

## Still no decisions on government funding as December 20 deadline looms

Congress closed out the second week of the post-election lame duck work period with no real signs that Republican and Democrat leaders are closer to reaching an agreement on a full package to fund federal departments and agencies for fiscal year 2025; meanwhile, the outgoing chairman of the Senate Finance Committee suggested that lawmakers may be able to clinch a deal on a disaster relief tax package before the end of the year.

### Government funding

Although fiscal year 2025 began on October 1, the House and Senate have not yet approved the 12 full-year appropriations bills required to pay for government operations. To date, the House has approved only five of these measures, the Senate has not approved any, and lawmakers passed a short-term continuing resolution in September that keeps the government operating at fiscal year 2024 levels through December 20. (For prior coverage, see *Tax News & Views*, Vol. 25, No. 29, Sep. 27, 2024.)

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240927\\_3.html](https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240927_3.html)

With more work to be done and only a limited time left, some Republicans have signaled that they prefer to pass a short-term measure now that will fund the government into early 2025 and take up a spending bill for the full fiscal year when they are in control of both chambers of Congress and Donald Trump has been sworn in as president.

House Speaker Mike Johnson, R-La., noted on Fox News Sunday November 17 that, with respect to funding the government, “it’s getting more and more difficult to get all of those bills done, and here’s the reason why: the House has done its work, the Senate has not.” Johnson also stated that Senate Majority Leader Charles Schumer, D-N.Y., “has refused to put a single appropriations bill on the floor. That’s not how the process is supposed to work.”

Johnson indicated that he still hopes to get a full-year funding bill completed before the end of this year, but said if that is not possible, “we’ll have a temporary measure that would go into the first part of next year that would allow us the necessary time to get this done.” He added that delaying a full-year funding measure until after President-elect Donald Trump takes office could work to the GOP’s advantage because “you’d have Republican control, and we’d have a little more say in what those spending bills are.”

Other Republicans, however, have argued that passing a full-year funding measure during the lame duck session would clear one potentially difficult item from incoming President Trump’s to-do list and allow him to focus on his broader policy agenda—including laying the groundwork for a package of tax law changes—in his first 100 days in office. (See separate coverage in this issue for details on the GOP’s plans for moving a significant tax package early next year.)

## Disaster tax relief

While prospects for action on a fiscal year 2025 spending bill remained uncertain, Senate Finance Committee Chairman Ron Wyden, D-Ore., indicated this week that momentum appears to be building for attaching a package of disaster tax relief provisions to a \$100 billion supplemental disaster-aid spending request that President Biden recently sent to Capitol Hill.

The package would provide tax relief for victims of certain federally declared disasters by:

- Extending temporary taxpayer-favorable rules for deducting certain personal casualty losses related to major federally declared disasters that were last renewed in the Consolidated Appropriations Act, 2021 (P.L. 116-260) and are now expired;  
[URL: https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf](https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf)
- Providing an exclusion from gross income for amounts received as qualified wildfire relief payments; and
- Treating payments received by individuals incurring damages or losses related to last year's train derailment in East Palestine, Ohio, as qualified disaster relief payments for purposes of section 139(b) and therefore excludable from gross income.

The provisions mirror those in the Tax Relief for American Families and Workers Act (H.R. 7024), a bipartisan measure negotiated that Wyden negotiated with House Ways and Means Committee Chairman Jason Smith, R-Mo., that also would temporarily expand the child tax credit and temporarily reverse certain taxpayer-unfavorable changes enacted in the Tax Cuts and Jobs Act of 2017 related to bonus depreciation, the treatment of research and development costs, and the deduction for business interest expenses. The Smith-Wyden measure was approved in the House with a large bipartisan majority early this year but has since been stalled in the Senate, primarily due to opposition from current Finance Committee ranking member Mike Crapo, R-Idaho, who will take the Finance Committee gavel early next year when Republicans assume control of the Senate in the 119th Congress.

