Modify the definition of difficult development area to include an Indian area for the purposes of determining eligible basis. This will qualify those areas for a 30% basis boost for the purpose of awarding LIHTC allocations, meaning more credits would be available to cover the costs of a housing project in tribal nations financed with these tax credits.

Bipartisan Social Security Commission Act—this bill establishes a temporary commission within the legislative branch to provide Congress with recommendations and proposed legislation to ensure the solvency of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (commonly referred to as the Social Security trust funds) for at least 75 years. H.R. 281 in the 118th Congress.

Lower the Corporate Income Tax Rate—lower the corporate income tax rate from 21% to 20% or an even greater reduction. This would lead to greater business success and job growth within the U.S.

Lower the Corporate Income Tax Rate to Encourage Domestic Production— lower the corporate income tax rate to 15% or a similar amount for companies that make their products in the U.S.

Expand Federal Deductions for State and Local Taxes (SALT)—have a thoughtful conversation with the Republican conference and come to an agreement on increasing the cap for SALT deductions for American taxpayers.

Charitable Act—this bill allows individual taxpayers who do not otherwise itemize their tax deductions a deduction for charitable contributions. The deduction is limited to one-third of the standard deduction allowed to such taxpayers. H.R. 3435 in the 118th Congress.

Tax Credit for Family Caregivers—have a thoughtful conversation with the Republican conference and come to an agreement on a tax credit for family caregivers, such as the up to $5,000 tax credit within the Credit for Caring Act. H.R. 7165 in the 118th Congress.

Again, I thank the committee for taking the time to review my testimony. I look forward to working with this committee and President Trump's administration throughout this process.

Congressman French Hill (AR-02)
Ways and Means Committee Member Day Hearing
Date: Wednesday, January 22, 2025
Comments Due: February 5, 2025

Remarks

801 words. 5 minutes.

- Thank you, Chairman Smith for hosting this Member Day Hearing on matters within the House Committee on Ways and Means' tax jurisdiction.

- I come before you to advocate for some of my top priorities in this space.

- First, the Social Security Disability Insurance program is in need of major reform.

- Every Congress since I have joined the House, I have introduced legislation to strengthen SSDI and keep it solvent for current and future generations.

- A crucial piece to ensuring the longevity of this program is reducing the number of beneficiaries who are dependent on it as their sole or primary source of income.

- We must ensure that the program works for those who are truly permanently disabled and unable to work by creating incentives to return to work for those who can.

- Tax policies that encourage employers to hire and retain disabled individuals are one component of these incentives.

- Those who regain their independence experience more fulfillment, autonomy, and improved health in their lives.

- These taxes credits can even help pay for themselves as enrollment declines and individuals earn taxable income.

- I encourage the Committee to consider enhancements to the Work Opportunity Tax Credit and other ways to support disabled persons participating in the workforce.

- Additionally, Opportunity Zones were created in 2017 as a part of the Tax Cuts and Jobs Act.

- Opportunity Zones have demonstrated the ability to stimulate investment in underserved areas.

- However, the majority of Opportunity Zone funds have been invested in real estate projects rather than operating and growing existing businesses that produce new employment.

- As Congress works to extend programs from TCJA this year, incentives for investment in non-real estate projects within Opportunity Zones should be expanded and explored.

- This includes creating accompanying terms and conditions that clarify the definition of eligible zones, generating enhanced reporting requirements, encouraging small-dollar investments, ensuring support for rural Opportunity Zone areas, and overall making Opportunity Zones more effective.

- As mentioned, Opportunity Zones were created through reconciliation as a part of the Tax Cuts and Jobs Act of 2017, and I recognize that some of these ideas are not possible to institute through that same process.

- As a result, I encourage the Members of this Committee to work across the aisle to strengthen Opportunity Zones which benefit both Republican and Democrat regions across the country.

- Last November, I released a set of principles titled, “Make Community Banking Great Again”.

- Within this broad framework of ideas to support a growing, successful community banking industry was an acknowledgement that we must improve access to funding and capital for these banks.

- One idea outlined in my framework is to increase the maximum number of shareholders allowed to qualify for a Subchapter S bank.

- Another is to revisit the considerations for who can count as one individual shareholder.

- These actions would assist in the growth capital and transfer of ownership for closely held financial institutions, improving the ability for these banks to access diverse funding sources and giving consumers more choice and control over their financial decisions.

- Subchapter S tax treatment is vital for community banks, and we should make it more workable, flexible, and permanent through Section 199A.

- That is part of the reason why I have supported Congressman Lloyd Smucker's Main Street Tax Certainty Act once again this Congress.

- Expanding employee ownership improves employee retention, motivation, and productivity, and it supports the middle class building long-term family wealth.

- Finally, I would like to talk about another way to promote economic growth through employee ownership stakes.

- Enhancing equity participation for employees in private companies is a key area of focus that would produce more investment capital and, importantly, offer a broader, more inclusive share of the American Dream to more families.

- Many employees who own private stock in their employing companies struggle to exercise their incentive options because of the taxes that are owed upon doing so.

- I am supportive of finding creative ways to remove these and other barriers to exercise these options for non-C suite grant recipients – particularly through tax deferrals.

- Rather than avoiding taxes, a deferment on those taxes can create substantial savings for the beneficiaries.

- There remain challenges on the renewal and expiration of these deferments, but this is an idea I encourage your committee to explore.

- Thank you again for the opportunity to share my ideas and priorities with you.

- I look forward to working with the Committee to enact tax policies that can support disabled persons participating in the workforce, encourage continued investments in economically distressed communities, improve access to capital for critical community banks, and expand the American Dream through enhanced employee ownership benefits.

Intro:

Thank you, Chairman Smith and Ranking Member Neal, for holding this hearing today and giving members the opportunity to advocate for legislation that will benefit their districts.

Life in the Texas Panhandle is not for the faint of heart.

Over the past few years, my constituents experienced extreme droughts, torrential floods, scorching heat waves, frigid freezes, multiple tornadoes, and the most devastating wildfire in Texas history.

In February of last year, a series of wildfires in the Texas Panhandle consumed over 1.25 million acres.

Once the flames were extinguished and the smoke had cleared, it was revealed that the fires had destroyed nearly 150 homes and claimed three lives and over 15,000 head of cattle.

The total economic impact from the wildfires exceeds well over a billion dollars, but that does not account for the devastating toll left on the families and friends that lost their loved ones.

To help mitigate the effects of this devastating disaster, I introduced the Wildfire Victim Tax Relief and Recovery Act.

My bill would exempt government assistance and any settlement payments from Xcel Energy in connection with these devastating fires from a victims' federal income taxes.

The people of Texas' Thirteen Congressional District are relying on this legislation to help rebuild their homes, communities, and livelihoods so they can get back to producing the fuel and fiber that America and the world rely on.

I urge the committee to swiftly pass this legislation or incorporate it into a larger package this Congress to help provide much needed assistance to my constituents in the Texas Panhandle.

With that, Mr. Chairman, I yield back.

House Ways and Means Committee
Member Day Testimony
Representative Dan Newhouse (WA-04)

Thank you, Chairman Smith, Ranking Member Neal, and members of the Committee for the opportunity to discuss several priorities that are important to my constituents in Central Washington. This Congress has a unique opportunity to address some of the biggest challenges facing families, farmers, workers, and small businesses - improving the lives of all Americans.

- First, death should not be a taxable event, and a top priority should be full repeal of the estate and generation-skipping transfer taxes, also known as the "death tax". Taxing an individual's right to transfer property at their death can be one of the biggest impediments to continuing the operation of a family farm and building on the family legacy.
- Being hit with a six-figure tax bill—up to 40 percent of the estate—after losing a loved one is a problem as the family's liquid assets, or cash, will likely be needed to cover the tax bill. This can create a scenario in which the heirs must sell equipment and land or become another multigenerational family-run business forced to sell to avoid IRS harassment.
- It is time to stop punishing our nation's family businesses and their entrepreneurial legacy – remove this unfair and costly tax on the property, land, and other assets from a deceased family member to heirs of family farms and small businesses. Repealing this tax once and for all will provide relief to family-owned businesses and pass their farms and ranches onto the next generation.

- Second, Congress must make permanent the bonus depreciation provision of the Tax Cuts and Jobs Act. This provision is a critical depreciation deduction that enables business-owners to write off a portion of the cost of eligible assets in the year they are purchased, which includes machinery and equipment. TCJA increased the deductible amount to 100 percent from 50 percent.
- This provision has been beneficial to the agricultural sector by helping farmers manage their businesses though challenging financial times while still being able to invest and expand their business.
- Making permanent the unlimited expensing provision of the Tax Cuts and Jobs Act will continue to support the entire agricultural sector by providing readily available funds to upgrade equipment, plan for the next season, and for farmers to grow their business.
- During a time in which farmers and businesses are dealing with financial pressures from various fronts, making permanent bonus depreciation would be a step in the right direction.

- Third, I want to emphasize the need to permanently extend the Section 199A Business Income Deduction of the Internal Revenue Code.
- Section 199A allows for a 20 percent deduction of qualified income for pass-through businesses, which most small businesses and family farms are structured as.
- Permanent extension of Section 199A ensures the tax rate on main street businesses, including farmer-owned cooperatives, partnerships, and sole proprietorships, remains competitive to support the growth and positive impact these businesses have on communities across the country.
- Washington State has one of the largest export economies in the country with over 40 percent of jobs being supported by international trade. Congress and the Administration should use our unified government to develop foreign markets and pursue fair trade agreements with our trading partners. Trade is the cornerstone of not only our agricultural industries, but our democracy and must be a top priority.

- Finally, as the committee considers reconciliation and measures to reign in irresponsible government spending, I believe that we need to consider a responsible and practical approach, particularly regarding anything that encourages and incentivizes new energy production.
- I believe it is our duty to be precise in how we address policies that are detrimental versus those that will address our crucial need for more energy.
- U.S. Electricity Demand is forecast to increase 16 percent by 2029, with the Pacific Northwest being one of the regions that is expecting the largest load growth.
- Because of this, I hope to continue seeing efforts to incentivize energy production and look forward to working with my colleagues to make more of it possible.
- Thank you again for the chance to provide testimony today and highlight several tax and trade policies that are most important to central Washington.

Congressman Chris Pappas Statement for the Record

Committee on Ways and Means Member Day Hearing

1100 Longworth House Office Building

Wednesday, January 22, 2025

Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to speak in support of a bill I helped introduce with Rep. Doug LaMalfa, the *Modern, Clean, and Safe Trucks Act.* This bill would repeal the 12% federal excise tax on heavy-duty trucks and trailers, which is the highest excise tax levied on any product in the country and can add $15,000 to $30,000 to the cost of new heavy trucks, trailers, semitrailer chassis, and tractors for highway use.

Initially introduced during World War I to support wartime mobilization, the federal government still levies this high excise tax on heavy duty trucks. The Senate previously attempted to repeal the tax in 1975, but the House failed to include the relevant provision in its version of a broader tax bill. This federal excise tax rate was last raised in 1982 to 12% and has subsequently been extended in 1987, 1991, 1998, 2005, 2012, and 2015.

Not only will repealing this tax deliver upfront cost savings for truckers and small businesses, but it will also provide downstream supply chain and cost saving benefits for consumers. Since the tax is currently paid at the time of sale and is not levied on used truck sales, it consequentially encourages the purchase of used vehicles. As a result, this legislation will support the adoption of newer, safer, and cleaner trucks that lower greenhouse gas emissions and reduce our dependence on foreign energy.

We were proud to have the support of multiple members of the Ways and Means Committee for this bill in the 118th Congress, including Rep. Darin LaHood and former Rep.

Earl Blumenauer as original cosponsors, and new Ways and Means Committee member Rep. Rudy Yakym as a cosponsor. I thank the Committee for providing the opportunity to highlight this important issue and urge you to consider this bipartisan bill which will provide immediate relief to both small businesses and consumers.

The Honorable David Rouzer (NC-07)
Statement for the Record of the House Committee on Ways and Means
Member Day Hearing on Priorities in the 119th Congress
January 22, 2025

Thank you, Chairman Smith, for convening this important hearing, and thank you to the Members of the House Committee on Ways and Means for allowing me to submit my comments for the record. Over the 118th Congress, House Republicans warned of the imminent tax hike scheduled to take effect should the Trump tax cuts expire. Hundreds of thousands of taxpaying citizens of my district are at risk of incurring an average tax increase of 27 percent. Extending these successful, growth-generating tax cuts will be instrumental in getting the American economy roaring again and letting hardworking Americans and their families keep more of their hard-earned income. I look forward to working with my colleagues and the Committee in the months ahead to get this done. I also want to highlight a few of my tax priorities which will make measurable impacts for my constituents.

Exempting State Disaster Mitigation Grant Programs from Federal Taxes

Natural disasters have inflicted major damage across our country this year, from Hurricane Helene in my home state of North Carolina to the devastating wildfires that are occurring right now in California. Unfortunately for many of us living in disaster-prone areas, these threats are a regularly occurring reality. Some states have created programs to provide rebates to homeowners who take steps to protect their homes from natural disasters. For example, in North Carolina, disaster mitigation program grants are available to homeowners who strengthen their residences against wind, rain, and flooding from storms. While these funds are not taxed at the state level, they are subject to federal taxes if they come from sources outside of the Federal government. Exempting these program rebates from federal taxes makes disaster improvements more affordable and accessible, better incentivizing residents and communities to safeguard their homes. I am proud to have helped lead legislation on this issue (H.R.4070, the *Disaster Mitigation and Tax Parity Act of 2023*, 118th Congress) and encourage the Committee to strongly consider its inclusion as you move forward during the reconciliation process.

Repealing the Death Tax

I am fortunate to represent many successful family farms and small businesses throughout Southeastern North Carolina. They are critical contributors to North Carolina's vibrant agriculture industry and our local economy. Unfortunately, uncertainty in the industry, falling crop and livestock prices, and increasing input costs have made it difficult for farmers to pass their family operations to the next generation, and the death tax only makes it harder to do so.

Furthermore, the death tax is fundamentally unfair. These entities already subject to taxation every year that they are in operation, and then they are taxed again when the proprietors pass away, essentially penalizing them for their success.

Given the precarious times our farmers are in, it is important we do not further burden the families who produce our food and fiber. I thank Representative Randy Feenstra for his efforts to repeal this tax (H.R.7035, the *Death Tax Repeal Act*, 118th Congress) and encourage the Committee to continue advocating for the repeal of the Death Tax as a priority in the 119th Congress.

Allowing the Beauty Industry to Claim the FICA Tax Tip Credit

President Trump has made exempting tip income from taxes a key pillar in his campaign, and I want to highlight a particular sector of our economy which would strongly benefit from such a policy – the beauty industry. While the industry mostly consists of small businesses, employers must pay FICA taxes on tips that their employees receive, a burdensome requirement on shop owners. Workers in the foodservice industry receive a credit on their FICA taxes, and beauty shops run on a similar model. Allowing employers in the beauty industry to claim this same credit is a commonsense solution which would help improve the accuracy of tip reporting. I appreciate the Committee's previous attention to this issue and Members' efforts to rectify this disparity. I was a cosponsor of H.R. 45, the *Small Business Tax Fairness and Compliance Simplification Act* in the 118th Congress and support its inclusion in any tax bill moving forward.

Restore the taxable REIT subsidiary asset test from 20 percent to 25 percent

A real estate investment trust (REIT) is currently permitted to have up to 20 percent of its investments in a C Corporation, referred to as a Taxable REIT Subsidiary (TRS) under the PATH Act of 2015. TRS is subject to regular (double) corporate income taxation. The percentage permitted for the TRS has varied between 20 percent and 25 percent since Congress created TRSs in 1999.

I support H.R. 527, the *Restore the 25% TRS Limit* (118th Congress), to increase the TRS asset limit from 20 percent to 25 percent (where it was before the *PATH Act*). Increasing the TRS limit would allow for more U.S. investment and growth as well as help companies compete abroad.

Restoring the TRS limit to 25 percent limit would not diminish a REIT's essential purpose of allowing everyday investors to participate in real estate on the same basis as wealthy individuals who can participate through partnerships and leaves intact and unchanged the 75 percent real estate asset test for REIT qualification and all the REIT income tests. Further, increasing the portion of taxable assets would increase revenues.

The American people have sent a broad message that they want change from the policies of the past four years. Congress has a golden opportunity to codify sound tax policy that protects American livelihoods, preserves America as the leader of the free world and unleashes American growth. I thank the Committee again for providing me the opportunity to share my priorities, and I stand ready to work with all of you on these efforts.

House Ways and Means Committee
Member Day Hearing Testimony
Rep. Jill Tokuda (HI-02)
10:00 AM Wednesday, January 22, 2025

Chairman Smith, Ranking Member Neal, and distinguished members of the House Ways and Means Committee, mahalo for the opportunity to testify before you today.

I am here today to testify in support of my bill, the Strengthening Pathways to Health Professions Act.

The United States is experiencing a severe shortage of healthcare workers, and the growing demand for providers coupled with widespread vacancies and increasing retirements, has left millions of patients without access to care, while placing undue stress and strain on the current workforce.

Nationally, we are facing a shortage of 40- to 60,000 physicians and this is expected to grow to 124,000 physicians by the year 2034. The nursing workforce is similarly under pressure. By 2030, we could also face a shortage of over a million nurses.

This healthcare workforce shortage threatens to strain an already overburdened healthcare system, and if we fail to act quickly, we will only continue to see increased wait times, higher rates of burnout and stress among providers, and ultimately reduced access to care for patients.

In rural America, the healthcare workforce crisis is particularly severe due to factors such as geographic isolation, lack of educational opportunities, underfunded healthcare infrastructure, increased demand for services, an older workforce, and a lack of financial incentives. Together, these factors make it much more difficult to recruit and retain healthcare workers in rural areas, leading to worse health outcomes and unequal access to care for these communities.

Hawaii's Second Congressional District, which I'm proud to represent, is one of the most rural and remote congressional districts in the country and the only one made up entirely of islands. The nearest land mass is over 2,300

miles away, meaning it can take days or even weeks for basic goods and supplies to arrive, depending on weather conditions, transportation schedules, and supply chain disruptions.

For patients in my district, many are forced to fly to another island to receive emergency or even routine medical care. For providers in my district, many spend their weeks travelling to various islands just to make sure their patients get the medications and services they need to survive.

In Hawaii, there is a statewide shortage of 757 physicians and over 22 percent—nearly a quarter—of our physicians are nearing retirement age. In the last year alone, we have seen 42 physicians retire, four pass away, 55 move away, and 212 decrease their work.

My constituents cannot afford to lose one more doctor. We also can't afford to lose one more nurse, one more specialist, one more technician. Too many lives are at stake.

Addressing the healthcare workforce crisis in the United States, particularly in rural and remote communities like those I represent, will require targeted policies that incentivize healthcare professionals to train and practice in underserved areas and help improve and stabilize access to care for all Americans.

That is why I introduced the Strengthening Pathways to Health Professions Act, a bill to increase access to federal programs that help grow and strengthen the pipeline of healthcare professionals in primary care, mental and behavioral health, and dental services.

At the federal level, the Health Resources and Services Administration (HRSA) supports the health workforce by providing health professions scholarship and loan repayment in return for service in rural and underserved communities. However, federal income taxes effectively reduce the financial benefit of health scholarships and medical loan repayment awards.

To address this issue, my bill would amend the Internal Revenue Code to provide tax exempt status to key health workforce programs: the Nurse Corps Scholarship and Loan Repayment Programs, the Native Hawaiian Health

Scholarship Program, the Faculty Loan Repayment Program, the Child and Adolescent Mental Health Pediatric Subspecialty Loan Repayment Program, and the Substance Use Disorder Treatment and Recovery Loan Repayment Program.

If awards are exempt from federal income tax, more funds would be available for HRSA to make additional or higher awards to increase participation in the program. In addition, awardees—which include students, residents, faculty, and providers—would receive the full benefit of their financial awards to pay for tuition, fees, and other educational costs, without the added tax burden.

Funds awarded through the National Health Service Corps Loan Repayment Program are already exempt from federal income and employment taxes, and my bill would provide parity in tax treatment to these important scholarship and loan repayment programs.

The Strengthening Pathways to Health Professions Act takes a targeted approach to addressing the healthcare workforce crisis by boosting the value of federal scholarship and loan repayment awards that support aspiring healthcare professionals and enable us to recruit and retain more providers in rural and underserved areas.

I am proud to have the support my Bipartisan Rural Health Caucus colleague, Carol Miller of West Virginia, who co-led the introduction of this bill with me, alongside Jimmy Panetta of California and Greg Steube of Florida – all distinguished members of this committee.

Chairman Smith and Ranking Member Neal, thank you for your efforts to ensure every American, regardless of their zip code and their life circumstances, has access to the high-quality, affordable healthcare that meets their needs. I look forward to working with you and my colleagues on this committee to advance my bipartisan bill and other efforts that will help us strengthen the pipeline of healthcare workers in the United States.

Mahalo.

Chairman Smith, thank you for offering this opportunity to advocate for our constituents' priorities, as Congress looks to extend the historic tax cuts President Trump enacted in 2017.

That year, a Republican-led Congress passed historic tax legislation that generated an unprecedented economic boom in America. The Tax Cuts and Jobs Act (TCJA) was the result of years of work to find the best mix of policies to unleash the potential of American industry, while lowering tax rates for hardworking taxpayers.

Unfortunately, many of those tax policies are expiring and must be renewed. I strongly support the Chairman's efforts to give Missouri businesses the tools they need to compete in international markets and extend the tax provisions that allowed for the economic growth we witnessed after the passage of the Tax Cuts and Jobs Act.

I also appreciate the Chairman for hosting a roundtable in my district, where we heard from local business leaders about their priorities for a package to extend those critical policies. As we discussed during our productive conversation, local businesses, employees, and the Saint Louis area economy will be seriously harmed if President Trump's tax cuts expire. The average taxpayer in Missouri's 2nd District would have their taxes raised by 20%, a nearly unmanageable cost, especially in the wake of Joe Biden and Kamala's Harris' rampant inflation.

I want to highlight a few provisions that are of particular importance to my district.

First, the estate tax should be completely eliminated to prevent the government from taking even more of Missouri families' hard-earned dollars. This tax can often impact family businesses that are the backbone of our nation. Death simply should not be a taxable event, and I have signed onto legislation in multiple successive Congresses to repeal this misguided tax.

Second, a tax extenders package must maintain or even lower the 21% corporate rate established under the TCJA. Lower corporate income tax rates encourage investment, increase productivity, and expand job opportunities.

Third, the final package should include a legislative fix to 1099-K reporting requirements. Last year, I sent a bipartisan letter with Representatives Pappas and Burchett to Chairman Smith requesting that the current $600 IRS reporting threshold for payments made on e-commerce platforms such as Venmo and PayPal be increased. The current threshold would result in millions of Americans receiving new and confusing tax forms for online transactions that should not be counted as taxable business transactions.

Finally, I would ask that any tax package makes the Section 199A pass-through deduction permanent. This deduction was first enacted in the TCJA and provides over 25 million small businesses organized as S-corporations, partnerships, LLCs, and sole proprietorships tax parity with publicly traded C-corporations. Missouri's Main Street business rely on this deduction to remain competitive both here and overseas.

I thank you for your consideration and look forward to working with the Committee to extend and strengthen the TCJA.

PUBLIC SUBMISSIONS FOR THE RECORD

AFFORDABLE HOUSING TAX CREDIT COALITION

Statement of the Affordable Housing Tax Credit Coalition

In Response to the House Committee on Ways and Means Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

January 22, 2025

On behalf of the Affordable Housing Tax Credit Coalition (AHTCC), we extend our sincere gratitude to Chairman Smith, Ranking Member Neal, and esteemed members of the U.S. House of Representatives Committee on Ways and Means for this opportunity to weigh in on issues under the committee's tax jurisdiction. Established in 1988, the AHTCC is a leading trade association in the affordable housing industry, comprised of over 270 organizations and businesses[1] that advocate for affordable housing financed using the Low-Income Housing Tax Credit (Housing Credit). AHTCC members represent the full spectrum of stakeholders involved in providing affordable housing, including syndicators, developers, investors, state allocating agencies, and affiliated businesses and non-profits. Together, AHTCC members have financed or developed well over half of our nation's 4 million Housing Credit rental homes.

We commend the House Committee on Ways and Means for its critical efforts to address the challenges facing families, workers, and small businesses in today's economy. Pro-growth tax policies like the Housing Credit are essential to these efforts and remain the nation's most effective tool for producing affordable housing in rural, suburban, and urban areas. As housing needs continue to escalate, it is imperative to build on the program's 2018 expansion under President Trump—an expansion that, regrettably, was not extended during the previous Administration. Indeed, the Housing Credit was strengthened in several ways under President Trump's first term, with the establishment of a permanent minimum rate for the 4% credit[2], enactment of a more flexible and common-sense approach to the income test by adding an "average income test" option[3], and a 12.5% increase in the annual Housing Credit allocation to states for the years 2018–2021.[4] However, the allocation increase enacted under President Trump has now been expired for several years, meaning our nation's primary affordable housing production tool is faced with a multi-year cut at a time when need has skyrocketed. In 2024 alone, homelessness rose by over 18%, after a 12% increase in 2023, attributed mostly to a lack of affordable housing.[5] The Administration's executive order on "Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis," which calls for

[1] See the full list of AHTCC members at https://www.taxcreditcoalition.org/about/member-organizations/
[2] Consolidated Appropriations Act, 2021
[3] Consolidated Appropriation Act, 2018, p. 811
[4] Consolidated Appropriations Act, 2018, p. 811
[5] U.S. Department of Housing and Urban Development Point-In-Time Count Report. (December 27, 2024) https://www.hud.gov/press/press_releases_media_advisories/hud_no_24_327

"pursuing appropriate actions to lower the cost of housing and expand housing supply," underscores the urgency of addressing these challenges.[6] As millions of hardworking Americans struggle to afford rent and homelessness rising across the nation, the demand for affordable housing resources has reached a critical point.

In the 118th Congress, the Affordable Housing Credit Improvement Act (AHCIA), legislation to expand and strengthen the program, was cosponsored by over half of Congress, including more than half of the House Republican Conference. Notably, the bill has strong bipartisan cosponsorship on the Committee on Ways and Means, amounting to over two-thirds of Republican members and over two-thirds of the entire Committee. Key provisions from the bill were also passed in the House as part of the Smith-Wyden tax bill. The strong bipartisan support for the Housing Credit not only underscores the program's popularity but also reflects the urgent need to expand its impact. The need for affordable housing is more urgent than ever, and prioritizing the Housing Credit, including extending the Trump-era expansions of the program, would provide critical support for efforts to address housing insecurity and promote long-term economic stability for hardworking American families.

To that end, we would like to highlight proposed enhancements to the Housing Credit, including those previously enacted under President Trump, and urge the inclusion of key provisions from the bipartisan AHCIA in any upcoming tax legislation. These pro-growth, pro-worker provisions, if enacted, will not only help to address our nation's urgent affordable housing crisis but also improve surrounding communities and contribute to economic vitality.

A Proven Public-Private Partnership for Growth

The Housing Credit has been a pillar of pro-growth American tax policy and housing production since it was enacted under President Reagan in 1986 and has enjoyed bipartisan support since then. In anticipation of drafting the Tax Cuts and Jobs Act (TCJA) of 2017, the Republican "Unified Framework for Fixing Our Broken Tax Code" explicitly called for preserving the Housing Credit in the tax code as one of only "two areas where tax incentives have proven to be effective in promoting policy goals important in the American economy: research and development and low-income housing."

The Housing Credit was further strengthened under President Trump, establishing a minimum rate for the 4% credit[7], developing a more flexible and common-sense approach to the income test by adding an "average income test" option[8], and increasing the annual Housing Credit allocation to states by 12.5% for the years 2018 - 2021[9]. However, with the expiration of the

[6] Presidential Actions. 2025. Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis – The White House
[7] Consolidated Appropriations Act, 2021
[8] Consolidated Appropriations Act, 2018
[9] Consolidated Appropriations Act, 2018

allocation increase, our nation's primary affordable housing production tool is now facing a multi-year cut at a time when need has skyrocketed.

A core reason for the Housing Credit's success is that it is a market-based, public-private partnership that brings together private investors, syndicators, and developers, as well as state and local governments to address the country's housing needs in a fiscally responsible way. The Housing Credit is structured as a pay-for-performance model, ensuring the efficient use of government resources. For the tax benefits of the Housing Credit to flow to investors, properties must be built and serving income-qualified tenants. Though tax credits may be claimed over a period of ten years, they can be recaptured at any time in the first fifteen years of the life of the property, which has led to strong private sector oversight to ensure credit delivery. This structure ensures that taxpayers realize the maximum benefit of the tax credit while assuming no risks associated with the development process or performance.

