



## **Client Note: Tax Extenders Look-Ahead and Tight Majorities**

### **The Negotiating Value of Tax Extenders**

There are *trillions* of dollars worth of business and individual tax credits and exemptions set to expire over the coming years, particularly those created by President Trump's Tax Cuts and Jobs Act of 2017 (TCJA). Some tax benefits have already expired or are phasing down. These kinds of deadlines typically motivate Congress (and those with an interest in seeing the tax credits extended) to negotiate on extensions, modifications including occasionally letting them expire, culminating in a tax extenders package. With Congress focused on other priorities this year, it's likely the earliest this could happen is next year, though it's more likely a serious extenders discussion will be pushed to 2025 when individual tax reductions and some of the big ticket TCJA tax cuts expire. Since this will be an extremely consequential negotiation, possibly implicating at least some of the IRA tax provisions (or those left out), it's important to start thinking about it now. Each party will try to make sure they get at least as much as the other party in the bargain, so we are proactively tracking the projected budgetary impact of major provisions (aka, their bargaining value). We've compiled the latest estimates [here](#). Now you know what we know.

### **House Faces Tight Majority and Timeline**

With the recent expulsion of Rep. George Santos (R-NY) (the special election to replace him is February 13), and the announcement from former Speaker Kevin McCarthy (R-CA) that he'll retire at the end of the year (special election date TBD), the GOP conference now faces an even slimmer margin of error as both were reliable votes for Republican leadership. Crucially, this will be the case through the government funding deadlines on January 19 and February 2, meaning leadership will have to try that much harder to pass the appropriations bills to fund the government. In addition to the departure of the former Speaker, Rep. Patrick McHenry (R-NC), Chairman of the Financial Services Committee, said he won't run for reelection in 2024. The loss of their institutional knowledge, years of leadership experience, and general interest in making sure Congress functions will have negative implications on the Republican Party's ability to govern – assuming it hasn't hit rock bottom already.

### **Congress's To-Do List**

Congress hasn't made much progress on their high-priority items, with the key exception being the National Defense Authorization Act (NDAA).

- **NDAA:** The bipartisan, bicameral draft text was released this week, and the Senate sailed through a procedural vote. They're expected to pass the NDAA next week, and then the House is expected to pass it under suspension of the rules (meaning  $\frac{2}{3}$ , or 290 votes, are needed). While this would typically be an easy hurdle, the addition of a four-month FISA extension to the NDAA is causing some traditionally supportive House Republicans to come out against the package, shrinking the margin for error.

- Ukraine, Israel, Taiwan and Border Aid: Last Friday, talks around the border provisions of this package broke down, but started again last night. While all sides are saying that “failure isn’t an option,” it is unclear what kind of agreement would bring enough votes to pass.
- Appropriations: No public progress has been made.
- FAA: No public progress has been made.
- FISA: A four-month extension was included in the NDAA; however, this is causing heartburn among members, especially since both the House Judiciary Committee and House Intelligence Committee continued to work on their competing FISA reform bills. These bills are independently expected to come up for a vote on the floor next week using the unusual [“Queen of the Hill” procedure](#).
- Farm Bill: No public progress has been made.
- Military Promotions: After ten months of pressure from Senate Democrats, the White House, and his own colleagues, Senator Tommy Tuberville (R-AL) finally dropped his opposition to rank-and-file military promotions, allowing hundreds of nominations to go through. However, he has maintained his opposition to a dozen four-star generals, and Senator Eric Schmitt (R-MO) has announced holds on a few others due to their support of DEI – some Democrats are pushing for the Senate to stay in session past next week (when they’re currently scheduled to go home) to approve the promotions.

### Funding Opportunities

While there weren’t any relevant funding solicitations announced this week, a few deadlines are right around the corner:

- DOE extended the response deadline for its [RFI on Grid Integration for Solar Energy Systems](#) to December 15. It seeks insight on the challenges and opportunities of integrating solar energy systems and other inverter-based resources into bulk power systems, distribution systems, and microgrids.
- Concept papers for the [\\$38 Million for Cross-Sector Technologies for Industrial Decarbonization](#) are due December 18. It will fund high-impact, applied RD&D projects driving cross-sector technologies and innovations required to reduce energy use and emissions across the industrial sector through electrifying industrial heat, efficient energy use in industrial systems, and decarbonizing organic wastewater and wet waste treatment.

### **Where in the World is Pioneer?**

Joe Britton was [quoted](#) in a Politico piece on his recent launch of the “EV Battery PAC,” an effort to avoid ceding airwaves to EV critics by defending candidates in favor of the transition.

Pierson Stoecklein and Sweta Chakraborty are in Dubai for the COP28 summit.

### **Next Week: [Hearings to Watch](#)**

*Tuesday, December 12*

#### **House Financial Services Subcommittee on National Security, Illicit Finance, and International Financial Institutions**

“Restricting Rogue-State Revenue: Strengthening Energy Sanctions on Russia, Iran, and Venezuela” (10:00 AM EST), watch [here](#)

**Homeland Security Subcommittee on Cybersecurity and Infrastructure Protection**

“Considering DHS’ and CISA’s Role in Securing Artificial Intelligence”

(10:00 AM EST), watch [here](#)

**House Natural Resources**

“The Mineral Supply Chain and the New Space Race”

(10:15 AM EST), watch [here](#)

**House Natural Resources Subcommittee on Energy and Mineral Resources**

“Legislative Hearing on 4 bills: H.R. 5482 (Rep. Hageman) ‘Energy Poverty Prevention and Accountability Act of 2023’; H.R. 6474 (Rep. Steel) ‘To amend the Energy Policy Act of 2005 to expedite geothermal exploration and development in previously studied or developed areas’; and, H.R. 6481 (Rep. Hageman) ‘To amend the Mineral Leasing Act to require the Secretary of the Interior to reimburse the fee for an expression of interest if the expression of interest becomes inactive, and for other purposes.’”

(10:30 AM EST), watch [here](#)

**House Natural Resources Subcommittee on Water, Wildlife, and Fisheries**

“Left in the Dark: Examining the Biden Administration’s Efforts to Eliminate the Pacific Northwest’s Clean Energy Production.”

(2:00 PM EST), watch [here](#)

**Senate Energy and Natural Resources Subcommittee on Public Lands, Forests, and Mining**

“Hearings to examine S.1281, to amend the Omnibus Budget Reconciliation Act of 1993 to provide for security of tenure for use of mining claims for ancillary activities, and S.1742, to modify the requirements applicable to locatable minerals on public domain land.”

(2:30 PM EST), watch [here](#)

*Wednesday, December 13*

**House Transportation and Infrastructure Subcommittee on Highways and Transit**

Oversight of the Infrastructure Investment and Jobs Act: Modal Perspectives

(10:00 AM EST), watch [here](#)

**House Judiciary Subcommittee on Courts, Intellectual Property, and the Internet**

Digital Copyright Piracy: Protecting American Consumers, Workers, and Creators

(10:00 AM EST), watch [here](#)

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