



# Capitol Hill Weekly

Washington National Tax  
Federal Legislative & Regulatory Services

March 31, 2025

***This update reflects facts as of Monday morning, March 31, 2025. The situation is fluid and may change.***

House and Senate Republicans have not yet resolved their differences on tax and spending budget reconciliation legislation. Late last week, Senate Leadership began working on a new budget resolution that could serve to move past the first step in the process without resolving key points of disagreement. The President announced the imposition of new tariffs on automobiles and parts. The Senate confirmed a new Deputy Treasury Secretary, but key tax positions remain unfilled.

**Budget reconciliation.** The budget reconciliation process begins with the adoption by Congress of a joint resolution setting the budget parameters for the committees of jurisdiction. The House adopted such a resolution by a two-vote margin late last month. It would allow up to \$4.5 trillion for net reduction in tax revenues, while also requiring \$1.5-2.0 trillion in spending cuts. It is not yet clear whether Senate Republicans will accept these levels of spending cuts, including possible reductions to Medicaid. Furthermore, there is a difference of view on how to account for the costs of extending the expiring TCJA items.

The Senate is now poised to attempt to move its own budget resolution, one that could look very different from the House budget.

The Senate plan would move Congress beyond the first step in budget reconciliation, but possibly without resolving key issues: the extent and length of tax cuts and the identity and size of offsetting spending cuts. Those issues may, instead, be left to future negotiations. The details on the shape and scope of the Senate budget resolution will in large part be dictated by whether and how the Senate parliamentarian approves the use of “current policy baseline” in accounting for extension of the expiring TCJA tax cuts.

How long those negotiations might take is unknowable, but the plan is for the Senate to vote on its own resolution as soon as this week.

**Tariffs.** The President announced last week the imposition of new 25% tariffs on automobiles and parts. The former are to begin on April 3, the latter a month later.

This announcement precedes the expected announcement on April 2 of a broad range of reciprocal tariffs, intended as offsets for foreign tariffs and fees, VATs, and regulatory requirements applicable to U.S. exports. It follows the imposition of 25% tariffs on aluminum and steel, as well as other new tariffs on imports from Canada, Mexico, and China.

**Nominations.** The Senate confirmed last week the nomination of Michael Faulkender as Deputy Secretary of Treasury. The nominations of Billy Long for IRS Commissioner and Kenneth Kies for Deputy Assistant Secretary for Tax Policy remain pending. Neither confirmation hearings nor votes have yet been scheduled.

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