Exhibit 93

Politics

Brady and Ryan Mulling Big Gamble on Key Tax Deduction

State and local tax deduction has its fans among rank and file, though

House Speaker Paul D. Ryan and Ways and Means Chairman Kevin Brady want to repeal the state and local tax deduction, but face resistance from several GOP colleagues in high-tax states. (Chris Maddaloni/Roll Call File Photo)

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House Republican leaders face many decisions regarding details of a tax overhaul but perhaps none more immediately consequential than whether to roll the dice and try to eliminate the state and local tax, or SALT, deduction.

House Ways and Means Chairman Kevin Brady (https://media.cq.com/members/465?rel=memberLink) of Texas and Speaker Paul D. Ryan (https://media.cq.com/members/523?rel=memberLink) have made it abundantly clear they'd prefer to get rid of the deduction, which allows taxpayers to deduct what they pay in state and local property taxes and either state income taxes or sales taxes.

But if Brady and Ryan move forward with their plan to cut the SALT break from the code, they risk losing support from Republicans from high-tax states such as New York, New Jersey, California and Illinois, more than enough to sink the bill.

"I still believe that the current state and local tax deduction is double taxation at its worst," Brady said Thursday. "People are taxed locally and then every American — poor, middle-class, otherwise — whether they itemize or not, pays artificially higher federal taxes so some can get a tax break."

Ryan, a Wisconsin Republican, made a similar comment at a Heritage Foundation event earlier that day, saying, "I would argue we're propping up profligate, big government states and we're having states that actually got their act together pay for states that didn't. I think Wisconsin versus Illinois."

In addition to the policy argument, eliminating the SALT deduction would raise a significant amount of revenue — $1.3 trillion over 10 years, according to the nonpartisan Tax Policy Center, or $1.7 to $1.8 trillion, according to the conservative-leaning Tax Foundation.

The tax-writing chairman and the speaker who held the Ways and Means gavel before him are like-minded in their thinking. They believe the overall tax plan will have enough benefits that the good will overshadow the loss of any single deduction or credit.

"These are the issues that we have to help members see the big picture," Ryan said at the Heritage Foundation. He argued that people will be better off no matter what state they come from under the GOP plan because it would double the standard deduction, increase the child tax credit and eliminate the "marriage penalty."

"There may be some narrow thing that [members] don't particularly like in this, but the broader picture so clearly prevails over the narrow view and that this is good for their constituents and good for the country," Ryan added. "That's why I feel so good about where we are in the House — and the Senate."

'A nonstarter'

While the broader view may prevail in evaluating the loss of some incentives that will ultimately get thrown to the curb, many lawmakers from high-tax states are warning that without some SALT incentive, it is difficult to see the plan benefiting a majority of their constituents.

"There's quite a few areas in the bill that I have a different opinion" from the tax writers who are drafting it, New Jersey GOP Rep. Tom MacArthur (https://media.cq.com/members/53596?rel=memberLink) said. "This is fundamentally different. The deductibility of state and local taxes is a matter of basic fairness. And the amount of economic harm it will do to my state, [repeal] can't go forward. That is a nonstarter."

Fellow New Jersey Republican Leonard Lance (https://media.cq.com/members/7125?rel=memberLink) has also said maintaining the SALT deduction is essential to securing his vote.

Republicans from New York, California and even Brady's home state of Texas have raised concerns about eliminating the deduction, but few have said one way or the other how it might affect their vote.

"It's real important in my district that we have some recognition of the property tax deduction," Ways and Means member Kenny Marchant (https://media.cq.com/members/18463?rel=memberLink) said. He said his home-state delegation of Texas has not discussed the issue together.

Many lawmakers hold out hope for a compromise. They've floated a range of proposals, including capping the deduction so high-income earners can't claim it, converting it into a credit and preserving the property tax portion of the deduction by merging it with the mortgage interest deduction that Republicans have pledged to keep.

Brady and Ryan, despite making their preference clear, have been careful not to rule out members' proposals for keeping some benefits of the deduction.

But they're still mulling the big gamble of full repeal.

"No decisions have been reached or anywhere close to it," Brady said Thursday. "But we're having a really healthy discussion on ideas, options, alternatives and, perhaps most importantly, when we all see the details of the overall tax plan, we'll be able to more easily reassure Americans they'll be better off."

Familiar situation

The choice on whether to disregard the opposition and end the SALT break puts Brady and Ryan in a familiar situation.

Earlier this year, as opposition mounted to a border adjustment tax proposal, they spent months trying to persuade people on the idea. But eventually the leaders realized the dissent was too strong and agreed to drop it.

What's different with SALT is the decision is mainly Brady and Ryan's to make, since they're leading the effort to draft a tax bill that will start in the House.

The border adjustment tax on imports was dropped in the context of the "Big Six" negotiations in which they were working with Senate Majority Leader Mitch McConnell (https://media.cq.com/members/202?rel=memberLink), Senate Finance Chairman Orrin G. Hatch (https://media.cq.com/members/493?rel=memberLink), Treasury Secretary Steven Mnuchin and White House chief economic adviser Gary Cohn on a tax framework.

The Senate is working on its own tax bill off the framework, so the House does not need to take the same approach on SALT.

However, the decision may be more difficult for House leaders. The deduction is arguably easier to eliminate in the Senate because senators from states with the highest tax burdens are Democrats.

The overall tax burden — a combination of property taxes, individual income taxes and sales and excise taxes viewed as a percentage of total personal income — is highest in New York, Hawaii and Vermont; the property tax burden is highest in New Hampshire, New Jersey and Vermont; and the income tax burden is highest in New York, Oregon and Maryland, according to a 2017 WalletHub analysis.

All seven of those states have Democratic senators. But in the House there are nine Republicans from New York, five from New Jersey and one each from Oregon and Maryland.

The sales and excise tax burden is highest in Hawaii, Nevada and Washington, according to the WalletHub analysis. Nevada has one Republican senator, but again, the vote impact is greater in the House, where Washington has four GOP members and the Silver State has one.

Most members seem to be willing to wait until the tax bill is released to evaluate the full effect of eliminating or curbing the SALT deduction, along with other incentives they prioritize, which vary greatly from district to district.

But at the end of the day, there will always be winners and losers in a true tax overhaul.

There is no scenario under a revenue-neutral tax overhaul, which House GOP leaders are aiming for, that will not result in tax increases for some portion of the population, California GOP Rep. Darrell Issa (https://media.cq.com/members/3088?rel=memberLink) said.

"I'm getting a tax increase under the current framework," he said. "Some will get tax reductions. Certainly people taking the standard deduction and nothing else would see a huge savings. That will be offset [by] tax increases on others."

Still, Issa is willing to heed Ryan's call to see the bigger picture.

"It's not a question of am I OK with any subpart of it," he said when asked about the SALT deduction. "The only question that has to be asked doesn't come until the end, which is do we believe that this will cause economic growth? If it encourages investment in economic growth, then changing the reform makes sense."