Tax News & Views

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House tax panel explores healthcare costs, debate over OBBBA's impact

Continuing its recent focus on rising healthcare costs, the House Ways and Means Committee held a hearing on April 28 with hospital system CEOs to explore factors that drive prices higher, including industry consolidation, diminished competition, Medicaid coverage issues, and access challenges in rural communities. Tax policy arose largely in connection with recent legislation, its implications for healthcare coverage, and whether nonprofit hospitals are meeting the required community benefit standard in return for their tax-exempt status.

Democrats blame the OBBBA

Democrats used parts of the hearing to focus on the healthcare effects of the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21), enacted last year. Some Democratic taxwriters, including Ranking Member Richard Neal of Massachusetts, Rep. Mike Thompson of California, and Rep. Steven Horsford of Nevada argued that the OBBBA has driven reductions in healthcare coverage, including cuts to

Medicaid, and added strain to the broader healthcare system. They highlighted the OBBBA tax cuts, which they characterized as benefiting "billionaires," and contended that the benefits of those provisions came at the expense of healthcare spending cuts that affected millions of people.

Neal put that argument in sharper terms, saying Republicans had created the very healthcare pressures now being discussed at the hearing and were attempting to deflect "blame and responsibility" themselves from the consequences. As he put it in his written opening statement, "that's playing firefighter after committing arson."

For further analysis of the OBBBA, see: *A closer look: Inside the new tax law* prepared by Deloitte Tax LLP's professionals.

Democrats, including, Rep. Jimmy Gomez of California, also cited what they viewed as the Republicans' decision not to extend the Affordable Care Act's (ACAs, P.L. 111-148) enhanced premium tax credit (PTC), which expired at the end of last year, as another factor worsening coverage losses. The PTC – originally enacted under the ACA in 2010 and temporarily enhanced by two COVID-era statutes that were enacted during President Biden's administration – the American Rescue Plan Act (ARA, P.L. 117-2) and the Inflation Reduction Act (IRA, P.L. 117-169) – expanded eligibility and increased the subsidy benefit to help qualifying individuals and families afford health insurance through the Health Insurance Marketplace, commonly known as the exchanges. As a refundable credit, the PTC can be claimed by eligible taxpayers even if it is more than the amount of their federal tax liability; and it may be paid in advance to reduce monthly premium costs.

Efforts to extend the enhanced PTC were a sticking point during last year's government shutdown that closed most federal government offices for more than 40 days. Senate Democrats conditioned their support for re-opening the government on the inclusion of an extension of the temporary enhancements to the healthcare tax credit. Although an agreement was eventually reached to end the shutdown, the final deal notably excluded any extension of the enhanced PTC, with seven Senate Democrats and one Independent, who caucuses with the Democrats, ultimately supporting the measure.

Republicans counter criticism, raise concerns about nonprofit hospitals

Republican taxwriter Lloyd Smucker of Pennsylvania pushed back on Democrats' claims that the OBBBA caused millions of people to lose healthcare coverage, citing data he said came from the nonpartisan Congressional Budget Office. Rep. Smucker said that those affected were undocumented immigrants, certain "able-bodied" adults, individuals who lost their coverage because of the expiration of the enhanced PTC, and others who were already ineligible for Medicaid coverage but have not been removed from the program yet. Beyond Rep. Smucker's specific points, Republicans suggested that not all negative healthcare outcomes discussed at the hearing could be traced to the law passed last summer. In that vein, Reps. Adrian Smith of Nebraska and Carol Miller of West Virginia cited specific healthcare facility closures, arguing that those shutdowns reflected broader financial and operational pressures rather than the OBBBA itself. Republicans also raised concerns about the increase in hospitals classifying themselves as both urban and rural facilities to receive additional government financial support.

Republicans also used the hearing to shift attention to whether nonprofit hospitals are meeting the obligations that come with tax-exempt status. Chairman Jason Smith of Missouri argued that both for-profit and what he referred to as "so-called" nonprofit hospitals too often prioritize financial considerations over patient care. He pointed to what he described as a mismatch between the roughly $28 billion in tax benefits received by tax-exempt hospitals and the approximately $16 billion they provide in charity care, arguing that the difference is spent on activities unrelated to direct healthcare services, such as real estate, stadium naming rights, and green energy initiatives.

