

## Hearing Report

**From:** Squire Patton Boggs (US) LLP  
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**Subject:** House Ways and Means Committee Member Day Hearing

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On Wednesday, January 22, the House Ways and Means Committee held a Member Day Hearing featuring testimony from 55 Members of Congress on tax policy priorities for the 119th Congress. Discussions centered on extending the 2017 *Tax Cuts and Jobs Act* (TCJA), providing tax relief for families and businesses, and maintaining economic competitiveness through pro-growth measures.

The following Members participated in the hearing:

**Republicans:** Chairman Jason Smith (R-MO) and Reps. Jim Baird (R-IN), Andrew Clyde (R-GA), Warren Davidson (R-OH), Tom Barrett (R-MI), Andy Barr (R-KY), Brad Finstad (R-MN), Neal Dunn (R-FL), Julie Fedorchak (R-ND), Vince Fong (R-CA), Marjorie Taylor Greene (R-GA), Erin Houchin (R-IN), John James (R-MI), Keith Self (R-TX), Chuck Edwards (R-NC), Wesley Hunt (R-TX), Kevin Kiley (R-CA), Nick LaLota (R-NY), Ashley Hinson (R-IA), Young Kim (R-CA), Mike Kennedy (R-UT), Rich McCormick (R-GA), Ryan Mackenzie (R-PA), Dan Meuser (R-PA), William Timmons (R-SC), Marianne Miller-Meeks (R-IA), Celeste Maloy (R-UT), Burgess Owens (R-UT), Derrick Van Orden (R-WI), Riley Moore (R-WV), Dale Strong (R-AL), Amata Coleman Radewagen (R-AS), Jen Kiggans (R-VA), GT Thompson (R-PA), Jeff Van Drew (R-NJ), Zach Nunn (R-IA), Stephanie Bice (R-OK), Buddy Carter (R-GA), Troy Downing (R-MT), Austin Scott (R-GA), Pete Stauber (R-MN), Tony Wied (R-WI), Rick Crawford (R-AR), Tim Moore (R-NC), Andrew Garbarino (R-NY), Mike Haridopolos (R-FL), and Mike Lawler (R-NY).

**Democrats:** Ranking Member Richard Neal (D-MA) and Reps. Emanuel Cleaver (D-MO), Rosa DeLauro (D-CT), Laura Gillen (D-NY), Pablo José Hernández (D-PR), Nellie Pou (D-NJ), Dina Titus (D-NV), Emilia Sykes (D-OH), Hillary Scholten (D-MI), and James McGovern (D-MA).

### I. Opening Statements

**Chairman Smith (R-MO)** first emphasized the Committee's readiness to advance President Trump's economic agenda and highlighted the importance of the Member Day hearing to delivering effective policies. Chairman Smith underscored the economic successes of the first Trump Administration, citing tax cuts that led to significant economic growth, reduced unemployment and poverty, and increased federal revenues beyond projections. He warned of the risks of failing to extend Trump-era tax cuts, arguing that tax increases would harm small businesses, family farms, and working families, while diminishing the US competitive edge against China. Smith pointed to concerns from businesses and farmers who require certainty in tax policy

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to make investment decisions. He emphasized the Committee's commitment to considering policies that will unleash America's economic potential, including supporting manufacturing, family growth, and securing supply chains.

**Ranking Member Richard Neal (D-MA)** critiqued the economic record of the first Trump Administration, noting that the national debt increased by \$8 trillion over four years. Neal also noted the US economy has rebounded strongly from the COVID-19 pandemic and cited the creation of 16 million jobs and low unemployment rates as significant achievements under the Biden Administration. Neal stressed the importance of sensible tax policy, and questioned how Members can advocate for additional tax cuts while simultaneously expressing concerns about the national debt. He warned of critical upcoming fiscal deadlines, including a potential government shutdown in mid-March and the need to address the debt ceiling—stressing that it is the responsibility of the majority party to address these challenges. Neal welcomed the participation of colleagues from both sides of the aisle, highlighting the opportunity to hear diverse perspectives on tax policy aimed at improving the lives of American families.

