

Trump Transition: What Lies Ahead For Tax, Health Care, Environment And Financial Services



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Politically, 2016 is a year few of us will soon forget — and 2017 could be just as memorable, as the focus shifts from the campaign trail to Capitol Hill. With Congress adjourned for the year and the framework of the Trump administration coming into focus, now is a good time to step back and briefly assess what we've learned in the past six weeks on some key issues.

It's important to note that we are in uncharted waters. The situation is in constant flux, and every day brings at least as many new questions as answers. In this unsettled state of affairs, we offer two fundamental pieces of advice:

First, get used to it. In the weeks before the inauguration the headlines and surprises will only come faster. And once the new Congress and president are sworn in, we expect immediate action in both branches. The result could be a policy and regulatory shift of historic proportions.

Second, if you have interests at stake, you need boots on the ground in the capital. When uncertainty is the norm and change is inevitable, information confers enormous advantages. And obtaining information in time to lend an influential voice

in the policy process requires a physical presence in Washington. Those organizations and companies that are represented on the Hill will be in the best position to influence discussions around the following key issues as well as others that arise in the years ahead.

Health care

We fully expect GOP leadership to use a budget reconciliation bill — which can pass with just 51 votes in the Senate — to push through some significant reform. And while that could mean a tax package, at the moment health care reform appears more likely in the spring. Will Republicans delay major changes to the Affordable Care Act until after the 2018 midterm elections? Or will the more strident voices in their caucus succeed in pushing through immediate repeal-and-replace measures?

Tax code

Unless it's included in reconciliation, expect an attempt at bipartisan tax reform sometime in 2017. House Speaker Paul Ryan is intent on streamlining the tax code and reducing taxes. How that plays out, and how he replaces the revenue lost to any tax cut, will be vital questions for many industries. Renewable energy tax credits are likely to come up in that discussion; wind and solar industry groups are already marshaling for a defense.

Environment

In a bill with broad bipartisan support, the Senate passed the Water Resources Development Act last week, which includes provisions allowing for diversion of more water to drought-stricken parts of California and a revamped approach to assessing how water projects will impact endangered species. We see this bill, passed after a six-year effort led by Foley's policy group, as a canary in the heavily regulated coal mine, signaling a major dismantling of the Obama administration's environmental policies.

Financial services

GOP leadership, and the president-elect, have made clear their desire to scale back much of the Dodd-Frank regime, and we fully expect the House to pass a bill doing just that. From there it could be complicated by the peculiar dynamic on the Democratic side of the Senate Financial Services Committee. New Senate Minority Leader Charles Schumer of New York favors reform, but he will no longer be his party's ranking member on the committee. His departure could embolden, or at least amplify, Senators Elizabeth Warren, Bernie Sanders and, perhaps to a lesser extent, Sherrod Brown, all vociferous opponents of any and all deregulation.

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