Over the past nearly 40 years, the Housing Credit has financed over 3.85 million affordable rental homes and served nearly 9 million families.[10] It has generated more than 6.3 million jobs, over $716 billion in wages and business income, and more than $257 billion in tax revenue at the federal, state, and local levels. The Housing Credit provides more than housing—it generates economic growth and stability for workers, families, and communities.

By providing affordable housing for essential workers such as those in emergency services, construction, restaurants, hospitality, education, childcare, retail, farming, and healthcare, Housing Credit developments play a crucial role in helping communities attract and retain a stable workforce. Where wages do not match the growing cost of housing and where hardworking families nationwide are increasingly hit by lengthy commutes to work just to find housing they can afford, an increase in the availability of affordable housing will help promote the economic vitality of communities.

The Housing Credit also provides benefits beyond just stable housing. A recent study found that each additional year spent in Housing Credit housing as a child is associated with an average 4.3 percent increase in the likelihood of attending a higher education program for four years or more, and a 5.7 percent increase in future earnings.[11] Additionally, housing is one of the most well-researched social determinants of health and, among other social factors, influences the health of families across the nation.[12]

The Housing Credit also supports development in rural areas where there is often a shortage of housing of all types. According to Freddie Mac, one-quarter of the rural multifamily market is

[10] ACTION Campaign National Fact Sheet
[11] Does Growing Up in Tax-subsidized Housing Lead to Higher Earnings and Educational Attainment? Elena Derby, 2021. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3491787
[12] "Housing And Health: An Overview Of The Literature," Health Affairs Health Policy Brief, June 7, 2018. DOI: 10.1377/hpb20180313.396577

supported by the Housing Credit[13]. Housing Credit developments can also be adapted to fit all types of communities – they can be multi-story apartment buildings, garden-style apartments, townhomes, and even single-family scattered sites, which are often more appropriate for rural areas with less population density.

Most fundamentally, the Housing Credit provides meaningful savings to residents compared to market-rate housing. According to an AHTCC analysis of Moody's CRE data, average rents for Housing Credit homes are 38% lower than market-rate rents across 80 of the largest U.S. metro areas. Monthly rents for apartments financed using the Housing Credit in these areas are $653 lower than market rents on average, representing an average annual savings of over $7,800 per household compared to market.

The Growing Affordable Housing Crisis: Rising Costs, Rising Urgency

The nation faces an affordable housing crisis of unprecedented proportions, affecting communities in every corner of the country, in urban, suburban, and rural communities alike. Over the last decade, the rate of new home construction has been unable to keep pace with the rate of household formation, exacerbating housing costs. From 2012 to 2023 there were 17.2 million household formations in the United States[14], compared to only 13.4 million housing starts.[15]

Inflation and rising construction costs, including skyrocketing prices for materials, labor, land and insurance premiums, have only worsened this crisis. These costs, coupled with supply chain disruptions, have made it increasingly difficult to develop affordable rental housing, further limiting supply at a time when demand is surging, affecting homebuyers and renters at all income levels but especially those who earn low incomes. Without additional support, this crisis will continue to spiral, leaving more families unable to find safe, affordable housing in their communities, and making it more difficult for those communities to support a workforce.

It is also impossible to address inflation without addressing housing costs. According to the Bureau of Labor Statistics, shelter costs accounted for over two-thirds of the increase in core inflation in 2023.

The housing shortage is squeezing American households in all places and at all income levels, including seniors, veterans, and working families. For Americans earning the lowest incomes, there is a shortage of 7.3 million affordable and available rental homes. Over 12.1 million renter households (half of all renters) are considered severely cost-burdened, paying more than half of their income on rent, cutting into other essential expenses like childcare, health care, groceries,

[13] Freddie Mac Multifamily "Spotlight on Underserved Markets: LIHTC in Rural Persistent Poverty Counties," 2022. Available at https://mf.freddiemac.com/docs/lihtc_persistent_poverty_counties.pdf
[14] U.S. Census Bureau, Household Estimates [TTLHHM156N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/TTLHHM156N, October 9, 2024.
[15] U.S Census Bureau, Housing Units Started (Annual Data, 2012-2023); https://www.census.gov/construction/nrc/data/series.html.

and transportation.[16] This degree of housing insecurity places millions at risk of detrimental health and social outcomes, including homelessness, which rose by an alarming 18% in 2024.[17]

AHCIA: A Path Forward to Increase Affordable Housing Supply

The AHCIA[18] offers a robust solution to these challenges. It is bipartisan legislation, supported by over half of Congress, that proposes several critical reforms to expand and improve the Housing Credit program. These changes are urgently needed to reinvigorate affordable housing production, especially in light of rising costs.

The following AHCIA provisions are particularly important for addressing the nation's housing needs by directly increasing affordable housing supply:

- **Restoring and expanding upon the expired Housing Credit allocation increase**: Originally enacted in 2018 and expired at the end of 2021, a 12.5% increase in Housing Credit authority would be restored and further expanded by another 50% under the AHCIA. This provision is crucial as it would provide state housing agencies with the resources they need to meet rising demand, especially considering inflation and increased construction costs.

- **Lowering the private activity bond financing threshold from 50% to 25%**: Under current law, developers must finance at least 50% of a project with private activity bonds to qualify for 4% Housing Credits. Lowering this threshold to 25% would generate greater efficiency in the use of limited tax-exempt bonds and unlock significant additional private financing opportunities for affordable housing development. Further, it would allow states to make more efficient use of their bond volume caps and generate additional capacity to finance other priorities, including more affordable housing units. More than half of U.S. states are already fully using or oversubscribing their bond cap, making this reform essential for increasing housing production.

- **New basis boosts for underserved areas and populations**: The AHCIA proposes several targeted basis boosts to increase the financial feasibility of developments serving harder-to-reach areas and populations:
    - **Rural and tribal areas**: Up to a 30% basis boost for properties located on tribal lands or in rural areas, which often face unique challenges in securing financing. In these areas, lower population density and lower incomes often yield rental income that is insufficient to support the higher building costs associated with new construction, even as land values may be lower. These basis boosts would incentivize private development, offsetting some of the economic barriers to housing production in rural and tribal areas.

[16] Harvard's Joint Center for Housing: America's Rental Housing 2024: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf
[17] U.S. Department of Housing and Urban Development Point-In-Time Count Report. (December 27, 2024) https://www.hud.gov/press/press_releases_media_advisories/hud_no_24_327
[18] H.R. 3238

- **Extremely low-income tenants**: Up to a 50% basis boost for units reserved for extremely low-income households, ensuring housing for the populations with the greatest needs, including homeless veterans and other groups that often need specific property features and on-site resources in order to remain stably housed.
- **State discretionary boost**: Extension of the existing state discretionary basis boost (which currently only applies to 9% Housing Credit properties) to include 4% Housing Credit properties, giving states greater flexibility to address their specific housing needs.

These provisions, combined, would produce or preserve nearly 2 million[19] additional affordable rental homes over the next decade — homes that would not otherwise be developed due to the rising costs and limited resources available to housing agencies. This would not only address the growing housing shortage, but would also create millions of jobs and generate billions of dollars in wages and tax revenue, strengthening our national and local economies.

The Tax Relief for American Families and Workers Act included versions of two of these AHCIA provisions, which would have financed more than 200,000[20] affordable homes over the next ten years than otherwise possible: restoring the 12.5% allocation increase for 2023 – 2025 and lowering the 50% bond financing test to 30% for 2024 – 2025. The AHTCC strongly supports these policies, which would amount to the most significant investment in the Housing Credit in over two decades, and applauds Chairman Smith and the Committee on Ways and Means for shepherding this legislation through the House of Representatives with overwhelming bipartisan support.

In addition to the AHCIA proposals listed above, the AHTCC encourages the House Committee on Ways and Means to consider additional policies to ensure a robust Housing Credit investment market, including the impact to affordable housing resulting from other changes elsewhere in the tax code. Examples of policies that could support Housing Credit investment include modifying Section 39 of the tax code to allow Housing Credits to be carried back three years (consistent with renewable energy credits), and easing the general business credit limitation on the ability to use Housing Credits by allowing investors to reduce their tax liability below the greater of the taxpayer's tentative minimum tax for the tax year, or 25% of the taxpayer's net regular tax liability plus $25,000 as outlined in Section 38 of the tax code. Robust investor demand for the Housing Credit ensures efficient delivery of the credit and ultimately increased affordable housing production.

[19] Novogradac: "LIHTC, PAB Provisions of Newly Reintroduced AHCIA Could Result in Nearly 2 Million Additional Affordable Rental Homes Over a Decade"
[20] Novogradac: "Tax Legislation Announced by Tax-writing Chairs Wyden and Smith Would Temporarily Reduce 50% Financed-By Test to 30% for 2024-2025, Restore 12.5% LIHTC Boost for 2023-2025"

Conclusion: Housing Credit as a Pillar of Economic Growth and Stability

The Housing Credit has been a cornerstone of affordable housing production and economic growth for nearly four decades, and it remains the most effective tool we have for addressing the affordable housing crisis. Its market-based approach, reliance on private investment, and state-administered flexibility make it a model of fiscal responsibility and effectiveness.

The affordable housing crisis continues to worsen, in urban, suburban and rural communities alike. The only way to truly address this supply problem is to increase supply by building on what works—the Housing Credit. By creating millions of shovel-ready affordable homes, supporting job creation and economic opportunity for families and communities nationwide, the proposals outlined above exemplify the kind of pro-growth agenda that will help build a stronger America. We respectfully urge the Committee on Ways and Means to prioritize Housing Credit expansion and the inclusion of AHCIA provisions in any tax efforts this year. These actions will ensure that the Housing Credit continues to be a driver of economic opportunity and a vital resource for millions of families, workers, and communities across the nation.

Thank you for your continued leadership and for considering the urgent need for affordable housing in America. The AHTCC stands ready to support your efforts and provide any additional information you may need as you move forward with tax legislation that addresses these critical issues.

Sincerely,



Emily Cadik
Chief Executive Officer
Affordable Housing Tax Credit Coalition
emily.cadik@taxcreditcoalition.org



February 5, 2025

The Honorable Jason Smith
1139 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
1129 Longworth House Office Building
Washington, DC 20515

Chairman Smith and Ranking Member Neal,

Thank you for the opportunity to present our views on tax policy as you begin to consider tax legislation this Congress.

The Association for Commuter Transportation (ACT) is the premier organization and leading advocate for commuter transportation and transportation demand management (TDM) professionals.

ACT strongly supports commuter transportation benefit program—a pro-business solution that strengthens American enterprises and empowers hardworking employees. Given the rising transportation costs and today's competitive job market, commuter transportation benefits are a practical, market-driven solution that aligns with pro-business and pro-growth policies. These programs offer important financial relief for commuting expenses through pre-tax deductions and employer-sponsored transportation incentives.

A thriving economy begins with a strong and dedicated workforce. Commuter benefits ensure companies can offer financial incentives that ease the strain of increasingly costly commutes, which, on average, total over $8,000 annually per worker.[1] By reducing transportation costs, these programs put more money back into the pockets of hardworking Americans, allowing them to invest in their families and communities. Research shows that 82% of employees consider a company's benefits package when deciding whether to accept a job offer, making these incentives crucial for attracting and retaining top talent, especially as labor shortages affect key industries.[2]

Beyond workforce stability, these programs offer direct cost savings for businesses. Employers lower payroll tax liabilities by allowing employees to use pre-tax dollars for commuting expenses—up to $325 per month in 2025—while simultaneously improving employee morale. By reducing commuting costs and stress, commuter benefits help employees arrive on time, stay focused, and remain engaged, leading

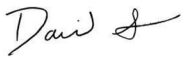
[1] https://www.bankrate.com/insurance/car/commuting-facts-statistics/
[2] https://www.peoplekeep.com/offers/employee-benefits-survey

to a more efficient and productive workplace. These common-sense measures cut red tape, ease financial burdens, and empower American businesses to grow and compete globally.

Commuter transportation benefits are a pro-business, pro-worker initiative that strengthens our economy and incentivizes companies to invest in their employees. Supporting commuter benefits provides businesses with the flexibility to retain employees, reduce financial strain, and enhance workplace efficiency. This bipartisan, pragmatic solution fosters economic mobility, enhances workforce stability, reduces business costs, and strengthens America's competitive edge in the global market. Supporting this program is a direct investment in America's future prosperity.

Thank you again for the opportunity to present our views.

Sincerely,



David Straus
Executive Director
Association for Commuter Transportation

ADA American Dental Association®

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Re: Member Day Hearing on Matters Within the Committee's Tax Jurisdiction.

April 15, 2025

The Honorable Jason Smith
Chairman
Committee on Ways and Means
1139 Longworth House Office Building
Washington D.C. 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
1129 Longworth House Office Building
Washington D.C. 20515

Dear Chairman Smith and Ranking Member Neal:

As the leading authority on oral health in the United States, the American Dental Association (ADA), representing over 159,000 dentists across the country, writes to outline our perspectives and priorities on small business tax policy. Most dentists are small businesses, employing just over six dental staff per dental practice with an average of 1.5 dentists per practice. All dentists have an impact not only on the health of their communities, but also serve as major drivers of their local economies.

Oral health is an essential component of overall health, and addressing the challenges in this area will lead to significant improvements in the well-being of millions of Americans, as well as supporting the $478 billion annual economic impact of the dental sector. We appreciate the opportunity to provide input on policies that affect oral health, healthcare access, and the broader healthcare system.

Renewing Critical Tax Policies:
The ADA urges Congress to renew the following tax policies, which are essential to supporting small business dental practices:

- **20% Deduction for Pass-Through Entities:** This deduction is critical for dental practices organized as pass-through entities. Without it, S corporations would face tax rates far out of parity with C corporations, jeopardizing the financial stability of small business dental practices.

- **Full Expensing of Investments:** Bonus depreciation enables dental practices to immediately expense investments in equipment, software, and property. This policy fosters growth and allows providers to adopt the latest advances in dentistry to improve patient care.

- **Corporate Tax Rate of 21%:** Maintaining this rate is essential for ensuring the competitiveness of small businesses, including dental practices, within the broader economy.

Failure to renew these policies would have a profound negative impact on oral health, particularly for younger dentists and new practices. According to the ADA's Health Policy Institute:

- The average annual economic impact per year for each dentist is **$2.4 million**;
- Nationwide, the annual economic impact generated by dental offices is **$478 billion**;
- Dental offices support **2.5 million jobs** in the US economy each year, and for every job in a dental office, **1.4 jobs are generated in other sectors of the economy**.

Incentivizing Providers in Underserved Areas:
We urge Congress to exempt loan repayment programs, such as the Indian Health Service Loan Repayment and Scholarship Program and the Dental Faculty Loan Repayment Program, from taxable income. These initiatives are vital for addressing workforce shortages in rural and underserved communities, ensuring a robust oral health infrastructure and expanding access to care.

Supporting the Oral Health Products Inclusion Act:
This bipartisan legislation would recognize essential oral care products, including toothbrushes, toothpaste, and mouthwash, as "qualified medical expenses" under Flexible Spending Accounts (FSAs) and Health Savings Accounts (HSAs). Increasing access to these daily oral care essentials will help prevent disease and reduce overall healthcare costs for consumers.

Protecting Charitable Contributions to Health Organizations:
We strongly encourage you to protect health organizations and maintain the charitable deduction for these vital entities. We partner with our state and local dental associations who play a crucial role in supporting the dental profession, educating the public and advocating for increased access to oral health care. Preserving the charitable deduction is an investment in our nation's health, enabling our partners to continue strengthening the workforce and effectively serving communities.

Protecting Student Loan Interest Deduction:
We support the protection of the student loan interest deduction of up to $2,500 per tax year, particularly for the 38 percent of new dentists who are pursuing—or required to complete—several years of a low- or non-paying dental or medical residency program.[i] These essential health care providers are starting their careers with almost $300,000 in educational debt,[ii] with interest rates can reach as high as 9.5 or 10.5 percent, depending on the type of loan and market conditions. The student loan interest deduction does not eliminate the debt hardship for early career dentists, but it does help offset the unprecedented financial challenges these essential health care providers face at graduation.

Protecting Credit Unions' Exemption Status: We stand with leaders in advocating for the protection of credit unions' tax-exempt status. Credit unions are vital to communities, with a core mission of serving their members. The income tax exemption allows credit

unions to maintain a member-focused model, reinvesting earnings into services like lower loan rates, higher savings, and reduced fees. Removing this exemption would jeopardize their ability to fulfill their mission of providing affordable financial services and empowering their members.

****

Thank you for the opportunity to share the tax reform priorities of the dental profession. These policies are critical to ensuring that dental practices continue to thrive as integral parts of both the economy and the health system. The ADA remains committed to advancing oral health and supporting policies that improve access to care and strengthen the nation's oral health infrastructure.

We welcome the opportunity to discuss these priorities further. Please contact Jennifer Fisher at (202) 285-9296 or Fisherj@ada.org with any questions or to schedule a meeting.

Sincerely,





Brett Kessler, D.D.S.
President

Raymond A. Cohlmia, D.D.S.
Executive Director

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[i] Istrate EC, Cooper BC, West KP. Dentists of Tomorrow 2022: An Analysis of the Results from the ADEA 2022 Survey of U.S. Dental School Seniors. American Dental Education Association (ADEA) Education Research Series. Issue 4, September 2022.

[ii] Istrate EC, Samata J, et al., Dentists of tomorrow 2024: An analysis of the results of the 2024 ADEA Survey of U.S. Dental School Seniors, J Dent Educ, December 2024; Issue 7.

ATLAS AGRO

February 4, 2025

The Honorable Jason Smith
Chairman
U.S. House Committee on Ways and Means
1011 Longworth House Office Building
Washington, DC 20515

RE: Support for Retaining the Section 45V Tax Credit for Clean Hydrogen Production

Dear Chairman Smith,

Thank you for the opportunity to provide comments on policy priorities under the Committee's jurisdiction. Atlas Agro is writing to express strong support for maintaining the Section 45V Credit for Production of Clean Hydrogen, specifically for the production of nitrogen fertilizer.

Atlas Agro is encouraged to see the Trump Administration act quickly to address the U.S. National Energy Emergency and prioritize solutions that enable a reliable, diversified, and affordable supply of energy to drive our nation's key economic sectors – including agriculture and manufacturing. As Congress and the Trump Administration work to achieve U.S. energy dominance, green hydrogen must be part of the solution – particularly for the development of new, U.S.-based fertilizer manufacturing facilities.

The pivotal role hydrogen can play in the domestic production of nitrate fertilizers is highlighted in Tesla and Elon Musk's Master Plan Part 3 – and Atlas Agro is leading two U.S.-based projects to operationalize this advantage.

The fertilizer industry is on the brink of significant transformation. More than half of the U.S. nitrogen production fleet has surpassed its operational lifespan, with no new fossil-based facilities in development. 45V incentives will help accelerate the transformation by lowering the cost to farmers and providing access to a stable supply of domestically produced, fixed price fertilizers.

Atlas Agro is leading the fertilizer industry transformation in the U.S., manufacturing locally produced nitrate fertilizers. Our projects bolster national food security and reduce U.S. reliance on foreign fertilizer imports, while supporting farmers, creating jobs, and promoting economic growth in the communities where we live and work.

Our flagship U.S. initiatives include **Pacific Green Fertilizer (PGF) in Richland, Washington and Heartland Green Fertilizer (HGF) Project in Spiritwood, North Dakota**. These projects will serve critical agricultural regions in the U.S. and will be the world's first large-scale fertilizer production facilities powered by cutting-edge electrolytic hydrogen technology.

ATLAS AGRO

Economic and Strategic Benefits of Hydrogen Investment

- **Job Creation & Economic Growth:** Atlas Agro's projects will generate thousands of jobs during construction and operation, supporting American families and strengthening key agricultural regions.
- **Technological Innovation:** Our facilities utilize the electrolysis of air and water and other proven technologies and processes to produce low-carbon ammonia efficiently.
- **Reduced Foreign Dependence:** Domestic fertilizer production will minimize reliance on imported products, ensuring supply chain stability for American farmers and food security for American consumers.
- **Stronger National Security:** Less reliance on foreign energy mitigates geopolitical risks, price volatility and supply chain disruptions.
- **Lower Energy Costs & Emissions:** New hydrogen infrastructure will reduce long-term energy expenses while cutting pollution and benefiting public health.

Section 45V: A Critical Tool for U.S. Leadership in Hydrogen

The hydrogen industry is driving domestic job creation and reshoring manufacturing, including electrolyzers, fuel cells and refueling infrastructure. The Regional Clean Hydrogen Hub program is placing projects in states like Michigan, Ohio, Pennsylvania, North Dakota and Texas, generating over 300,000 jobs and tens of billions in private investment. Many of these projects rely on the financial certainty provided by Section 45V to scale operations.

Moreover, as the global hydrogen race intensifies, with China and other nations investing heavily in this sector, it is imperative that the U.S. maintains leadership. The American hydrogen industry, with roots in the NASA space program, must not lose its competitive edge. Continued support for Section 45V will solidify U.S. hydrogen energy dominance.

Long-term, stable tax incentives are essential to attracting investment and securing the future of American hydrogen innovation. Atlas Agro respectfully urges the Committee to maintain and strengthen the Section 45V credit to support domestic industry, job creation and national energy security, which will provide the necessary market certainty to accelerate our critical green fertilizer projects.

Thank you for your time and consideration. I look forward to engaging further with the Committee on this important issue.

Sincerely,

Dan Holmes

Atlas Agro, President North America

BATT
BATTERY ADVOCACY
FOR TECHNOLOGY TRANSFORMATION

February 5, 2025

The Honorable Jason Smith
Chair, House Ways and Means Committee
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member, House Ways and Means Committee
House of Representatives
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal,

On behalf of the Battery Advocacy for Technology and Transformation (BATT) Coalition, and our member companies, we appreciate the opportunity to comment on the important tax provisions in front of the Committee as you work on tax reform. Your tax work has the opportunity to start the important process of building and protecting the domestic upstream battery materials supply chain. This is a critical area for U.S. energy dominance and innovation, as well as presents an urgent national security imperative to establish a strong supply chain free of Chinese influence.

The domestic high-capacity battery supply chain is at a tipping point. The global lithium-based battery market is expected to grow by a factor of five to ten by 2030. Battery demand in the U.S. is expected to grow rapidly in the coming years in EV applications and a multitude of non-EV applications, such as in defense critical applications and in grid storage. High-capacity batteries, like Li-ion based batteries, are critical for defense systems and commercial applications like electric vehicles, grid storage, and consumer electronics. These markets all utilize many of the same materials supply chains and typically only differ in cell design and format, which is why these markets are inherently interconnected.

The main supply chain concerns exist in the upstream materials market – where China maintains an over 70% global market share of almost all battery materials from refined precursors to finished products (cathode, anode, etc.). In addition, China controls well above 90% of the global market for some critical Li-ion battery materials. China did not achieve this dominant market position by accident, but through large pre-competitive investments with state-sponsored control, unfair trade practices, price fixing behavior to stifle international competition, and questionable record on environmental and human rights standards. Current tax policies disproportionately incentivize downstream cell and module production – where cell and module receive a roughly 40-60% credit. In comparison, the critical minerals and electrode active materials supply chain receive a 10% credit. While we have made strides in establishing future production, we are still far off from not being dependent on the whims of the Chinese government for the domestic battery supply chain.

In addition, Chinese state-backed investment continues to build infrastructure for current and future battery materials, regardless of material costs. This is in stark contrast to Western capital markets, where dips in mineral prices create difficulty in raising capital. For example, lithium prices have dropped from $60,000/ton to $10,000/ton in the last 24 months, which has stalled multiple North America projects. In contrast, Chinese firms continue to build factories based on projected future demand. ***Maintaining the status quo with tax policy will only serve to accelerate the Chinese market dominance for battery materials.*** The U.S. has some of the best resources to produce lithium in the world, but China's market interfering behavior and our lack of adequate incentives and protection from these practices have left us without the ability to capitalize on that advantage.

BATT
BATTERY ADVOCACY
FOR TECHNOLOGY TRANSFORMATION

Your Committee's work in tax reform has the opportunity to remedy this imbalance, unleash American energy innovation, and protect our national security interests. First and foremost, the critical materials domestic supply chain needs to be protected from Chinese market manipulation. The Committee can do this by amending the Advanced Manufacturing Production Credit (45X) and the Qualified Commercial Clean Vehicle Credit (45W) to include sourcing the sourcing requirements from the Clean Vehicle Credit (30D). These loopholes undermine domestic producers and threaten U.S. economic security, emphasizing the need for stricter eligibility criteria and enhanced support for the domestic battery supply chain. ***These credits should all be harmonized to ensure there are no loopholes that allow U.S. taxpayers to fund Chinese material market development.***

In addition, Congress should consider ***increasing the production tax credit for battery critical minerals and electrode active materials from 10 percent to 25 percent.*** The IRA was passed over 2.5 years ago, and we can now see that the original credit has not been sufficient to turn the tide for this market. Increasing the 45X incentive to 25% would more closely align these materials with the 45X incentives for battery module production, although the proposed tax credit for electroactive materials are still well below the 45X tax credit for cell production. In addition, all of these supply chains serve dual use markets, so these incentives should have the direct impact of lessening the dependence of the DoD on Chinese materials markets.

These are serious issues critical to American economic and national security interests. We appreciate the Committee's willingness to study, learn, and understand how aspects of the tax code impact our member companies and the domestic battery supply chain. The BATT Coalition, and our member companies, stand ready to be a resource to the Committee's members during the development of a tax package.

Sincerely,

Samuel J. Gillard
Co-Founder & Executive Director
The BATT Coalition

Drew Ronneberg
Co-Founder & Policy Director
The BATT Coalition

TESTIMONY OF LISA JACOBSON

PRESIDENT OF THE BUSINESS COUNCIL FOR SUSTAINABLE ENERGY

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON WAYS AND MEANS

"MEMBER DAY HEARING ON MATTERS WITHIN THE COMMITTEE'S TAX JURISDICTION"

FEBRUARY 5, 2025

Durable Energy Tax Policies Improve American Competitiveness

The Business Council for Sustainable Energy (BCSE) supports policies that unleash our country's affordable and reliable energy resources and provide for American prosperity. America needs a broad portfolio of energy solutions – including those in the energy efficiency, renewable energy, and natural gas sectors – to drive a sustainable, vibrant, and efficient U.S. economy.

BCSE supports tax policy as a market-based tool to create signals to invest in efficient and modern energy products and services. These are crucial to meeting growing energy needs, leveraging private sector dollars, and deploying demand- and supply-side energy efficiency solutions that keep energy costs down.

Tax policy should be coupled with:

- **The reform of permitting and siting processes** to modernize the electric grid and enable the buildout of efficient energy infrastructure and buildings, as well as the integration of new and flexible energy resources.
- **Trade policies** that support the build-out of domestic supply chains needed to maintain U.S. leadership in manufacturing and production.
- Continued funding for **research, development, demonstration, and deployment** of energy and carbon management technologies.

These policies will work together to support U.S. innovation in expanding energy markets.

Meeting Growing Needs with American Energy

BCSE supports durable energy tax policy that will help leverage private sector investment to improve U.S. energy security and create economic development and jobs.

BCSE urges Congress to:

- **Maintain the full set of the existing energy tax credits** in vital areas such as energy efficiency, carbon capture and storage, renewable energy, hydrogen, and clean fuels for the full eligibility period of up to 10 years.
- **Extend the Investment Tax Credit (ITC)** for technologies including fuel cells, qualified biomass property, and microgrid controllers that are set to expire December 31, 2024.

- Continue to **implement the tax credits** that were extended and modernized as part of the Inflation Reduction Act (IRA).

These credits support the wide-scale deployment of energy solutions in the United States and are creating millions of jobs, bringing new manufacturing and supply chains onshore, and delivering billions of dollars in economic investment to American communities.

This document outlines priority areas among BCSE energy industry sectors regarding the implementation of existing tax credits and other tax policies where there is still a pressing need.

Please note, as a diverse business coalition, not all BCSE members support or take a position on the recommendations outlined in these comments.

Tax Policy Is a Bipartisan Energy Investment Accelerator

Since the 1970s, Congress has enacted energy credits in the tax code on a bipartisan basis to incentivize production of innovative energy technologies in the United States.

The Investment Tax Credit (ITC), first enacted in the Energy Tax Act of 1978, was intended to encourage commercialization of a broad range of energy technologies and resources. The ITC has been extended and expanded multiple times over subsequent years and has been determined as a percentage of the taxpayer's basis in, or cost of constructing or acquiring, eligible property.