## II. Member Testimony

### a. *Tax Cuts and Jobs Act Extension*

Most Republican Members expressed support for full extension of TCJA. **Rep. Baird (R-IN)** expressed support for extending all expiring provisions in TCJA, highlighting the impact of TCJA's lower corporate rate on incentivizing capital investment and domestic job growth. **Rep. Moore (R-NC)** also argued that full extension of TCJA is vital for small businesses and the manufacturing sector. Similarly, **Rep. Kennedy (R-UT)** expressed support for extending TCJA and argued in support of eliminating unnecessary complexity in the tax code.

**Rep. Clyde (R-GA)** expressed concern over the deficit impacts of future reconciliation legislation and committed to working with the Ways and Means Committee to cut \$2.5 trillion in spending. Similarly, **Rep. Van Drew (R-NJ)** expressed support for cutting spending supporting foreign aid programs to offset the cost of TCJA extension. **Rep. Timmons (R-SC)** argued in favor of his legislation, the *PPP Shell Company Discovery Act* ([H.R. 1476](#)), which would combat fraud in the Paycheck Protection Program (PPP), as a potential offset for extending TCJA.

### b. *Working Families*

**Rep. DeLauro (D-CT)** emphasized the success of the expanded Child Tax Credit (CTC) under the *American Rescue Plan* (ARP) and expressed support for the *American Family Act* ([H.R. 3899](#)), which seeks to make ARP's CTC expansion permanent and index future credit amounts to inflation. **Reps. Sykes (D-OH), Hinson (R-IA), and Nunn (R-IA)** also voiced support for expanding both the CTC and the Child and Dependent Care Tax Credit (CDCTC), arguing that these credits provide crucial financial relief for families struggling with rising costs, particularly childcare and education expenses. They emphasized the economic benefits of making these credits permanent to ensure stability and growth for working families.

**Rep. Van Drew (R-NJ)** expressed support for expanding the CTC and CDCTC but also argued in favor of ensuring CTC eligibility is limited to US citizens, emphasizing the need to prevent unauthorized individuals from accessing federal benefits. Similarly, **Reps. Davidson (R-OH), James (R-MI), Fong (R-CA), and Greene (R-GA)** raised concerns about potential misuse and

fraud within the tax credit programs, advocating for stricter oversight and targeted relief rather than broad expansions.

**Rep. James (R-MI)** also expressed support for his legislation, the *Reignite HOPE Act* ([H.R. 4520](#)), which would increase the CTC for \$4,500 for each child from zero to five years old, and \$3,500 for each child from six to seventeen years old. **Rep. Barrett (R-MI)** advocated in favor of extending the CTC and expanding eligibility to expecting mothers, arguing that financial support should begin during pregnancy to help families prepare for the costs of raising a child. **Rep. Mackenzie (R-PA)** expressed support for several pro-family policies, including expanding the employer tax credit for paid family and medical leave, as well as a childcare tax credit, expansion of a tax credit for children, and expansion of an adoption tax credit with an additional inclusion of a tax credit for IVF. **Rep. Stauber (R-MN)** similarly expressed support for expanding the federal tax credit for adoption.

**Rep. Bice (R-OK)** expressed support for expanding Dependent Care Flexible Savings Account (FSA) contribution limits to \$10,000 and indexing contribution amounts to inflation, as well as expand incentives for paid family leave. **Rep. Owens (R-UT)** also testified in favor of the *Educational Choice for Children Act* (ECCA; [H.R. 9462](#)), which would provide a refundable tax credit to support scholarships.

