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MAYBE, MAYBE NOT

For our priorities - tax reform and debt reduction - bipartisanship is a key ingredient. Our hope going into the year was that Congress and the President would find some common ground on a couple of non-controversial issues, build upon that with a couple of more challenging issues and build to a crescendo with some grand deal for debt reduction and tax reform.

Needless to say, it has not gone quite to plan. There were a few good words when the President entertained various Senators and Representatives but those never turned into action.

The recent disclosure of the IRS mess was certainly at least a couple of steps backwards

We thought the farm bill might have been one of those challenging but not unreachable bipartisan goals. It moved according to our hopes in the Senate, but hit a bad wall in the House this past week when the House rejected a bill.

Immigration reform is a couple of notches up on the challenging issue ladder and things seem to be going a little better with bipartisanship prevailing in the Senate. There is a good chance the Senate will be able to go out for its July 4th

recess with another bipartisan bill passed on its resume with passage of the immigration reform bill.

The immigration reform discussions in the House have not gone so well.

It would be nice for the entire Congress to finish immigration reform and find a work around on the farm bill before the August recess. Leave town for the summer with some good feelings of progress and bipartisanship.

We will hit the debt ceiling's technical maneuvering limits in the fall. The general outlook for a "grand deal" including debt reduction and tax reform is not very positive but we are not quite as pessimistic. We are still working with our tax reform allies and our debt reduction allies. We will need some luck, but we are laying the groundwork to capitalize on it if we can.

STUDENT LOANS

We will probably see a last minute bipartisan deal on a small but important issue this week. The current subsidy program for certain student loans is set to expire at the end of the month. The rate will double if there is not an extension. The current rate is a fixed rate. There is a compromise on the table

for a capped variable rate and the congressional Democrats are the odd player out. The Republicans and the President agree, while the congressional Democrats want a lower capped variable rate. I think the congressional Democrats will have to blink on this one.

While it might be called a bipartisan deal, it probably is more accurately portrayed as the product of practical politics. No one wants to be the one to let the rates double at this time.

PENDULUM

One thing we know, periodic rebalancing of the relationship between us taxpayers and the tax collectors is a necessity. SBLC was involved in the enactment of what is considered the original Taxpayer Bill of Rights in the late 1980's. There were two other laws in the 1990's that also carried the moniker of Taxpayer Bill of Rights that made further "adjustments" in the relationship.

There are a lot of existing proposals that are labeled the same way, covering a wide variety of topics, some having little to do with the current situation.

We would not be surprised if a new focused bipartisan Taxpayer Bill of Rights emerges this year.