Other Republican taxwriters, such as Rep. Kevin Hern of Oklahoma, added on Chairman Smith's critique by questioning whether non-profit hospitals' current Form 990, Return of Organization Exempt from Income Tax, demonstrates that they satisfy the community benefit standard. Similarly, Rep. Nicole Malliotakis of New York raised the possibility of reforms governing tax-exempt status, focusing on whether a nonprofit hospital has met that standard.

Treasury: Comments from Republican taxwriters came as the Treasury Department announced last week that the IRS plans to revise Form 990 – the form used by tax-exempt organizations, nonexempt charitable trusts and section 527 political organizations to report information required under section 6033. According to Treasury, the changes are intended "[t]o improve transparency, strengthen tax administration, and provide clearer reporting on certain activities of…organizations described in section 501(c)(3)…"

Treasury Secretary Scott Bessent said in the announcement that "[w]e are ending the days of hiding fraud, abuse, and extremist activity behind complicated nonprofit arrangements. When bad actors misuse charitable structures, directors and officers should understand that transparency can lead to scrutiny, accountability, and liability under the law."

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House approves FY2026 budget resolution

After a tumultuous week in which prospects for the Senate-passed FY2026 budget resolution (S. Con. Res. 33) appeared uncertain, House Republicans on April 29 formally kicked off the filibuster-proof reconciliation process by passing the Senate-approved budget resolution by a vote of 215-211. The resolution is narrowly tailored to facilitate the passage of legislation funding portions of the Department of Homeland Security (DHS), including Immigration and Customs Enforcement (ICE) and the border security components of Customs and Border Protection (CBP). (For prior coverage, see *Tax News & Views*, Vol. 27, No. 16, April 24, 2026.)

Adopting a budget resolution is a critical and necessary step in the reconciliation process. Provided strict parliamentary and procedural rules are met, legislation moved under this process can pass the House and Senate with simple majority votes, making it a powerful tool for Republicans who control 53 Senate seats, short of the three-fifths majority – that is, 60 votes – normally needed to advance legislation under regular order in that chamber.

With the first step in the reconciliation process completed, Republicans will need to move swiftly to meet President Trump's June 1 deadline, given the expected limited number of legislative workweeks in May to finalize the budget reconciliation package.

Keeping it 'skinny'

Some Republican lawmakers have expressed interest in using the FY2026 budget resolution to advance tax and spending priorities, viewing it as potentially the last opportunity this year to move broader party-line legislation. Even so, House and Senate Republican leaders have kept the budget resolution's reconciliation instructions narrowly focused on immigration and border enforcement, arguing that expanding them would make the subsequent implementing legislation far more difficult to pass.

A possible third reconciliation bill later this year – building on earlier reconciliation efforts, including the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21) – could provide a separate vehicle for certain tax and spending priorities, although that approach would still require agreement on scope and could be complicated by the House's narrow margins and competing priorities as Congress moves deeper into an election year, and many doubt it will come to fruition.

House approves measure to fund 'other' DHS offices this year

In a separate but related development, the House approved by voice vote – and President Trump signed into law – the Senate-passed measure (H.R. 7147) to fund the remaining offices within DHS through September 30, while leaving funding for ICE and border and security components of CBP for the FY2026 reconciliation process. The House vote reflected the two-track approach that GOP leaders ultimately embraced: move the Senate bill to reopen most of DHS, while relying on the budget resolution and subsequent reconciliation legislation to address immigration enforcement funding separately.

Although the Senate passed the measure and sent it to the House a month ago, it was not brought to the House floor until this week, by which point the department's shutdown had extended beyond 70 days. The vote came amid concern that the temporary funding being used to cover employee pay may be exhausted in the coming days if the measure was not enacted.

