

# Exhibit 99

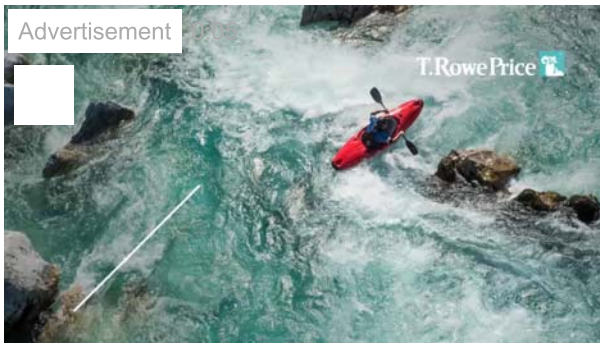
Politics

# 'Death to Democrats': How the GOP Tax Bill Whacks Liberal Tenets

By [Sahil Kapur](#)

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- ▶ SALT deductions, education benefits among those under attack
  - ▶ Conservatives bolstered by other provisions in GOP tax plans
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Some of the biggest losers under the Republican tax overhaul include upper-middle class families in high-tax areas like New York City, graduate students, government workers and public school teachers.

The one thing they have in common? They're mostly Democrats.

President Donald Trump and GOP leaders have promised that the two main goals of a tax code revamp are to benefit middle-class families and to slash the corporate tax rate. But paying for those changes has come in large part at the expense of breaks that are important to residents of high-tax states, which tend to be Democratic.

Benefits used by universities and graduate students are also on the chopping block. And the repeal of the Obamacare individual mandate to buy insurance -- a centerpiece of Democrats' biggest achievement in a generation -- is estimated to generate some \$300 billion to pay for tax cuts.



“It’s death to Democrats,” said conservative economist Stephen Moore, who advised Trump’s campaign on tax policy.

“They go after state and local taxes, which weakens public employee unions. They go after university endowments, and universities have become play pens of the left. And getting rid of the mandate is to eventually dismantle Obamacare,” Moore said in an interview, arguing that it would accelerate “a death spiral” in the health-care law’s marketplaces.

The tax overhaul represents the GOP-controlled Congress’s best chance for a policy win this year and looms large in the 2018 congressional elections. Not a single Democrat voted for either the House or the Senate bill. No Democratic amendments were approved in committee or on the floor of either chamber – and the final House-Senate joint product is all but guaranteed to come from Republicans-only negotiations.

## **‘Ideological Trophies’**

“The people who are going to get the most whacked by this are wealthy and upper-middle class people who live in big cities,” said John Feehery, a GOP lobbyist and former communicator for House leadership. “In other words, Democrats.”

“I don’t think there’s a conspiracy to go attack Democratic districts. But that’s how the legislative process works -- if you’re not going to participate in a game you’re going to lose,” he said. “You need the revenue, and those constituencies are not really being represented because their representatives refused to participate.”

Democratic lawmakers say they were shut out of a rushed process, with scant time to review last-minute changes. In a tweet shared more than 150,000 times, Montana Democratic Senator Jon Tester posted a video of himself describing his party as blindsided by the almost 500-pages of legislation provided by Republicans on Friday evening just hours before the bill passed.

“This is just one big set of ideological trophies,” Senator Ron Wyden, the top Democrat on the tax-writing Finance Committee, said after the vote.

## **SALT Deductions**

One of the most controversial measures in the House and Senate tax plans calls for repealing state and local tax deductions -- save for a \$10,000 cap for property tax deductions. The benefit is most important for residents of high-tax states.

Conservatives say they hope the change will mean lower state taxes and smaller governments. “One hopefully positive result of this legislation will be that state and local officials will be less eager to jack up the taxes on hard working Americans,” Senator Ted Cruz of Texas said after the bill passed. He mentioned California, New Jersey and New York explicitly.

Democratic governors in those SALT-dependent states were furious about the provision -- New York’s Andrew Cuomo called it “political retaliation through the tax code.”

