[Member Day Hearing on Matters Within the Committee's Tax Jurisdiction](#)

House Committee on Ways & Means

January 23rd, 2025

Summary

On January 23, the House Ways and Means Committee held a Member Day, welcoming over fifty representatives to provide testimony on issues important to their constituents. The hearing, designed to allow non-committee members to provide input, was primarily attended by Republican members, although Reps. James McGovern (D-MA), Rosa DeLauro (D-CO), and Dina Titus (D-NV) attended. Many in attendance stressed the significance of tax legislation in addressing the "cost of living crisis," consistently framing their testimony through the lens of the consumer. Additionally, several representatives used their time to argue for the preservation of certain energy credits within the Inflation Reduction Act (IRA), express their range of opinions on state and local tax deductions (SALT), and state their unified opposition to the "death tax."

IRA

Several Republican representatives advocated for the preservation of specific credits in the IRA, citing positive economic and employment trends in their district. This group consistently emphasized the need for a meticulous, targeted approach rather than wholesale repeal. A common refrain among these members was the call for using "a scalpel, not a sledgehammer" approach to reviewing IRA tax credits. They emphasized the need to distinguish between harmful provisions and those that have successfully promoted domestic manufacturing, energy independence, and job creation. The representatives generally framed their support for preserving certain IRA credits within a broader "all-of-the-above" energy strategy and emphasized the importance of American energy independence and economic competitiveness against China.

Rep. Marianette Miller-Meeks (R-IA) presented one of the most comprehensive arguments for preserving specific IRA credits. While acknowledging the IRA as "deeply flawed," she highlighted five key tax credits driving transformative investments: the Clean Fuel Production Credit (45Z), the Advanced Manufacturing Production Credit (45X), the Carbon Sequestration Credit (45Q), and the Clean Electricity Production and Investment Credits (45Y and 48E). She argued these credits were already creating jobs and spurring domestic manufacturing. Fellow Iowan Rep. Ashley Hinson (R-IA) defended certain credits as well, arguing that the Sustainable Aviation Fuel credit (40B) is crucial to supporting farmers within her state.

Rep. Wesley Hunt (R-TX) advocated for the 45Q tax credit, explaining the positive effects that carbon capture has had on the oil and gas industry, a crucial sector in his district. Rep. Hunt explained that the credit not only significantly reduced the US carbon footprint, but boosted enhanced oil recovery capacity, leading to a record year. Despite spending most of his time advocating for his POWER Act, Rep. Hunt emphatically expressed his support for the preservation of this provision, characterizing it as equally technologically groundbreaking for the industry as hydraulic fracturing.

Rep. Jen Kiggans (R-VA) emphasized the national security implications of certain IRA credits, noting that she and 17 other Republican colleagues had written to Speaker Johnson supporting the preservation of IRA's clean energy tax credit. She explained her position similarly to the others, citing Virginia-specific benefits, specifically $445 million in IRA-supported investments and projections of $37 billion in economic impact by 2035. Furthermore, Rep. Kiggans explained her position as the representative for one of the most military-heavy-districts, and stated that she has witnessed the positive effects these provisions have had first-hand.

Rep. Andrew Garbarino (R-NY) stated that while the IRA was a “heavily flawed bill,” several of its energy credits has “proven to be valuable.” Rep. Garbarino explained the national effect of the bill, citing specific state-by-state economic impact data, noting potential investments, and depicting job creation across multiple states. For example, he cited the benefit several states, including Texas, Florida, and Louisiana, will continue to experience, and ultimately explained that pragmatic tax legislation is necessary for an energy industry that is at a crossroads.

Rep. John James (R-MI) depicted a more nuanced stance on the subject. While critical of most IRA provisions, particularly EV mandates, Rep. James cautioned against completely dismantling the law's provisions. He argued for preserving provisions that have successfully incentivized domestic manufacturing and job creation, particularly in the American automotive industry. Rep. Erin Houchin (R-IN) similarly advocated for careful consideration of IRA energy credits, noting their role in incentivizing technology and manufacturing investments in her district.

SALT

Representatives appeared split along geographic rather than partisan lines on the SALT deduction issue. Those from higher income states such as New York, New Jersey, or California advocated for modifying or eliminating the cap, spending much more time on the subject when compared to their colleagues from lower income states.

Rep. Laura Gillen (D-NY) emphasized the SALT deduction's historical significance and highlighted that Nassau County residents previously averaged $26,259 in deductions - far exceeding the current $10,000 cap. Her colleague Rep. Nick LaLota (R-NY) described SALT as the single most critical issue for Long Islanders; LaLota showed his commitment to this position previously by voting against the Wyden-Smith tax bill specifically due to its failure to address SALT. Rep. Garbarino approached the issue with numbers, noting that in his district, the percentage of residents itemizing taxes had halved since the cap's introduction. Rep. Mike Lawler (R-NY) presented a broader argument, discussing the SALT Marriage Penalty Elimination Act—which he previously introduced to raise the cap to $100,000 for single filers and $200,000 for married couples, while emphasizing that the impact extends beyond just high-tax states.