Democrats speak out: In a Monday press conference, House Minority Leader Hakeem Jeffries (D-N.Y.) urged Speaker Mike Johnson (R-La.) to immediately bring to the floor the bipartisan, Senate-passed bill to fund the remaining DHS offices, excluding ICE and CBP. Jeffries argued that, despite support from every Senate Republican and Democrat, the measure had stalled in the House, effectively leaving those parts of the department shut down for more than 2 months. After the House passed the measure later in the week, Jeffries said in a press release that the action came only after what he described as House "extremists" backing down and allowing the funding measure to move forward.

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House approves series of tax administration and relief bills

The House this week approved a series of tax-related administration, relief, and workforce bills reported unanimously by the House Ways and Means Committee. The full House advanced seven of the measures by voice vote, while two others – addressing the IRS whistleblower program and self-employment taxes – cleared the chamber by recorded votes of 346-10 and 350-5 respectively, under suspension of the rules, a fast-track procedural tool in that chamber that allows for limited debate, no amendments, and passage upon an affirmative two-thirds vote. Taken together, the measures appear to reflect a broad bipartisan appetite for narrower tax legislation outside the larger debate over budget reconciliation.

(For additional coverage of House Ways and Committee action on each bill, see *Tax News & Views*, Vol. 26, No. 48, Dec. 12, 2025; *Tax News & Views*, Vol. 27, No. 3, Jan. 16, 2026; and *Tax News & Views*, Vol. 27, No. 13, March 27, 2026.)

Tax administration and IRS operations

Several of the bills that were passed are aimed at IRS procedure, taxpayer services, and information reporting. They are listed below.

Taxpayer notification: On December 5, Rep. Greg Steube (R-Fla.), joined by Rep. Jimmy Panetta (D-Calif.) as lead cosponsor, introduced the Taxpayer Notification and Privacy Act (H.R. 6495), which would require the IRS to disclose to taxpayers the exact information it seeks from third parties and give taxpayers the opportunity to provide that information first. Under the proposal, taxpayers would have 45 days to respond to the notice – including by supplying the specified items – before the IRS contacts the third party. The nonpartisan Congressional Budget Office (CBO) estimated that enacting the bill would reduce revenues by an insignificant amount over the 2026-2035, period.

Scanning and digitization of tax returns: Reps. Rudy Yakym (R-Ind.) and Bradley Schneider (D-Ill.) introduced the Barcode Automation for Revenue Collection to Organize Disbursement and Enhance Efficiency Act (BARCODE Efficiency Act) (H.R. 6956) – which would require electronically prepared tax returns to include a scannable code when submitted on paper, and to require the use of optical character recognition (OCR) technology for paper documents received by the IRS. An exception applies if the Treasury Secretary determines that the scannable code or the OCR technology is slower or less reliable than the process of manually transcribing the returns or correspondence received in paper form. The Joint Committee on Taxation (JCT) estimated that enacting the bill would have a negligible effect on federal fiscal year budget receipts.

Modernization and technology: Introduced by Reps. David Schweikert (R-Ariz.) and Donald Beyer (D-Va.) on March 18, 2026, the Taxpayer Experience Improvement Act (H.R. 7971) would provide for modernization and technological improvements of services offered by the IRS, including establishing dashboards to inform taxpayers of backlogs and wait times, expansion of electronic access to information about returns and refunds, and expansion of callback technology and online accounts. The JCT estimated that the bill would have no effect on federal fiscal year budget receipts.

Whistleblower program: Introduced by Reps. Mike Kelly (R-Pa.) and Mike Thompson (D-Calif.) on March 17, 2026, The IRS Whistleblower Program Improvement Act (H.R. 7959) would amend the Internal Revenue Code to strengthen the IRS whistleblower program. The proposal would revise the standard and scope of review of whistleblower award determinations, enhance privacy protections, and modify the rules regarding the limitation on the deductibility of attorney fees. The JCT estimated the proposal would reduce fiscal year budget receipts by $44 million over fiscal years 2026-2036.

Targeted tax relief provisions

A second group of bills approved this week would provide targeted relief to taxpayers affected by disasters or certain personal circumstances. Those bills are listed below.