In addition to hitting certain middle-class and upper-middle class families, the removal of the state and local tax break could hurt public sector jobs and programs. State and local deductions ease the burden of state taxes -- without the breaks, the taxes are politically harder to impose and maintain. Public employee unions, a robust Democratic constituency, rely on state taxpayers for jobs and pensions.

“This is going to be a direct hit on us,” said Peter MacKinnon, president of the Massachusetts-based SEIU Local 509.

For some Republicans, the union anger is a feature of the plan, not a bug. Given the “high cost of unionized government employees” in states like Illinois, “the fact that government employee unions oppose reforms makes the need for them all the more clear,” said Michael Steel, who served as a spokesman for former House Speaker John Boehner.

## **‘Policy Not Partisanship’**

House Ways and Means Chairman Kevin Brady says there’s no effort to target Democrats, and the revenue offsets are about lowering rates for all Americans.

“Chairman Brady has met repeatedly with Democrats in Congress and also union leaders and members about pro-growth tax reform. He always welcomed their ideas and their consideration during this process,” Emily Schillinger, a spokeswoman for Brady, said in an email. "On SALT, the chairman has also said that he is working to lower taxes for Americans -- regardless of which state they live in. This tax reform issue is about policy -- not partisanship."

Several provisions in the tax bills could affect educational institutions. The plans call for a new levy of 1.4 percent on colleges’ annual investment income. Under the House version of the bill, U.S. schools with funds of more than \$250,000 per student would be affected, but the Senate proposal raised that to \$500,000.

A Cruz amendment added to the bill late would allow tax-advantaged contributions to 529 plans for private education and home-schooling expenses for K-12. The move could hurt public schools, according to the National Education Association, a teachers’ group that tends to back Democrats.

“Expanding education tax loopholes in order for wealthy families to stash away money for religious school will hurt neighborhood public schools and students,” said Lily Eskelsen García, NEA president.

Other measures in the House bill would eliminate deductions for student loans, treat graduate tuition waivers as taxable income, and prevent deductions for classroom expenses by public school teachers.

## **Conservatives Win**

“It’s not deliberate targeting so much as the people who are likely to vote for the bill aren’t going to the mat” for issues like SALT or public sector jobs and schools, said Rohit Kumar, a former deputy chief of staff to Senate Majority Leader Mitch McConnell who now oversees tax policy for Pricewaterhousecoopers LLP. “So it becomes the path of least resistance.”

Julia Lawless, a spokeswoman for Senate Finance Chairman Orrin Hatch, said Democrats had “ample opportunity to offer input, file amendments and work to help shape the final product.”

While Democrats are poised to lose, conservatives have been bolstered by some of the tax plan’s changes.

The Senate bill opens up the Arctic National Wildlife Refuge to drilling, something Senator Lisa Murkowski had pushed for and environmentalists have been battling for years. The House legislation repeals the 1954 Johnson amendment that prohibits tax-exempt nonprofits like churches from supporting or opposing political candidates -- a move welcomed by evangelicals.

The House bill also grants 529 tax breaks for parents of “unborn children,” a provision that reproductive-rights advocates fear will threaten legal abortion.

## **Reagan, Bush Cuts**

The last major tax cuts -- in the 1980s under Ronald Reagan and early 2000s under George W. Bush -- were approved with bipartisan support. Until the ACA, which extended coverage to millions of Americans by imposing higher taxes on wealthy people and health industry groups, major legislation was often done with the backing of both parties.

Whatever their motives may be for particular provisions, Republicans are well-aware of their effects, said William Galston, a senior fellow in governance studies at the Brookings Institution.

“One of the definitions of justice offered in Plato’s Republic is doing good to your friends and harm to your enemies,” Galston said. “I think it’s fair to say the Republican leadership takes that definition of justice very seriously.”

– *With assistance by Steven T. Dennis*