



# Special Bulletin

Friday, November 10, 2017

## Senate Republican Leaders Release Tax Bill

Senate Finance Committee Chair Orrin Hatch (R-UT) late yesterday released a draft of [Senate Republicans' proposal to overhaul the tax code](#). The proposal differs in some ways from the [House Republican proposal](#), which passed the Ways and Means Committee yesterday on a party-line vote, most notably for hospitals and health systems with respect to tax-exempt bond financing.

Highlights of the Senate proposal, also called the [Tax Cuts & Jobs Act](#), follow, with differences and similarities to the House Proposal noted.

**Tax-exempt Bonds.** First, thanks to your advocacy, the draft does *not* include changes to tax-exemption for private-activity bonds (PABs). Conversely, the House proposal would eliminate the tax-exemption for PABs, including qualified 501(c)(3) hospital bonds. These bonds play a critical role in helping not-for-profit hospitals and health systems access low-cost capital, enabling them to keep infrastructure expenditures low so that they can efficiently fulfill their mission and focus on the work they do for the public good.

The Senate proposal would amend the tax code to eliminate the ability of hospitals to execute “advance refundings” of outstanding tax-exempt bonds. Tax-exempt advance refundings provide an option for refinancing outstanding debt at lower interest rates. This provision also is contained in the House proposal.

**Medical Expense Deductions.** Unlike the House proposal, the Senate draft would not make changes to taxpayers' ability to itemize deductions for large medical expenses. Under the current tax code, individuals or couples filing jointly can deduct qualified medical expenses that exceed 10 percent of their adjusted gross income for the year.

**Executive Compensation.** Like the House bill, under the Senate draft, a 501(c)(3) employer would be liable for a 20 percent excise tax on pay for the five highest-compensated employees receiving compensation in excess of \$1 million.

**Individual Insurance Mandate.** Neither bill currently contains a provision to repeal the Affordable Care Act's individual mandate to purchase health insurance. However, such a provision is still under consideration.

The [Senate Finance Committee's markup](#) of the draft is scheduled to begin at 3 p.m. ET on Monday, Nov. 13. The full House will also debate tax reform next week. Please watch for next steps on advocacy on Monday.