



TaxNewsFlash

United States

No. 2017-414
September 29, 2017

Senate FY 2018 proposed budget resolution; implications for tax reform legislation

U.S. Senate Budget Committee Chairman Mike Enzi (R-WY) today released a proposed budget resolution for FY 2018 that has implications for tax reform legislation.

Proposed budget resolution

As noted in a Budget Committee [release](#), the proposed FY 2018 budget resolution would allow the Senate Finance Committee to promulgate legislation to reduce revenues and change outlays that would increase the deficit by up to \$1.5 trillion over a 10-year period (through 2027).

Importantly, assuming that a number of procedural rules are followed, this legislation may be considered by the Senate under budget reconciliation rules that allow a bill to not be subject to Senate filibuster. As a result, a bill may be approved with a simple majority—rather than a super-majority—of senators' support. The Finance Committee is instructed to report legislation to the Budget Committee by November 13, 2017 so that the Budget Committee may forward the legislation to the Senate for floor consideration.

The resolution also directs the Congressional Budget Office and the Joint Committee on Taxation to incorporate the macroeconomic effects in revenue estimates of major legislation considered in the Senate.

The Budget Committee has scheduled markup of the resolution beginning October 4.

Finance Committee reaction

Finance Committee Chairman Orrin Hatch (R-UT) issued a [statement](#) that the budget proposal has allowed the Senate to take "a critical first step to advance a tax overhaul to turn our nation's economic tide."

Finance Committee ranking member Ron Wyden (D-OR) issued a statement that the proposal “a giant step in the opposite direction of developing real tax reform that is long-term, bipartisan and is at least as progressive as current law.”

KPMG observation

The proposed budget instructions to the Finance Committee only specify a net deficit target to the committee—the budget proposal does not dictate to the Finance Committee what the nature of the legislative changes proposed to achieve that target number should be. It is expected that tax reform will be the focus of this legislation, but it is possible under the terms of the budget proposal (although not expected) that the Finance Committee could decide to address other areas of policy that are within its jurisdiction in addition to tax matters. However, any matters included in a reconciliation bill will need to meet all of the complex procedural and statutory requirements applicable to reconciliation legislation—one of which is that all such proposals must have a non-incidental budgetary impact.

The information contained in TaxNewsFlash is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader’s knowledge on the matters addressed therein, and is not intended to be applied to any specific reader’s particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG’s Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)