New Jersey representatives strongly advocated for change. Rep. Nellie Pou (D-NJ) called for complete removal of the cap, focusing her argument on middle-class families like teachers, firefighters, and police officers. Rep. Jeff Van Drew (R-NJ) took a more moderate stance, suggesting adjusting the caps to "reasonable levels" while opposing unlimited deductions.

California representatives brought unique perspectives. Rep. Young Kim (R-CA) highlighted the marriage penalty aspect, criticizing the fact that married couples face the same $10,000 limit as individual filers. Rep. Kevin Kiley (R-CA) cited SALT burdens between $12,000-$28,000 in his districts, noting California's position as the largest federal tax contributor.

Rep. Keith Self (R-TX) presented comprehensive arguments against modifying the cap. He contended that raising it would unfairly burden residents of states with no state income tax and proper fiscal management. He cited data showing that 90% of benefits from removing the cap would go to households earning over $200,000 and characterized the issue as effectively asking taxpayers in fiscally responsible states to subsidize high-tax states' "poor policy choices." Rep. Rich McCormick (R-GA) echoed these concerns, arguing that SALT provisions lack consistency in how they benefit certain states over more fiscally conscious ones.

“Death” Tax

The testimony revealed a unified Republican opposition to the “Death tax,” with many focusing on its impact on families, particularly in agricultural and rural areas. Each representative presented their message based in the experiences of their constituents, but a unified message of opposition remained clear. Notably, the representatives consistently expressed concern about farms being sold to “China or Big Ag," framing the estate tax not just as a financial burden but as a threat to American agricultural independence.

Several representatives provided specific numbers for their constituencies. Rep. Troy Downing (R-MT) noted that 15,000 Montana farms would be affected by a reduction in the exemption, Rep. Marjorie Taylor Greene (R-GA) cited 3,226 farms in her district, Rep. Tom Barrett (R-MI) mentioned 4,300 farms, and Rep. Mike Haridopolos (R-FL) referenced 1,000 farms that would face impacts if these provisions expire.

Representatives framed their arguments through three main lenses. First, timing - as Rep. Glenn Thompson (R-PA) stated, the tax creates "overwhelming financial pressure" on families during their time of loss. Second, the liquidity problem - Rep. Downing characterized farms as "land rich and cash poor," making it difficult to pay the tax without selling assets. Third, the threat to agricultural heritage - exemplified by Rep. Zach Nunn's (R-IA) story about Frank from Cass County, who might have lost his century-old family farm without the current exemption.

While most representatives focused on maintaining or expanding exemptions, some took more extreme positions. Rep. Buddy Carter (R-GA) proposed eliminating the estate tax entirely as part of his broader FairTax proposal, which would replace several federal taxes with a 23% consumption tax. Rep. Celeste Maloy (R-UT) cited economic benefits, referencing a Heritage Foundation study claiming that eliminating the death tax would boost the economy by $46 billion over ten years.

Testimony

Jim Baird (R-IN)
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. 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 this 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 biannual budget. 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. Right now, the average cost per acre in the U.S. is $4,080. The federal estate tax requires individuals who inherit over $13.61 million in assets pay a 40% tax on anything over that cap. That means an individual on 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.

Andrew Clyde (R-GA)

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.

Warren Davidson (R-OH)
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.

Emanuel Cleaver (R-MO)

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. 2 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. 3 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. 4 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.

Tom Barret (R-MI)
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.

Andy Barr (R-KY)
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.

Rosa DeLauro (R-CT)
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? 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. Ask them why, according to an 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, 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.

Neal Dunn (R-FL)
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 always 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 bipartisan solution 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 pay for! Lastly, I want to highlight my tax bill 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 treat Spaceports like Airports by allowing Spaceports to receive tax-exempt bonds. 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.

Julie Fedorchak (R-ND)