### c. *Clean Energy Tax Credits*

Several Republican Members advocated for tailored amendments to clean energy tax credits. **Rep. Miller-Meeks (R-IA)** argued congressional Republicans should take a thoughtful approach to refining and improving energy credits to promote market certainty and incentivize a comprehensive energy strategy. Miller-Meeks expressed concern that prematurely repealing IRA tax credits would jeopardize private investment and economic benefits, citing the Section 45Y, 45Z, 45X, and 45Q credits as examples. **Reps. Garbarino (R-NY), Houchin (R-IN) and Kiggans (R-VA)** urged the Committee to carefully consider changes to clean energy and other provisions that have incentivized the onshoring of technology and manufacturing to the US and expressed concern about economic repercussions in their districts arising from changes. In addition, **Rep. James (R-MI)** also urged the Committee proceed with caution when addressing IRA provisions that have incentivized onshoring the future of automotive jobs manufacturing and increasing US manufacturing capacity but also expressed support for eliminating the Biden Administration's "EV Mandate."

**Rep. McCormick (R-GA)** expressed support for extending the Section 45X Advanced Manufacturing Production Credit. In addition, **Reps. Meuser (R-PA) and Van Drew (R-NJ)** argued in favor of retaining the Section 45U Zero-Emission Nuclear Power Production Credit. Meuser noted the credit's potential to support the development of artificial intelligence (AI). **Rep. Sykes (D-OH)** praised the positive economic impact of clean energy tax credits, noting that they have driven billions in investments and created jobs, particularly in Ohio.

**Rep. Julia Fedorchuk (R-ND)** expressed concerns over the rapid expansion of wind and solar energy, arguing that the Section 45Y Clean Electricity Production Tax Credit could undermine grid reliability. In addition, **Rep. Thompson (R-PA)** raised concerns about tax incentives that encourage converting farmland for renewable energy projects, advocating for a balance between agricultural productivity and clean energy goals. **Rep. Moore (R-WV)** expressed support for repealing the IRA's green energy credits and instead argued that Congress must reprioritize base

load energy sources and offer tax incentives for reliable energy sources, including offering a tax credit to defray operations and maintenance costs for energy producers that meet certain energy production benchmarks.

d. *Biofuels*

**Rep. Finstad (R-MN)** urged the Committee to preserve and extend the Section 45Z Clean Fuel Production Credit to facilitate long-term investment in biofuels. Finstad argued that biofuels are vital for US energy dominance and criticized Biden Administration rules implementing the credit for lack of timeliness and clarity. He argued that producers and farmers cannot make sound business decisions when confronted with regulatory and fiscal uncertainty. Similarly, **Reps. Hinson (R-IA)** and **Nunn (R-IA)** expressed support for the 45Z credit and the 40B Sustainable Aviation Fuel Credit. Hinson noted that Congress should ensure credits are driven by the needs of producers, providing farmers with the flexibility that rewards them for their good practices, while also providing long term certainty to make those new investments. **Rep. Baird (R-IN)** discussed the Section 45Z tax credit and argued in favor of supporting domestic feedstocks and biofuels, including by limiting tax credit eligibility to domestic producers.

**Rep. Hilary Scholten (D-MI)** emphasized the importance of clean energy investments and expressed support for her legislation, the *Agricultural Environmental Stewardship Act* ([H.R. 536](#)), which aims to extend Section 48C investment tax credits for biogas projects. She highlighted the delays in Treasury guidance and stressed the need for regulatory certainty.

e. *Estate Tax*

**Rep. Baird (R-IN)** highlighted the burdensome impact of the estate tax on farmers and ranchers, stressing that the estate tax often forces families to sell their land to cover costs. Baird advocated for full repeal of the estate tax, noting the State of Indiana successfully repealed its inheritance tax in 2013. **Rep. Hinson (R-IA)** argued that eliminating the estate tax is vital to preserving Iowa's agricultural economy, ensuring family farms are not forced to sell assets to pay taxes. **Rep. Bice (R-OK)** reinforced the need for repeal, highlighting how small business owners face significant challenges in passing enterprises to the next generation. **Rep. Maloy (R-UT)** strongly advocated for a full repeal, arguing that Utah's small businesses and farms should not be penalized for their success. **Rep. Taylor Greene (R-GA)** and **Rep. Fong (R-CA)** also voiced support for eliminating the estate tax, citing its detrimental effects on family farms and small businesses.

