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individuals and businesses next week.

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House Ways and Means Committee Chairman Jason Smith (R-MO) said Thursday the focus of his tax bill is “helping working-class families, small businesses and to build in America.” (Roberto Schmidt/POOL/AFP via Getty Images/TNS)

By Laura Weiss, CQ-Roll Call (TNS)

The House Ways and Means Committee is preparing to consider a package of tax breaks for individuals and businesses next week, laying out GOP priorities ahead of potential bipartisan tax talks later this year.

Several lawmakers said after leaving a closed-door meeting of panel Republicans on

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Freedom Caucus, Main Street Caucus, Republican Governance Group and opponents of the \$10,000 cap on deducting state and local taxes, known as the SALT cap.

Smith said leaving Thursday's meeting that the focus of his tax bill is "helping working-class families, small businesses and to build in America."

The package is expected to revive tax incentives for businesses that have phased down or lapsed under the 2017 GOP tax law. It will likely bring back bigger or more immediate tax deductions for research and development spending, interest expenses and purchases of short-term assets like equipment and machinery.

Rep. Kevin Hern, R-Okla., said some pieces of the bill have strong bipartisan support, so part of the discussion in Thursday's meeting was making sure GOP tax-writers were comfortable with that along with what's in and out of the package. Restoring full, immediate write-offs for R&D costs has particularly strong and vocal bipartisan backing.

"We've talked a lot about R&D expensing, going back to where we were and making sure small businesses are able to compete and just making sure we're in a strong competitive environment," Hern said. "And that we're clawing back any bad tax policies that were put forth under Democrats that were incentivizing very wealthy individuals as opposed to helping the American people."

Hern suggested that could include repealing clean energy tax credits from Democrats' 2022 climate, health and tax law, which the House GOP also proposed among spending cuts for their earlier debt limit package that was later scaled back in talks with the administration.

Republicans are also expected to include language raising the \$600 threshold for tax reporting on online sales and gig work on sites like PayPal, Venmo, eBay, Etsy, Uber, Lyft and Airbnb that Democrats passed in 2021 as part of their pandemic aid

package. Offering some relief has bipartisan support, though GOP lawmakers have

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Then bill would add \$1,000 on top of the existing standard deduction for married couples filing jointly and half that amount for individual filers in 2024, adjusted for inflation the following year. The extra "bonus" deductions would be on top of the normal standard deduction, which is \$27,700 for married joint filers and \$13,850 for single tax filers in 2023.

The bonus deductions would phase out by 5 cents for each dollar of income above \$400,000 for joint filers and \$200,000 for individuals. The thresholds are based on modified adjusted gross income, or income after exclusions for retirement contributions, educator expenses, student loan interest, alimony payments or income earned overseas or in Puerto Rico and U.S. territories.

If included in the tax package, the proposal would align a larger standard deduction with the 2025 cliff when much of the 2017 tax law is set to expire, teeing it up to be part of that broader debate on the tax code.

It could also help satisfy Republicans from blue states like New York, California and New Jersey who oppose the \$10,000 cap on deducting state and local taxes that the 2017 law created. That law lost backing from some blue state Republicans because it limited the SALT deduction.

Malliotakis and Steel oppose the current SALT cap, which is set to expire in full after 2025. A new wave of Republicans from blue states elected last fall and a slim House majority mean House leaders can't lose all SALT cap opponents and pass a partisan tax bill.

Malliotakis said her standard deduction bill would mean lower taxes for 350,000 households in her Staten Island and Brooklyn district.

"My goal is to at the end of the day provide relief for middle-class families in my district and we can achieve that through the standard deduction," she said. "We can

also achieve that through SALT.”

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Republicans' bill could also aid car dealerships that saw bigger tax bills due to global microchip shortages amid the COVID-19 pandemic and impose tax penalties on foreign firms whose home governments tax U.S. firms extra under a global minimum tax deal negotiated by the Biden administration.

Republicans' tax package isn't expected to draw support from across the aisle, or advance in the Democrat-controlled Senate without changes.

Ways and Means ranking member Richard E. Neal, D-Mass., said this week during a markup of unrelated health care and aviation tax measures that the panel's activity was meant to be a buffer. He was referring to the spending cuts attached to the debt limit law that cleared last week and the new GOP tax bill.

“It's putting space between the deficit-cut argument of last week and the deficit-busting tax proposal that will come from [Republicans] in the next few weeks,” he said.

Rep. Suzan DelBene, a Ways and Means member and chair of House Democrats' campaign arm, said in a statement that a bill she introduced to permanently expand the child tax credit and pay it in monthly checks serves as a contrast to the GOP effort. That measure has more than 200 House Democratic co-sponsors.

“Republicans are putting together a tax package behind closed doors that will favor the wealthy and well-connected and blow a massive hole in the deficit,” she said. “On the heels of their debt crisis, this is the height of their hypocrisy.”

Still, the bill could jog some conversations on a bipartisan tax package later this year by laying out House Republicans' position.

Lawmakers left unresolved a range of bipartisan tax provisions and “extenders” keeping lapsing pieces of the tax code on the books after tax talks broke down late

last year. Democrats said they'd need an expansion of the child tax credit alongside

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provisions in the tax code.

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