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 hurt progress toward an affordable, reliable, and sustainable energy future for all Americans. CLEAN ELECTRICITY PRODUCTION TAX CREDIT I'm here today to discuss the Clean Electricity Production Tax Credit, which should be amended to resolve adverse impacts on grid reliability. 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 United States had less than one and a half gigawatts of installed wind capacity. Today, that figure is up by nearly 10,000 percent. This has little to do with the improved competitiveness of wind energy. To most investors, as Warren Buffet said in 2014, the credit is [quote] "the only reason to build wind farms. They don't make sense without it." [end quote] Over the years, the tax credit was expanded to include other technologies, such as geothermal and hydroelectric. 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, which means utilities can sell their tax credits to financial institutions. This feature will likely be a major catalyst for renewable energy development and has already created a sizable secondary market, with $100 billion in tradable credits expected by 2030. 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 Rapid interconnection of new renewable facilities poses a huge threat to grid reliability. Consider California, where state law requires 100 percent of electricity to be supplied by renewable sources by 2045. The resulting increase in renewable capacity has led to an oversupply of electricity, blackouts, and high prices for families. In fact, between 2017 and 2019, California residents suffered fifty thousand blackout events. The California Independent System Operator curtails millions of megawatt-hours of wind and solar output annually to avert blackouts. Occasionally, electricity oversupply causes prices to turn negative, forcing producers to offload power, the costs for which are shouldered by households. It’s no wonder that California has the highest electricity prices in the contiguous United States. As of 2024, Californians pay more than double what the average American pays for electricity. It doesn’t have to be this way. Similarly, the six states served by Independent System Operator New England (ISO New England) have invested heavily in renewable sources while prematurely phasing out reliable facilities. Over the last decade, ISO New England retired more than 7,000 megawatts of dispatchable generation capacity, including the region’s largest natural gas generator in 2024, while installing more than 8,000 megawatts of solar and wind. Maine and Vermont were among the five states with the highest frequency of power outages in 2022. Rhode Island, despite suffering natural gas outages during a cold snap in 2019 that deprived 7,000 residents of heating, recently proposed banning new natural gas hookups as part of its effort to achieve 100 percent renewable electricity generation by 2030. For these reasons, New England is home to the five most expensive states for electricity after California. As of 2024, electricity prices in New England were nearly double the U.S. average. Under the incentives created by the IRA, blackout events and high prices could become the norm, but they don’t have to be. THE SOLUTION We have the opportunity to do something about it. The Production Tax Credit, which was intended to be temporary for new and emerging technologies, has grown to become a misaligned market incentive. It has resulted in less reliable and affordable energy for Americans. No energy solution is sustainable unless it is first both affordable and reliable. The Clean Electricity Production Tax Credit, as currently structured, incentivizes investment in renewables at an unsustainable pace, inflates Americans’ utility bills, and perpetuates dependence on federal subsidies. My staff is currently developing a menu of legislative options to address the harmful 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.

Brad Finstad (R-MN)
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 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. 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. 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. 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.

Vince Fong (R-CA)
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.

Majorie Taylor Greene (R-GA)
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.

Wesley Hunt (R-TX)
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.

Laura Gillen (R-NY)
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.

Erin Houchin (R-IN)
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.

John James (R-MI)

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.

Keith Self (R-TX)
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.

Chuck Edwards (R-NC)
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.

Pablo Jose Hernandez (R-PR)
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.

Mike Kennedy (R-UT)

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.

Kevin Kiley (R-CA)
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.

Young Kim (R-CA)
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. 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.

Ashley Hinson (R-IA)
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.

Nick LaLota (R-NY)

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.

Ryan Mackenzie (R-PA)
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. 2 Childcare Prices by Age of Children and Care Setting 2022, U.S. Department of Labor, accessed 1/21/2025 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 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.

Celeste Maloy (R-UT)

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.

Rich McCormick (R-GA)
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. I look forward to working with this Committee to achieve these goals. Thank you again for allowing me to testify before you all today.

Dan Meuser (R-PA)

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.

James McGovern (R-MA)
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. 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 119 th 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 119 th Congress. Thank you for your consideration of these requests and this opportunity to testify.

William Timmons (R-SC)
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.

Marianette Miller-Meeks (R-IA)
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.

Riley Moore (R-WV)
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.

Zach Nunn (R-IA)
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.

Burgess Owens (R-UT)

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 product…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.

Nellie Pou (R-NJ)
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. New Jerseyans pay some of the highest property taxes in our whole country. For many years, the state and local tax dedication 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 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.

Hillary Scholten (R-MI)
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.

Dale Strong (R-AL)
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.

Emilia Sykes (R-OH)
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. 2 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.

Glen Thomspon (R-PA)
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 BidenHarris 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 customfabricated 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.

Dina Titus (R-NV)
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.

Jeff Van Drew (R-NJ)
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.

Tony Wied (R-WI)

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. For nearly thirty years, I owned and built 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 agricultural cooperatives are taxed on an equal playing field with larger corporations. The Trump Tax Cuts of 2017 reduced the corporate tax rate from 35% to 21% 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% 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.

Stephanie Bice (R-OK)

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"

Buddy Carter (R-GA)
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.

Rick Crawford (R-AR)

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 suDer 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 USDArecognized 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 oD 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 selfsupporting 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.

Pete Stauber (R-MN)
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.

Troy Downing (R-MT)
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.

Andrew Garbarino (R-NY)
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 middleclass 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 longterm 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.

Derrick Van Orden (R-WI)

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. 2 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.

Mike Lawler (R-NY)

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.

Aumua Amata Coleman Radewagen (R-American Samoa)
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.

Tim Moore (R-NC)

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.

Mike Haridopolos (R-FL)
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.

Austin Scott (R-GA)
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 Hearth 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 the 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 1000% 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 ot 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-wroth, 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."

Ther 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.

Jen Kiggans (R-VA)

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.