Disaster tax relief: The Federal Disaster Tax Relief Act of 2025 (H.R. 5366) – renamed the Doug LaMalfa Federal Disaster Tax Relief Act – would extend the rules for personal casualty losses arising from major disasters and for the exclusion from gross income of compensation for losses or damages resulting from certain wildfires. The casualty loss provision is effective for losses incurred in taxable years beginning after December 31, 2024; while a "qualified disaster area," as defined in the bill, is limited to disasters with incident periods beginning on or after December 28, 2019, and before January 1, 2027. The wildfire-related exclusion is effective for payments received by an individual during taxable years beginning after December 31, 2025; while a "qualified wildfire disaster" as defined in the bill is limited to a declared disaster after December 31, 2014, and before January 1, 2027, as a result of any forest or range fire.

The JCT estimated that the personal casualty loss provision would reduce federal fiscal year budget receipts by $77 million over fiscal years 2026-2036, while the wildfire-related exclusion would reduce receipts by $331 million over the same period. This bill was introduced on September 15, 2025, by Reps. Gregory W. Steube (R-Fla.), Mike Thompson (D-Calif.), Jimmy Panetta (D-Calif.), and Doug LaMalfa (R-Calif.), who passed away in January 2026.

Victims of sexual assault: The Survivor Justice Tax Prevention Act (H.R. 2347) – introduced by Reps. Lloyd Smucker (R-Pa.) and Gwen Moore (D-Wis.) on March 25, 2025 – would exclude from gross income damages, other than punitive damages, received on account of any sexual abuse or unwanted or illegal sexual conduct, regardless of whether the injuries are physical. The JCT estimated that the proposal would reduce fiscal year budget receipts by $89 million over fiscal years 2026-2036.

Workforce and self-employment measures

The remaining approved measures focus on educators, clergy, and participants in self-employment assistance programs. Those bills are listed below.

Early-childhood education deduction: The Supporting Early-Childhood Educators' Deduction Act of 2025 (H.R. 5334) or SEED Act – introduced by Reps. Jimmy Panetta (D-Calif.) and Brian Fitzpatrick (R-Pa.) on September 11, 2025 – would allow early childhood educators, such as Pre-K teachers, to claim the educator expense deduction – an 'above-the-line' deduction available to educators for necessary classroom expenses. The amendments made by this section would apply to expenses paid or incurred in taxable years beginning after December 31, 2025. The JCT estimated that the proposal would reduce fiscal year budget receipts by $648 million over fiscal years 2026-2036.

Clergy's self-employment taxes: The bill – The Clergy Act (H.R. 227) – would allow eligible clergy members to make a one-time decision to reverse a previous decision to exempt their ministerial earnings from self-employment taxes. Reps. Vince Fong (R-Calif.) and Mike Thompson (D-Calif.) introduced the bill on January 7, 2025. The CBO estimated that outlays for Social Security and Medicare benefits would each increase by $1 million over the 2026-2036 period as a result of the reversed decisions. Most additional benefits that would result from those decisions would be paid after 2036.

Self-employment program: The bill – New Opportunities for Business Ownership and Self-Sufficiency Act (H.R. 6431) – would increase the percentage of individuals who may participate in a Self-Employment Assistance (SEA) program, generally expand eligibility for such programs, and modify certain SEA programs. Lead sponsors Rep. Mike Carey (R-Ohio), a Ways and Means Committee member, and Rep. Greg Landsman (D-Ohio) introduced the bill on December 4, 2025, along with taxwriters Max Miller (R-Ohio), Rudy Yakym (R-Ind.), Randy Feenstra (R-Iowa), and Nathaniel Moran (R-Texas). The CBO estimated that enacting H.R. 6431 would have an insignificant effect on direct spending and on revenues.

