

## Brady: ‘Nowhere close’ to decision on tax title for China competitiveness bill

House Ways and Means Committee ranking Republican Kevin Brady of Texas said this week that lawmakers have yet to tackle the issue of whether any tax provisions will be included in a potential conference report being negotiated among members of a recently convened House-Senate conference committee on China competitiveness legislation.

“We’re nowhere close to resolutions on these issues,” Brady said June 6. “We’ve not yet begun serious discussions about a tax title in the conference report.”

Brady’s was referring to a conference committee formed to hash out differences on H.R. 4521, which is variously referred to as the United States Innovation and Competition Act of 2021 (USICA), the America COMPETES Act, or the “CHIPS” bill (as in, microchips and/or semiconductors, the domestic production of which would be bolstered under the legislation).

The committee, which was formally established on April 28 and held its first public meeting on May 12, is comprised of a massive group of 107 House and Senate members, including Brady. The committee’s size is due largely to the fact that the sweeping legislation touches the jurisdiction of many different congressional committees.

Many lawmakers, including Senate Finance Committee Chairman Ron Wyden, D-Ore., who also sits on the conference committee, have pushed for reversing a change within tax code section 174—originally enacted as part of the Tax Cuts and Jobs Act of 2017 (P.L. 115-97)—that, as of January 1 of this year, requires certain research expenditures to be amortized over a number of years rather than deducted currently—as part of a China competition bill.

However, although the section 174 proposal enjoys broad bipartisan support, there is a concern that including even a single tax provision in any forthcoming conference report could open up the floodgate to myriad other tax provisions—such as a proposal by Wyden and Finance Committee ranking Republican Mike Crapo of Idaho to provide an investment tax credit for semiconductors produced in the US—that are favored by lawmakers both on and off the conference committee.

Some Democrats, for their part, are also concerned that addressing research expensing could result in unfavorable political optics if moved outside their parallel effort to raise taxes on corporations and high-income individuals as part of the so-called “Build Back Better” initiative or, similarly, if not done in concert with extending enhancements to family tax credits, such as the child tax credit, that Democrats enacted in early 2021 as part of their American Rescue Plan and which lapsed at the end of last year.

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