**Reps. Barrett (R-MI), Nunn (R-IA) and Scott (R-GA)** warned against allowing TCJA's increase to the estate tax exemption to expire, arguing that a decrease in the current exemption level would create significant financial strain on the family-owned businesses and farms in their districts. **Rep. Downing (R-MT)** highlighted the difficulties faced by Montana's "land rich, cash poor" farmers if the exemption is reduced.

**Rep. Moore (R-NC)** noted that the estate tax disproportionately affects family-owned farms and ranches in rural communities. **Rep. Thompson (R-PA)** echoed concerns about the impact on small businesses and family operations in his district, emphasizing the need to provide relief to hardworking Americans.

f. *Research & Development Expensing*

**Rep. Clyde (R-GA)** expressed support for 100 percent bonus depreciation and restoration of full research and development (R&D) expensing to ensure that businesses can boost productivity, drive innovation, and attract development. He also noted the need for certainty for long-term investment. **Rep. Davidson (R-OH)** also asked the Committee to permanently extend full and immediate expensing including expenses on R&D, and investment in technology and equipment. Davidson also expressed support for full interest deductibility to increase access to capital and encourage businesses to invest in themselves.

**Reps. Dunn (R-FL)** and **Strong (R-AL)** expressed support for full expensing provisions to allow US companies to compete with China and to ensure manufacturing and R&D remains in the US. **Rep. Houchin (R-IN)** and **Rep. McCormick (R-GA)** expressed support for immediate expensing of R&D expenditures to allow American companies to innovate and compete with foreign businesses.

g. *Section 199A Deduction*

**Rep. Clyde** expressed support for the Section 199A deduction and warned that if the deduction expires, many small businesses could face a tax rate increase which could jeopardize their financial viability and competitiveness. **Rep. Hinson (R-IA)** advocated for permanently expensing the Section 199A deduction to aid small businesses in investing in operations and employees. **Rep. Wied (R-WI)** also emphasized the need to make the deduction permanent, stressing that it primarily benefits Main Street businesses rather than large corporations, with nearly three-quarters of claimants in 2022 having an adjusted gross income below \$200,000.

**Reps. Bice (R-OK)** and **Van Orden (R-WI)** warned that failing to extend the Section 199A deduction could result in significant tax increases for small businesses, stifling their growth and ability to create jobs, while **Rep. Haridopolos (R-FL)** cautioned against the economic impact of allowing the deduction to expire, emphasizing the potential financial burden on small businesses and their employees.

**Rep. Thompson (R-PA)** highlighted the deduction's significance for agricultural businesses and its critical role in helping family farms reinvest and transition to future generations while **Rep. Bean (R-FL)** highlighted the deduction's essential role in fostering job creation and economic growth, particularly for family-owned enterprises that are the backbone of local communities. **Rep. Fong (R-CA)** noted that businesses in his district could face tax increases of up to 21% if the deduction is not extended, echoing remarks about jeopardizing sustainability.

h. *State and Local Tax Deduction*

**Reps. Gillen (D-NY)** and **Pou (D-NJ)** expressed support for eliminating the cap on the state and local tax (SALT) deduction, arguing that the inability to fully deduct state and local taxes is equivalent to double taxation and negatively impacts middle class households. Gillen expressed support for the bipartisan *SALT Deductibility Act*, introduced in the 118th Congress ([H.R. 2555](#)).

**Reps. Lawler (R-NY), Kiley (R-CA), LaLota (R-NY), Van Drew (R-NJ), Garbarino (R-NY), and Kim (R-CA)** testified in favor of increasing the current cap on the SALT deduction, including to promote fairness for taxpayers in high-tax states. Kiley argued the Committee has an opportunity



to help hard hit consumers and limit double taxation. Lawler specifically endorsed an increase in SALT cap to \$100,000 for single filers and up to \$200,000 for married couples.