In 1992, Congress established the Production Tax Credit (PTC), which was focused on incentivizing investment in a broad range of renewable energy technologies. The Energy Policy Act of 2005 expanded the suite of credits available for technologies, such as solar, fuel cells, microturbines, and energy-efficient products. Since their inception, these credits have been structured to focus on specific technologies and were extended on a short-term basis by Congress, often for a one- or two-year duration and, several times, on a retroactive basis.

These short-term extensions – and the retroactive extensions – led to business uncertainty and an uneven, boom-and-bust cycle of deployment. In addition, the unpredictable status of the measures created a situation in which several eligible technologies with longer project development cycles, including hydropower, biomass, and waste-to-energy, were unable to utilize the credit.

In 2022, as part of the Inflation Reduction Act (IRA), these credits were expanded and modernized, and a 10-year duration was established for their use. **This 10-year window provides businesses and consumers with the predictability needed to make investment decisions.**

The legislation also brought about significant reforms in the nation's approach to energy tax policy by requiring the U.S. Department of the Treasury to issue guidance establishing a technology-neutral tax policy to replace the existing production and investment tax credits. The technology-neutral policy provides credit to energy facilities that achieve net zero greenhouse gas emissions.

The credits are intended to provide the ability for new energy technologies to develop over time, while also providing long-term clarity and certainty to investors and developers of commercially available energy technologies.

Energy Tax Measures Create Jobs and Support Local Economic Development

The energy investments from the Inflation Reduction Act (IRA) are **spurring economic growth in the communities that need it most**. Over 80% of post-IRA investments have gone to counties with below-average wages and more than 85% have gone to counties with below-average college graduation rates.

States like Texas, Arizona, New York, and Ohio have had the highest innovative energy investment by the private sector, with 47,000 jobs created in energy communities, and investment in manufacturing facilities.

Please see BCSE's blog here with resources on the economic impact of energy tax credits.

BCSE Views Regarding Needed Flexibility and Certainty in Existing Tax Measures

BCSE supports tax policy and incentives that provide industry with needed flexibility to attract investment and support the wide-scale deployment of energy technologies in the United States, including strong support for the energy tax incentives that were passed as part of the Inflation Reduction Act (IRA).

Through the public review and comment process, BCSE has sought clarifications in numerous IRA guidance documents proposed by the U.S. Department of the Treasury, asking for flexibility, certainty, and predictability in order to allow a broad range of energy technologies to utilize the credits and maximize their benefit.

Additional Tax Policy Recommendations for the 119th Congress

BCSE also supports congressional consideration of other tax policies for which there is still a pressing need, including:

1) Establish tax incentives to help **maintain energy infrastructure** to fulfill federal safety and environmental regulations and to **maintain reliable energy systems** across the country, as well as incentives to **ensure domestic supply chains** needed for U.S. manufacturing and energy production.
2) **Extend credits for Investment Tax Credit (ITC) technologies** such as fuel cells, qualified biomass property, and combined heat and power (CHP), the 45Z clean fuel production credit, and the Section 6426(d) alternative fuel excise tax credit, among others.
3) **Update the ITC technology neutral tax framework** to include energy efficiency investments.
4) Encourage research and development of new energy technologies through measures such as **restoring the full value of the research and development (R&D) tax deduction** so businesses of all sizes can immediately deduct the cost of their U.S.-based R&D investments. Plus, allow interest deductibility and expensing to ensure continued flexibility.

5) Establish **new tax credits and bonds for rural communities** to boost investment in infrastructure and other public projects by providing affordable access to the large taxable bond market.

6) **Assist municipalities** through tax measures such as preserving the tax-exempt status of municipal bonds and opposing efforts to cap the value of certain tax benefits, including interest earned on new and outstanding state and local tax-exempt bonds. In addition, Congress should reinstate advance refunding of tax-exempt municipal bonds to help lower borrowing costs and encourage investments in local energy infrastructure.

7) Establish an **inflation adjustment** for existing credits, including the carbon sequestration 45Q credit. Extend the commence-construction deadline, direct pay for the full crediting period, and the 12-year claim period of the 45Q credit, respectively. In addition, revise the 45Q credit to allow tolling at any point during the crediting period if the facility ceases to operate due to a federally-declared disaster or other circumstances beyond the operator's control.

8) Maintain the **45V hydrogen production tax credit** and **45Q carbon sequestration credit**.

Permitting Reform and Secure Critical Minerals Supply Chains Will Increase Energy Security

Our nation's energy system is transforming and modernizing, and it relies on the expansion of energy supply, new infrastructure, and secure supply chains. **Federal permitting and siting processes cause bottlenecks and leave projects stranded in development for far too long.**

On federal lands, it can take roughly four years to construct utility-scale wind and solar projects, seven to ten years to obtain a mining permit, and ten years to build a new transmission line.

Whether constructing a new solar or wind farm, transmission line, or hydrogen or natural gas facility, these technologies and related infrastructure are subject to an antiquated permitting system that too often results in unnecessary delays.

In just one example, over 1,100 GW of projects were still undergoing interconnection studies in the seven U.S. independent system operators as of January 2024, according to the *2024 Sustainable Energy in America Factbook*. **This inaction jeopardizes millions of dollars of private sector investment and halts job creation and economic development in the communities that need it most.**

The federal permitting process also inhibits our manufacturing sector, raising production costs and slowing efforts to onshore supply chains and provide affordable, abundant, clean energy.

BCSE Policy Recommendations on Energy Permitting Reform and Modernization

Permitting reforms are needed to address the immediate challenges with the nation's existing electric generation, transmission, and distribution equipment. This equipment needs to be modernized – using current technology – to better integrate new energy resources and manage new expected load demands, as well as to support demand response and distributed generation.

Speed, certainty, and alignment in review processes are needed between state, local, and federal entities, including federal land management, wildlife, military, and aviation.

Permitting reform should provide predictable and efficient review processes and should support the modernization and build out of new electric transmission, natural gas and hydrogen pipelines, power generation, hydropower projects, energy storage, and critical minerals and materials, as well as the implementation of digital technologies.

The Senate Energy and Natural Resources Committee has reported the Energy Permitting Reform Act of 2024, and BCSE commends Senators Joe Manchin (I-WV) and John Barrasso (R-WY) for their sponsorship of this legislation and their continuing efforts to secure significant improvements to the permitting process for the energy sector. BCSE is aware of additional policies promoted by our members that should be included as the bill moves through the legislative process. The House Natural Resources Committee has also held hearings on the need to reform the federal permitting process.

BCSE will continue to work with policymakers, stakeholders, and partners to enact permitting reforms that drive forward America's energy expansion.

Furthermore, BCSE supports efforts to secure and develop domestic supply chains for critical minerals, components, and materials, which are necessary to further enable this energy expansion for the benefit of the U.S. economy, jobs, and competitiveness.

Legislation such as the Critical Minerals Security Act (H.R.7662), the Public-Private Information Sharing on Manipulative Adversary Practices Act (S.3957 and H.R.7699), and the Rare Earth Magnet Manufacturing Production Tax Credit Act (S.3521 and H.R.2849) would support American manufacturers and boost national security while reducing the United States' dependency on foreign supply chains.

Building a Modern Energy System for the 21st Century

The bipartisan Infrastructure Investment and Jobs Act (IIJA), P.L. 117-58, made a once in a generation investment in our nation's infrastructure and competitiveness, including investments in U.S. ports, airports, rails, and roads.

Since the law's enactment in 2021, BCSE has focused on how the government can optimize implementation of IIJA programs and has shared private sector expertise and experience on advancing the energy transition, delivering economic benefits, and creating a sustainable, low-carbon, and resilient future in the United States.

Information about **BCSE's comments on IIJA policy actions** can be found here.

BCSE Policy Recommendations on U.S. Competitiveness and Modern Energy Infrastructure

The federal government has been, and should continue to be, a partner in working with state energy officials to promote and incentivize innovative technologies, resilient infrastructure, and grid modernization by providing funding for energy assurance planning and other infrastructure needs.

State and local officials work with energy providers and stakeholders from other jurisdictions, government agencies, businesses, and related organizations to:

- Reduce risk and vulnerabilities to critical energy infrastructure such as severe weather (including hurricanes, floods, tornados, ice storms, extended heat waves, and cold snaps), earthquakes, wildfires, accidents and errors, physical and cyber-attacks, and other events.
- Assure public safety.
- Provide for rapid recovery.

Agencies with infrastructure funding for state and local governments at the U.S. Departments of Homeland Security (DHS), Agriculture (USDA), Energy (DOE), and Housing and Urban Development (HUD) should prioritize the integration of high-value energy efficiency, on-site renewable energy, fuel cells, combined heat and power (CHP), and energy storage for infrastructure resilience for first responders, hospitals, pipelines, data centers, and telecommunications to ensure continuity of operations for public and private purposes.

The U.S. Department of Transportation (DOT) and the U.S. Environmental Protection Agency (EPA) should create processes to support planning and goal setting at ports, airports, mass transit, interstate highway systems, and border points of entry, among other locations.

These programs should examine and document resilience, decarbonization, and modernization needs to establish a gap between the needs and the current budget, with direction to utilize public-private partnerships as financing vehicles to meet shortfalls.

The use of combined heat and power (CHP) within federal and industrial sectors would support cost-effective power, heating, and cooling for industrial facilities and buildings utilizing technologies such as district energy.

These CHP facilities can leverage microgrid technologies to integrate with various renewable energy resources and provide resilience and possibly spinning reserves to augment the intermittent supply of solar and wind. Longer term, these CHP sites can be designed with the ability to use lower-carbon fuels like hydrogen.

EPA implementation of the Greenhouse Gas Reduction Fund would mobilize financing and private capital to promote energy independence while delivering lower energy costs and economic revitalization to communities that have historically been left behind.

The U.S. General Service Administration (GSA) implementation of the Federal Buy Clean Initiative would prioritize the use of American-made, lower-carbon construction materials in federal procurement and federally-funded projects. Additionally, federal funds should be better utilized to ensure that government-owned buildings can be modernized.

BCSE has provided comments on each of these programs as outlined in the links above.

Energy Boosts Independence in Rural America

Rural energy programs have provided the means for farmers, ranchers, and private landowners to benefit their communities through investments in many sectors, including:

- Energy efficiency, biopower, bio-based products, and renewable chemicals.

- Wind, geothermal, hydro, and solar power.
- Biogas and advanced biofuels.

These investments have helped **increase energy independence** in rural areas by decreasing the demand for energy through energy efficiency improvements and increasing the private sector supply of renewable energy. In turn, these investments have helped lower the cost of energy for small businesses and agricultural producers.

BCSE Policy Recommendations to Deploy Energy Solutions in Rural America

To build upon these successes, BCSE recommends Congress include provisions during reauthorization of the Farm Bill to do the following:

1) Establish new tax credits and bonds for rural communities to **boost investment in infrastructure** and other public projects by providing affordable access to the large taxable bond market. (Please see the bipartisan American Infrastructure Bonds Act.)
2) Include the **Biomass for Transportation Fuel Act**, H.R.7609 and S.3899, which would implement the eligibility for electricity generated from renewable biomass, including biogas, under the renewable fuel standard (RFS) program provided by Congress in 2007.
3) Reauthorize and revise the **Renewable Energy for America Program (REAP)** and the **Rural Energy Savings Program (RESP)** to bring the benefits of innovative energy solutions to more farmers, ranchers, and small businesses in rural communities. Consistent with this recommendation, BCSE urges Congress to exclude potential bill language that would prevent U.S. Department of Agriculture (USDA) funds from being used to deploy solar on agricultural land.
4) Enhance Farm Bill **rural development programs** to support practices that improve waste management, water quality, nutrient recycling, soil health, and energy solutions in rural communities.
5) Refine and grow programs from the 2018 Farm Bill to support **rural green jobs and resilience**.
6) Support **research** and programs to improve sustainability on American farms.
7) Foster U.S. agriculture's role in the production of **sustainable aviation fuel**.

BCSE also urges the U.S. Environmental Protection Agency (EPA) to **include robust renewable electricity (eRINs) volume levels in its final Renewable Fuel Standard (RFS)**, consistent with current market growth rates.

EPA has long recognized the many environmental and economic benefits associated with eRINs, including critical reductions in greenhouse gas emissions. The opportunity to include renewable electricity in the RFS and create a national eRINs program is more timely than ever.

eRINs will directly support the electrification of the U.S. vehicle fleet and are complementary to other federal policies that encourage the production of renewable fuels. Collectively, BCSE believes that eRINs will support a broad market transformation of the electric vehicle sector and all eligible renewable power sectors.

More details on **BCSE's policy recommendations for rural America** can be found here.

Reliable, Objective, and Verifiable Emissions Data Reinforces U.S. Competitiveness

Trade and competitiveness are **engines of economic growth** that raise U.S. incomes and build a prosperous America. American manufacturers and producers also abide by some of the cleanest and most responsible production standards in the world.

Trade policies based on cleanliness and responsible production would enhance U.S. competitiveness relative to other trading partners.

BCSE Policy Recommendations to Strengthen U.S. Competitiveness Through Emissions Transparency

For this reason, **BCSE supports the enactment of legislation such as the bipartisan PROVE IT Act (S.1863)**, introduced by Senators Chris Coons (D-DE) and Kevin Cramer (R-ND), which would obtain high-quality data regarding the carbon intensity of U.S. manufactured products to back up this claim.

Products covered by the data collection requirements in the PROVE IT Act include aluminum and articles of aluminum, biofuels, cement and articles of cement, crude oil, fertilizer, glass, hydrogen, iron and steel, and articles of iron and steel, lithium-ion batteries, natural gas, petrochemicals, plastics and articles of plastic, pulp and paper, refined strategic and critical minerals, solar cells and panels, uranium, and wind turbines.

Increased Action to Address Climate Change Will Cement U.S. International Leadership

BCSE calls for continued and increased action to address climate change, both at home and abroad. Our coalition advocates for **deploying existing technology solutions to meet emissions reduction goals** and enhance resilience against increasing climate impacts.

BCSE's climate priorities include:

- **Reduction of pollution and greenhouse gas emissions:** Enact market-based measures and complementary energy policies, building on what is already in place at the regional, state, and local levels.
- **Development and deployment of modern technologies:** Scale up existing technology solutions to meet emissions reduction goals while safeguarding the natural environment.
- **An improved energy system:** Increase reliability and resilience while lowering risks and costs for customers and communities.

BCSE Policy Recommendations to Achieve a Competitive Energy Economy

BCSE's advocacy efforts on climate change are focused on the key policy, regulatory, and market drivers that are necessary to help deploy energy technologies, reduce greenhouse gas emissions, and strengthen resilience against the impacts of climate change. At the federal level, BCSE provides this input to Congress, the Environmental Protection Agency (EPA), the U.S. Department of Agriculture (USDA), the U.S. Securities and Exchange Commission, and other entities.

At the international level, BCSE is an accredited observer organization before the United Nations and participates at the convenings of the United Nations Framework Convention on Climate Change and the United Nations Commission on Sustainable Development.

Federal investments and involvement in international climate policies helps to create the enabling legal, financial, and regulatory environments that are needed for U.S. companies to effectively enter, compete, and prosper in developing country markets. **U.S. support of international programs strengthens our nation's credibility overseas** and generates increased market demand for high quality American energy solutions.

In 2023, **the global energy transition market was valued at over $1.7 trillion**, according to the *2024 Sustainable Energy in America Factbook*. China led the way with $676 billion of funds deployed, with the United States in second place, where investment increased 22% year-on-year to a record-breaking level of $303 billion. **U.S. companies are well positioned to capture a leading share of this rapidly expanding global market** and are already the first choice provider of solutions to customers around the world.

It is in the United States' best interest to continue to support and partner with countries, as well as multilateral institutions, that are working toward achieving a low-carbon and climate-resilient future. **Continued leadership and support by the United States in international climate and energy programs enhances our status** in this highly competitive global market and bolsters the position of American companies.

For Further Information

For further information about BCSE views, please contact:

Lisa Jacobson, President, ljacobson@bcse.org

Ruth McCormick, Vice President of Federal and State Programs, rmccormick@bcse.org

About the Business Council for Sustainable Energy (BCSE)

The Business Council for Sustainable Energy (BCSE) is a coalition of companies and trade associations that deploy clean energy and decarbonization solutions, with a sector focus on energy efficiency, natural gas, and renewable energy. Members include investor-owned utilities, public power, independent power producers, project developers, technology providers, equipment manufacturers, environmental and energy market service companies, and more. The coalition advocates at the federal level for policies that advance the deployment of a broad portfolio of clean energy technologies. Established in 1992, BCSE has also been an accredited observer of the UNFCCC climate negotiations for more than 30 years.

BCSE collaborates frequently with its small business division, the Clean Energy Business Network (CEBN), which encompasses a network of more than 8,000 cleantech business and community leaders across all 50 states. Collectively, BCSE and CEBN mobilize the full breadth of the clean energy economy, from innovators and small businesses to industry leaders and the trade associations that represent them.

Comments Submitted in Response to "Member Day Hearing on Matters Within the Committee's Tax Jurisdiction"

Introduction
The undersigned organizations write in support of outcomes-based financing (OBF) options for education and workforce training to be included in any tax reconciliation measures in the 119th Congress. We believe OBF models are an aligned complement to congressional efforts to hold institutions of higher education accountable for outcomes, expand access to short-term industry-aligned credential programs, and ensure borrowers receive a positive return on investment.

Background and OBF Options
Outcomes-based financing (OBF) tools are transformative, market-based approaches to education finance offered by the private sector. They promote accountability, affordability, and access to high-quality postsecondary education and workforce training.

These tools combine **three core features** in each program:

1. Financial support. **Students receive financial support** to access a high-quality educational or workforce training program without needing a co-signer - ensuring all students have access to financial support for programs with strong outcomes.
2. Outcomes-based payment obligation. **Students don't have to make payments until they get a job earning at a minimum level.** Payments are designed to be affordable.
3. Scalability through outcomes. Students' payments after school **enable the OBF program to sustain itself and grow** only if students are achieving strong career outcomes – thereby creating an incentive for programs to ensure high quality.

Private-sector OBF tools can expand access to education and training programs – including short-term programs – in a way that is grounded in student outcomes and risk sharing.

OBF products are hampered by tax rules that were built for traditional fixed-payment loans rather than these unique financing tools. This creates uncertainty and confusion and may disadvantage outcomes-based tools relative to traditionally structured student loans.

For example, a core component of an outcomes-based financing tool is that students are only required to make payments if their earnings reach a specified level. If their earnings are sufficiently low, they may owe nothing back. Yet once the obligation expires, these students may be forced to pay a tax bill if their payments fall short of the original amount financed, as the IRS may consider this difference to be taxable income.

Recommendations
We believe that the upcoming reconciliation bill provides a unique opportunity to fix the tax treatment of OBF products and support a growing market built around risk sharing. Specifically:

1. No surprise tax bills: If a student's payment obligation is zero because their earnings did not reach the minimum level to require payments, the difference between what they paid and the original amount financed should not be considered taxable income.
2. Clear tax treatment for financing providers: Provides clarity of tax treatment to OBF providers given the risk-sharing nature of these tools.
3. Parity with traditional student loans: Ensures OBF tools are treated consistently with traditional student loans with respect to interest and employer payment deductions.

Through changes to support well-designed OBF programs, Congress can foster an education and workforce training system that is more accessible, innovative, and accountable.

Organizations and State Efforts
The following organizations recognize the potential of OBFs to transform the higher education and workforce development markets, emphasizing outcomes and impact:

- **Social Finance** is a nonprofit organization aiming to create innovative financing solutions that address critical social challenges, including education and workforce development. Social Finance has implemented and funded OBF programs in various fields – including nursing, diesel technician, information technology, and other skilled trades – in states across the country.
- **Jobs for the Future (JFF)** is a national nonprofit organization dedicated to driving transformation in the American workforce and education systems to ensure economic advancement for all. JFF is committed to promoting ethical and sustainable financing solutions—such as outcomes-based financing—for students pursuing higher education.
- **The Forward Fund (TFF)** enables North Carolinians to enroll, graduate, and attain high wage employment through tailored financial support. Partnering with community colleges, TFF offers students zero interest outcomes-based loans to pay for select short-term, high-yield training programs in critical sectors such as the skilled trades, technology, and healthcare. Repayments are then recycled to pay it forward to benefit future learners in approved educational programs.
- **Better Future Forward (BFF)** helps students in Illinois, Minnesota, and Wisconsin cover the costs of earning a bachelor's degree. Students have no obligation until they obtain a job earning $48,400, better aligning the cost of education with students' financial success.
- **Rivet School** is a nonprofit that partners with accredited universities to enable non-traditional students to earn an accelerated bachelor's degrees online, pairing students with personal academic and career coaches and other support services. Rivet School has used innovative funding models for its students, such as its Pay It Forward income share agreement offering, to ensure its services are both affordable and sustainable over time.
- **Student Freedom Initiative (SFI)** is a nonprofit organization aiming to provide freedom in professional and life choices for students attending Minority Serving Institutions by increasing their social and economic mobility using a student centric, evidence-based approach. SFI's Student Freedom Loan Agreement ensures that students are not burdened by debt, only having to repay if they earn above a certain income. Additionally, repayments are paid forward to fund future students' education.

We've included the legislative text for this proposal as an addendum for your consideration.

Signed,
Social Finance
Jobs for the Future
The Forward Fund
Better Future Forward
Rivet School
Student Freedom Initiative

ADDENDUM A:

TITLE II—TAX TREATMENT OF OBF PRODUCTS

SECTION 201 TAX TREATMENT

(a) General—Subchapter B of Chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

PART XII—RULES RELATING TO OBF PRODUCTS

Sec. 293 RULES RELATING TO OBPAs AND OBLs

(a) TREATMENT OF OBPA AND OBL RECIPIENTS—

(1) INCOME EXCLUSION—

(A) In general—No amount of the Amount Financed, or any portion thereof, shall constitute gross income to the OBPA or OBL Recipient.

(B) No taxation on partial or total termination of obligation—

a. In the case of an OBL, if the OBL Recipient's loan balance is discharged (either in whole or in part), no amount of such discharge shall constitute gross income to the OBL Recipient.

b. In the case of an OBPA, if the payment obligation of the OBPA Recipient is terminated or other terms of the OBPA are altered before the OBPA's payments equal or exceed the Amount Financed, the termination of the OBPA Recipient's payment obligation shall not constitute gross income to the OBPA Recipient.

(2) CERTAIN AMOUNTS TREATED AS INTEREST ON EDUCATION LOANS—

(A) IN GENERAL—For purposes of section 221 [of this Title], the amounts described in subparagraphs (B) and (C) with respect to any Qualified OBPA or OBL shall be treated as interest paid by the taxpayer during the taxable year in which it is paid.

(B) AMOUNT DESCRIBED—The amount described in this subparagraph with respect to any Qualified OBPA is, for any taxable year, the excess of –

(i) Amounts paid by the taxpayer under the terms of a Qualified OBPA during such taxable year, over

(ii) The excess of—

(I) The Amount Financed, over

(II) The aggregate amounts paid by the OBPA Recipient under the terms of such Qualified OBPA during all preceding taxable years.

(C) AMOUNT DESCRIBED—The amount described in this subparagraph with respect to any Qualified OBL is, for any taxable year, any interest paid by the OBL Recipient under the terms of an Educational OBL.

(3) AMOUNTS TREATED AS EDUCATIONAL ASSISTANCE—For purposes of section 127(c)(1)(B) [of this Chapter], amounts paid by an employer in satisfaction of obligations of an employee under a Qualified OBF Product shall be treated in the same manner as a payment of principal or interest on a Qualified educational loan.

(b) TREATMENT OF OBF PROVIDER—Gross income shall not include so much of any amount received by the OBF Provider from an OBF Recipient under the terms of an OBF Product as does not exceed the excess of—

(1) The Amount Financed**,** over
(2) The aggregate amounts received by the OBF Provider under the terms of the OBF Product in all preceding years.

(c) DEFINITIONS

"Amount Financed:" The term "amount financed" means, with respect to an OBF Product, the amount credited or advanced by the OBF Provider to the OBF Recipient or on behalf of the OBF Recipient.

"Income Threshold" means a fixed dollar amount that is the minimum income per payment period that an OBF Recipient is required to earn before the OBF Recipient is required to make a payment on an OBF product for such payment period.

"Outcomes-Based Financing Product" means a financial product whereby—

(i)(I) the OBF provider credits or advances financing to the OBF recipient or to a third party on behalf of the OBF recipient; or

(II) if the OBF provider is a merchant financing the sale of goods or services to the OBF recipient via the financial product, the OBF provider credits the amount financed toward the purchase of such goods or services;

(ii) the OBF recipient is obligated to make periodic OBF payments (if any become due) to the OBF provider in the future determined by the OBF recipient's future income;

(iii) the OBF recipient does not have or is able to defer an obligation to make payments (if any become due) to the OBF provider when the OBF recipient's income does not exceed the income threshold set in the OBF product;

(iv) there is an OBF Duration after which the obligation is complete regardless of how much has been paid, as long as the consumer has paid any prior amounts due;

(v) the OBF provider and the OBF recipient enter into an agreement that, as of the date of the OBF product, includes each element described in clauses (i) through (iv); and

(vi) the OBF product is not made, insured, or guaranteed under Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.);

(vii) the amounts advanced under clause (i) are for—

(I) costs associated with a postsecondary training program, or any other program designed to increase the individual's human capital, employability, or earning potential (and not limited to programs eligible to participate under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.));

(II) any personal expenses (such as books, supplies, transportation, and living costs) incurred by the individual while enrolled in a program described in subclause (I);

(III) any other costs or expenses included in the definition of a “qualified higher education expense”, as defined in section 529(e)(3)(A) of the Internal Revenue Code of 1986, and

(IV) the refinancing of loans or OBF products used for the purposes described in subclauses (I) through (III), and without regard as to whether the OBF product is provided by the educational institution that the OBF recipient attends; and

(vii) the OBF product is not open-end credit or any loan that is secured by real property or a dwelling.

“Outcomes-Based Loan” is an Outcomes-Based Financing Product that uses promissory notes and loan agreements to evidence the loan and provide for the repayment of a principal balance with a fixed or variable interest rate.

"Outcomes-Based Payment Agreement" includes all Outcomes-Based Financing Products that are not Outcomes-Based Loans.

“OBF Financing” means the disbursement of funds by an OBF provider under an OBF product.

“OBF Duration” means the maximum time during which a consumer could remain obligated on the OBF product, other than periods when an OBF provider is attempting to collect past-due amounts and absent periods of payment relief pauses, deferment, forbearance, military service suspension, or other suspension of obligations at the request of the consumer, regardless of whether the consumer's income is greater than the income threshold.

“OBF Provider” means a person that provides financing to an OBF recipient pursuant to an OBF or, in the case of a person who is a merchant financing the sale of goods or services to the OBF recipient, the merchant.

“OBF Recipient” means a consumer that receives financing from an OBF provider pursuant to an OBF product.

"OBPA Payment Cap" means the maximum amount of money a consumer must pay to satisfy the terms of an OBPA, which may be expressed as a dollar value, a multiple of the amount funded to the student or on the student's behalf, or as a maximum effective annual percentage rate. "OBPA Payment Cap" does not include charges that would be excluded from the definition of the term "finance charge" under 12 CFR 1026.

“Qualified OBF Product” means an OBF product that is extended for expenses at an institution of higher education that participates in a student financial assistance program under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

FERVO ENERGY

910 Louisiana, Suite 4400
Houston, Texas 77002
www.fervoenergy.com

On behalf of Fervo Energy, America's leading developer of next-generation geothermal power generation, I want to express our support for continuing the tax relief provided by the Section 45 and Section 48 credits.

Fervo provides 24/7 clean baseload energy from geothermal heat accessed with technologies adapted from the shale revolution, including hydraulic fracturing, horizontal drilling, computational modeling, and distributed fiber optic sensing. The next-generation geothermal industry has a major role to play in providing cheap, abundant, and reliable power to Americans and its projects are effective, predictable, and scalable.

In 2019, under President Trump's leadership, the U.S. Department of Energy (DOE) released its report, *GeoVision: Harnessing the Heat Beneath Our Feet*, which estimated that geothermal could provide over 120 GW of electricity by 2050. For context, the entire grid currently produces 1,250 GW today, per the EIA[1]. The *GeoVision* estimate predated many technological advances that Fervo has made in the past five years that vastly grow geothermal's potential scale and make it viable across U.S. geographies. A scaled geothermal industry will also create hundreds of thousands of jobs, largely in rural areas. Based on the National Renewable Energy Laboratory's job creation model, each new geothermal plant creates tens of thousands of construction and operational jobs, many of them requiring workers with drilling expertise and oil and gas backgrounds.

