

December 20 looms as Congress works on continuing resolution

With just one week now remaining in the scheduled post-election congressional lame duck session, lawmakers are working to advance another short-term continuing resolution (CR) that will push the funding debate into the first few months of 2025 – with a likely end-of-March deadline – while funding federal departments and agencies at fiscal year 2024 levels.

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 fund government operations. To date, the House has approved only 5 of these measures and the Senate has yet to approve any. Congress is currently keeping the government's doors open through a short-term CR, approved in September, which expires on December 20, just one week away.

The current CR—the Continuing Appropriations and Extensions Act of 2025 (H.R. 9747)—cleared the House and Senate on September 25 under expedited rules, and with bipartisan support, leading the way for President Biden to sign the bill a day later, thus averting the possibility of a partial shutdown of government operations when fiscal year 2025 began on October 1. (For prior coverage, see *Tax News & Views*, Vol. 25, No. 29, Sept. 27, 2024.)

[URL: https://docs.house.gov/billsthisweek/20240923/CR1FY25_xml%20-%20FINAL%20FOR%20INTRODUCTION.pdf](https://docs.house.gov/billsthisweek/20240923/CR1FY25_xml%20-%20FINAL%20FOR%20INTRODUCTION.pdf)

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

While negotiations to fund federal departments and agencies for the current fiscal year are ongoing and details remain scarce, the stopgap measure is expected to include a disaster relief provision to respond to recent hurricanes and other disasters, as reported in *The Hill* on December 10. Last month, President Biden made a request to Congress for almost \$100 billion in additional emergency funding for disaster relief.

[URL: https://www.whitehouse.gov/briefing-room/presidential-actions/2024/11/18/letter-to-the-speaker-of-the-house-of-representatives-requesting-for-additional-funding-for-disaster-relief/](https://www.whitehouse.gov/briefing-room/presidential-actions/2024/11/18/letter-to-the-speaker-of-the-house-of-representatives-requesting-for-additional-funding-for-disaster-relief/)

Funding negotiations are “moving in the right direction,” but “nothing’s finalized yet on disaster relief,” according to House Appropriations Committee Chairman Tom Cole (R-Okla.).

“I know when people are working in good faith and trying to get to a common point. And I would say that’s happening both across the rotunda and across the partisan divide,” Cole said, as reported by *Politico* on December 12.

Fiscal Responsibility Act sequester threat may spur action on full-year package: It is worth noting that spending bills that have cleared the Senate Appropriations Committee (but have not yet reached the Senate floor) adhere to the spending caps that President Biden and then-House Speaker Kevin McCarthy, R-Calif., agreed to in the Fiscal Responsibility Act of 2023 (P.L. 118-5), which was signed into law in June of last year and affirmed this past January in a handshake deal on government funding between current Speaker Mike Johnson (R-La.) and Senate Majority Leader Charles Schumer (D-N.Y.). That measure suspended the federal debt limit

through January 1, 2025 and made certain fiscal policy changes—including provisions to keep nondefense discretionary spending flat for fiscal year 2024 and to limit annual growth to 1 percent for fiscal years 2025 through 2029. The measure gives Congress a strong incentive to pass all 12 appropriations bills by imposing an automatic, across-the-board 1 percent cut to discretionary spending if a continuing resolution for *any* discretionary budget account remains in place beyond January 1 of next year. (The resulting sequester would not be triggered until next May if all 12 bills are not enacted by the end of April.)

[URL: https://www.congress.gov/118/plaws/publ5/PLAW-118publ5.pdf](https://www.congress.gov/118/plaws/publ5/PLAW-118publ5.pdf)

Biden administration officials and congressional Democrats are also anxious to ensure that a year-end stopgap measure does not contain language in the current CR that would appear to reauthorize a \$20 billion rescission to certain mandatory funding for the IRS that was agreed to in the Fiscal Responsibility Act. (The agency originally received a 10-year, \$80 billion infusion of mandatory funding under the Inflation Reduction Act.)

Time running out for further lame duck tax action

Now that the Federal Disaster Tax Relief Act (H.R. 5863) has been approved in the Senate and signed into law by President Biden, it is unclear if Congress will take up any additional tax legislation in the waning days of the lame duck session.

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

The disaster relief measure had been included in the long-stalled Tax Relief For American Families and Workers Act (H.R. 7024) negotiated earlier this year by House Ways and Committee Chairman Jason Smith (R-Mo.) and Senate Finance Committee Chairman Ron Wyden (D-Ore.) but was eventually moved as a free standing bill in both chambers. (For prior coverage, see *Tax News & Views*, Vol. 25, No. 32, Dec. 6, 2024.) There had been some discussion that another provision in the Smith-Wyden package that would relieve double-taxation on investments between the US and Taiwan might be attached to must-pass legislation reauthorizing the National Defense Authorization Act (NDAA), however, the provision was not included when the larger NDAA bill was unveiled on December 7.

[URL: https://www.congress.gov/bill/118th-congress/house-bill/7024/text](https://www.congress.gov/bill/118th-congress/house-bill/7024/text)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/241206_2.html](https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/241206_2.html)

Senate Democratic leaders have discussed expediting a freestanding version of the US-Taiwan tax relief provision before the lame duck session concludes, according to reports from *Tax Notes* and *Bloomberg Tax*, but the status of those efforts is currently uncertain.

Ways and Means top posts remain the same in the 119th Congress

In other developments, the House Republican Steering Committee this week selected Rep. Jason Smith to continue as chairman of the Ways and Means Committee in the 119th Congress, according to Smith's statement on December 9. This will be his second term as chairman of the prestigious committee after initially winning the position in 2023, running against two more senior members, Reps. Vern Buchanan of Florida and Adrian Smith of Nebraska.

After the Steering Committee reappointed him, he released a statement maintaining that “the Ways and Means Committee will be the tip of the spear in advancing policies that grow the economy, increase wages, create jobs and bring more of our neighbors into the workforce, lower the costs of goods and services, expand access to affordable health care in rural America and for seniors, and set our nation on a firmer economic footing.”

Smith maintained a desire to “[build] on the success of the 2017 Trump tax cuts and [work] with President Trump to ensure American workers, families, farmers, and small businesses do not see their taxes go up at the end of next year.”

The taxwriting committee will be a central part of tax negotiations next year as Congress works to extend the expiring provisions in the TCJA and further cut taxes as Trump pledged during the campaign. As chairman, Smith will play a significant role during this process.

On the other side of the aisle, the Democratic Steering and Policy Committee unanimously selected Rep. Richard Neal (D-Mass.) to continue in his post as ranking member of the House Ways and Means Committee in the 119th Congress, according to a Ways and Means press release on December 11.

“Delivering immeasurable wins for the American people through the Committee on Ways and Means has been the honor of a lifetime, and my commitment only deepens with the challenges that lie ahead in the 119th Congress. From the Child Tax Credit to lowering health care costs, major retirement savings legislation, the Inflation Reduction Act, oversight of the Trump Administration, and so much more, Ways and Means has gone big for the people under my leadership.”

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