**Rep. James (R-MI)** expressed concern over increasing or eliminating the current SALT cap. **Reps. Self (R-TX)** and **McCormick** also expressed opposition to raising the SALT cap.

i. *Economic Development & Disaster Relief*

**Rep. Cleaver (D-MO)** discussed the importance of affordable housing and decreasing barriers to building new home and urged the Committee to consider bipartisan legislation including the *Neighborhood Home Investment Act* ([H.R. 3940](#)). **Rep. Houchin (R-IN)** expressed support for the Low-Income Housing Tax Credit (LIHTC) program and urged the Committee to consider legislation to expand and improve the LIHTC program, including the *Affordable Housing Credit Improvement Act* ([H.R. 3238](#)).

**Rep. Barr (R-KY)** expressed support for changes to opportunity zones, including giving tax incentives to banks to encourage more lending and private capital deployment to individuals and small businesses in low and moderate income communities. **Rep. Edwards (R-NC)** highlighted his legislation, the *Economic Opportunity for Distressed Communities Act* ([H.R. 9203](#)) which would designate hazardous waste sites as opportunity zones, encouraging clean up development and revitalization. Edwards also expressed support for designating disaster declared areas from recent hurricanes as opportunity zones.

**Rep. Carter (R-GA)** expressed support for legislation to address the impact of disasters on timberland which would allow forest owners to deduct the full market value of their timber prior to loss caused by a federally-declared natural disaster. **Rep. Hunt (R-TX)** expressed support for his legislation to establish a tax credit for Americans who have been affected by natural disasters to purchase an emergency generator.

**Rep. Hernández (D-PR)** urged the Committee to support tax incentives which leverage Puerto Rico's unique tax status and promote economic development. He noted Puerto Rico presents a valuable opportunity to help strengthen supply chain resilience, reduce reliance on China and counter Chinese influence in the Americas.

j. *Tax Extenders*

**Rep. Barr (R-KY)** urged the Committee to support his legislation, the *Racehorse Cost Recovery Act* ([H.R. 2926](#)), to make permanent the modification of accelerated depreciation allowance for racehorses to allow a three year recovery period for any racehorse, and the *Racehorse Tax Parity Act* ([H.R. 2927](#)), to modify the holding period for long term capital gains for racehorses.

**Rep. Barr (R-KY)** also noted the expiration of the rum cover-over and urged the Committee to support extending the rum cover-over and including retroactivity to 2021. Barr noted that Puerto Rico and US Virgin Islands rum distilleries work in tandem with many US-based spirits companies, including distilleries in central Kentucky, and the territories and the companies rely on the cover over to meet their fiscal obligations.

**Rep. Amata Radewagen (R-AS)** urged the Committee to consider extension of the American Samoa Economic Development Tax Credit which supports a significant percentage of jobs in American Samoa.

k. *Other Topics*

**Rep. Van Orden (R-WI)** argued in favor eliminating taxes on tipped income and eliminating taxes on Social Security benefits. **Rep. Titus (D-NV)** also expressed support for eliminating taxes on tipped income but argued that exempting tipped income should be coupled with an increase in the minimum wage, elimination of the sub-minimum wage for tipped employees, and protections to prevent abuse.

**Rep. Clyde (R-GA)** criticized current excise tax on the purchase of firearms, arguing that the excise tax infringes on Americans' Second Amendment rights and establishes dangerous precedent for using tax policies to limit access to other constitutional rights.

**Rep. Davidson (R-OH)** expressed support for maintaining the current treatment of carried interest. He noted that despite controversy, treating carried interest as long-term capital gains has been vital to ensure investment from venture capital, private equity, angel investors, and also real estate investors. Davidson also encouraged the Committee to eliminate provisions that have had a harmful effect on financial technology, including provisions impacting cryptocurrency.

**Rep. Davidson (R-OH)** also advocated in favor of transitioning from the use of taxpayer identification numbers (TINs) to Social Security numbers (SSNs), particularly to claim federal tax credits. He argued that a transition to SSNs would complement President Trump's proposal to eliminate birthright citizenship.

**Rep. Titus (D-NV)** urged the Committee to address two tax provisions impacting the gaming industry: the federal excise tax on sports betting and IRS rules which requires casinos to provide tax forms to individuals who receive more than \$1,200 in winnings from slot machines. Titus argued the two provisions are now outdated due to the increase in legal sports betting and increase in jackpots.

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