Realizing this vast potential to deliver baseload power will depend on the success of the nascent next-generation geothermal industry at its present inflection point. Federal support in the next four years will have a disproportionate impact on the timeline to commercialize and advance American energy dominance.

Chair Smith, in your opening remarks for the Member Day Hearing, you emphasized the importance of "giving small businesses the certainty that their taxes will not be going up." As you noted, fundraising, capital investments, hiring, and drilling have all taken place based on market certainty provided by the Section 45Y and Section 48E credits. To succeed and scale, the next-generation geothermal industry needs certainty that it can rely on these credits.

Fervo understands there may be proposals to revert parts of the clean energy credits to their 2021 levels and structure. This action would be devastating for geothermal. Unlike other clean energy technologies which have enjoyed robust support, the geothermal industry qualified for only a 10 percent investment tax credit in 2021, a significant reduction from current levels. Reversion to 2021 levels would have a similarly harmful impact on the Geothermal production tax credit, which was set at 1.5 cent per kWh and already set to expire for facilities constructed after December 31, 2021.

The current Section 45Y and Section 48E credits are essential for first-of-a-kind projects like Fervo's 400 MW Cape Station site in Utah. This project alone creates over 200 construction jobs and will provide a new source of reliable baseload power independent of any foreign critical mineral or fuel supply chains. Rolling back the 45Y and 48E credits would significantly and adversely impact the success of the project,

[1] U.S. Energy Information Administration. Electricity Generation, Capacity, and Sales in the United States. https://www.eia.gov/energyexplained/electricity/electricity-in-the-us-generation-capacity-and-sales.php



910 Louisiana, Suite 4400
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dealing a blow to the rural economic revival taking place in surrounding Beaver County, Utah. And more broadly, it would stall U.S. leadership in next-generation geothermal in an era of international competition, growing national security threats, and greater international investment in competing geothermal technologies.

We also want to emphasize the value of the domestic content bonus as it is currently structured. The bonus provides a much-needed boost to the credit value, offsetting the lower cost of imports which benefit from unfair international trade policies. By rewarding domestic sourcing, the bonus incentives the entire geothermal industry to develop robust onshore supply chains and invest in high-paying advanced component manufacturing. Acting together as an industry, aligned by seeking the domestic content bonus, also gives us more weight as we push to onshore production of more geothermal components. The specific structure as currently written makes it possible for a geothermal plant to separately qualify the wellfield (which produces geothermal brine or steam) and the generator (which produces electricity). This flexibility is valuable to developers who can recognize geothermal's multi-purpose value by selling both the geothermal heat and electricity.

We are grateful for the Ways & Means Committee's work to deliver on Trump's energy agenda, secure energy dominance, and reduce costs. With continued support from Congress and the Executive Branch, the geothermal industry is poised to continue launching new generation projects across the country; outpace foreign competitors; and provide abundant, reliable, and affordable energy for Americans.

As the Ways & Means Committee considers changes to the tax code, please let us know if we can answer any questions about their immense value for commercializing geothermal power.



BUILT TO COMPETE

A healthy, and competitive domestic auto manufacturing industry is a prized asset among nations, and a building block for any modern economy. Every country wants a healthy, growing auto industry.

American **automaking is fundamental to the country's global competitiveness, economic and national security**.

Cutting-edge American vehicles are pushing the boundaries of tech, innovation, and design. **The American auto industry is built to compete.**

The **largest manufacturing sector** in the U.S., the auto industry underpins our nation's industrial base.

The U.S. auto industry by the numbers:

Employs **10 million** Americans in all 50 states.

- Produces **10.3 million** vehicles annually.
- Exports **1.5 million** vehicles around the world.



Generates **5%** of U.S. GDP.

Drives $1 trillion into the economy every year.

$1 → $4.23

For every $1 added to the economy by motor vehicle manufacturing, an additional $4.23 in economic value is created.

American automaking defines what it means to **build things here at home** - but there are challenges ahead that threaten the industry's global competitiveness.

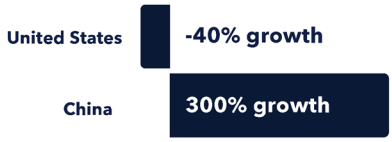
Learn more on back.

ALLIANCE FOR AUTOMOTIVE INNOVATION

www.autosinnovate.org

The American automaking industry faces challenges from China:

- Unfair competition from subsidized vehicles and technologies exported by China.
- China's dominance in the global race for critical minerals and raw material supply chain.



Over the last **20 years**, China's vehicle manufacturing has grown 300%, while the United States' has decreased 40%.

China is a major threat to American automaking leadership. China has focused on making significant investments in their industry that has resulted in not only exponential growth domestically, but domination of the European market.

The cost advantage provided by China's early entry into the EV space cannot be overstated: "EVs sell in China for the equivalent of $34,400, considerably lower than the $55,242 average selling price in the US."

World Economic Forum





Chinese EVs (electric vehicles) are considerably cheaper than U.S. models, largely due in part to China's ready access to critical components such as batteries.

To compete effectively, the U.S. must focus on reducing the cost of EV production, particularly by building its own robust and resilient supply chain.

The Honorable Jason Smith
Chairman
House Ways and Means Committee
1139 Longworth House Office Building
Washington, D.C., 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
1129 Longworth House Office Building
Washington, D.C., 20515

Re: Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

Dear Chairman Smith and Ranking Member Neal:

Thank you for the opportunity to submit a statement regarding key issues under the House Ways and Means Committee's tax jurisdiction. Grid Action (GA) is a coalition of diverse stakeholders that advocate for policies to build out the interstate high-capacity electric power network. Our members include utilities, merchant transmission developers, energy generators, corporate customers, equipment manufacturers, labor advocates and environmental organizations. Collectively, we represent an industry working towards modernizing the U.S. electric grid that could unlock up to $7.8 trillion in investment, create more than 6 million new jobs, and save American consumers over $100 billion, reducing household electricity bills by more than $300 a year.

Grid Action applauds President Trump and the 119th Congress' commitment to achieving American energy dominance, ensuring a reliable and affordable electricity supply, and supporting American manufacturers and workers. In order to achieve these shared objectives, we respectfully request that the Committee make electric transformers eligible for the Advanced Manufacturing Production Tax Credit (Section 45X).

Expanding Section 45X Eligibility to Include Electric Transformers

As eloquently stated by Rep. Miller-Meeks and Rep. McCormick at the Committee's January 22 Member Day Hearing, the Section 45X Advanced Manufacturing Production Tax Credit (45X) has been and can continue to be an invaluable policy tool for reshoring American manufacturing and de-risking covered supply chains. In its current form, 45X incentivizes the domestic manufacture of component parts and critical minerals for solar, wind and battery storage technologies. As a result, investment in domestic manufacturing for these technologies increased 686% between the second quarter of 2022 and the second quarter of 2024, according to the Congressional Research Service.

In order to win the AI race against China and meet the surging power demand for all the data centers and advanced manufacturing facilities now being built in the United States, additional electricity generation will clearly be needed – as much as 128 GW over the next five years, or five times greater than thought just two years ago, according to Grid Strategies.

But new power generation alone will not be enough. As Interior Secretary Burgum said during his nomination hearing, "It's one thing to be able to generate that electricity, but if we don't have the ability to transmit it to the places where it's needed, that's going to be a problem." In its final Interregional Transfer Capability Study mandated by Congress in the Fiscal Responsibility Act of 2023 and released at the end of 2024, the North American Electric Reliability Corporation (NERC) quantified Secretary Burgum's sentiment by recommending that an additional 35 GW of prudent additions to interregional transfer capacity be added to the grid in order to ensure electricity reliability during periods of peak demand and extreme weather events.

Securing all of the electric transformers needed to meet this pressing national priority has become an increasingly urgent challenge. The wait time to get a new transformer has doubled from 50 weeks in 2021 to two years today, with some larger power transformers taking up to four years to deliver, according to Wood Mackenzie. Additionally, growing global demand has caused prices for electric transformers to rise by 60 to 80 percent. The Department of Energy's Office of Manufacturing and Energy Supply Chains cites insufficient production capacity and limited upstream availability of grain-oriented electric steel and copper as among the principal reasons for the sharp price increases and lengthy delivery delays.

Much of the current global demand for electric transformers comes from China. According to SAFE's Center for Grid Security, China's transmission development between 2014-2021 was 80 times greater than the United States, allowing China to take advantage of the full spectrum of its energy resources – including coal, solar and wind generation. The OEC reports that China is now by far the top exporter of electric transformers around the world and the largest exporter of electric transformers to the United States.

This marketplace dynamic, coupled with the United States' lack of transmission development necessary to meet our future energy needs, runs the risk of undermining the security, reliability, and affordability of the electricity Americans want and deserve – including more than 500 military installations across the nation, 99% of whom rely on the commercial electricity grid to power their operations, according to Converge.

The status quo is clearly unsustainable and incompatible with American energy dominance. An effective course correction is required. To win the AI race against China, meet our nation's growing energy demands, and help secure our mission-critical supply chains, we urge the Committee to extend Section 45X eligibility to include electric transformers.

Please don't hesitate to reach out with any questions, and thank you for your consideration of this recommendation. Grid Action appreciates your leadership under the Committee's tax jurisdiction and welcomes the opportunity to work with Congress and the Trump Administration on the full range of our nation's transmission and energy infrastructure priorities.

Heat is Power Association Comments for Hearing Record

Prepared for the U.S. House Committee on Ways & Means

1.22.25 Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

The Heat is Power Association (HiP) submits these comments, along with the appended letter endorsed by 83 businesses and business groups, to the U.S. House Committee on Ways & Means as part of the official hearing record for the January 22nd Member Day Hearing on Matters Within the Committee's Tax Jurisdiction.

HiP is an international trade association representing the waste heat to power (WHP) industry and serves as the preeminent voice for the WHP industry in the U.S. HiP is comprised of companies that develop, manufacture, own and operate, sell, and/or service WHP technologies. WHP technologies capture and convert waste thermal energy into baseload, emission-free electricity that powers U.S. industries, including natural gas pipelines, steel mills, cement plants, paper factories, and a variety of other manufacturing and industrial facilities. WHP systems use heat engines or equivalent technologies to recover high- and medium-temperature waste heat from industrial processes and convert it to usable electricity that is consumed on-site or sold to the grid.

During the hearing, several of the esteemed witnesses called on Congress to preserve tax credits that drive investments in American energy and improve grid reliability and resilience. The waste energy recovery property (WERP) tax credit – the federal credit for deploying WHP technologies – delivers on these objectives while bolstering U.S. industrial capacity and competitiveness. HiP submits the appended letter, endorsed by 83 businesses and business groups, urging Congress to preserve the WERP tax credit. The letter highlights the significant economic and environmental benefits that incentivizing WHP deployment brings about and provides legislative background about the WERP credit and its cost effectiveness.

The WERP credit was previously part of the Sec.48 energy investment credit before the Inflation Reduction Act replaced Sec.48 with the Sec.48E clean electricity investment credit, which took effect on January 1, 2025. As the Committee and Congress develop new tax legislation in the coming months, HiP respectfully urges Congress to restore and extend the bipartisan Sec.48 energy investment credit for WERP. If Congress prefers to retain the Sec.48E credit, HiP requests an opportunity to meet with the Committee to discuss the need for legislative adjustments to address the problems created by the Biden Administration's final regulations that implemented Sec.48E.

HiP thanks the Committee for the opportunity to submit comments for the record.

Appended Letter

February 5, 2025

The Honorable Mike Crapo
Chairman
U.S. Senate Committee on Finance
Washington, DC 20510

The Honorable Jason Smith
Chairman
U.S. House Committee on Ways & Means
Washington, DC 20515

The Honorable Ron Wyden
Ranking Member
U.S. Senate Committee on Finance
Washington, DC 20510

The Honorable Richard Neal
Ranking Member
U.S. House Committee on Ways & Means
Washington, DC 20515

Dear Chairs Crapo and Smith and Ranking Members Wyden and Neal:

As the 119th Congress develops new tax legislation in 2025 and charts a new national energy strategy, we – the undersigned businesses and organizations – write to express our strong support for preserving the waste energy recovery property (WERP) tax credit. The WERP credit provides a 30% investment tax credit for deploying waste heat to power (WHP) technologies, a valuable source of clean, baseload electricity for heavy industry in the U.S. The WERP tax credit was enacted by President Donald Trump in 2020 and enjoys broad bipartisan support.

WHP technologies capture and convert waste thermal energy into baseload electricity that powers U.S. industries, including natural gas pipelines, steel mills, cement plants, paper factories, and a variety of other manufacturing and industrial facilities. WHP systems use heat engines or equivalent technologies to recover high- and medium- temperature waste heat from

industrial processes and convert it to usable electricity that is consumed on-site or sold to the grid.

As the U.S. faces rising electricity costs, driven by reshoring, the expansion of data centers, and the broader industrial renaissance, the WERP credit remains a key part of the multi-faceted solution to make electricity affordable while accommodating growing energy demand. The industrial sector accounts for approximately 33% of the nation's primary energy use. By deploying WHP technologies, U.S. industries can generate new, behind-the-meter electricity, thereby decreasing grid reliance and consumption and reducing overall grid demand. This in turn keeps energy costs low, a win for industry and consumers. Estimates suggest that with the WERP tax credit, WHP deployments could save U.S. industry up to $3 billion annually in energy costs[1] for a credit that was scored by the Joint Committee on Taxation at only $57 million over 10 years.[2]

Since its authorization in 2020, the WERP credit has catalyzed hundreds of megawatts of WHP deployments. Industry estimates indicate that WHP could generate an additional 15 gigawatts of electricity from currently untapped industrial heat streams,[3] abating 45 million metric tons of GHG emissions annually,[4] creating thousands of new jobs, and further strengthening U.S. industrial capacity and competitiveness. The market potential for WHP continues to expand with the growth of American industry and technological innovation, but WHP is still a nascent industry that relies on the WERP credit to stimulate adoption and development.

As you develop a new tax package and consider energy policy priorities, the undersigned respectfully urge you to preserve the WERP credit and consider the many economic and environmental benefits that incentivizing WHP deployment brings about.

Thank you for your consideration.

Sincerely,

Heat is Power Association (HiP) – Washington, DC

131 Execs – Colchester, CT

247Solar, Inc. – Great Falls, VA

Aestus Inc. – Pawling, NY

American Heat and Power – Round Rock, TX

Anax Power – Wharton, NJ

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[1] Figure based on estimated market penetration of 2.9 GW (Elson, Amelia, Tidball, Rick, & Hampson, Anne. *Waste Heat to Power Market Assessment*. United States. https://doi.org/10.2172/1185773), capacity factor of 90%, average U.S. retail electricity price of 12.68 cents/kWh in 2023 (https://www.eia.gov/electricity/state/), and ICF International modeled savings of a 30% ITC for WHP (https://www.pewtrusts.org/~/media/assets/2015/10/cleanercheaperstrongerfinalweb.pdf)

[2] Joint Committee on Taxation, WERP Sec. 48 Bill Score. https://static1.squarespace.com/static/62b374e9a764ac48217095a9/t/67841c95a59dca51b93de03f/1736711317801/2019.07.15+JCT+WERP+Sec.+48+10+Year+Score.pdf

[3] Elson, Amelia, Tidball, Rick, & Hampson, Anne. *Waste Heat to Power Market Assessment*. United States. https://doi.org/10.2172/1185773

[4] Figure based on a 90% WHP capacity factor and 2022 US electricity generation carbon intensity of 0.86 lbs per kWh (

Associated Energy Developers – Plymouth, MA

Bandera Capital – Austin, TX

Brad Thompson Company – Kirkland, WA

California Nevada Cement Association – Anaheim, CA

Carbonfish, Inc. – Grand Rapids, MI

CarbonZero.ECO, Inc. – Los Altos, CA

CBG Holdings LLC – Dunlap, TN

Clean Energy Business Network – Washington, DC

Clean Energy Technologies, Inc. – Irvine, CA

Cold Steppe Inc – Stuttgart, AR

Comact – St George, SC

Cool Energy, Inc – Boulder, CO

Delta Biofuel LLC – Jeanerette, LA

Deneen Automation Corporation – Houston, TX

Diamond Scientific – Houston, TX

Durr Universal – Stoughton, WI

Earthshot Ventures – East Palo Alto, CA

Eastern Controls, Inc. – Edgemont, PA

Echogen Power Systems, Inc. – Akron, OH

Ecotek Engineering USA LLC – Aventura, FL

ElectraTherm Inc. – Flowery Branch, GA

Endurance Bridge Corporation – Cheyenne, WY

Energy Tech Startups, Inc – Houston, TX

Evolve Energy, LLC – Houston, TX

Exergy International srl – Varese, Italy

Flowing Energy, Inc. – Pasadena, CA

Glanris, Inc. – Memphis, TN

Gulf Coast Green Energy, LLC – Bay City, TX

Hanwha Power Systems Americas – Houston, TX

Industrial Ecosystems LLC – Arlington, VA

International District Energy Association – Westborough, MA

Ironclad Energy – Downers Grove, IL

Kanin Energy, Inc – Houston, TX

Kline Consulting, LLC – Allentown, PA

Labyrinth Management Group, Inc. – Medina, OH

LAVA – Sdot Yam, Israel

Longo Electrical-Mechanical – Wharton, NJ

Magellan Scientific, LLC – Akron, OH

MGSS Green, LLC – Murrieta, CA

Mitsubishi Heavy Industries America, Inc. – Houston, TX

New Energy Venture Associates LLC – Washington, DC

NJ PACE – Lawrence, NJ

NLine Energy, Inc. – Bend, OR

Novae Energy, LLC – Houston, TX

Ormat Technologies Inc. – Reno, NV

Perfect Energy, Inc. – Denver, CO

Phoenix Contact Inc. – Middletown, PA

Pin Oak Energy Partners LLC – Akron, OH

Pressure Core LLC – Houston, TX

Primary Energy – Hammond, IN

ProcessBarron – Pelham, AL

PwrCor, Inc. – New York, NY

R&D Dynamics – Bloomfield, CT

Rain CII Carbon LLC – Covington, LA

Rebound Technologies – Commerce City, CO

RED Rochester LLC – Rochester, NY

RiverForge Partners LLC – Chattanooga, TN

Samuel Engineering, Inc – Greenwood Village, CO

Sapphire Technologies, Inc. – Cerritos, CA

SEEIT District Energy, LLC – New York, NY

Sidel Systems USA Inc. – Atascadero, CA

Sigma Thermal, Inc. – Marietta, GA

Simplify Energy Solutions LLC – Ashburn, VA

SoftInWay – Burlington, MA

Southwest Energy Efficiency Project – Boulder, CO

Texas Quarter Turn, LLC – Houston, TX

The University of Dayton – Dayton, OH

TransPacific Energy Inc – Carson City, NV

Tulsa Heaters – Tulsa, OK

Turboden America, LLC – Houston, TX

Tuya Terra Group – Burnaby, BC

Universal Energy – Houston, TX

Vapor Locomotive Company – Sandpoint, ID

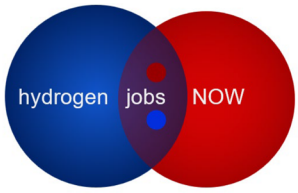
Vapor Motive Company – Sandpoint, ID

Waste Hub, LLC – Centennial, CO

Wisconsin Industrial Energy Group – Madison, WI

Wollemi Capital – San Francisco, CA

cc: The Honorable Mike Johnson, Speaker, U.S. House of Representatives
The Honorable John Thune, Majority Leader, U.S. Senate
The Honorable Chuck Schumer, Minority Leader, U.S. Senate
The Honorable Hakeem Jeffries, Minority Leader, U.S. House of Representatives
Members, U.S. Senate Committee on Finance
Members, U.S. House Committee on Ways & Means



February 5, 2025

The Honorable Jason Smith
Chairman
U.S. House Ways & Means Committee
1139 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
U.S. House Ways & Means Committee
1139 Longworth House Office Building
Washington, D.C. 20515

RE: Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

Dear Chairman Smith and Ranking Member Neal,

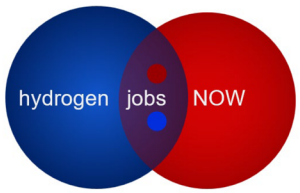
On behalf of Hydrogen Jobs Now (HJN), a coalition of labor leaders, industry partners, and economic developers, we thank Congress for its continuous effort to promote the growth of America's clean hydrogen economy.

We urge Congress and the Trump Administration to preserve the 45V tax credit as it provides a strong foundation for the hydrogen industry's growth. The statutory language provides appropriate flexibility to develop hydrogen from multiple feedstocks and facilitates technology innovation. From this foundation, we encourage targeted improvements to enhance U.S. energy security, preserve strategic industries, and generate economic growth in more communities. These refinements will de-risk private sector investment, guarantee equal treatment of all hydrogen production streams, and enable the United States to compete globally and reach its full potential.

The Case for Strengthening Section 45V

The hydrogen economy is one of modern history's most significant energy security opportunities. Hydrogen Jobs Now's research indicates that hydrogen development is expected to create approximately 100,000 jobs by 2030 and roughly 3-4 million jobs in the United States by 2050 while realizing the nation's potential for energy production from all sources. Hydrogen hubs in vital energy sectors are predicted to bring huge economic returns to the communities that have long powered the nation. The Trump Administration's recent executive order on energy dominance underscores the need for a strong domestic hydrogen industry that guarantees long-term energy security.

The Section 45V tax credit regulations are essential in building the United States as a world leader in hydrogen production. Nevertheless, the existing rules pose issues that may slow investment and job creation, particularly in energy-dependent regions. The final section 45V regulations contain strict standards for natural gas-derived hydrogen that prevent American energy producers from fully participating in this market. Without some changes to Section 45V regulations, some of these projects may not reach their full potential and the United States will cede to other nations control over this vital opportunity. Below are four suggestions for improving the regulations under Section 45V.



1. **Enhanced Market Access for RNG and Natural Gas Feedstocks**
The current Section 45V regulations do not allow blending renewable natural gas (RNG) with fossil natural gas for lifecycle emissions calculations. This restriction effectively prevents lower-carbon fuels from being able to reduce emissions at scale. It thus weakens the incentives for farmers and rural energy producers to participate in the hydrogen economy. Section 45V statutory language does not require this result. Permitting blended pathways would help promote RNG in hydrogen production while maintaining strict emission standards.

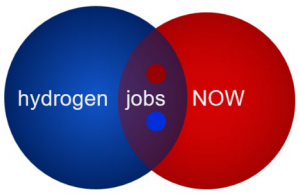
Furthermore, the current regulations are more favorable to certain types of RNG than others, especially CMM (Coal Mine Methane) and fossil-derived RNG as opposed to agricultural waste RNG. It is important that all potential feedstocks are treated equally to induce investment across the entire energy sector.

2. **Acceleration of Book and Claim Accounting Systems for RNG**
Book and claim accounting enables hydrogen producers to claim the carbon emission reduction from RNG without requiring a direct pipeline connection. Under the final regulations, this system will not be available until 2027. This delay is not required by the statute and restricts private investment in RNG projects today, decreasing the market for American farm-based RNG. The final rules should encourage hydrogen producers to begin using book and claim accounting immediately so energy producers do not have to wait several years for a governmental solution.

3. **Added Certainty in the GREET Model for Investors**
The Argonne GREET model has been the backbone for carbon intensity scores since 1995. A positive feature of the final Section 45V regulations is the safe harbor provision that allows hydrogen projects to use the version of the Greenhouse gases, Regulated Emissions, and Energy Use in Technologies (GREET) model available at the time construction begins. However, continuous changes in the model could create long-term uncertainty for the industry. Congress should consider legislation defining the stable GREET model framework and exclude the risk of future regulatory changes that may affect investors' perception of longer-term U.S. hydrogen production.

4. **The problem of the load factor is related to clean hydrogen producers.**
A significant operational challenge is the requirement under Treasury regulations that clean electricity use in hydrogen production must be matched hourly beginning in 2030. This provision does not consider electric grid constraints in energy-dominated states like Texas, Louisiana, Pennsylvania, Ohio, and West Virginia, where hydrogen production has to be cost-effective. Congress should urge Treasury to re-examine the hourly matching provision and consider other compliance requirements to avoid situations where clean hydrogen producers are subject to provisions not adopted in the market or specified in the Inflation Reduction Act passed by Congress.

1802 Vernon Street NW, #2163
Washington, District of Columbia 20009



Next Steps for Modification of Guidance

The development of blue, green and pink hydrogen investment strategies are needed, and many rural communities will benefit from developing different types of systems. These improvements are consistent with the policy objectives of the new Congress and taxpayers.

Thus, by making the following targeted adjustments, Congress can:

- Create high-paying American energy jobs in rural areas.
- Expedite the nation's energy infrastructure and fuel production capabilities while at the same time realizing hydrogen's environmental benefits.
- Guarantee the energy security of the United States and reduce the dependence on hydrogen from other countries.

We recommend Congress maintain the Section 45V hydrogen credit.

Additionally, we urge the Committee to work with the Treasury Department to address the following issues in modifications to the final regulations:

1. Permitting the combination of RNG with natural gas in the Section 45V framework.
2. Reducing the lead time for the book and claim implementation from 2027 to 2025.
3. Ensuring the stability of the GREET model through a permanent framework to avoid future regulatory risk.
4. Modifying the hourly matching requirement to enable hydrogen development in energy-dominated states so that the entire country can benefit from low-carbon solutions.

HJN and our members are committed to working with this Congress to ensure that the United States leads the world in hydrogen production, energy security, and job creation. We look forward to engaging with your offices to discuss how these improvements can best serve your constituents and the U.S. economy.

Thank you for your leadership and support in advancing policies that secure our nation's energy future.

Sincerely,

Marc Heissan

Marc Heissan
Executive Director
www.hydrogenjobsnow.org

1802 Vernon Street NW, #2163
Washington, District of Columbia 20009



February 5, 2025

The Honorable Jason Smith
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Smith and Ranking Member Neal:

As one of America's largest steel producers and metal recyclers, Steel Dynamics, Inc. (SDI) is deeply committed to advancing energy-efficient technologies and promoting the growth of domestic manufacturing. As one of the largest heat and power users in the United States, we wish to underscore to the Committee the importance of preserving the 45V Hydrogen Tax Credit and the 45Y/48E Investment and Production Tax Credits (ITC/PTC), as well as ensuring the robust implementation of 45V to ensure Congress' intent of establishing a technology-neutral framework that does not unfairly discriminate against certain production pathways. These incentives are crucial to our efforts to onshore supply chains, drive energy-efficient technologies forward, and ensure U.S. steelmaking retains its position as the most innovative and efficient in the world. Additionally, we urge Congress to consider incorporating additional safeguards to ensure Foreign Entities of Concern (FEOCs) are unable to access these tax credits to ensure that American taxpayer dollars support only domestic industries and innovation. In the paragraphs that follow, we give the Committee context on these requests.

Founded in 1993, SDI started with a single steel mill under construction in Butler, Indiana. Today, SDI has grown to over 130 locations in 18 states and Mexico with approximately 13,000 team members. SDI is the 4th largest steel producer in the United States with 16 million tons of steel-making capacity and the largest metals recycler in North America. SDI's diverse steel product portfolio includes a variety of flat rolled, structural, rail, and bar products. SDI's metals recycling platform, OmniSource, collects and processes ferrous and nonferrous scrap from manufacturing and end-of-life items, such as automobiles, appliances, and machinery. This processed scrap is then sold to end-users for reuse, including in SDI's own Electric Arc Furnace ("EAF") steel mills, which produce new steel from the scrap material, creating a closed manufacturing loop. SDI sells a substantial amount of the recycled steel to its own steel fabrication operations, New Millenium Building Systems, which produces and sells structural steel joist and deck building systems for construction projects.

Continuing to Invest in Innovation and American Reindustrialization
In 2018, SDI announced a $1.9 billion next generation EAF Flat Rolled Steel Mill addition to be constructed in Sinton, Texas. The new steel mill is designed with a 3.0-million-ton annual production capacity, which includes two galvanizing and two paint lines. Based on the chosen technology, Sinton is

expected to have product capabilities beyond existing EAF flat-rolled steel producers, competing even more effectively with the blast furnace steel model and effectively displacing imported steel products throughout the Houston and West Coast regions.

In 2022, SDI announced two additional organic growth projects, both located in Columbus, Mississippi: a 650,000-metric-ton recycled aluminum flat rolled products mill and a combined biocarbon and hydrogen production facility.

A new aluminum flat-rolled mill has not been constructed in North America for over 40 years. The North American flat-rolled aluminum industry has a substantial and growing supply deficit, based largely on increasing demand from the automotive and sustainable beverage can industries. With plans to bring the SDI culture and related operating efficiencies to the aluminum industry, a diversified product mix will be onshoring beverage packaging, automotive, and industrial construction products for sale to primarily U.S. customers. The product offering will be supported by various value-added finishing lines, including two continuous annealing solutions heat treating lines, a coating line, and downstream processing and packaging lines.

