



## NMTC Coalition Bulletin: Shutdown Edition – 1/19/2018

In less than 7 hours - absent a last-minute deal - the federal government will shut down for the second time this decade. While Congress may move a short-term (multi-day) continuing resolution this evening, in all likelihood, the shutdown will begin at midnight tonight.

### How We Got Here

Congressional Republicans and Democrats are at odds over multiple issues. As today's deadline approached, the president sent a series of confusing and contradictory signals on Twitter, further complicating the politics. Several long-simmering debates drove the current conflict:

**DACA:** After many years of trying to pass the DREAM ACT, legislation providing legal protections and a path to citizenship for undocumented immigrants brought to the United States as children, in 2012, President Obama signed an Executive Order providing limited legal protections. The new program, called the Deferred Action for Childhood Arrivals (DACA) program, remained in place through last September, when President Trump announced it would be canceled in March 2017 and urged Congress to take up the issue and protect DACA participants, also known as DREAMers. Congress has yet to act on legislation, and Democrats are attempting to force a vote on a path to citizenship for the DREAMers. Absent passage of the DREAM Act, more than 40 Senate Democrats have vowed to withhold support for a spending measure. Republicans are split on the issue, with some outright opposed and others looking to trade for other priorities.

**Spending Caps:** President Trump campaigned on an expansion of our military, which he called "a disaster." Trump - along with defense hawks like Lindsay Graham - are seeking an increase in the military spending caps set by the Budget Control Act. Congressional Democrats want a comparable increase in domestic discretionary spending. Meanwhile, many conservatives oppose any increase in domestic discretionary spending.

**The Wall:** President Trump also campaigned on building a wall along our southwestern border and "make Mexico pay for it." Mexico rejected this demand and the president is now looking for federal funding for his wall. Democrats oppose the wall and have - at various points - offered to trade DACA for funding for more border security. Immigration hawks also want to limit legal immigration, and that debate boiled over during a contentious meeting last week at the White House where the president allegedly made incendiary comments about the immigrants from Africa and Haiti.

**CHIP:** The Children's Health Insurance Program expired at the end of September and many states are running out of funding. There is general agreement that a CHIP reauthorization should move forward, but Republicans are attempting to use its fate as leverage over negotiations.

**Politics:** The political base in both parties - particularly immigration activists - are laser-focused on the issue of border security and DACA. Many conservatives would consider a path to citizenship for DREAMers a deep betrayal by the president. On the left, Democrats are generally unified behind the strategy of withholding support for government funding without action on DACA, and they will get an earful from activists should they allow DACA to expire.

### **The Latest:**

Last night, the House passed the measure, H.R. 195 the Continuing Resolution (CR) that funds the federal government through February 16. The vote was 230-197. The bill extends the Children's Health Insurance Program (CHIP) for six years and also increases discretionary spending for defense above the caps set by the Budget Control Act (BCA) by \$80 billion. An increase in domestic discretionary spending caps was not included. H.R. 195 commits the House to vote on the defense appropriations bill within in 10 legislative dates and also sets a timetable for House consideration for immigration legislation.

Senate Democrats rejected the House proposal, as did several Senate Republicans. Negotiations continue.

## **The Road Ahead on Taxes**

We can report several new developments on the push for a permanent and expanded NMTC.

Today, NMTC Coalition spokesperson Bob Rapoza published an op-ed in *The Hill* outlining the challenges ahead and makes the case for a permanent NMTC Extension.

- [Hill op-ed](#)

Other developments:

- This week, Congressman Reed (R-NY) agreed to take over as the Republican lead of H.R. 1098, the NMTC Extension Act, now that Pat Tiberi (R-OH) has retired from Congress. Reed is a longtime supporter of the NMTC and is an original cosponsor – along with Tiberi and Rep. Richard Neal (D-MA)-- of H.R. 1098. We will have updated fact sheets on our website next week.
- The NMTC allocation awards should be out in the first quarter of 2018.

### **Looking Forward**

A variety of opportunities for an expansion and/or extension of the NMTC lie ahead. Potential legislative vehicles include disaster relief legislation, an energy extenders package, healthcare extenders, a tax technical fix bill, and infrastructure legislation. Tax legislation could also ride along with an omnibus spending bill when Congress finishes appropriations. But all of these items will remain on the back burner until the shutdown fight concludes.

## **NMTC Legislative Update Call**

The next NMTC Coalition legislative update call will be **Friday, February 2nd at 3:00 pm Eastern**. We no longer send out calendar appointments, so mark your calendar.

Call In Number: 1-866-730-7512; Participant Pin: 640987#