

GROWERTALKS

SAF in the Lobby

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Washington: The First 100 Days

Society of American Florists

In the wake of Donald Trump's victory, Washington is trying to make sense of a new, unexpected and unpredictable political world. Looking at what might happen in the first 100 days of the Trump Administration may bring some clarity.

Over the last several years, Washington had settled into hardened political gridlock with little legislative activity. The situation was frustrating, but at least predictable. Many Washington insiders thought the next four years wouldn't be much different—Hillary Clinton would succeed Barack Obama as president, Democrats would take control of the Senate and House Republicans would lose double-digit seats and continue to invalidate themselves through internal conflict. As a result, gridlock would continue.

Everyone was wrong. Donald Trump won. Republicans retained control of the Senate and Republicans lost very few seats in the House. In addition, Republicans now hold 33 governorships, tying a 94-year record, and control an all-time high 69 of 99 state legislatures. Republicans have full control of 25 state governments compared to only six controlled by Democrats.

Instead of Republicans picking up pieces of what was left of their party and trying to figure out how to block Clinton Administration initiatives, Republicans now find themselves more powerful than ever.

It's still early, but priority issues for the 115th Congress and the Trump Administration are beginning to gel. In the first three months of the year, three major issues are likely to be addressed: tax reform, repealing the Affordable Care Act and immigration reform.

Tax reform may be the first major issue Washington tackles. Stephen Moore, a senior advisor to Trump, has said that the tax code can be thoroughly overhauled in Trump's first 150 days in office.

And an internal document notes that Donald Trump intends to eliminate the estate tax—a tax SAF and many other small business groups worked aggressively to reform over many years, although SAF's position on the issue never included repeal.

Making tax reform even more probable early in the next administration is the fact that a tax blueprint released earlier this year by Republicans on the House Ways & Means Committee is very close to the tax proposals Trump said he favored during the campaign. At a recent event attended by SAF, House Ways & Means Committee Chairman Rep.

Kevin Brady (R-TX) said he's excited about working with the Trump administration to lower the individual and corporate tax rates and reduce the incentives for U.S.-based companies to keep their profits overseas.

In addition, Trump has named Republican National Committee Chairman Reince Priebus as his chief of staff. Priebus has close ties to House Speaker Paul Ryan (R-WI) who was re-elected Speaker of the House for a second term. Speaker Ryan is a strong proponent of tax reform. With a direct line between the Speaker and the White House, coordinating efforts on tax reform will be much easier.

On top of that, the third-highest ranking Republican on the House Ways & Means Committee, Rep. Kevin Nunes (R-CA), was chosen by Trump to be part of his transition team. Rep. Nunes has authored a tax reform plan that would cut the tax on business income to 25% and allow companies to immediately write off the cost of their investment expenses.

Repealing the Affordable Care Act (ACA) was a centerpiece of Trump's campaign and has been an illusory goal of congressional Republicans since its enactment. That goal, however, suddenly became very possible.

Trump has said he supports two of the popular aspects of the ACA: allowing young adults to remain on their parents' policies and allowing those with pre-existing conditions to obtain insurance. However, the rest of the law, he says, is subject to repeal.

Trump and congressional Republicans will face stiff opposition from Democrats. To overcome that opposition, Republicans will probably use a legislative tactic called "budget reconciliation." The reconciliation process is an arcane part of developing a congressional budget. What makes the process attractive as a vehicle to repeal the ACA is that passage in the Senate only requires a simple majority of votes and cannot be filibustered like other legislation.

However, under the reconciliation process, Republicans are limited to repealing portions of the ACA, but not the entire thing. Action to repeal portions of the ACA through reconciliation will probably take place toward the end of the first 100 days.

While immigration received the greatest visibility of any issue during the campaign, it has not been mentioned as prominently since the election. Just after the election, Trump said he would first deport between two million and three million undocumented immigrants who have committed crimes. He also noted that securing the border is a priority and after that's achieved, he would determine what actions to take about the remaining undocumented immigrants.

Addressing that larger issue will most likely take a great deal of time given its complexity, the economic realities of the need for immigrant workers (especially in agriculture) and that many Republicans in the House and Senate favor an approach that includes the legalization of many of those currently undocumented.

SAF will continue to push for immigration reform legislation that give growers access to the labor they need, but will also remain open to other solutions coming forth from the Trump administration.

What's Next for the Overtime Regulation?

On November 22, 2016, a United States District Court issued a nationwide preliminary injunction preventing the Department of Labor from implementing and enforcing its new overtime regulations.

Those regulations, which would have more than doubled the minimum salary level required to exempt executive, administrative and professional employees from eligibility for overtime, would have gone into effect on December 1, 2016.

Although a preliminary injunction is a temporary court order, the ruling may prevent the regulations from ever taking effect.

The Obama Administration has the right to seek an expedited appeal. In that scenario, it's possible that the Court of Appeals could reverse the injunction, allowing the salary level increase to go into effect before the last day of the Obama Administration. Conversely, the Trump Administration could publish a new regulation tweaking the one on hold, or scraping it entirely and starting anew.

But unless the Court of Appeals grants an expedited appeal and rules for the Obama Administration before January 20, 2017, the result would likely be a permanent injunction. **GT**

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