Additionally, our entrepreneurial, innovative, performance-based culture supports our drive to onshore supply chains and improve energy efficiencies through the continuation of EAF steelmaking technology development, the continuation of new technologies in our metals recycling operations, the identification of alternative raw materials, and increased operating efficiency initiatives. The primary energy consumers in an EAF steel making operation are electricity, natural gas, and anthracite coal. Significant quantities of anthracite coal have historically been imported from Russia and Ukraine into the U.S. With the investment in our biocarbon production facility, SDI will be able to replace anthracite coal on a one-for-one basis with biocarbon, onshoring an anthracite alternative and creating a domestically sourced raw material along with many high-quality, well-paying jobs to support this operation. In addition to the biocarbon product, this facility also will produce clean hydrogen derived from sustainably sourced biomass as the primary feedstock which will benefit local landowners, the logging industry, and the overall economy in general. The hydrogen is utilized to help create a self-sustaining model to allow the creation of more biocarbon. The 45V Hydrogen Tax Credit plays a crucial role in supporting the economics of this innovative facility.

Supporting American-Made Steel's International Competitiveness
The domestic steel industry is vital to a healthy manufacturing base and sustainable infrastructure. Steel is essential to connect our energy grid and utilities, and to build roads, bridges, automobiles, hospitals, schools, and businesses. With our EAF steelmaking, circular manufacturing model, and innovative teams, SDI is already a leader in the production of lower-carbon steel products within the global industry.

We operate some of the most technologically advanced and environmentally responsible steel mills in the world. Our steel mills utilize a fraction of the energy per ton of steel produced as compared to traditional blast furnace steel production and the average global steel industry. Our value-added product diversification, circular manufacturing model, and performance-based incentive compensation programs support our efficient, environmentally responsible, and competitively advantaged footprint.

Additionally in 2023, we signed the largest renewable product purchase agreement for the steel industry in North America, equivalent to approximately 15% of our steel mills' electricity usage in 2023. The

Steel Dynamics, Inc.
Corporate Office

Canyon Wind Energy Center began operating in the first quarter of 2024 and represents the single most significant step in increasing our exposure to clean electricity, while contributing to the increase of overall electricity generation and grid resilience within the U.S.

We believe the market dynamics are in place to support increased demand across our operating platforms in 2025 and beyond. The continued onshoring of manufacturing businesses, combined with the expectation of significant fixed asset investment to be derived from public funding will competitively position the domestic steel industry.

As mentioned previously, the 45V tax credit incentivizes the production of hydrogen from biomass in our biocarbon operation, which will onshore production of this product and displace imported anthracite. Also, the 45Y/48E clean electricity credits help lower the upfront costs of clean energy projects, including solar, wind, geothermal, and battery storage to accelerate the deployment of new generation assets under the framework of an "all of the above" energy policy. These incentives encourage private sector investment in large-scale clean energy infrastructure, while also creating jobs and supporting the development of a more reliable electrical infrastructure in the U.S. Without these credits, projects such as our Canyon Wind Energy Center may not have been possible.

SDI commends several members of Congress who continue to voice their support for America-first, pro-manufacturing, energy, and tax policies. Representative Mariannette Miller-Meeks from Iowa, Representative Erin Houchin from Indiana, Representative Andrew Garbarino from New York, Representative Young Kim from California and Representative Jen Kiggans from Virginia have all been vocal about their support of the energy investment and production tax credits and their impact to the increase in domestic manufacturing and energy production nationwide.

We appreciate your time and welcome any questions you may have of Steel Dynamics.



Sincerely,
Theresa E. Wagler
EVP and Chief Financial Officer
Steel Dynamics, Inc.

RE: Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

Dear Chairman Smith,

On behalf of the Building Performance Association (BPA), thank you for the opportunity to submit written comments regarding key issues under the House Ways and Means Committee's tax jurisdiction. Below, please find a letter co-led by BPA and signed by nearly **1,000 businesses supporting the 25C energy efficient home improvement tax credit.** Signers include HVAC, water heating, insulation, and home performance contractors, distributors, and manufacturers **operating in all 50 states**.

The signatories to this letter form the backbone of the U.S. energy efficiency (EE) industry, which employed nearly **2.3 million workers** in 2023, per BPA's Energy Efficiency Jobs in America Report. Approximately 75% of EE businesses nationwide have fewer than 20 employees - these jobs are local (found in 99.9% of U.S. counties), often cannot be outsourced, and play an integral role in helping households reduce energy costs.

As noted below, the 25C tax credit was first enacted by President Bush as part of the Energy Policy Act of 2005 and has been extended several times, including by President Trump. In 2022, the Inflation Reduction Act expanded the credit and extended it through 2032, providing long-term certainty and increased value for homeowners. 25C enables taxpayers to invest in efficient gas and electric heating and cooling systems, windows, insulation, and air sealing. These investments unlock energy savings that lower monthly utility bills, lessen grid impacts, reduce reliance on foreign energy, and support energy efficiency jobs in communities across the country.[1]

BPA is a membership-driven 501(c)(6) industry association dedicated to advancing the home and building performance industry by delivering improved energy efficiency, health, and safety of buildings through our key stakeholders. With over 20,000 members and program participants operating in every state, BPA's network includes home performance contractors, weatherization agencies and training centers, product manufacturers and distributors, program sponsors and implementers, and building scientists, among others.

We look forward to working with the Committee to preserve the 25C home energy efficient improvement tax credit.

Thank you,

Kara Saul-Rinaldi
Chief Policy Officer
Building Performance Association

[1] See BPA and the AnnDyl Policy Group's December 2024 report noting how contractors can leverage incentives such as the 25C Tax Credit to lower energy costs for households. Another December 2024 BPA and AnnDyl Policy Group report covers how state programs can complement the 25C tax credit to support contractors.

January 27, 2025

The Honorable Mike Crapo
Chairman, Committee on Finance
United States Senate Washington,
D.C. 20510

The Honorable Ron Wyden
Ranking Member, Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Jason Smith
Chairman, Ways and Means Committee
House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal Ranking
Member, Ways and Means
Committee
House of Representatives
Washington, D.C. 20515

RE: 25C Energy Efficient Home Improvement Tax Credit

Dear Chairmen Crapo and Smith and Ranking Members Wyden and Neal:

The signatories to this letter support the 25C energy efficient home improvement tax credit and ask that it not be legislatively eliminated or weakened. We represent the heating, ventilation, air conditioning and refrigeration (HVACR), water heating, insulation, and home performance contractors, distributors, and manufacturers that form the backbone of the U.S. energy efficiency industry. Our workforce is deeply rooted in communities across every state, contributing to local economies while performing jobs that typically cannot be outsourced.

The pre-Inflation Reduction Act 25C tax credit had structural flaws limiting its market impact. The 25C tax credit was signed into law by President Bush in 2005. It provided a homeowner tax credit of 10 percent for efficiency investments and a lifetime limit of $500. Over time, inflation diminished the value of the credit, as did its lifetime cap on use. Yearly uncertainty over reauthorization also limited its effectiveness. The 2022 credit update provides long-term certainty and increased value, making it more attractive to homeowners wanting to make energy efficiency upgrades.

Taxpayers realize significant tax savings by investing in their homes. In 2023, nearly 2.4 million tax filers claimed the credit and reduced their tax burden by an average of $882. For most families, utility bills are their second-largest fixed expense.

The savings unlocked by the tax credit are recurring and significant. The tax credit enables taxpayers to invest in more efficient heating and cooling systems, windows, insulation, and air sealing. These investments unlock energy savings that decrease monthly utility bills.

The housing stock in America is aging and in need of updating. The median age of a home in the U.S. is 40 years old. Heating and cooling systems need replacement every 15-25 years. A recent study found that 89 percent of homes in the U.S. are under insulated. The 25C tax credit empowers homeowners to make equipment replacements and building envelope upgrades with an eye toward maximizing the long-term energy efficiency of the home.

The 25C tax credit is fuel neutral. The 25C tax credit is fuel agnostic. The home envelope improvements and wide spectrum of HVAC upgrades eligible for the 25C tax credit may lower monthly energy use and costs for homes with all fuel types.

Beyond the pocketbook benefit to homeowners, there are multiple compelling reasons to support

the 25C tax credit and make our nation's home more energy efficient: energy-efficient homes are more resilient in extreme weather; energy-efficient homes are healthier homes; and building energy efficiency enables utilities to better manage demands on the electrical grid.

It is for these reasons that we urge Congress to maintain the current 25C tax credit.

Sincerely,

Thermo-Kool of Alaska Inc.	Wasilla	AK
Turnagain Spray Foam	Anchorage	AK
A-1 Insulating Co. Inc.	Rainbow City	AL
Air Specialty	Semmes	AL
Creative Polymer Solutions	Birmingham	AL
Custom Glass Atlanta/CGA Home Spec. - Auburn	Auburn	AL
Don Carter heating and cooling	Athens	AL
Ecological Insulation, LLC	Auburn	AL
Farley & Hysaw	Tuscaloosa	AL
HOWARD SERVICES	Mobile	AL
IBP of Huntsville	Huntsville	AL
Rose Electric LLC	Greensboro	AL
Sentry Heating and Air Conditioning	Birmingham	AL
P & D HVAC	Bentonville	AR
Sandeers Supply	Hot Springs	AR
SunCrop Solar & Energy Solutions	Helena	AR
Advanced Energy Efficiency	Mesa	AZ
Alpha Insulation & Waterproofing - Phoenix	Tempe	AZ
American Conditioned Air Inc.	Tucson	AZ
AZ Energy Efficient Home	Phoenix	AZ
C & A Master Tech	Yuma	AZ
Cozy Home	Flagstaff	AZ
CQ Insulation - Phoenix	Phoenix	AZ
Everest Air and insulation	Mesa	AZ
Evo Energy Solutions	Lake Havasu City	AZ
Henry Products, Inc.	Phoenix	AZ
Instant Heating and Air, LLC	Anthem	AZ
Koala Insulation of North and West Phoenix	Phoenix	AZ
Koala Insulation of Superstition Springs	Queen Creek	AZ
Koala Insulation of the East Valley	Chandler	AZ
Love Engineering	Phoenix	AZ
Mid-State Refrigeration	Casa Grande	AZ
MW Heating and Cooling	Clarkdale	AZ
OJ Insulation and Marshall Insulation	Chandler	AZ
SAYCO Heating and Air Conditioning	Tucson	AZ
Schaumaplast Precision Foam Molders, LP	Arizona	AZ
Spray Foam Genie of Phoenix	Phoenix	AZ
SWD Urethane	Mesa	AZ
Advanced Home Energy Concepts, Inc.	Murrieta	CA
Air Products & Services	Van Nuys	CA
Air-Art Heating & Air Conditioning	Chico	CA
Alert Insulation	La Puente	CA
All Seasons Heating & Air Conditioning	Chico	CA
Alley Cat	San Leandro	CA
Antelope heating and Air Inc.	Sacramento	CA
Apple Valley Insulation (BDI)	Hesperia	CA
Applied Air Conditioning Inc	Fullerton	CA
Bogner HVAC	Freedom	CA
Broken Drum Insulation Visalia	Visalia	CA

Broken Drum of Bakersfield (Kern Door)	Bakersfield	CA
Bryant Heating and Air	Pasadena	CA
California Heating & Air Conditioning	Santa Rosa	CA
Clayton Valley Mechanical Heating and Air Conditioning	Danville	CA
Desert Air Conditioning, Inc.	Palm Springs	CA
Eco Performance Builders	Walnut Creek	CA
ECO SYSTEMS HEATING & AIR	San Ramon	CA
Efficiency First California	Sonoma	CA
Electrify My Home	Suisun City	CA
Energineers	Hayward	CA
Goldstar Insulation - Sacramento	Sacramento	CA
Home Boost	San Francisco	CA
Hunter's Insulation	Granada Hills	CA
Insulate SB, Inc.	Santa Barbara	CA
Insulation Labs	Van Nuys	CA
Insulation Wholesale Supply	Bakersfield	CA
Insul-Techs Inc	Martinez	CA
IRBIS HVAC	San Jose	CA
JNG Insulation Pros	Eureka	CA
KC's 23 1/2 hour plumbing and air conditioning	Palm Springs	CA
Kimber Heat and Air	Cameron Park	CA
Liberty Mechanical, Inc.	El Cajon	CA
Noresco	Camino	CA
OJ Insulation - Azusa	Azusa	CA
OJ Insulation - Carson - Fireplaces	Carson	CA
OJ Insulation - Corporate Office & Insulation	Azusa	CA
OJ Insulation - Escondido	Escondido	CA
OJ Insulation - Fairfield	Fairfield	CA
OJ Insulation - Foil (ABCO)	Azusa	CA
OJ Insulation - Gilroy	Morgan Hill	CA
PB MECHANICAL AIR SERVICES INC	Palm Desert	CA
Progressive Business Corp	Chatsworth	CA
Qulatech Heating and Cooling	Danville	CA
R&K AIR CONDITIONING	El Centro	CA
RB Spencer	Yuba City	CA
RBH Insulation, Inc.	Hawthorne	CA
SDI Insulation	California	CA
Shovels	San Francisco	CA
Sierra Insulation Contractors	Ontario	CA
Spoor's Heating And Air Conditioning	Auburn	CA
Stewart Heating and Air, Inc.	Pittsburg	CA
Tip-Top Roofing, Inc.	Moreno Valley	CA
Tri County Insulation - Santa Cruz	Santa Cruz	CA
Tri County Insulation - Santa Maria	Santa Maria	CA
Wallner Plumbing Heating and Air	Redding	CA
Accurate Insulation - Grand Junction	Grand Junction	CO
Accurate Insulation - Montrose	Montrose	CO
All Tucked Insulation	Denver	CO
Alpha Insulation & Waterproofing - Denver	Denver	CO
Alpine Construction Services	Colorado Springs	CO
Bestway Insulation LLC	Broomfield	CO
BrightSense LLC	Boulder	CO
Cutting Edge Glass	Denver	CO
Energy Transition Partners, Inc.	Boulder	CO
Full Circle	Glenwood Springs	CO
General Ceiling & Partitions	Colorado Springs	CO
HumaNature Architecture LLC	Boulder	CO
InsulVail	Vail	CO
Intec	Frederick	CO
Johns Manville	Denver	CO
Koala Insulation of Denver North	Commerce City	CO
Leafcomply	Denver	CO
NoCo Energy Solutions	Fort Collins	CO
Pinnacle Building Performance	Durango	CO
Rogers & Sons, Inc.	Denver	CO
Spec 7 Insulation	Denver	CO
Timberline Insulation Inc - Ault	Ault	CO
Timberline Insulation Inc. - Fort Collins	Fort Collins	CO
Anchor Insulation - Norwich, CT - Industrial	Norwich	CT
Anchor Insulation - Norwich, CT - Residential	Norwich	CT
Crowell Heating & Air Conditioning, Inc.	Meriden	CT
EcoLogic Energy Solutions	Stamford	CT
Hive Pro Solutions, LLC	Shelton, CT	CT
Steven Winter Associates, Inc.	Norwalk	CT
Tpr2 corporation	Essex	CT
U.S. Insulation	West Hartford	CT
American Chemistry Council Plastics Division	Washington	DC
Cellulose Insulation	Washington	DC
Manufacturers Association Spray Foam Coalition	Washington	DC
1st State Insulation	Greenwood	DE
Accurate Insulation - Dover	Dover	DE
Aero Environmental Services	Lewes	DE
Elevate Home Performance	Bridgeville	DE
Equinox LLC	Newark	DE
ESG Inc.	New Castle	DE
Mid-Atlantic Region Office	Dover	DE
Seaside Crawl Space	Bridgeville	DE
Action Air of Florida	Orlando	FL
Advanced Insulation	Bunnell	FL
Air Care of Central Florida	Orange City	FL
Air Solutions Heating & Cooling	Jacksonville	FL
Air-Pro of Brevard, LLC	Melbourne	FL
All Florida Insulation	Sanford	FL
Alpha Insulation & Waterproofing - Ft. Lauderdale	Pompano Beach	FL
Alpha Insulation & Waterproofing - Orlando	Sanford	FL
Alpha Insulation & Waterproofing - Tampa	Tampa	FL
Alpine Airconditioning & Heat Inc.	Fort Myers	FL
Aria Capital Investments Inc.	St. Petersburg	FL
Atlas Insulation	Doral	FL
Berakah Investments LLC	Miami	FL
Blind Ambitions - Mid Florida	Orlando	FL
Blind Ambitions - Pensacola	Pensacola	FL
Blind Ambitions - SW Florida	Ft Myers	FL
Blind Ambitions - West Florida	Tampa	FL
Brisk Air	Jacksonville	FL
Carl Harris	Jacksonville	FL
Carrier Global Corporation	Palm Beach Gardens	FL
Casey Electric Inc.	Crestview	FL
Christopher Schipper Inc.	St. Petersburg	FL
Cold Zone AC & Heating LLC	St. Petersburg	FL
Combee Insulation	Lakeland	FL
Comfort Care Class A Air. Inc.	Lakeland	FL
CQ Insulation - Tampa	Tampa	FL
David M Ludeman Holdings LLC	Boynton Beach	FL

Davidson Insulation & Acoustics, Inc.	North Port	FL
Flagler Air Conditioning Inc.	Palm Coast	FL
Flair Service	Port Orange	FL
Gillispie's Ref. & AC, Inc.	Wauchula	FL
Gulf Coast Insulation	Freeport	FL
IBP - Panhandle	Pensacola	FL
IBP of Ft. Myers	Fort Myers	FL
IBP of Jacksonville	Jacksonville	FL
IBP of Miami	Medley	FL
IBP of Ocala	Belleview	FL
IBP of Tampa	Tampa	FL
IBP of West Palm	West Palm Beach	FL
Island Air Conditioning Sales & Service LLC	Delray Beach	FL
Koala Insulation - Melbourne	Melbourne	FL
Koala Insulation of Fort Lauderdale	Fort Lauderdale	FL
Koala Insulation of N. Broward & Boca	Palm Beach	FL
Lakeside Heating, Cooling, and Plumbing	Land O Lakes	FL
Leed Insulation and Spray Foam	Ft. Pierce	FL
Legacy Glass & Supply	Sanford	FL
M Vogel LLC	St Petersburg	FL
MER Enterprises, LLC | dba\Leed Insulation	Fort Pierce	FL
NICE, LLC	Fernandina Beach	FL
North Florida Spray Foam, Inc.	Crawfordville	FL
North Insulation Solutions	Venice	FL
Quincy's Heating and Air Conditioning	Florida	FL
R. G. Mechanical Services	Davie	FL
Senica Air Conditioning Inc	Spring Hill	FL
Sky Air LLC	Orlando	FL
SOS Refrigeration & HVAC, LLC	Ocala	FL
Southern Foam	Orlando	FL
Spann's Heating and Air Conditioning, Inc.	Trenton	FL
Spray Foam Genie of Jacksonville	Jacksonville	FL
Spray Pro Insulation, LLC	Lakeland	FL
Statewide Insulation Inc	Bokeelia	FL
Structural Insulated Panel Association	Fort Lauderdale	FL
Sun Coast Insulators	Crystal River	FL
Suncoast Insulation and Specialty	Newberry	FL
Supreme Air Solutions	Apopka	FL
Top Build	Daytona Beach	FL
Ultra-Bag	Jacksonville	FL
W.I.T. Air Conditioning LLC	Pinellas Park	FL
Wilco Enterprise dba Suncoast Insulation	Ocala	FL
CQ Insulation - Orlando	Orlando	FL
AIR CONTROL HEATING AND AIR	Roswell	GA
AirMark, LLC	Columbus	GA
Alpha Insulation & Waterproofing - Marietta	Marietta	GA
Atlanta Commercial Glazing	Stockbridge	GA
C-H Heating & Air Conditioning, Inc.	Covington	GA
Comfortably Green, LLC	Atlanta	GA
Cool Masters Services Inc.	Lawrenceville	GA
Custom Glass & Doors - Main Office	Norcross	GA
Custom Glass Atlanta	Morrow	GA
Daikin Comfort Technologies North America, Inc.	Atlanta	GA
Drake AC & Refrigeration	Donalsonville	GA
FKA Mid-South	Duluth	GA
Foster Insulation	Kennesaw	GA
Green's HVAC Doctor LLC	Brunswick	GA
H2H Blinds - Atlanta	Lawrenceville	GA
IBP of Atlanta	Duluth	GA
IBP Savannah	Pooler	GA
Insul-Deck	Villa Rica	GA
Loveday & Company	Brooklet	GA
McKinney Heating and Air Conditioning, Inc.	Hiawassee	GA
Mitsubishi Electric US	Suwanee	GA
Oconee Climate Control	Eatonton	GA
Quality Insulation of Valdosta, Inc.	Adel	GA
Rheem Manufacturing Company	Atlanta	GA
Riverside Heating and Air Conditioning	Augusta	GA
Spray Foam Genie of Savannah	Rincon	GA
Stark Supply LLC	Alpharetta	GA
Thermacote, Inc.	Lawrenceville	GA
Weathering System Services	Kennesaw	GA
Woodman Insulation	Cumming	GA
Nicor A Saladino	Wailuku	HI
Arlington Heating Cooling	Arlington	IA
Brandt Heating	Iowa city	IA
Colony Plumbing Heating	Cedar Rapids	IA
Kinzler Construction Services	Ames	IA
QC Foam LLC	Davenport	IA
BDI Insulation of Idaho Falls	Idaho Falls	ID
Big City Insulation of Idaho	Nampa	ID
CDA Heating & Cooling	Hauser	ID
G&G Insulation	Meridian	ID
Lost River HVAC	Meridian Idaho	ID
Marv's Insulation	Meridian	ID
Advanced Comfort Heating & Air Conditioning	Bourbonnais	IL
Algonquin Heating Cooling Co., Inc.	Illinois	IL
Astro Insulation - Ringwood	Ringwood	IL
Complete HVAC	Albion	IL
Contract Mirror & Supply (CMS)	Elk Grove Village	IL
Country Comfort Solutions	Murphysboro	IL
Cyclone Energy Group	Chicago	IL
Euroview - Elk Grove Village	Elk Grove Village	IL
Expert Plumbing	Naperville	IL
Flow-Rite Heating & Cooling	Wood Dale	IL
Honegger Insulation	Forrest	IL
HR Stewart Inc.	Cary	IL
Ireland Heating & Air Conditioning	Lake Forest	IL
J.R. Heating and Cooling	Chicago	IL
JK HEATING AND COOLING	Niles	IL
Koala Insulation of North Chicagoland	Glenview	IL
M&M MECHAINICAL	Lincoln	IL
Meyer Made	Libertyville	IL
Northern Insulation	Round Lake	IL
Northwest Insulation	Elgin	IL
Richard Pass	Herrin	IL
SCE Unlimited	Carol Stream	IL
Sealtite Insulation	Fairbury	IL
Tarter brothers Inc.	Lincoln il	IL
TEC	Chicago	IL
Thermaseal/Lakeside	Cary	IL
United HVAC & Electrical Inc.	West Chicago	IL
3R Products & Services	Indianapolis	IN
All Seasons Insulation	Plainfield	IN
All Weather Heating and Air Conditioning, LLC.	Portland	IN

BCI Shelbyville	Shelbyville	IN
Daviess County Metal Sales Inc.	Cannelburg	IN
DEHOFF INSULATION INC	Bluffton	IN
Energy Control, Inc.	Ossian	IN
Environmental Insulation & Garage Door Co.	Indianapolis	IN
Fort Wayne Urethane	Ft. Wayne	IN
Green Star Plus	Charlestown	IN
Heatpro Heating and cooling	Tipton	IN
HVACR Specialists	Anderson	IN
Insulation-HUB	Union City	IN
JCP Styling Salon	Anderson	IN
Knauf	Shelbyville	IN
KORTY INSULATION INC	Lafayette	IN
Lafayette Heating & Cooling	Lafayette	IN
Lansing Heating & Air Conditioning Inc.	Indiana	IN
Lee Supply Corp.	Indianapolis	IN
M.Y. Insulation LLC	Goshen	IN
Mike's Garage Door Service	Leesburg	IN
Momper - Elkhart	Elkhart	IN
Momper - Ft. Wayne	Ft. Wayne	IN
Momper/Closet Creations	Crown Pt.	IN
Overhead Door - Ft. Wayne	Ft. Wayne	IN
Overhead Door - Muncie	Muncie	IN
Overhead Door Company - Indianapolis - Doors	Indianapolis	IN
Overhead Door Company - Indianapolis - Insulation	Indianapolis	IN
Stier Heating and Cooling	Greensburg	IN
Superior Foam Insulation	Westport	IN
White Drywall - Beach Grove	Beech Grove	IN
White Drywall LLC	Indianapolis	IN
Wolff's Insulation Service	Oakford	IN
A+ Insulation	Lenexa	KS
AMD Distribution - McPherson	McPherson	KS
iFOAM Insulation - Gardner	Gardner	KS
Insulation Specialties Contractors, Inc.	Shawnee	KS
McElroy's Inc	Topeka	KS
McElroy's Plumbing Heating & Air	Topeka	KS
Air Comfort of KY Inc.	Louisville	KY
Armored Insulation	Kentucky	KY
Bluegrass Insulation of Bowling Green	Bowling Green	KY
Elite Heating and Air	Louisville	KY
Energy Savers	Louisville	KY
Engineered Heating and Air	Lexington	KY
IBP of Lexington	Richmond	KY
M&D Insulation	Florence	KY
Murden Technical Service	Covington	KY
Murphy Company HVAC	Louisville	KY
Spray Foam Insulation	Pikeville	KY
Thompson Heating and Cooling	LaGrange	KY
Air Service Professionals	West Monroe	LA
Bobby Brannon A/C	Bossier City	LA
Carrier Corporation	Los Angeles	LA
Carroll Insulation & Window Co Inc.	Shreveport	LA
Carroll Insulation & Window Co Inc.	Shreveport	LA
Glass & Mirror Depot	Harahan	LA
Reliable Glass & Mirror	Harahan	LA
Southern Insulators & Specialties	Covington	LA
Y.M.T. Services	Ama	LA
Abode Energy Management	Concord	MA
All In One/Moore Insulation	W. Boylston	MA
Anchor Insulation - Tewksbury, MA - Industrial	Tewksbury	MA
B. Alpha Construction LLC	Chicopee	MA
Boucher Energy Systems Inc.	Mendon	MA
Cape Cod Heat Pumps LLC	Barnstable	MA
Cape Save	Yarmouth	MA
Central Air& Heating	Worcester	MA
Conduit Tech	Somerville	MA
Delta HVACR Services Inc.	Westfield	MA
Don Davis Heating	Pittsfield	MA
Efficient HVAC systems	Hanover	MA
G&G Mechanical Inc	Wakefield	MA
Green Earth Energy Raters	Needham	MA
Gutter Pro Enterprises	Plymouth	MA
HomeWorks Energy	Medford	MA
Insul Techs Inc.	Concord	MA
Insulation Technology Inc.	Bridgewater	MA
J.P. George & Son, Inc.	Greenfield	MA
Jay Moody HVAC	Leominster	MA
LAER Realty Partners	Melrose	MA
MAP Installed Building Products - Sagamore	Sagamore Beach	MA
MAP Installed Building Products - Seekonk	Seekonk	MA
Mass Pro Insulation Corp	Brockton	MA
Service Professionals, Inc.	Somerset	MA
Spath & Son, Inc.	Westfield	MA
Star Petroleum Co Inc.	Foxboro	MA
Sustainable Real Estate Consulting Services	Melrose	MA
Tamarack Ventilation	Wareham	MA
US Heat Pump Summit	Stonington	MA
Wilson Services Inc	Northampton	MA
Accurate Insulation - Hagerstown	Hagerstown	MD
Accurate Insulation - Upper Marlboro	Upper Marlboro	MD
Air Quality Heating & Air Conditioning, LLC	Gaithersburg	MD
Arctic Innovation Systems	Silver Spring	MD
Atlas Home Energy	Frederick	MD
Cameron Group LLC	Elkridge	MD
Coastal Heating & Air Conditioning Co Inc.	Annapolis	MD
DH Mechanical	Montgomery Village	MD
EDGE Energy	Beltsville	MD
Efficient Home LLC	Burtonsville	MD
Elysian Energy, LLC	Laurel	MD
Four State Insulation - Maryland	Baltimore	MD
Hancock Refrigeration	Leonardtown	MD
Hometrust Remodeling Inc.	Laurel	MD
HVAC Services Unlimited Inc	Salisbury	MD
Koala Insulation of The Greater Baltimore Area	Baltimore	MD
Royals Commercial of Maryland (Alpha)	Baltimore	MD
Ruppert brothers of Maryland Inc.	Baltimore	MD
Smart Energy Pros	Parkville	MD
Thomas D. Stern Air Experts	Sykesville	MD
Torres Construction	Adelphi	MD
Tri-State Builders LLC	Hagerstown	MD
Air Diagnostics and Engineering Inc.	Harrison	ME
Builders Installed Products - Hermon	Hermon	ME
Builders Installed Products - Portland	Portland	ME
Energy Circle	Portland	ME
Evergreen Home Performance LLC	Portland	ME
Horizon Homes	Westbrook	ME