[URL: https://gop-waysandmeans.house.gov/wp-content/uploads/2024/01/AINS-to-H.R.-7024.pdf](https://gop-waysandmeans.house.gov/wp-content/uploads/2024/01/AINS-to-H.R.-7024.pdf)

The House approved an identical set of disaster relief provisions in a freestanding bill (H.R. 5863) this past May. At the time, however, Wyden vowed to place a "hold" on that bill in the Senate in an effort to force Republicans in that chamber to act on the broader tax package he had brokered with Ways and Means Chairman Smith; however, an August 1 procedural vote to advance the Smith-Wyden legislation in the Senate failed. (For prior coverage, see *Tax News & Views*, Vol. 25, No. 26, Aug. 2, 2024.)

[URL: https://www.congress.gov/bill/118th-congress/house-bill/5863/text](https://www.congress.gov/bill/118th-congress/house-bill/5863/text)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240802\\_1.html](https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240802_1.html)

Wyden's announcement this week that lawmakers hope to attach the disaster tax relief provisions to the president's supplemental spending request appears to be a tacit acknowledgment that the Smith-Wyden tax measure is essentially dead in this Congress.

## House Democrats hold leadership elections

In other developments this week, House Democrats held internal elections to select their leaders for the 119th Congress, choosing Hakeem Jeffries of New York to continue in his post as House minority leader, a position he has held since 2023 after former Speaker Nancy Pelosi, D-Calif., stepped down from leadership. Along with Jeffries, the caucus re-elected Katherine Clark of Massachusetts as whip and Pete Aguilar of California as caucus chair.

Jeffries stated during a press conference after the leadership elections that House Democrats “are prepared to find bipartisan common ground on any issue, whenever and wherever possible.” He also pledged his caucus “will continue to do everything we can, each and every day . . . to make life more affordable for the American people, to address the fact. . . that far too many Americans are struggling to live paycheck to paycheck, struggling to get by, and struggling to get ahead.”

With the House Democratic Caucus elections now settled, the leadership rosters on Capitol Hill are almost complete. House Republicans chose current Speaker Mike Johnson as their speaker-designee for the incoming 119th Congress on November 13, and Senate Republicans elected Sen. John Thune of South Dakota as the new majority leader in the 119th Congress the same day. (For prior coverage, see *Tax News & Views*, Vol 25, No. 30, Nov. 15, 2024.) Senate Democrats are expected to hold their leadership elections during the lame duck session but have not yet announced a date, although outgoing Senate Majority Leader Charles Schumer of New York is expected to be unopposed in his bid for another term as the chamber’s top Democrat.

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## House and Senate headcount update

It’s been more than two weeks after the nation cast its votes in the 2024 presidential and congressional elections, and although the Associated Press (AP) reported on November 13 that Republicans had won control of the House with the 218 seats required for a majority, the final party headcount in the chamber remains undetermined.

As of the morning of November 22, the AP reports that Republicans have secured 219 House seats, Democrats have won 213 seats, and 3 races remain undecided. It is worth noting that Republican taxwriter Michele Steele’s race in California’s 45th District is among those that have not yet been called. (She currently trails her Democratic opponent by 480 votes with 98 percent of all votes now counted.)

Also unclear is what will happen to the Florida House seat vacated by now-former GOP Rep. Matt Gaetz, who was re-elected on November 5 but resigned from the 118th Congress on November 13 shortly after President-elect Trump announced his intention to nominate him to serve as attorney general. Gaetz indicated when he submitted his resignation that he would not take the oath of office when the 119th Congress convenes on January 3, 2025. (He withdrew his name from consideration for the attorney general post on November 21.)

In the Senate, meanwhile, Democratic Senate Finance Committee member Robert Casey of Pennsylvania this week officially conceded his race to Republican challenger David McCormick following a mandatory recount that had been triggered under Pennsylvania law because of the small vote margin (0.5 percent) separating the two candidates. The final tally in the Senate remains at 53 seats for Republicans and 47 for Democrats, since the AP had called the race for McCormick ahead of the recount, but Casey's concession makes it official that there will be one more vacancy on the Finance Committee's Democratic roster when the 119th Congress convenes in January. (Democratic taxwriters Debbie Stabenow of Michigan, Thomas Carper of Delaware, Benjamin Cardin of Maryland, and George Helmy of New Jersey did not seek another term in office this year, and Sherrod Brown of Ohio, like Casey, lost his re-election bid.)

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