Next steps

With House passage complete, the tax-related measures now move to the Senate, where their path forward remains uncertain but not without a possible vehicle. The votes come as Senate Finance Committee Chairman Mike Crapo (R-Idaho) and Ranking Member Ron Wyden (D-Ore.) unveiled the Taxpayer Assistance and Service Act, TAS Act, in late February, a broader bipartisan IRS tax administration and procedure package that could provide a framework for advancing some or all of the House-passed proposals. Whether lawmakers can translate that shared interest into a broader bipartisan agreement – and on what timeline – remains unclear. (For prior coverage, see *Tax News & Views*, Vol. 27, No. 9, Feb. 27, 2026.)

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Trump signs EO to boost access to retirement savings accounts

On April 30, President Trump signed an executive order (EO) directing the Treasury Secretary to establish a TrumpIRA.gov website by January 1, 2027. The website is intended to provide individuals – with a particular focus on independent contractors, self-employed individuals, and other workers who do not have access to an employer-sponsored retirement plan – with information about high-quality, low-cost individual retirement accounts (IRAs). Individuals who contribute to qualifying IRAs and who are otherwise eligible are entitled to a Federal Saver's Match contribution of up to $1,000 under existing section 6433 of the Internal Revenue Code.

The Saver's Match program was enacted in Division T of the Consolidated Appropriations Act of 2023, P.L. 117-328, commonly known as Secure 2.0 Act, and will, beginning in 2027, provide federal matching contributions deposited into qualifying retirement savings accounts for eligible taxpayers. Currently, for single filers, the full match is available at modified adjusted gross income of $20,500 or less and phases out at $35,500. For married individuals filing jointly, the full match is available at modified adjusted gross income of $41,000 or less and phases out at $71,000.

Under the order, TrumpIRA.gov shall list financial institutions that offer IRAs under section 408, accept the Federal Saver's Match contribution under section 6433(e)(2)(C), and meet other criteria as directed by the Treasury Secretary. The website shall also explain the cost and quality criteria, allow individuals to filter and select IRAs based on their cost and quality, and provide information regarding the opportunity to receive the Federal Saver's Match contribution.

(Executive order – Promoting Retirement-Savings Access for American Workers by Establishing TrumpIRA.gov; Fact sheet)

President Trump's executive order establishing a new website to expand access to retirement plans followed remarks he made two months earlier in the State of the Union. In that address, he said his administration sought to broaden access to tax-advantaged retirement accounts for those he described as "often forgotten American workers," modeled on benefits available to federal employees through the Thrift Savings Plan (TSP) and including a federal matching contribution of up to $1,000 annually. (For prior coverage of the State of the Union, see *Tax News & Views*, Vol. 27, No. 9, Feb. 27, 2026.)

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Treasury, IRS release temporary and proposed guidance on dyed fuel; JCT corrects list of expiring tax provisions

The Treasury Department, the IRS, and the Joint Committee on Taxation (JCT) released new materials relevant to the current tax landscape, including Treasury and the IRS's release of temporary (T.D. 10047) and proposed regulations (REG-119294-25) on previously taxed dyed fuel and the JCT's correction of its latest list of expiring, and expired, federal tax provisions.

Treasury, IRS release temporary and proposed guidance on previously taxed dyed fuel

The Treasury Department and the IRS released temporary regulations (T.D. 10047) to taxpayers with respect to certain previously taxed dyed fuel. Specifically, these regulations provide guidance delineating which taxpayers may claim such payments and the procedures these taxpayers must follow to claim the payments. The text of the temporary regulations also serves as the text of the proposed regulations (REG-119294-25) on this subject.

JCT corrects list of expiring, and expired, federal tax provisions

The Joint Committee on Taxation corrected its January 13, 2026, list of expiring, and expired, federal tax provisions (2025-2035) to include section 108(a)(1)(E) – the exclusion from gross income of discharge of indebtedness on a principal residence – which expired December 31, 2025. (JCX-3R-26) (For prior coverage of the January 13 list, see *Tax News & Views*, Vol. 27, No. 3, Jan. 16, 2026.)

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A note on our publication schedule

The House and Senate will be adjourned the week of May 4. Both chambers will be back in session the following week. Barring any unexpected developments on the tax policy front, the next edition of ***Tax News & Views*** will be published the week of May 11.

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