MAINE BLOWER DOOR TESTING	Lincolnville	ME
Northeast Spray Insulation	Westbrook	ME
Accurate Mechanical Services	Muskegon	MI
Behler-Young Company	Grand Rapids	MI
Beltz Mechanical Systems Inc	Freeland	MI
Better World Builders LLC	Kalamazoo	MI
ClimateGuys.com	Holland	MI
DuPont Performance Building Solutions	Midland	MI
Emperor Insulation	Redford,	MI
FiberClass Insulation	Wixom	MI
Great Dane Heating & Air Conditioning	Clinton Township	MI
Home Performance Solutions	Lansing	MI
Koala Insulation of Traverse City	Traverse City	MI
LAPHAM HEATING AND COOLING	Plainwell	MI
Nu-Wool Company	Jenison	MI
Otto A. Trzos Co., Inc.	Keego Harbor	MI
Performance Gutters	Wixom	MI
Sebright Products, Inc.	Hopkins	MI
Spray Foam Genie Corporate	Livonia	MI
TemperaturePro Kalamazoo	Portage	MI
Your Home Solution Experts	Lansing	MI
AM AIR	Edison	MJ
Air Seal Tech	Bloomington	MN
AMD Spring Valley	Spring Valley	MN
Angell Aire	Burnsville	MN
Angell Aire INC	Burnsville	MN
Better Air, LLC	Dundas	MN
Bloomington Heating & Air Conditioning	Bloomington	MN
Bymark Sheetmetal	Saint Paul	MN
Cause LLC	Minneapolis	MN
Comfort Plus	Virginia	MN
Countryside Heating and Cooling Solutions	Maple Plain	MN
Curly's Heating & Air Conditioning	Sauk Rapids	MN
Dean's Heating and Air Conditioning, Inc.	Cambridge	MN
EcoThrive LLC	La Crescent	MN
Elite Mechanical Systems	Windom	MN
Euroview - Burnsville, MN	Burnsville	MN
Expert Insulation - Brainerd	Brainerd	MN
Expert Insulation - Little Falls	Little Falls	MN
Expert Insulation - Rochester	Rochester	MN
First Supply	Rochester	MN
Generik Heating	Stacy	MN
Groff's Heating And	Rosemount	MN
GTS HVAC, Inc.	Brooklyn Park	MN
Haram Restoration, Inc.	Minneapolis	MN
Horizon Electric Company	Farmington	MN
IDI - Chanhassen	Chanhassen	MN
Installed Building Solutions	Farmington	MN
Insulation Distributors Inc.	Chanhassen	MN
Insulation Supplies	New Hope	MN
Johns Heating & AC	Fergus Falls	MN
Market Arc LLC	Woodbury	MN
Metro Home Insulation	Elk River	MN
Midwest Wholesale Doors	Elk River	MN
North Country Plumbing & Heating	Crosslake	MN
Optimal Heating and Cooling LLC	Brooklyn Center	MN
Perfection Heating and Air Conditioning	Blaine	MN
Ron's Repair	Worthington	MN
Runestone Electric Association	Alexandria	MN
S&R Heating, Cooling &Appliance Repair	Saint Paul	MN
Schroeders Home Services	Brainerd	MN
Schroeders Home Services	Brainerd	MN
Schwantes Heating and Air Conditioning Inc	Stillwater	MN
Service Partners	Blaine	MN
Tom Harris PUR Consulting LLC	Maple Grove	MN
Carlisle Construction Materials	Eureka	MO
Coopers Heating and Air, LLC	Seymour	MO
DM Electric Heating and Cooling	Desloge	MO
Duggers Heating & Air	Richmond	MO
Environmental Energy Consultants, LLC	Park Hills	MO
Foam Equipment & Consulting Co	Earth City	MO
Gildehaus Comfort Systems, INC	Pacific	MO
Good Service Heating and Cooling, LLC	St. Louis	MO
Greenmark Home Performance	Saint Louis	MO
High Ridge Heating	Fenton	MO
Insulation Pros	Wright City	MO
Koala Insulation of Kansas City	Kansas City	MO
Level 9 Heating Cooling Plumbing	St Louis	MO
Menke Heating and Cooling	Union	MO
MIDWEST Guard LLC	Joplin	MO
Ozark's Modern Insulation	Park Hills	MO
Star Energy Consultants	Kansas City	MO
The Hayes Company	Kansas City	MO
Insul Pro Plus	Pelahatchie	MS
TUCK AIR, LLC	Gautier	MS
AMD Distribution - Butte	Butte	MT
Bulletproof Insulation	Billings	MT
Comfort Systems of Montana	Bozeman	MT
Lynch Insulation	Missoula	MT
Premier Building Systems	Belgrade	MT
ABS Insulating - Charlotte	Matthews	NC
Allied Spray Foams	Holly Springs	NC
Alpha Insulation & Waterproofing - Charlotte	Charlotte	NC
Alpha Insulation & Waterproofing - Raleigh	Morrisville	NC
Andy Lewis Heating & Air	Charlotte	NC
Apex Heating and Air Conditioning	Apex	NC
Blind Ambitions - NC/VA	Raleigh	NC
B-Organized Insulation	Charlotte	NC
Build. Better. Beautiful. | Sentinel Spray Foam	Charlotte	NC
Carolina Glass & Mirror	Garner	NC
Carolina Precision Fibers ACP, LLC	Ronda	NC
Central Aluminum - Charlotte, NC	Charlotte	NC
Comfort Monster	Raleigh	NC
Custom Door & Gate - Fayetteville	Fayetteville	NC
Custom Door & Gate - Greensboro	Greensboro	NC
Custom Door & Gate - Greenville	Greenville	NC
D7 INSULATION LLC.	Kernerville	NC
Davies Contracting	Morehead City	NC
Dinomite Heating and Cooling	Kernersville	NC
Ferguson Air LLC	Tobaccoville	NC
Green Door Energy, LLC	Greensboro	NC
Greenfiber	Charlotte	NC
H2H Blinds - Charlotte	Matthews	NC
Homepros Media LLC	Charlotte	NC

Insulate America	Shelby	NC
Koala Insulation of Eastern and Coastal Carolina	New Bern	NC
Koala Insulation of Greater Charlotte	Charlotte	NC
Myers Professional Insulation	Raleigh	NC
NCFI Polyurethanes	Mount Airy	NC
Pisgah Insulation & Fireplaces	Mills River	NC
Prime Energy Group - Charlotte	Charlotte	NC
Prime Energy Group - Raleigh	Raleigh	NC
Pro Insulation Services LLC	Kinston	NC
Quality Air	Asheville	NC
RE Michel Co.	Raleigh	NC
R-Pro Select Insulation	Fletcher	NC
Schlaadt USA Ltd.	New Bern	NC
Taking Shape Renovations LLC	Raleigh	NC
Tatum Insulation III	Navassa	NC
Thomas Heating & Cooling LLC	Midland	NC
Trade Partners	Raleigh	NC
Trademark Roofing & Gutters	Holly Springs	NC
West Star Heating & Air Conditioning	Burlington	NC
Interstate Insulation	West Fargo	ND
Laney's Inc	Fargo	ND
Robert Gibb and sons	Fargo	ND
AMD Distribution - La Vista	La Vista	NE
Brian Lusk	North Platte	NE
Complete Comfort	Omaha	NE
Cornhusker Insulation	Waterloo	NE
iFOAM	Omaha	NE
National Property Inspections, Inc	Omaha	NE
Plastilite Corporation	Omaha	NE
Builders Installed Products of New Hampshire	Manchester	NH
Builders Installed Products of Vermont	Westmoreland	NH
Overhead Door - Concord	Concord	NH
Superior Insulation	Tamworth	NH
B&E Energy Solutions LLC	Atco	NJ
Bovio-Rubino Service	Voorhees	NJ
Central Aluminum - Paterson, NJ	Paterson	NJ
Central Aluminum - Trenton, NJ	Trenton	NJ
Comfort Care Cooling	Westfield	NJ
Comfortable Homes	Bridgewater	NJ
Eastern Contractor Services	Flanders	NJ
Eastern Contractor Services - Tuckerton	Tuckerton	NJ
INSULPRO	Randolph	NJ
JB Insulation & Drywall LLC	Oakland	NJ
Kaczynski Heating & Cooling, LLC	Egg Harbor City	NJ
MaGrann Associates	Mount Laurel	NJ
NF Insulation Limited Company	Newark	NJ
NF INSULATION LIMITED LIABILITY COMPANY	Newark	NJ
Seal Team Insulation	Manasquan	NJ
SG Heating & Air Conditioning	Hamilton	NJ
Storm Master Gutters	Cherry Hill	NJ
Top to Bottom Insulation LLC	Colts Neck	NJ
Ultimate Aire Systems, Inc.	Wayne	NJ
Claiborne Refrigeration Co., Inc.	Clovis	NM
D & D Plumbing Heating & Cooling	New Mexico	NM
Millers Inc	Albuquerque	NM
Roadrunner Spray Foam & Linings	Hobbs	NM
Sego Insulation, Inc.	Los Lunas	NM
3E, LLC	Las Vegas	NV
A-1 Mechanical	Las Vagas	NV
Apple Valley - Reno	Reno	NV
Battle Born Specialties	Las Vegas	NV
Elite Spray Foam	Las Vegas	NV
Home Energy Connection	Las Vegas	NV
Home Energy Connection, LLC	Las Vegas	NV
Red Rock Insulation - Nevada	Las Vegas	NV
State Insulation	Las Vegas	NV
Sunrise Service LLC	Henderson	NV
The Energy Auditing Company	Las Vegas	NV
ABM Air Conditioning & Heating Inc.	New York	NY
Adaptive Insulation LLC	Mahopac	NY
Airtight Services, Inc.	Marion	NY
Armstrong Brands Inc.	West Seneca	NY
Armstrong Brands Inc.	New York	NY
Better Energy Solutions	Suffern	NY
Buffalo Energy, Inc.	Elma	NY
Builders Installed Products - NY	Albany	NY
Carrier Enterprise Northeast	Syracuse	NY
Central City Supply Inc.	Syracuse	NY
CleanFiber	Buffalo	NY
DickKornbluth, LLC	Syracuse	NY
Green Pathway Consultants	Kerhonkson	NY
GreenStar Home Services	Buffalo	NY
Halco Home Solutions	Phelps	NY
Hardy Heating & Air Conditioning	Southampton	NY
Healthy Home Energy & Consulting, Inc.	Brewster	NY
Home Energy Consultants, Inc.	Pleasant Valley	NY
Home Insulation & Supply Inc.	Lancaster	NY
IPS Insulation Inc	Spring Valley	NY
Koala Insulation of Northern Westchester	Briarcliff Manor	NY
LaMorte Electric Heating and Cooling	Ithaca	NY
MIG Building Systems	East Rochester	NY
Pika	New York	NY
Rocket Insulation	Ronkonkoma	NY
Seasons Air Conditioning Co Inc	West Babylon	NY
Smart Energy Solutions	Albany	NY
Spray-Rite LLC	Brooklyn	NY
The Green Launchpad	Brooklyn	NY
The Insulation Man LLC	Binghamton	NY
Town Insulation	Sanborn	NY
Adams Air Solutions LLC	Cincinnati	OH
Advanced Fiber Technology	Bucyrus	OH
Airtron LLC	Columbus	OH
All Construction	Brunswick	OH
Alpha Corporate Office	Columbus	OH
Alpha Insulation & Waterproofing - Cincinnati	West Chester Township	OH
AW Heating & Cooling, Inc.	Whitehouse	OH
Bob McNamara Plumbing Heating Cooling	Pennsylvania	OH
Cool Machines Inc.	Van Wert	OH
Cornerstone Energy Conservation Services	Columbus	OH
Eds Heating Cooling Plumbing Electric	Tipp City	OH
Edwards Mooney & Moses	Columbus	OH
Energy Efficient Homes Midwest, Inc.	Olmsted Falls	OH
EnergyWize LLC	Xenia	OH
Fire & Ice Heating and Air Conditioning	Columbus	OH

First Choice Heating and Cooling	Gallipolis	OH
Furnace Guys Inc	Rockbridge	OH
Geisel Mechanical Services	Elyria	OH
Hohler Furnace & Sheet Metal, Inc.	Sandusky	OH
IDI Distributors - Elyria	Elyria	OH
IDI Distributors, Inc.	Elyria	OH
Lakewood Furnace co.	Lakewood	OH
Liberty Insulation Co	Cincinnati	OH
M R Heating & Cooling LLC	Plymouth	OH
Manifold Cloud Services	Mogadore	OH
Mollett Seamless Gutters	Hamilton	OH
Mooney & Moses - Cincinnati	Hamilton	OH
Mooney & Moses - Mansfield	Mansfield	OH
Overhead Door Company - Cincinnati	Hamilton	OH
Owens Corning	Toledo	OH
Page Heating and Cooling LLC	Grove City	OH
Pride Heating & Air Conditioning	Medina	OH
Primary Home Improvements	Columbia Station	OH
Pro-Safe Insulation	Beavercreek	OH
Quinn Furnace Co., Inc.	Akron	OH
Refrigeration Sales Corporation	Akron	OH
Reliable Climate Control inc.	Bedford	OH
RK HYDRO-VAC	Piqua	OH
Robertson Heating Supply	Alliance	OH
SAUDER COMFORT	Lucas	OH
Swan Manufacturing	Columbus	OH
T and T Air Systems	Circleville	OH
TCI Cleveland	Brunswick	OH
The Habegger Corporation	Cincinnati	OH
TruTechTools, LTD	Mogadore	OH
USA Insulation	Cleveland	OH
Witt & Gaines, Inc.	Oak Harbor	OH
Zoned comfort heating and cooling	Canton Ohio	OH
Royalty Mooney & Moses	Northwood	OH
Alpha Insulation & Waterproofing - Tulsa	Tulsa	OK
IBP of Tulsa	Tulsa	OK
Sams Mechanical LLC	Edmond	OK
Thrice Energy Solutions	Oklahoma City	OK
First Call Heating & Cooling	Oregon City	OR
IBP of Portland	Portland	OR
Indow	Portland	OR
Intermountain West Insulation - Hermiston	Hermiston	OR
National Heating and Air Cond. Inc.	Talent	OR
R & S Heating Inc.	West Linn	OR
Robben & Sons Heating Inc.	Clackamas	OR
Win-R Insulation, Inc.	Klamath Falls	OR
Accurate/Stealth Insulation	Middletown	PA
Air Union Mechanical Contractor LLC	Philadelphia	PA
All-Star Home Comfort	Trumbauersville	PA
Angel Heating & Cooling	Warminster	PA
Becks heating and air conditioning	Cambridge Springs	PA
Bruce Wilson Contracting	Coopersburg	PA
Building Performance Architecture	Carnegie	PA
Capital Access, Inc.	Philadelphia	PA
Central Aluminum - Landisville, PA	Landisville	PA
Central Aluminum - Pittsburgh	Valencia	PA
Creative Comfort, Inc.	Glenolden	PA
DCI Products	Clifton Heights	PA
Delorenzo Heating and Cooling	Carnegie	PA
Donahue's Inc.	Greensburg	PA
Energy Efficiency Empowerment	Millvale	PA
Envelogic	Catawissa	PA
Forsburg Furnace & Air Conditioning Co. Inc.	Williamsport	PA
Hunsberger Services LLC	Rome	PA
Hunter Control Systems LLC	York	PA
Insulright	Pittsburgh	PA
Johnsons Heating & Cooling	Beaver Falls	PA
JW Crouse, Inc.	West Chester	PA
Kennihan Plumbing & Heating Inc.	Valencia	PA
Lehigh Valley Home Performance Project	Bethlehem	PA
Link Service Heating and Cooling	Duncansville	PA
Middle Bucks Mechanical, LLC	Doylestown	PA
Norman E Buck LLC	Watsontown	PA
Orr Industries - Dickson City	Dickson City	PA
PUR Polymerics	Bethlehem	PA
Regal, Inc.	York	PA
S.J. Eaton Plumbing and Heating	Selinsgrove	PA
Sarosky Heating & Air Conditioning	Bethlehem	PA
Solstice Home Performance	Brookhaven	PA
SPM Mechanical LLC	Reading	PA
Spurk HVAC	Pittsburgh	PA
Stambaugh Plumbing & Heating, Inc.	York	PA
Suburban Insulation	Cranberry Twp	PA
ULTRA*GLAZE	Ligonier	PA
W.F. Smith, Inc.	Philadelphia	PA
West Chester Insulation, Inc.	West Chester	PA
Your Building Supply Inc.	Altoona	PA
Zimmerman Plumbing, Heating and Air Conditioning	Mechanicsburg	PA
Anchor Insulation	Pawtucket	RI
Anchor Insulation - E Providence - Industrial & Airtight	East Providence	RI
Anchor Insulation - Pawtucket - Residential	Pawtucket	RI
Anchor Insulation - Refractory	East Providence	RI
Restivos Heating and Air Conditioning LTD.	Johnson	RI
RISE Group Inc.	Cranston	RI
ABS Coastal - Myrtle Beach	Myrtle Beach	SC
Advance Heating & Air	Sumter	SC
Anytime 2b Cool	Garden City	SC
Bills A/C	Bluffton	SC
Blue Ridge Building Products	Duncan	SC
Columbia Shelving & Mirror	Columbia	SC
Custom Glass Atlanta/CGA Home Spec. - Greenville	Piedmont	SC
Epting Distributors	Lexington	SC
George Repair Service LLC	Spartanburg, SC	SC
Goose Creek Heating and Air + Plumbing	Goose Creek	SC
GTG, Inc.	Columbia	SC
Keepnkool Heating and Air	Cottageville	SC
MC Mechanical	Lexington	SC
O'Malleys Spray Foam	Ruffin	SC
TCI Charleston	North Charleston	SC
TCI Myrtle Beach	Conway	SC
Wood Insulating Co	Anderson	SC
AMD Distribution - North Sioux City	North Sioux City	SD
AMD Distribution - Summerset	Summerset	SD
Big Rock Insulation	Rapid City	SD
Environmental Building Systems	Rapid City	SD

IBP of South Dakota	Sioux Falls	SD
Koala Insulation of Sioux Falls	Sioux Falls	SD
311 Spray Foam & Construction	Martinez	TN
ABBAR INC DBA: Koala Insulation of Greater Knoxville	Maryville	TN
AEC	Morristown	TN
All Tech Insulation	Clarksville	TN
Alpha Insulation & Waterproofing - Nashville	Nashville	TN
American Residential Services	Memphis	TN
Blind Ambitions - Tennessee	Cleveland	TN
Central Heat and Air Co	Cleveland	TN
CFI Insulation	Knoxville	TN
E&T Contracting, LLC	Henderson	TN
Envergo	Nashville	TN
Glory HVAC Service	Gallatin	TN
Hardin Valley Heat and Air	Knoxville	TN
Haskins Heating & Cooling Inc.	Joelton	TN
Honest Air Heating and Cooling	Hendersonville	TN
IBP of Memphis	Memphis	TN
IBP of Nashville	Nashville	TN
Koala Insulation of Chattanooga	Chattanooga	TN
Koala Insulation of Greater Knoxville	Knoxville	TN
Landrum Heating and Air LLC	Drummonds	TN
Parker's Heating & Cooling	Murfreesboro	TN
Roy May Heating Air Conditioning	Cordova	TN
Smith Insulation Company	Cookeville	TN
Spray Foam Genie - Memphis	Memphis	TN
Therm-Con	Chattanooga	TN
87 Spray Foam	San Antonio	TX
Absolute Insulation - Nederland	Nederland	TX
Air Patrol Air Conditioning	Farmers Branch	TX
All County Heating and Air Conditioning	San Antonio	TX
Alpha Insulation & Waterproofing - Austin	Round Rock	TX
Alpha Insulation & Waterproofing - Dallas	Lewisville	TX
Alpha Insulation & Waterproofing - Houston	Houston	TX
Alpha Insulation & Waterproofing - San Antonio	Universal City	TX
Amarillo Air Masters Heating and Cooling Co	Amarillo	TX
Benavidez Heating and Air Conditioning	Arlington	TX
Brenham Heating & Air Conditioning Co.	Brenham	TX
BTAC	Lubbock	TX
Building Specialties, Inc.	Houston	TX
Capital - FM 1960 Glass and Mirror	Houston	TX
Capital Insulation	Houston	TX
Centex Insulation Solutions	Bertram	TX
Central Air Services LLC	Rio Grande City	TX
Chris Bosch	Dallas	TX
Clendennen Services LLC	Marble Falls	TX
CLS Insulation	Arlington	TX
Colemans Insulation Guys	Dallas	TX
Collin Air Conditioning	Plano	TX
Cool Atmosphere HVAC	Leander	TX
Daves Heat and AIR	Quinlan	TX
David & Son Heating & Air	La Vernia	TX
Denison Glass & Mirror	Denison	TX
DGM Glass	Denison	TX
Energy Attic	Richardson	TX
Epsilyte	Texas	TX
ET Cooling & Heating, LLC	Arlington	TX
EZ Air Conditioning and Heating	San Antonio	TX
Force Energy Solutions	San Antonio	TX
Harvey Heating and Air Conditioning LLC	Odessa	TX
High Performance Home Systems	Houston	TX
Hinkle Construction Company	Buda	TX
Hinkle Insulation	Austin	TX
Hoelscher Services LLC	Temple	TX
Home Improvement Systems, Inc	Addison	TX
IBP of Houston	Houston	TX
IBP of San Antonio	San Antonio	TX
IDI - Arlington	Arlington	TX
Iron Creek Business Advisors, LLC	Pilot Point	TX
Key Insulation - San Antonio	San Antonio	TX
Koala Insulation of Georgetown	Round Rock	TX
Koala Insulation of North Houston	Magnolia	TX
Koala Insulation of Pearland	Pearland	TX
Koala Insulation SE Arlington	Venus	TX
Lakeway Air Conditioning, INC	TEXAS	TX
Milo Insulation of Texas	Amarillo	TX
Nationwide Gutter	Carrollton	TX
Ned's AC	Plano	TX
Payless Insulation company	Houston	TX
Quality Air Conditioning	Tyler	TX
Radiant Barrier LLC	Mesquite	TX
Reece USA	Dallas	TX
Solertek	Amarillo	TX
Sustainable Polymer Products	El Paso	TX
Team Enoch	Fort Worth	TX
Texas Air Doctors	North Richland Hills	TX
Texas Commercial Glazing	Austin	TX
Tyler Weathermakers, Inc.	Tyler	TX
VERGOS MECHANICAL, INC.	Richardson	TX
5 Star Building Products	Orem	UT
Big City Insulation	Hurricane	UT
Champion Garage Doors	Lindon	UT
Four Seasons Heating and Air Conditioning	Logan	UT
Heating and Cooling Guys	Springville	UT
iFoam Insulation - Layton	Layton	UT
Integrity One	Salt Lake City	UT
J & K Insulation	Pleasant View	UT
Lake Town Mechanical LLC	Tooele	UT
LNL INSULATION	Tremonton	UT
Premier Building Supply AF	American Fork	UT
Premier Building Supply SLC	Salt Lake City	UT
365 Comfort	Hampton	VA
Air Resolutions	Glen Allen	VA
All Pro Installed Building Products	Fredericksburg	VA
Arthel HVAC, INC.	Lynchburg	VA
Bower Heating & Air Conditioning, Inc.	Roanoke	VA
De Leon Heating and Cooling LLC	Woodbridge	VA
East Coast Insulators	Nokesville	VA
Empower Franchising	Midlothian	VA
Home Energy Medics	Arlington	VA
Home Performance Services	Richmond	VA
Insulation Contractors Association of America	Alexandria	VA
Interior 2000	Powhatan	VA
Koala Insulation of Roanoke & Lynchburg	Cloverdale	VA
Layman Brothers Insulation, LLC	Powhatan	VA
Maintenance Man Heating and Cooling	Virginia	VA
Marco & Son AC & Heating LLC	Herndon	VA
National Insulation Association	Herndon	VA
New River Insulation Company	Christiansburg	VA
North American Insulation Manufacturers Association	Alexandria	VA
Plumbing-Heating-Cooling Contractors - National Association	Falls Church	VA
Polyisocyanurate Insulation Manufacturers Association	Arlington	VA
Responsible House	Waynesboro	VA
Southland Insulators	Manassas	VA
Spray Polyurethane Foam Alliance	Stafford	VA
The Comfort Squad LLC	Charlottesville	VA
The Fifth Fuel	Manassas	VA
Tidewater Insulators	Portsmouth	VA
Toler Insulating Company, Inc.	Lynchburg	VA
W.E. Brown	Charlottesville	VA
WeatherSeal Insulation	Charlottesville	VA
West End Heating & Air	Richmond	VA
Wios Global Trade	Chantilly	VA
Overhead Door - Burlington	Williston	VT
Air Management Solutions LLC	Bremerton	WA
All Climate heating	Redmond	WA
All Seasons Inc.	Tacoma	WA
Clean Nation Co	Spokane	WA
Don Jordan Energy Systems	Yakima	WA
Eden	Seattle	WA
Energy Savers, Inc.	Seattle	WA
Ferguson	Spokane	WA
Insulation Contractors/Magellan Insulation	Vancouver	WA
Insulation Northwest	Puyallup	WA
Intermountain West Insulation	Kennewick	WA
Intermountain West Insulation - Wenatchee	East Wenatchee	WA
Intermountain West Insulation - Kennewick	Kennewick	WA
Intermountain West Insulation - Pasco	Pasco	WA
Intermountain West Insulation - Spokane	Spokane Valley	WA
Intermountain West Insulation - Yakima	Yakima	WA
MEP Holdings LLC	Spokane	WA
Mountain West Development Inc	Redmond	WA
Norkote, Inc.	Everett	WA
Overlake Heating, Air Conditioning & Sheet Metal, LLC	Redmond	WA
Pacific Partners Insulation North (BDI)	Arlington	WA
Simplicity Home Energy Specialty Group	Seattle Liberty Lake	WA WA
Sunshine Construction LLC	Seattle	WA
Superior Insulation Co LLC	Spokane	WA
SynerGreen	Spokane	WA
Total Energy Management, Inc.	Richland	WA
Pacific Partners Insulation South (BDI)	Tacoma	WA
Accurate-Airtight Exteriors	Madison	WI
Alpine Insulation	Sheboygan	WI
Alpine Insulation - Appleton	Appleton	WI
Alpine Insulation - Eau Claire	Eau Claire	WI
Alpine Insulation - Madison	Madison	WI
Alpine Insulation - Menomonee Falls	Menomonee Falls	WI
Alpine Insulation - Waukesha	Waukesha	WI
Alpine Insulation - Weston	Wausau	WI
Auer Steel	Neenah	WI
Bay Therm	Oneida	WI
Brothers Consolidated Heating and Air Conditioning	Franklin	WI
Conservation Connection Consulting	Fairchild	WI
Eau Claire Insulation	Eau Claire	WI
Efficient Energy Strategies, LLC	Pewaukee	WI
First Supply	Madison	WI
First Supply LLC	La Crosse	WI
Green Homeowners United LLC	West Allis	WI
Greiber Heating & Sheet Metal, Inc.	Waunakee	WI
Haverland Heating and Cooling	Hazel Green	WI
Hi-Tech Geothermal Heating	River Falls	WI
Hometown Insulation Inc.	De Pere	WI
JA Consulting LLC	Amery	WI
Kelly Heating & Electric	Eu Claire	WI
Kurtz Ersa, Inc.	Plymouth	WI
Lueth Plumbing and Heating Inc.	Rhinlander	WI
Mechanical Services Inc	Stevens Point	WI
New Berlin Heating and Air Conditioning	New Berlin	WI
Rock Road Coatings & Foam, LLC	Weyauwega	WI
Rockweiler Insulation Inc.	Verona	WI
RYF HEATING	Winneconne	WI
Schwenn Bros. Insulation	Madison	WI
Waterway Insulation	Fountain City	WI
Weather Blanket Insulation	Fond du Lac	WI
Wisconsin Home Improvement	Milwaukee	WI
Capital Home Inspections	Aurora	WV
Darnold & Lyons Heating & Cooling	Charleston	WV
Four State Insulation - WV	Kearneysville	WV
JH Service	Martinsburg	WV
JMS Heating & A/C LLC	Morgantown	WV
Mountain Top heating and cooling	Kingwood	WV
ROCKWOOL	Ranson	WV
5150 Heating and Air Conditioning	Casper	WY
Precision Spray Foam, LLC	Gillette	WY
Ward Insulation	Cheyenne	WY





February 4, 2025

The Honorable Jason Smith
Chairman
U.S. House Committee on Ways and Means
1139 Longworth HOB
Washington D.C. 20515

Dear Chairman Smith:

Our respective organizations, the National Hydropower Association and American Rivers, representing both the hydropower industry and a national network of river conservation advocates, respectively, write to express our strong support for the inclusion of the *Maintaining and Enhancing Hydroelectricity River Restoration Act*, (H.R. 6653/S. 2994, 118th Congress), which we expect to be reintroduced shortly by Rep. Adrian Smith (R-NE), in any tax vehicle that moves in the 119th Congress.

