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The Upcoming 119th Congress and Tax and Fiscal Landscape

Now that the election results confirm that Republicans will be in full control of the House, Senate, and White House next year, the opportunity to enact a significant portion of Donald Trump's fiscal agenda, particularly in tax policy is greatly improved. While a GOP-led government is expected to pursue a tax bill to address expiring provisions from Trump's 2017 tax cuts, broader ambitions such as further corporate tax cuts, easing limits on state and local tax deductions, and eliminating taxes on tipped income and Social Security benefits face major challenges due to rising federal debt.

Complicating passage for extension of the 2017 tax package, estimated to cost more than \$4 trillion over the next ten years, are some difficult fiscal realities. This includes rising national debt, projected to exceed 106% of GDP by 2027. These growing interest payments already outpace spending on major programs like Medicare and defense.

Congress and the President are committed to keeping tax rates low to support businesses and consumers. However, growing concerns about mounting debts and deficits mean they face tough decisions and may need to make compromises. As the saying goes, "A good deal is one where no one is completely happy." Throughout this process, NAED and our MOU partners will continue to engage with policymakers to advocate for fair, pro-growth tax policies that enable our businesses to thrive.

Biden Administration's "Overtime Rule" Judicial Defeat

The U.S. District Court for the Eastern District of Texas recently struck down the Department of Labor's (DOL) 2024 overtime rule. The judge hearing the case found that the Labor Department has the authority to define overtime exemptions but emphasized that this authority "is not unbounded."

He explained that the 2024 rule's minimum salary requirement essentially replaces the evaluation of an employee's job duties—such as whether they qualify as "bona fide executive, administrative, or professional" roles—with a salary-only

test. The judge also ruled that the automatic updates to the salary threshold every three years violate the notice-and-comment requirements of the Administrative Procedure Act (APA).

As a result of this decision, the minimum salary threshold reverts to \$35,568, and the threshold for highly compensated employees returns to \$107,432. Although the DOL could appeal the ruling, it's unlikely the current administration will be able to do much between now and the beginning of the Trump administration. NAED will continue to monitor this issue for possible changes in the next administration.

Corporate Transparency Act

More than three dozen lawmakers, led by Congresswoman Lisa McClain (R-MI), have urged the Financial Crimes Enforcement Network to delay the Corporate Transparency Act's (CTA) year-end reporting deadline by one year. Their letter, signed by 44 House members, highlights widespread confusion among affected businesses, legal challenges, and other critical issues. With 33 million entities set to face new compliance obligations, small business owners and trade advocates are amplifying their calls for relief, prompting legislative efforts like H.R. 9278 and amendments to the National Defense Authorization Act. While a delay remains possible, businesses are encouraged to voice their concerns to lawmakers now to push for action before the deadline.

NAED and NAW Submit Comments to Department of Commerce

This month, NAED and the National Association of Wholesaler-Distributors (NAW) submitted [comments](#) to the US Department of Commerce's National Telecommunications and Information Administration on Bolstering Data Center Growth, Resilience, and Security. After consulting with NAED members on challenges they perceived, we elaborated on the following topics: Permitting Reform, Supply Chains, and Labor and Workforce. We concluded the comments by reiterating our industry and our channel partners' investment in meeting each of these challenges and called on policymakers to enable our efforts so the United States will continue to dominate in the information age.

Legislation – Copper and Geothermal

The House of Representatives recently passed two “messaging bills” meaning they are a signal of Congressional intent but are unlikely to be signed into law this year. The first is the *Critical Mineral Consistency Act* (HR 8446) which seeks to align the U.S. Geological Survey's (USGS) list of Critical Minerals with the Department of Energy's (DOE) list of Critical Materials. By integrating these lists, the legislation aims to ensure parity between the two definitions, allowing DOE-designated Critical Materials, such as copper, electrical steel, silicon, and silicon carbide, to receive the same benefits and federal support as Critical Minerals under the USGS framework. This change is intended to address supply chain vulnerabilities, promote domestic mining and recycling, and enhance U.S. energy and national security by reducing reliance on foreign sources. The *Critical Mineral Consistency Act* passed the House with a vote of 245 – 155.

The House also passed the *Harnessing Energy at Thermal Source Act* (HR 7409) which seeks to expedite the development of geothermal energy projects on nonfederal lands by clarifying that geothermal operators would not be required to go through the federal permitting process. This would effectively waive all federal review requirements and streamline permitting to allow for more electricity supply to come online. The *Harnessing Energy at Thermal Source Act* passed the House with a vote of 225 - 181. Passage sends a strong signal to the next Congress that momentum for a more comprehensive permitting reform process continues.

Legislation – Inflation Reduction Act Modification

Another messaging bill was recently introduced in the House of Representative by a bipartisan duo of lawmakers, Rep.

John Moolenaar (R-MI) and Rep. Jared Golden (D-ME), introduced a resolution to overturn the Biden administration's rule on the advanced manufacturing production tax credit (45X) which provides manufacturers of clean energy systems and producers of critical minerals a 10 percent tax credit on material and extraction costs under the Inflation Reduction Act. While the credit has spurred investments in U.S. clean energy manufacturing, critics argue the final rule failed to block Chinese companies from benefiting. The lawmakers claim this loophole could channel taxpayer funds to foreign-owned firms with ties to adversarial governments and are seeking to overturn the rule using the Congressional Review Act (CRA). The Treasury defends the rule, citing legal constraints and its role in fostering domestic innovation and job creation. The resolution is unlikely to succeed under the current administration but signals future Republican efforts to revise the policy in the 119th Congress.

Thank you for staying engaged with our advocacy efforts and feel free to reach out to Bud DeFlaviis (Bud@NAED.org) or Ed Orlet (EOrlet@NAED.org) directly with any questions or comments.