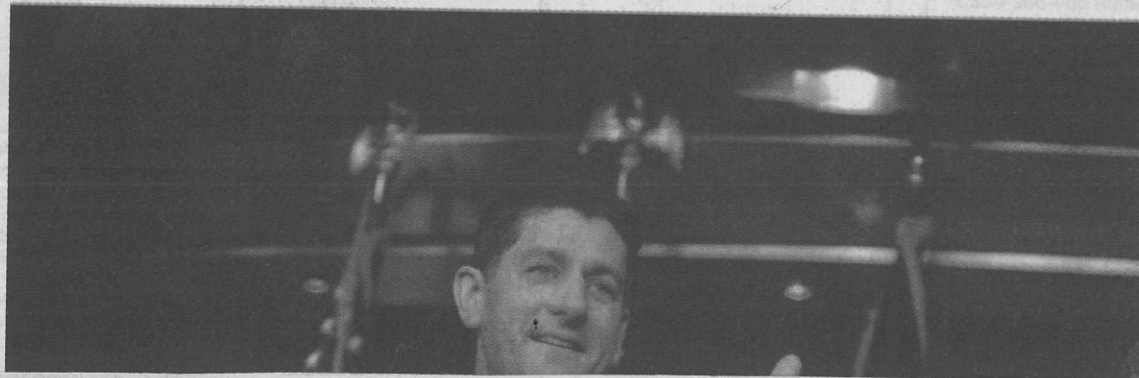


# Tax package would lower top tax rate for wealthy Americans



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Speaker of the House Paul Ryan, R-Wis., flanked by Rep. Cathy McMorris Rodgers, R-Wash., left, and House Majority Whip Steve Scalise, R-La., updates reporters Tuesday on the GOP tax bill following their weekly policy meeting on Capitol Hill in Washington.

**BY STEPHEN OHLEMACHER  
AND MARCY GORDON**

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WASHINGTON — Congressional Republicans on Tuesday rushed toward a deal on a massive tax package that would reduce the top tax rate for wealthy Americans to 37 percent and slash the corporate rate to a level slightly higher than what businesses and conservatives wanted.

In a flurry of last-minute changes that could profoundly affect the pocketbooks of millions of Americans, House and Senate negotiators agreed to expand a deduction for state and local taxes to allow individuals to deduct income taxes as well as property taxes. The deduction is valuable to residents in high-tax states like New York, New Jersey and California.

Negotiators also agreed to set the corporate income tax rate at 21 percent, said two congressional aides who spoke on condition of anonymity because they were not authorized to publicly discuss private negotiations. Both the House bill and the Senate bill would have lowered the corporate rate from 35 percent to 20 percent.

Business and conservative groups lobbied hard for the 20 percent corporate rate. Negoti-

ators agreed to bump it up to 21 percent to help offset revenue losses from other tax breaks, the aides said.

As the final parameters of the bill took shape, negotiators agreed to cut the top tax rate for individuals from 39.6 percent to 37 percent in a windfall for the richest Americans. The reduction is certain to provide ammunition for Democrats who complain that the tax package is a massive giveaway to corporations and the rich.

Under current law, the top tax rate applies to income above \$470,000 for married couples, though lawmakers are completely reworking the tax brackets.

Sen. Susan Collins, R-Maine, who has previously expressed opposition to reducing the rate for the wealthiest earners, acknowledged Tuesday that the negotiators appear to have agreed on the move.

"I don't think lowering the top rate is a good idea," Collins said.

She didn't threaten to vote against the final bill, however, if it included a lower rate, saying "I'm going to wait and look at the entire conference report and see what all the provisions are."

Among the other tax breaks, negotiators agreed to eliminate the alternative minimum tax

for corporations, a big sticking point for the business community, the aides said. They also agreed to let homeowners deduct interest on the first \$750,000 of a new mortgage, down from the current limit of \$1 million.

The GOP goal is to deliver to President Donald Trump the first major rewrite of the U.S. tax system in more than 30 years, pushing into every corner of the American economy and society. Lawmakers hope to finalize a bill no later than Friday, vote next week and deliver the package of steep tax cuts for corporations and more modest cuts for families to the president's desk before Christmas.

Republican lawmakers were optimistic Tuesday that a deal was imminent. The total amount of tax breaks cannot exceed \$1.5 trillion over the next decade, under budget rules adopted by both the House and Senate.

Lawmakers and aides were working to blend separate tax bills that were passed by the House and Senate.

The Senate's No. 2 Republican, Sen. John Cornyn of Texas, said an agreement in principle on a final package could come as soon as Tuesday.

"I think it could and I hope it is," he said.