This legislation creates a 30% investment tax credit for the maintenance of our nation's existing hydropower dam infrastructure, as well as river restoration and environmental mitigation efforts across the nation.

Hydropower is an important source of reliable and affordable energy for over 30 million Americans across the country. Along with generating vast amounts of domestically sourced energy, hydropower may provide many important additional community benefits, including flood control, irrigation support, recreation, transportation, and clean drinking water.

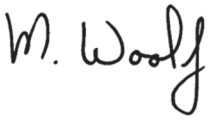
Maintaining and enhancing these facilities will ensure that these hydropower projects remain safe and resilient for decades to come, while also strengthening the backbone of our electricity system through all of the various critical grid security services that hydropower provides, including over 40% of our nation's black start capability, 96% of our nation's utility-scale long duration energy storage, spinning reserves, and frequency response.

With the right incentives and innovation support, we can also make environmental improvements, enhance dam safety, and modernize the hydropower fleet – outcomes that will lead to healthier rivers and a more reliable grid. The *Maintaining and Enhancing Hydroelectricity and River Restoration Act* will enhance our nation's waterways by allowing for the voluntary removal of obsolete river obstructions and mitigation of sediment buildup, which will enhance water quality, protect critical fisheries, and restore waterways to their natural free flowing state. Taken together, these incentives support capabilities to add fish-friendly turbines or other fish passage infrastructure essential for salmon recovery and healthy rivers.

This bipartisan, bicameral legislation is scored at $729 million over the next 10 years by the Joint Committee on Taxation and is supported by a broad coalition, including hydropower industry stakeholders, laborers and skilled infrastructure tradesmen and women, dam safety officials, water users and environmental NGOs.

Thank you for your consideration of this request as you assess priorities for the 2025 tax package in the 119th Congress.

Sincerely,





Malcolm Woolf
President and CEO
National Hydropower Association

Tom Kiernan
President and CEO
American Rivers

APPENDIX:
1. JCT SCORE
2. Industry Letter of Support
3. Stakeholder Coalition Letter of Support
4. Conservation Community Letter of Support

117TH CONGRESS, 2ND SESSION

SENATE
RON WYDEN, OREGON, CHAIRMAN
DEBBIE STABENOW, MICHIGAN
MARIA CANTWELL, WASHINGTON
MIKE CRAPO, IDAHO
CHUCK GRASSLEY, IOWA

HOUSE
RICHARD NEAL, MASSACHUSETTS, VICE CHAIRMAN
LLOYD DOGGETT, TEXAS
MIKE THOMPSON, CALIFORNIA
KEVIN BRADY, TEXAS
VERN BUCHANAN, FLORIDA

Congress of the United States
JOINT COMMITTEE ON TAXATION
502 FORD HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6453
(202) 225–3621
http://www.jct.gov

THOMAS A. BARTHOLD
CHIEF OF STAFF

ROBERT P. HARVEY
DEPUTY CHIEF OF STAFF

December 14, 2022

Honorable Maria Cantwell
United States Senate
SH-511
Washington, D.C. 20510

Dear Senator Cantwell:

This letter contains a response to your request of December 1, 2022, for a revenue estimate of the "Maintaining and Enhancing Hydroelectric and River Restoration Act of 2022" that would establish a tax credit for investments in hydropower improvement property placed in service after December 31, 2022.

Your proposal would establish a 30-percent investment tax credit for hydropower improvement property which is defined as investments in property which adds or improves fish passage, maintains or improves quality of water released by a dam, promotes downstream sediment transport, removes an obsolete reiver obstruction, or upgrades, repairs or reconstructs a qualified dam, or places in service an approved remote dam. A qualified dam is one that has been licensed by the Federal Electric Regulatory Commission ("FERC") or legally operated without a license before the date of enactment. An approved remote dam is a dam that serves communities that are not connected to the Eastern Interconnection, Western Interconnection, or the Electric Reliability Council of Texas ("ERCOT"), was licensed by FERC before December 31, 2020, and does not contribute to atmospheric pollution. The credit would also be included in the definition of "applicable credits" in section 13801(b) of the "Inflation Reduction Act" would allow the credit to be transferred to an eligible taxpayer.

The following provides the estimated effects of your proposal on Federal fiscal year budget receipts.

Fiscal Years [Millions of Dollars]

2023	2024	2025	2026	2027	2023-27	2023-32
-38	-87	-89	-72	-69	-355	-729

NOTE: Details may not add to totals due to rounding.

Congress of the United States
JOINT COMMITTEE ON TAXATION
Washington, DC 20515–6453

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,

Thomas A. Barthold

Thomas A. Barthold



January 22, 2024

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Lisa Murkowski
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Adrian Smith
United States House of Representatives
502 Cannon Houe Office Building
Washington, D.C. 20515

The Honorable Suzan DelBene
United States House of Representatives
2330 Rayburn House Office Building
Washington, D.C. 20515

Dear Senators Cantwell and Murkowski and Representatives Smith and DelBene:

We write as members of the hydropower industry in strong support of the Maintaining and Enhancing Hydroelectricity and River Restoration Act of 2023, S. 2994 and H.R. 6653, respectively.

This common-sense, bipartisan proposal would establish a 30% investment tax credit (ITC) for hydropower asset owners to make dam safety upgrades and environmental improvements at their facilities, which include adding fish passage, improving water quality, upgrading or replacing floodgates and spillways, and maintaining river sediments. With reinvestment needs due to aging infrastructure, the Maintaining and Enhancing Hydroelectricity and River Restoration Act of 2023 addresses a real and pressing issue for the hydropower system.

In many cases, hydropower projects are more than just electricity generation facilities and maintaining the existing hydropower fleet is critical for communities across the United States. In addition to providing low-cost electricity to homes and businesses, hydropower projects also provide additional societal benefits like navigation, irrigation support, clean drinking water, flood protection, and recreation, among others. These non-power benefits, although often overlooked, serve to protect, support, and improve local communities.

Recently, the Bipartisan Infrastructure Law provided $553.6 million for the newly created Section 247 program within the Energy Policy Act of 2005. This program provides incentive payments to the owners and operators of hydroelectric facilities for capital improvements related to maintaining and enhancing hydroelectricity generation by improving grid resiliency, dam safety, and environmental aspects of the project. The response from hydropower asset owners to Section 247 was overwhelmingly strong and the program is now oversubscribed. According to DOE data, 73% of Section 247 grant letters of intent were for projects related to dam safety improvements and environmental upgrades. In fact, dam safety projects comprised just over half the letters of intent (LOIs) for the program. Project costs associated with all of the capital improvements in the LOIs would leverage billions in private capital investment from the hydropower industry.

While the Section 247 program is a great down payment on maintaining and upgrading our nation's hydroelectric fleet, the response to this program demonstrates that additional federal support is needed. The Maintaining and Enhancing Hydroelectricity and River Restoration Act of 2023 will build on the Section 247 program and stimulate even greater investment in our nation's dam infrastructure, protecting these critical infrastructure and energy generating assets, and providing critical non-power benefits to communities across the United States.

This legislation, if adopted, will incentivize environmental upgrades and retrofits, ensuring that the existing hydropower fleet can continue to provide flexible, carbon-free generation to millions of homes and businesses in the U.S. for decades to come. Our organizations stand ready to work with you to advance this important legislation through the United States Senate and into law.

Signed,

Alabama Power Company
American Municipal Power
Ampersand Hydro, LLC
Bowersock Hydropower
Brookfield Renewable
Central Nebraska Public Power and Irrigation District
Chelan Public Utility District
Consumers Energy
Current Hydro
Douglas County Public Utility District
Duke Energy
Eagle Creek Renewable Energy
FirstLight
Georgia Power Company
Grant Public Utility District
Gravity Renewables
Great River Hydro, LLC
Juneau Hydropower Inc.
Kleinschmidt
Mead & Hunt
Natel Energy
National Hydropower Association
Nelson Energy
NorthWestern Energy
New York Power Authority
PacifiCorp
Pacific Gas and Electric Company
Rye Development
Seattle City Light
Southern Company
Tacoma Power
Whooshh Innovations



January 22, 2024

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Lisa Murkowski
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Adrian Smith
United States House of Representatives
502 Cannon Houe Office Building
Washington, D.C. 20515

The Honorable Suzan DelBene
United States House of Representatives
2330 Rayburn House Office Building
Washington, D.C. 20515

Dear Senators Cantwell and Murkowski and Representatives Smith and DelBene:

We write as a broad coalition including the hydropower industry, representatives of the environmental community, and dam safety officials, to record our support for *the Maintaining and Enhancing Hydroelectricity and River Restoration Act*, S. 2994 and H.R. 6653, respectively. This bill adheres to the "3R" guiding principles identified in the October 2020 Uncommon Dialogue Joint Statement of Collaboration, namely:

- *Rehabilitate* both powered and non-powered dams to improve safety, increase climate resilience, and mitigate environmental impacts.
- *Retrofit* powered dams and adding generation at non-powered dams to increase renewable and reservoir operations for water supply, fish passage, flood mitigation, and grid integration of solar and wing; and
- *Remove* dams that no longer provide benefits to society, have safety issues that cannot be cost-effectively mitigated, or have adverse environmental impacts that cannot be effectively addressed.

This common sense, bipartisan proposal would establish a 30% investment tax credit (ITC) for qualified dam facilities, allowing for hydropower asset owners to make dam safety upgrades and environmental improvements at their facilities, which include adding or improving fish passage, maintaining or improving water quality, upgrading or replacing floodgates and spillways, minimizing river sediments.

This ITC would also facilitate the removal of obsolete river obstructions and dams that are no longer economically or environmentally viable, allowing rivers to return to their natural state.

With the average age of the nation's dams now over sixty years old, it is long overdue to encourage these investments, which were not included in last year's Inflation Reduction Act. We urge the Congress to take swift action to address this growing concern.

Signed,

American Rivers
American Whitewater
American Society of Civil Engineers
Association of State Damn Safety Officials
Gravity Renewable
Hydropower Reform Coalition
Low Impact Hydropower Institute
National Hydropower Association
Rye Development
Union of Concerned Scientists

United States Senate
September 12, 2024

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Lisa Murkowski
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Adrian Smith
United States House of Representatives
502 Cannon Houe Office Building
Washington, D.C. 20515

The Honorable Suzan DelBene
United States House of Representatives
2330 Rayburn House Office Building
Washington, D.C. 20515

Dear Senators Cantwell and Murkowski and Representatives Smith and DelBene:

We, the undersigned conservation and environmental organizations, write to record our support for S. 2994 and H.R. 6653, the Maintaining and Enhancing Hydroelectricity and River Restoration Act of 2023.

This bipartisan legislation would establish a 30% investment tax credit (ITC) for qualified dam facilities, allowing for hydropower asset owners to make dam safety upgrades and environmental improvements at their hydropower project. Some of the investments eligible for this credit include projects that add fish passage, upgrade or replace floodgates and spillways, improve water quality, and manage river sediment. This ITC would also allow dam owners to voluntarily remove obsolete river obstructions and dams that no longer provide benefits to society, have safety issues that cannot be cost-effectively mitigated, or have adverse environmental impacts that cannot be properly addressed, allowing rivers to return to their natural state. This common-sense legislation will maintain the existing hydropower fleet which provides renewable energy to over 30 million American's and will also promote clean and healthy river systems throughout the United States.

Hydropower is an important source of renewable, reliable, and affordable energy. It plays a key role in our nation's generation portfolio and will be critical to ensuring a clean energy future. Along with generating vast amounts of renewable energy, hydropower provides important community benefits, including flood control, irrigation support, recreation, transportation, and clean drinking water. In addition, hydropower provides a full suite of grid support services, including 40% of our nation's black start capability and 96% of our nation's long duration energy storage capability. As our power grid evolves and energy consumption increases, hydropower will be ever-more important in securing a reliable grid for the future.

Scored by the Congressional Budget Office at $729 million dollars over 10 years, this legislation would safeguard existing hydropower generation while prioritizing healthy rivers nationwide.

We strongly support the Maintaining and Enhancing Hydroelectricity and River Restoration Act of 2023 and believe it is an important low-cost, non-controversial bill that would greatly benefit our nation's rivers and electric grid alike.

Signed,

Alabama Rivers Alliance
American Conservation Coalition Action
American Rivers
American Whitewater
Appalachian Mountain Club
California Outdoors
California Sportfishing Protection Alliance
Californians for Western Wilderness
Christian Council of Delmarva
Clean Wisconsin
Congressional Sportsmen's Caucus
ConservAmerica Action
Conservatives for Responsible Stewardship
Endangered Habitats League
Endangered Species Coalition
Environmental Protection Information
Center Foothill Conservancy
For Love of Water (FLOW)
Freshwater Future
Friends of the River
Great Lakes Wildlife Alliance
Kalmiopsis Audubon Society
Kentucky Waterways Alliance
Kettle Range Conservation Group
Latino Farmers & Ranchers International, Inc.
Low Impact Hydropower Institute
Massachusetts Rivers Alliance
Michigan Hydro Relicensing Coalition
National Congress of American Indians
Natural Heritage Institute
Ohio River Foundation
Park Watershed
Resource Renewal Institute
Rivers Without Borders
Stockholm Environment Institute
The Ocean Project
Theodore Roosevelt Conservation Partnership
Trout Unlimited
Union of Concerned Scientists
Voices of the Land
Waterkeepers Chesapeake

February 4, 2025

Members of the House Committee on Ways and Means:

My name is Rocky Christenberry, and I am the Executive Vice President of Manufacturing at Priefert Steel. I appreciate this opportunity to share my views with the Committee on the positive impact of manufacturing and energy tax credits.

Founded in 1964, Priefert is well-known as one of largest farm, ranch and rodeo equipment manufacturers in the world. We are proud to employ approximately 1,000 people across our headquarters in Mt. Pleasant, TX and our steel processing centers which we own and operate in Benton, Arkansas and in Fort Worth, Texas

Priefert is also a growing manufacturer of steel products for use by the solar industry. Specifically, we manufacture steel torque tubes, which are used by solar trackers on utility-scale solar sites to rotate panels so they are positioned toward the sun. We additionally manufacture some assemblies that attach solar panels to the torque tube in high-wind scenarios.

Solar now represents around 30% of our annual business. This growth has been supported by the Advanced Manufacturing Production Tax Credit (or “45X”) which Priefert claims on the torque tube we produce. This credit helps Priefert and other U.S. steel manufacturers compete with imported foreign product, and expand our domestic capacity.

Our business also benefits from the domestic content bonus credit which solar developers can claim if they use domestically manufactured products in their solar sites. This bonus credit further incentivizes developers to choose domestic torque tube, such as the ones we produce at Priefert.

As the Committee addresses tax reform in 2025, I strongly urge the preservation of these manufacturing and energy tax credits, which are helping create jobs and bolster U.S. manufacturing.

Respectfully,

Rocky Christenberry
EVP of Manufacturing
Priefert Steel

The Honorable Jason Smith
Chairman
House Ways and Means Committee
1139 Longworth House Office
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
1129 Longworth House Office Building
Washington, DC 20515

Re: Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

Dear Chairman Jason Smith and Ranking Member Neal:

Thank you for the opportunity to submit a statement for consideration by the Committee as Congress considers reforming our tax code. The Solar Energy Manufacturers for America (SEMA) Coalition is a group of non-Chinese solar manufacturers united to rebuild the domestic supply chain. Our members are building or looking to build solar components across the value chain in the United States. Over 45,000 manufacturing jobs exist or are planned at facilities in 124 congressional districts in the solar supply chain, with thousands of new jobs slated to begin over the next four years.

Following President Trump's decisive actions in his first term, the SEMA Coalition appreciates the opportunity to share tax policy recommendations that will unleash American energy dominance and outcompete China by:

- Opening new factories over the next four years
- De-risking the solar industry from Chinese-controlled entities
- Creating good-paying American manufacturing jobs
- Reducing consumer energy costs

The SEMA Coalition applauds President Trump and the new Congress' commitment to unleashing American energy production, reducing manufacturing taxes, and supporting American workers. The domestic solar manufacturing industry is essential to American energy dominance and security as we compete with China for leadership in this growing global market.

We look forward to working with Congress and President Trump to ensure the U.S. is not reliant on China or Chinese-controlled supply chains for this critical industry. With President Trump's continued leadership, the SEMA Coalition is confident the U.S. will outcompete its Chinese rivals and cut ribbons on new solar manufacturing factories nationwide.

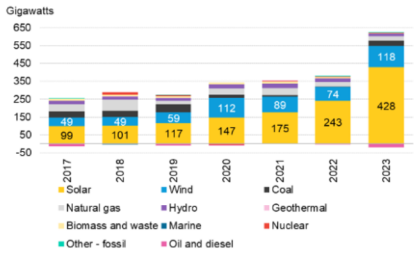
Sincerely,

Mike Carr
Executive Director
SEMA Coalition

The Imperative to Level the Playing Field With China

Over the last decade, improved technology, economies of scale, inexpensive energy storage, and easy deployment have driven the global demand for solar energy across the residential, commercial, industrial, and utility sectors. In 2023, solar represented approximately 53.5 percent of new U.S. electric generation capacity (37.5 percent utility-scale, 16.0 percent distributed generation), compared to 6 percent in 2010. This is a global trend, as represented by the Bloomberg New Energy Finance graph (right). Independent industry analysts estimate solar will account for between 21 and 43 percent of total U.S. energy generation by 2035.

Fig 1: Global net power capacity additions by technology



Source: BloombergNEF. Note: Total net additions to global capacity. 'Other - fossil' accounts for plants that use more than one fuel or fuels other than coal, oil, gas, hydro and nuclear. Net capacity additions based on the change in the installed base year-on-year by technology, inclusive of retirements and gross additions.

As President Trump has emphasized, AI-driven data center expansion and broad-based electrification will further drive sustained electricity demand growth and the need for low-cost and secure solar. Utility companies alone need to increase power generation by the end of President Trump's term by as much as 26% above 2023 levels. Solar will be needed to win the AI race and protect Americans from electricity rate hikes.

Solar's projected growth is largely attributable to its being one of the most cost-competitive and long-term price-stable forms of energy readily available to be deployed on or off-grid. With modern power plants' ability to quickly ramp, and be supplemented by increasingly affordable storage, solar plays a critical role not only in meeting peak demand but strengthening firm power resources. Solar's cost-competitiveness and reliability are clearly observed in Texas, which has the second most solar energy deployed in any state and has deployed the most solar from 2015 through 2024 according to the U.S. Energy Information Administration. The Electrical Reliability Council of Texas (ERCOT), which operates Texas' electricity grid, is the least encumbered by government regulations, demonstrating that the market chooses solar deployment as the least cost option. Additionally, new long-duration energy storage technologies allow solar energy to be saved for long periods of time, further strengthening American energy security and allowing solar to meet more demand. While a great deal of baseload power technology is many years away, solar is ready to be made in America and deployed on the grid during the Trump administration.

Current Tax Incentives Support American Solar Manufacturers, But More Can Be Done

U.S. solar manufacturers are competing with China for the lowest cost source of energy in the world. These manufacturers need policy support to scale and maintain long-term competitiveness in the face of China's global market manipulation. China's government is in pursuit of global energy dominance with its excess production of solar and batteries – seeking to use its subsidies and policy levers to corner the global market. The Section 45X Advanced Manufacturing Production Tax Credit (AMPTC) and the

Domestic Content Bonus are foundational for leveling the playing field with China and maintaining an advanced and innovative U.S. solar manufacturing sector. The 45X AMPTC is the main pillar for financing new and innovative American solar manufacturing facilities being built to reduce reliance on Chinese supply chains and drive technological innovation and efficiency. The 45X AMPTC supports or will support tens of thousands of solar manufacturing workers, with thousands of additional employees expected to be hired to support recent investments.

The second major pillar for reshoring solar manufacturing is the Domestic Content Bonus for the Section 45Y and 48E incentives. The Domestic Content Bonus is akin to the first Trump administration's auto rules of origin requirements in the U.S.-Mexico-Canada Agreement (USMCA) – it preserves market demand for products made in America. As the 45X AMPTC is only for products sold, the Domestic Content Bonus serves as a complementary provision supporting American manufacturing investments by incentivizing project developers to buy modules with American-made solar components instead of heavily subsidized components from Chinese companies. This supports American workers in states like Ohio, Georgia, Michigan, Tennessee, Alabama, Louisiana, South Carolina, and elsewhere, who are making solar-grade polysilicon, solar wafers, and solar cells, all critical components in the supply chain, and reinforces our ability to outcompete China and unleash American energy dominance.

As the Ways and Means Committee considers various matters under its tax jurisdiction, the SEMA Coalition stands ready to serve as a resource and provide feedback on behalf of American solar manufacturers. Specifically, as the Committee evaluates modifications to the tax code, it should consider the following reforms to reduce our reliance on Chinese supply chains and support American manufacturing. These options all provide significant savings:

1. **Maintain the 45X AMPTC for Non-FEOCs**: The 45X AMPTC duration and monetization mechanisms, specifically the ability of American manufacturers to have the option to transfer the tax credits, must be preserved to ensure financing for current solar manufacturing projects. The elimination of this monetization mechanism or an early phase out for the 45X AMPTC would undercut project financing and potentially cause major job losses.

2. **Eliminate China's Access to the 45X AMPTC**: Foreign Entities of Concern (FEOCs) should be disqualified from receiving the 45X AMPTC. American taxpayer dollars should not be accessible or available to FEOCs who are already heavily subsidized by adversaries and egregiously use forced labor to further reduce their production costs. The SEMA Coalition and its members welcome strong anti-FEOC constructs that keep foreign adversaries and entities they control from receiving American taxpayer dollars.

3. **Maintain and Strengthen Domestic Content Rules**: Chinese manufacturers have repeatedly shown the willingness to drop prices below production costs to take market share from American producers. The Domestic Content Bonus is critical to combat this and provides an incentive to project developers to support domestic component factories while still delivering the lowest-cost electricity to their customers. Without incentives to buy American solar products, Chinese solar products could dominate U.S. energy buildout. Domestic Content rules could be expanded and structured to require an increasing percentage of critical components (as listed in the 45X – polysilicon, wafers, cells, modules) to come from domestic sources. This

would give manufacturers of those components a stronger demand signal, justifying further investment in component factories.

4. **Ensure Next-generation Technologies Benefit from the 45X AMPTC**: Tandem solar and direct wafering technologies represent the promise of the U.S. fully taking back solar manufacturing technology leadership. Pilot-scale investments are being made currently, but additional clarity in the 45X AMPTC could advance investments and ensure we do not lose the technological race to China.

In addition, the SEMA Coalition is grateful for the members of Congress who voiced support for pro-manufacturing, America-first tax policies, such as the 45X AMPTC, in the January 22 Member Day Hearing. Statements in support of domestic solar manufacturing include:

- **Rep. Rich McCormick (R-GA-06)**
  - "I support extending the 45X Advanced Manufacturing Production Tax Credit. Policies like the 45X tax credit are vitally important for our manufacturing industry's continued global competitiveness. Manufacturing companies, such as a battery manufacturer in my district, would benefit significantly as they compete against Chinese-made products."

- **Rep. Mariannette Miller Meeks (R-IA-01)**
  - "This credit [45X] is powering a resurgence of domestic clean energy manufacturing, including in Republican districts, from wind turbine blades to solar panels to battery components, 45X is helping the US build resilient supply chains and reduce dependence on foreign imports, imports from countries like China."
  - "The 45Y and 48E Clean Energy Production Investment Credits, the IRA brought in a wave of new investment by expanding the scope of these long-standing credits to make them tech-neutral, designed to evolve with the energy industry over the long term. These credits helped Iowa become the first state to generate 40% of its electricity from wind power in 2019, and they will continue to incentivize investments across all energy sectors moving forward."

- **Rep. John James (R-MI-10)**
  - "I ask that you proceed with caution when looking to address provisions of the IRA that have incentivized the onshoring of the future of automotive jobs, which brought billions of dollars in US investments and thousands of jobs created right here. While the bulk of the IRA is damaging policy, we must not neglect the sector-wide, energy tax provisions that manufacturers and job creators rely on in my district and around the country… We must walk and chew gum at the same time. We can, and must, remove the harmful provisions of the IRA, while keeping in place the policies that we know work to create American jobs."

- **Rep. Buddy Carter (R-GA-01)**
  - "But I want to ask you on the IRA just to please, instead of taking a sledgehammer to it, please take a scalpel to it. There are a variety of credits in that partisan IRA, and it was partisan, but they were modified by the law. Many of them either existed prior to the

law or already had bipartisan support and were thrown into that partisan package. So all I'm asking you to do is to look at it carefully if they have achieved what we hope to achieve, and that is bring manufacturing back to America and solidify our supply chains, then perhaps we need to look at keeping those tax credits there."

- **Rep. Andrew Garbarino (R-NY-02)**
  - "I would also like to emphasize the importance of preserving the energy tax credits included in the Inflation Reduction Act. The Inflation Reduction Act was a heavily flawed bill that included various provisions our conference rightly opposed. At the same time, the energy tax credits that were included in this bill have proven to be incredibly valuable when it comes to incentivizing domestic investment, creating jobs, and securing American energy independence. Should these credits be repealed, the United States will have invested countless tax dollars into energy development, all for the benefits to never be realized.

    Further, these credits have been immensely helpful in providing industry certainty, which is paramount when it comes to long-term planning, capital allocation, and attracting domestic investment in the energy sector. For example, in the State of Missouri, these credits stand to provide up to $10.7 billion in direct investment, $18.9 billion in total economic activity, and over three thousand jobs. In Louisiana, these credits have the potential to provide up to $58.3 billion in direct investment, $103.6 billion in total economic activity, and over twenty-eight thousand jobs. Further, Texas could enjoy up to $125.3 billion in direct investment, $259.4 billion in total economic activity, and see an increase of over fifty-one thousand jobs, while Florida could see up to $33.6 billion in direct investment, $66 billion in total economic activity, and over twenty-two thousand jobs. We are at a critical time for our nation's energy future, and it is essential that we take a pragmatic approach to our energy tax framework.

    As has been said by Speaker Johnson himself, the best way to examine our nation's energy tax future is to use a scalpel, not a sledgehammer. I look forward to continuing to work with the Committee to develop an America First tax plan that champions fiscal responsibility and supports a forward-looking energy approach that ensures we can keep pace with domestic energy demand, counters efforts by our foreign adversaries to gain an oppressive foothold in the energy sector, and supports economic growth and innovation."

Thank you for your leadership. The SEMA Coalition looks forward to working with the Committee on these and other issues under its tax jurisdiction and appreciates Chairman Smith's efforts to make the American economy the envy of the world.

Sustainable Maritime Coalition

February 5, 2025

The Honorable Jason Smith
Chairman
House Ways and Means Committee
1011 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
372 Cannon House Office Building
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal,

The Sustainable Maritime Coalition (SMC) appreciates the opportunity to submit comments to the Ways and Means Committee as you seek industry inputs on aspects of tax policy as the Committee works on a tax reform package. SMC represents stakeholders in the maritime industry and we look forward to collaborating with you, and Committee members, on tax policy that impacts the maritime sector, specifically the Clean Fuels Production Tax Credit (45Z). SMC hopes to be a resource to provide industry perspective as the Committee considers changes to 45Z, and other biofuel credits, which can spur innovation and development of the next generation of sustainable maritime fuels.

The maritime industry makes the global economy possible, and it is undergoing a once-in-a-century energy transition to modernize the industry and adopt new fuels and technologies of the future. These globally-driven changes in this maritime sector will profoundly affect fuel markets and global trade.

New technologies and fuels must be deployed at scale, requiring substantial investments now and over the next several decades. This energy transformation is being driven both by regulatory bodies and market forces, and importantly from the international regulatory body—the International Maritime Organization (IMO)—whose targets include a 20% reduction in emissions by 2030 and a 70% reduction by 2040 (compared to 2008 levels), with the ultimate goal of achieving net-zero emissions by 2050. The IMO's strategy also includes the uptake of zero/near-zero emission fuels representing at least 5% of energy used by international shipping by 2030. Recognizing the limited availability of sustainable advanced biofuels, scaling up low carbon fuels [such as electro fuels (e-fuels), biofuels, or blue hydrogen-based fuels] will be critical to achieve these global targets. It is estimated that more than $3 trillion in global investment is needed to enable this global transformation. The maritime sector is the backbone of international and domestic trade; shipping transports over 80% of global trade, providing a reliable and cost-effective way to move goods across the world. The US shipping industry has already invested in the ships of the future, with vessels ready to support the adoption of methane, methanol, and ammonia as potential fuels.

Despite these investment signals from the private sector, international requirements, and the United States' reliance on trade and commerce, the United States government is not committing to the alternative fuels and infrastructure needed to support the global maritime sector into the future. This lack of investment to innovate new maritime fuels will have significant repercussions for the United States' maritime companies and their competitive edge within the broader maritime community. ***Internationally, countries like China and members of the European Union have already made announcements with aggressive targets to produce the fuels of the maritime future. Absent a policy framework to incentivize the production, the United States will cede leadership in driving fuels and technologies to meet this change***.

Two important updates to 45Z will support the United States' sustainable maritime fuel industry in the short term: 1) explicitly include maritime fuels as eligible for 45Z; and 2) extend 45Z through 2037. These two updates will provide market stability during this once-in-a-century energy transition.

Inclusive Approach Needed for Maritime Fuels in 45Z, the Clean Fuels Production Credit

As currently written in statute, 45Z defines eligibility for the tax credit for fuels developed for highway transportation and aviation, **which omits any mention of maritime and listing clean maritime fuel sources.** 45Z has the opportunity to reshape the future of the maritime industry by bolstering clean fuel development for maritime use from sources already being developed for that purpose. This includes such potential sources as methanol, methane, ammonia, Liquefied Petroleum Gas (LPG), Biodiesel, Hydrotreated Vegetable Oils (HVO), and e-fuels.

Treasury's January 2025 proposed regulations suggest that marine fuels that meet the definition of transportation fuels and are 'suitable for use' in a highway vehicle or aircraft may be considered eligible under 45Z. However, given the preliminary nature of this guidance, it is unclear how it will be implemented. SMC is encouraged by this guidance, but still believes Congress needs to act to explicitly include maritime fuels as eligible under 45Z to clarify any ambiguity around the term 'suitable for use' and ensure the development of new innovative fuel sources specifically for maritime end uses.

Including maritime fuels and defining fuel sources currently being developed for the industry will not only allow the United States to meet international maritime obligations but will also produce positive economic impacts across the country. For example, enormous capital investments are being made today by shipowners to be ready to use alternative fuels such as bio and "e" versions of both methane and methanol, as they become available at scale in the market.

Leading shipping and cruise line companies are investing capital to prepare for this transition to new fuels. This has been evidenced by the construction of new ships by the maritime sector, which can accommodate dual- and tri-fuel engines, which demonstrates that the industry is already investing in the ships of the future that will need advanced fuels.

Sustainable maritime fuel can also be made from various organic materials: soybean hulls, logging waste, animal manure, garbage, and even seaweed. Research[1] shows the United States has vast quantities of these resources available—with the potential for over 1 billion tons available every year[2]. However, to create parity with fuel sold abroad and to provide drop-in ready fuel today to meet these global targets, maritime fuel needs to be included for 45Z.

Amending 45Z to explicitly place maritime on par with transportation and aviation fuels is critical to the future of the maritime industry. Additionally, broadening the definition of fuel types to include sources ready for deployment in maritime, and extending the horizon of the tax credit will not only ensure the maritime industry has the available resources and innovation needed for decarbonization, but generate a positive national economic impact and support US energy dominance.

Extend 45Z until 2037

As your stakeholder letter mentions, the lack of implementation of 45Z by the Administration has caused uncertainty for fuel suppliers. As the credit is set to sunset in 2027, this lack of guidance and implementation has a limiting effect on the innovation in fuels the credit can incentivize.

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[1] https://scijournals.onlinelibrary.wiley.com/doi/10.1002/bbb.2350

[2] U.S. Department of Energy (DOE) Bioenergy Technology Office's (BETO) 2023 Billion-Ton Report https://www.energy.gov/sites/default/files/2024-03/beto-2023-billion-ton-report_2.pdf

45Z has the opportunity to create maritime fuels of the future, but fuel producers must have certainty that the credit will be a viable incentive to them for the foreseeable future. Including a longer sunset of at least ten years, reforming the credit to include fuels produced for the maritime industry, and working with the incoming Trump Administration to implement and set forth guidance is critical to our industry's future success.

We appreciate the Committee's willingness to receive input from the maritime industry as you consider tax policy. SMC stands ready to be a resource to the Committee in your continued work on a tax package.

Sincerely,

Jennifer Garson

Jennifer Garson
Executive Director
The Sustainable Maritime Coalition

THE AMERICAN AUTO INDUSTRY: STRENGTHENING ECONOMIC AND NATIONAL SECURITY

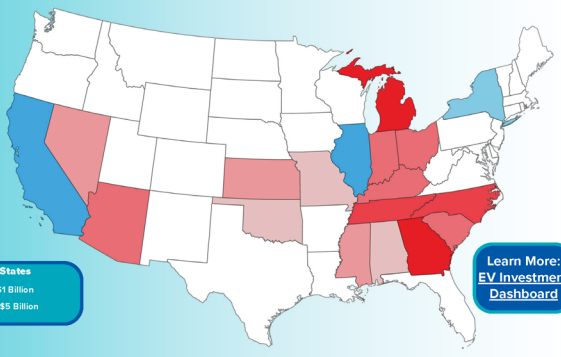
ALLIANCE FOR AUTOMOTIVE INNOVATION

The auto industry is America's largest manufacturing sector – defining what it means to 'build things here at home...'

The auto industry supports 10 million American jobs in all 50 states, generates roughly 5 percent of U.S. GDP and contributes $1 trillion into the U.S. economy annually.

AUTOMOTIVE MANUFACTURING: INVESTING IN THE FUTURE (2018 - SEPT. 2024)

Key tax provisions (including 30D, 45W, 45X) support a SHARED objective: a globally competitive American auto industry that underpins the country's economic and national security interests.



Red States
- Less than $1 Billion
- $1 Billion - $5 Billion
- $5 Billion - $10 Billion
- $10 Billion - $20 Billion
- More than $20 Billion

Blue States
- Less than $1 Billion
- $1 Billion - $5 Billion

Learn More: EV Investment Dashboard

Source: Compiled from company reports, press statements, and other media related to EV and battery investments.

PRIVATE SECTOR INVESTMENTS BY THE NUMBERS (2018 - 2024)

$91 BILLION	$38 BILLION	$129 BILLION*
BATTERY FACILITIES	EV FACILITIES	TOTAL INVESTMENTS

JOBS

113,000**
TOTAL PROJECTED JOBS CREATED

48,000	66,000
EV FACILITY JOBS	BATTERY FACILITY JOBS

REGIONAL INVESTMENTS

SOUTH:	$70.3 BILLION
MIDWEST:	$44.7 BILLION
WEST:	$14.3 BILLION
NORTHEAST:	$0.3 BILLION

HEADWINDS

Even as automakers and suppliers invest in an increasingly connected, automated and electrified vehicle technologies, they face unprecedented economic and geopolitical pressures:

- Unfair competition and market distorting policies from China;
- A global race to secure alternative critical minerals and raw material supply chains since China has a 15 year head start;
- Need for regulations that align with market realities;
- Long-overdue domestic mining and permitting reform;
- Threats to US leadership in innovation and need to prevent IP theft.

*Every $1 spent in vehicle manufacturing creates additional $3.45 in economic value.
**Every direct job in vehicle manufacturing supports 10.5 additional American jobs.

To: U.S. House Committee on Ways and Means

Public Comments from the U.S. Green Building Council

Member Day Hearing – Tax – Jan. 22, 2025

Submitted electronically via WMSubmission@mail.house.gov

Dear Committee Members:

Thank you for the opportunity to submit comments regarding the Committee's member day hearing on tax issues held Jan. 22, 2025.

The U.S. Green Building Council is pleased to submit these comments supporting the buildings-related energy efficiency and clean energy tax incentives currently in federal law. Homes and buildings account for more than 75% of U.S. electricity consumption and 40% of overall energy consumption. They are a critical yet often overlooked component of energy affordability and grid reliability, as well as environmental sustainability and community resilience in the face of disaster.

The U.S. Green Building Council (USGBC) is a nonprofit organization dedicated to addressing these issues by helping the private and public sectors build better buildings that are more affordable to operate, more resilient and durable, and more sustainable, while also reducing strain on an increasingly oversubscribed grid. For over 30 years, we have pursued this vision through our flagship program Leadership in Energy & Environmental Design (LEED), a third-party building certification system that verifies and celebrates the achievement of best practices in building design, construction, operations and maintenance.

We write in support of five tax incentives that help encourage investment in homes and buildings, most of which were created with bipartisan support in the Energy Policy Act of 2005. We also include in these comments a letter sent to Congress on Jan. 15, 2025, (Attachment A) from more than 350 companies in the construction and real estate sectors urging the continuation of these incentives.

Given the current hardships facing the housing and commercial real estate markets, this would be a particularly damaging time to eliminate these incentives, discouraging investment in home and building improvements and slowing economic activity in the construction and building trades. It also would also create economic chaos for the large and small businesses in the building sector that have adjusted product lines, hired employees, and otherwise changed their business plans to take advantage of these tax incentives. There are currently thousands of projects, perhaps tens of thousands, underway that have been planned around these incentives. Eliminating the incentives now would pull the rug out from under those builders, contractors, manufacturers, homeowners and others who have simply acted rationally and planned around incentives already in law.

- **Sec. 45L New Energy Efficient Homes Credit:** Tax credit for homebuilders encouraging construction of more energy efficient new homes, with $2,500 for building ENERGY STAR homes and $5,000 for building Department of Energy Zero Energy Ready Homes. The credit was originally created under the bipartisan Energy Policy Act of 2005 and has long had strong bipartisan support, including from homebuilders. According to preliminary EPA data, the number of ENERGY STAR certified homes more than doubled from 141,507 units built in 2022 to 343,679 units in 2024. This means roughly one-quarter of all new houses built in 2024 were built to high standards for energy efficiency, water efficiency and resilience. ENERGY STAR homes reduce energy consumption by 20% on average, yielding $400 per year in cost savings to the average household, while significantly reducing overall demand on the grid.

- **Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings:** Tax deduction of up to $5.65 per square foot taken by building owners for commercial building energy efficiency improvements in new construction or renovation projects, such as improved HVAC systems and building envelopes. The deduction was originally created under the bipartisan Energy Policy Act of 2005 and made permanent via the appropriations process in 2020, during the last Trump administration. While Treasury has not released data on its use, Sec. 179D is an important tool for helping the struggling commercial real estate sector, particularly aging existing buildings, as it rewards efficiency improvements of 25% to 50% which may be achieved with deep retrofits.
- **Sec. 25C Energy Efficient Home Improvement Credit:** Tax credit of up to $3,200 for homeowners making energy efficiency improvements to their homes such as improving insulation, duct sealing, windows or heating and cooling equipment. The credit was originally created in the bipartisan Energy Policy Act of 2005 and has long had broad bipartisan support. According to Treasury, data, more than 2.3 million American households took advantage of the Sec. 25C tax credit in 2023, taking an average credit of nearly $900. This helped generate billions of dollars in economic activity in the building trades such as HVAC, insulation, and electrical as homeowners installed insulation, replaced HVAC systems, and made other improvements. Approximately 80% of the households taking the credit earned less than $200,000 in household income.
- **Sec. 48/48E Clean Electricity Investment Tax Credit:** Tax credit, typically 30% on investment, for companies, including building owners, making clean energy investments such as rooftop solar, geothermal heating and cooling systems, and energy storage. Varying iterations of the clean energy ITC have been in effect for decades, with broad bipartisan support.
- **Sec. 30C Alternative Fuel Vehicle Refueling Property Credit:** Tax credit, typically 30% on investment, for property owners installing alternative vehicle infrastructure in rural or low-income census tracts. Eligible projects include fueling/charging equipment for biofuels, electric, hydrogen, natural gas and propane. It was originally created in the bipartisan Energy Policy Act of 2005.

The benefits of these investments include:

- **Job creation and economic activity.** The group most hurt by the repeal of these incentives would be workers in the building trades—insulation installers, HVAC contractors, engineers, electricians, architects, factory workers and others. Job losses would be significant as homeowners, building owners, manufacturers, builders and real estate developers pull back on building renovations, new product lines, and new construction projects that otherwise would have seen tax benefits from these incentives.
- **Grid reliability.** Rising electricity demand threatens the reliability of our grid, particularly at times of peak demand. According to the North American Electric Reliability Corporation's 2024 Long-Term Reliability Assessment, more than half of North America is at elevated or high risk of power outages over the next five to ten years. We can't only pursue supply-side solutions to this problem. Strengthening our energy efficiency so that homes and buildings are more efficient and use less energy is a critical and highly cost-effective solution.
- **Energy affordability.** Energy bills are the second largest cost of homeownership behind the mortgage payment, and they are a particular burden for seniors living on fixed income and low-income households. Energy efficiency improvements and on-site clean energy technologies can significantly lower energy bills for families and businesses. Constructing homes and buildings more efficiently from the start is the most cost-effective solution.
- **Resilience and safety.** Energy efficient homes and buildings, and those equipped with onsite clean energy or storage, are more durable and resilient in the face of disasters, and can help protect residents during power outages with extreme heat or extreme cold such as the 2021 Texas winter storm that killed nearly 250 people.

Thank you again for the opportunity to submit comments on behalf of the U.S. Green Building Council. Please don't hesitate to contact us for further information.

Ben Evans
U.S. Green Building Council
2101 L St. NW Suite 600
Washington, DC 20037
202-997-1919
bevans@usgbc.org

ATTACHMENT A

January 15, 2025

The Honorable Mike Crapo
Chairman
U.S. Senate Committee on Finance
Washington, DC 20510

The Honorable Jason Smith
Chairman
U.S. House Ways and Means Committee
Washington, DC 20515

The Honorable Ron Wyden
Ranking Member
U.S. Senate Committee on Finance
Washington, DC 20510

The Honorable Richard Neal
Ranking Member
U.S. House Ways and Means Committee
Washington, DC 20515

Dear Chairman Crapo, Chairman Smith, Ranking Member Wyden and Ranking Member Neal:

As companies and organizations representing thousands of employees nationwide working across the construction and real estate sectors, we write to urge you to preserve the energy efficiency and clean energy tax incentives currently in federal law.

Inflation, high interest rates, and commercial office vacancies have already created a challenging environment for the buildings sector. Eliminating these existing tax incentives would mean even stronger headwinds, slowing growth and job creation across the building trades.

Many companies have hired employees, modified business plans and even changed product lines with the expectation of increased market demand from these federal tax incentives; repealing them now would create widespread uncertainty and chaos while effectively imposing tax increases on those using the incentives. There are thousands of projects underway right now across the country that have been planned around the incentives.

The reality is the buildings-related tax incentives that were expanded under the Inflation Reduction Act in 2022 have existed in some form for a decade or more and have long had bipartisan support in Congress. This includes the Sec. 45L tax credit for homebuilders building more energy-efficient homes; the Sec. 25C tax credit for homeowners to make efficiency improvements to their homes such as upgrading their heating and cooling systems or adding insulation; the Sec. 179D deduction for commercial building efficiency improvements; the Sec. 48/48E Investment Tax Credit (ITC) for companies making clean electricity improvements such as geothermal systems and rooftop solar; and the Sec. 30C tax credit for alternative vehicle charging and pumping infrastructure (which includes a range of technologies).

These are tax incentives that at their core help American households and businesses lower their energy costs – including seniors struggling with high bills – while reducing demand on our overtaxed electric grid. They are poised to drive billions of dollars in economic activity and related job creation in the building trades, creating opportunities mostly in small businesses such as general contractors, electrical, insulation and HVAC contractors, engineering and architecture firms, as well as manufacturing companies up and down the buildings supply chain that make HVAC and water heating equipment, roofing materials, lighting, electrical components, insulation, sheet metal and other products, including many important U.S. exports.

As you know, the private sector needs certainty and predictability in the tax code. Eliminating these incentives would create the opposite, sending a chilling message that companies can't rely upon federal laws to make informed business plans and U.S. investments.

More than two years after the updates to these incentives became law, it's time to look ahead and not backward. We respectfully urge you to maintain bipartisan support for these provisions and oppose any efforts to repeal them.

Please feel free to contact Ben Evans at the U.S. Green Building Council, bevans@usgbc.org, regarding this letter. Thank you for your consideration.

Sincerely,

2030 Districts Network

350Deschutes

A SustainAble Production (ASAP)

A. O. Smith

A&E Design

A|R|T

Addison Homes, LLC

Advanced Fiber Technology

Advanced Green Consulting, LLC

AECOM

ajc architects

Alachua County Commission District 1

Alliance to Save Energy

Ameresco

Arkansas Home Performance

Armstrong World Industries

Arnold Development Group

Arrowstreet

Arup

Atelier Ten

Autodesk, Inc.

AvalonBay Communities

Ayers Saint Gross

BAR Architects & Interiors

Barone International

Barrett Design Inc.

Big Reuse

Birdsmouth Design-Build

Blitz

BNIM

Board & Vellum

Bohlin Cywinski Jackson

Boulder Associates Architects

BR+A Consulting Engineers

BranchPattern

Brayn Consulting

Breea Corporation

BRIC Architecture

Browning Day

Building Advantage

Building Efficiency Resources

Building Evolution Corporation

BuildingWrx

BuildSense

C-Wise Design & Consulting LLC

Caddis, p.c.

CannonDesign

Carbon Manager LLC

Catalyst Partners

Causearchitects

Center for Sustainable Communities

Chapman Construction / Design

Christopher E. Johnson, Architect, LLC

City of Alexandria, Virginia

City of Austin

City of Indianapolis, Office of Sustainability

Clayco/LJC

Clean Energy Economy MN (CEEM)

Clean Wisconsin

Cloward Sustainable design

CMTA

Coalition for Sustainable Roofing

Coggan + Crawford Architecture + Design

Colin Gordon Associates

Constance Lezenby Architects LLC

Construction & Demolition Recycling Association (CDRA)

Cooper Carry

COVE.inc.

Covestro LLC

CRW Engineering Group

Curtis + Ginsberg Architects

Cushing Terrell

CVF homes

Daisy Solutions

Dake Wells Architecture

dB Spec Fire Consulting, LLC

dbHMS

DCI Engineers

Dead End Vines, LLC

Deltec Homes, Inc

Design Project Partners

DesignGLXY LLC

DIG Real Estate

DiMella Shaffer

DLR Group

DRAW Architecture + Urban Design

DS Architecture

DSGN

DSK | Dewing Schmid Kearns Architects + Planners

DuPont Performance Building Solutions

E.H.Carpentry, Inc.

E.S. Evolution

EAM Associates

EarthDance Organic Farm School

Ebenbach Consulting LLC

Eckenhoff Saunders

eco evolutions

Ecoimpact Consulting, LLC

Ecological Environments, LLC

Economic and Human Dimensions Research Associates

econsultants, LLC

Ecosouth Green Building Services

Edgewise Energy

Edlen & Co

EDP LLC

Ekotrope

Electrify Now

EnerGuidance

ENERGY COST SOLUTIONS GROUP

Energy Efficiency Alliance of New Jersey and the Keystone Energy Efficiency Alliance

Energy Efficient Homes Midwest, Inc.

Entegrity

Enterprise Community Partners

EPN Real Estate Services, Inc.

Epsten group, Inc. A Salas O'Brien Company

EskewDumezRipple

Evergreen Home Performance LLC

Evolution Marketing

Fair & Square Construction, LLC

Farmworker Housing Dev. Corporation

Federal Performance Contracting Coalition

Flad

Foresight Management

Form & Flow

Fortune Metal

Francois de Menil Architect, PC

FXCollaborative

Gabbart & Woods Tahoe Partners

GAIA Development

Garbett Homes

GBBN Architects

Generation180

Geoffrey Holton & Associates, Architects

GGLO

GH Climate Consultancy

Goodkind Property Inspections

Goodmans

Great Forest

GreatPlains Renewables

Green Badger

Green Building Alliance

Green Door Energy, LLC

Green Hammer

Green Hawk LLC

Green Infrastructure Foundation

Green Projects Group

Greener N.O.I.

GreenGuard Commercial Cleaning, LLC

GreenHome Institute

GreenHornStrategies

GreenSavers

GreenSmith Builders LLC

Greenwood Consulting Group, LLC

Gregorio Sustainability LLC

Group14 Engineering, PBC

GSBS Architects

Guidon Design Inc.

Guttmann & Blaevoet Consulting Engineers

Habitable

Handel Architects

Harka Architecture

Harris Design LLC

HBD Architecture

HED

HGA

HJKessler Associates

HJSD

HKS Inc.

Hoefer Welker

Holly Street Studio

Home Forward

Hord Coplan Macht

Horizon Architecture

Howard Building Science

Imprint Architects

Improvement Facilitation, LLC

Ink Built Architecture

Interlock Construction Corp.

International Institute of Building Enclosure Consultants (IIBEC)

International Union of Painters & Allied Trades

International WELL Building Institute

Intuitive Concepts, Inc.

isgenuity

Jarman Excavating and Hauling LLC.

JayMacks Consulting

JBM Consulting

Jones Lang LaSalle

K.M. Skelly, Inc

Kath Williams + Associates

KERAMIDA,Inc.

Kevin Nasello Architecture

Ki Design Workshop pllc

Knollmeyer Building Corp.

Kruger Bensen Ziemer Architects Inc.

Kruger Design-Build LLC

KSS Architects

L9 Center for Sustainable Engagement and Development

Lackey Construction Inc.

Lake Flato Architects

Lean & Green Michigan

Leers Weinzapfel Associates

Legrand

LEO A DALY

Linkage Engineers Inc.

Little Diversified Architectural Consulting

LPA Design Studios

LR Energy Services LLC

Lucas Tax + Energy Consulting

M&E Engineers, Inc.

MaGrann Associates

Mahlum Architects

MASS Design Group

Mastodonte LLC

Mathes Brierre Architects

Mazzetti

MCG Explore Design

McLelland Architecture

McMillan Pazdan Smith

MDS Architects

Metrus Energy

Michael Walkowski, Inc

Michaud Cooley Erickson

Michigan Green Building Collaborative

Michigan Net Zero Home LLC

MILLER Brothers, Inc.

Miller Hull

Miron Construction Co., Inc.

Missouri Gateway Green Building Council

Mithun

MMD Architecture

Mokulua Woodworking, LTD.

Moseley Architects

Multistudio

Musclewood Studio LLC

NAC Architecture

NAI Horizon

National Institute of Building Sciences

NBBJ

NEO Sustainability, LLC

Net Positive Advisors LLC

New Buildings Institute

New Jersey Sustainable Business Council

Nexus Archirtecture and Design

Northeastern University

NorthWind Architects, LLC

NOVA DOMUS CONSTRUCTION LLC

nth° architecture + interiors

Nuworld Green Solutions

O Z Collaborative

O'Brien360

Olivette Sustainability Advocates

OPAL

OPN Architects

Opsis Architecture

PACE Collaborative, PLLC

Parkhill

Paul Murdoch Architects

Payette

Perkins Eastman

Perkins&Will

Phoenix Contact

Pieri Architects

Placework

Pluvial Solutions

Polyisocyanurate Insulation Manufacturers Association

Pope Design Group

Primary Projects

PROCAD

Progressive Leadership Alliance of Nevada

Project CO+OP

Pure Architects

Quattrocchi Kwok Architects

Quinn Evans

Quixotic Nature-based Solutions

R-Zero Systems, Inc.

Reiter Architecture & Design

ReMo Homes

RESEAT

Revel Architecture & Design

ReVireo

RK Architect

Robert G. Emert Architect, Inc.

Rodwin Architecture

Rooted Preservation + Design
ROSE Community Development
Rowland+Broughton
RPM Contracting, LLC
Salazar Architect Inc
Sawyer Sherwood & Associate Architecture
Sellen Construction
Seneca Group
Sherber Associates, Inc.
Shift Sustainability Consulting
Shultz Engineering Group, PC
Siegel & Strain Architects
Sierra Club
Simply Stated Architecture, PC
SK Collaborative
Smooth Energy
SMRT Architects & Engineers
Snow Kreilich Architects
Solar Landscape
Solar Smart Living, LLC
Sorrento Consulting
Spengler Industries
srh design
SS Custom Homes, LLC
Stantec Architecture
Stephenson Design collaborative
Steve Brezovec Architect
Steven Winter Associates, Inc.
Studio Kiro
Studioverde, LLC
Sunowner Inc
SunSmart Technologies
Sustainable Design Consulting, LLC
Sustainable Handprints, LLC
Sustaining Way
Taitem Engineering, DPC
Tarlton Corporation
TaxTaker
Terrapin Bright Green
The American Institute of Architects
The Green Engineer, Inc.
The Green Loft
The Morton Arboretum
The People's Justice Council
The SLAM Collaborative
The Tower Companies
TimberHP
TLC Engineering Solutions, Inc.
Trane Technologies
Transsolar KlimaEngineering
Tributary Design & Construction
Trivers
U.S. Green Building Council
Unico Properties
Urban Neighborhood Initiative Inc.
Valerio Dewalt Train
VanStavern Design Group
VBFA Consulting Engineers
Velocity Building Technical Services
Verdani Partners
Virescent
VM Design

VMDO Architects

Watkins Design Works

Wayne State University

Weil Aquatronics, Inc

Wight & Company

Wink Architecture, LLC

YES

Zero Waste Strategies LLC

ZGF Architects

Zimmerman Studio LLC

Zirkel Exchange LLC

LAURA GILLEN
4TH DISTRICT, NEW YORK

428 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3204
(202) 225-5516

Congress of the United States
House of Representatives
Washington, DC 20515–3204

January 8, 2025

The Honorable Mike Johnson
Speaker of the House
H-232, The Capitol
Washington, DC 20515

The Honorable Hakeem Jeffries
House Democratic Leader
H-204, The Capitol
Washington, DC 20515

The Honorable John Thune
Senate Majority Leader
S-230, The Capitol
Washington, DC 20510

The Honorable Charles E. Schumer
Senate Democratic Leader
S-221, The Capitol
Washington, DC 20510

Dear Speaker Johnson, Leader Jeffries, Majority Leader Thune, and Minority Leader Schumer:

As the 119th Congress begins, I urge the leaders of both parties in Congress to immediately prioritize negotiations to reinstate the full State and Local Tax (SALT) deduction. As you know, the 2017 Tax Cuts and Jobs Act (P.L. 115-97) gutted this critical provision, imposing a $10,000 cap on the deduction. With key provisions of the law set to expire later this year and Congress considering a new tax package, I am committed to working with Republicans and Democrats to restore the full deduction and lower taxes for my constituents on Long Island.

As you know, state and local taxes were made deductible from federal income taxes in 1913 because of the fundamental principle that Americans should not be double taxed on the same income. However, the 2017 tax bill ignored this principle, imposing double taxation by capping the SALT deduction, costing hardworking families on Long Island tens of thousands of dollars. The bill harmed Americans in many states, including New York, where residents pay among the highest property taxes in the nation, and they send far more to Washington than they get back. The law also unfairly penalized married couples by imposing a $10,000 per-household cap on two individuals who file jointly. Restoring the full SALT deduction is a critical, commonsense concern in my district. Prior to the 2017 tax bill, nearly 50% of all taxpayers in the Fourth Congressional District used the SALT deduction, with Nassau County residents deducting $26,259 on average. I am committed to working with anyone and doing everything possible to remove the harmful SALT cap, and secure much-needed relief for my constituents.

We must jumpstart bipartisan negotiations to prevent yet another devastating tax hike on families on Long Island and across the country. I am glad that President-elect Trump has now promised to "get SALT back." Congressional leadership should immediately get to work with the new Administration and members of both parties in Congress to negotiate in a constructive fashion to get this done. I am confident that there is a bipartisan path to eliminate the harmful SALT cap and restore the deduction as part of an upcoming tax package. I urge you to work with members of the bipartisan SALT Caucus, and the Long Island and New York Congressional delegations to preserve SALT, lower taxes, and cut costs for families. Thank you for your attention to this issue that is critical for Long Island, and I look forward to working together.

Regards,

Laura A. Gillen
Member of Congress

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