

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Signature Event

The Honorable Jason Smith

Speaker

The Honorable Jason Smith

Chairman

U.S. House of Representatives Committee on Ways and Means

Interviewer

David M. Rubenstein

Chairman

The Economic Club of Washington, D.C.

Washington, D.C.

Thursday, May 15, 2025

DAVID M. RUBENSTEIN: We're honored today to have the chairman of the House Ways and Means Committee, Jason Smith from Missouri. Thank you very much for coming despite the all-night sessions you've had and the lack of sleep you've had this week.

So, we'd like to hear about the bill, and why don't we just go into what it was like to get a bill through the House Ways and Means Committee. You spent all night. You worked from, like, midday through the night and finished at 7:30 in the morning two days ago or something?

REPRESENTATIVE JASON SMITH (R-MO): It's right. I forget what day we are right now – [laughter] – since last night is the first night I've had sleep – the best sleep of my life, I think, David. But we started – we started on Tuesday at 2:30 and then went all the way through until 8 a.m. on Wednesday, and then we had a full day yesterday as well.

MR. RUBENSTEIN: Does anybody ever say, well, if you're at three in the morning maybe you're not making the best decisions, or nobody says that? [Laughter.]

REP. SMITH: You might have seen some clips of some of the members both in the Energy and Commerce Committee and we had one on our committee that fell asleep during the – [laughs] – the hearing. Poor Blake Moore was being called upon to vote, and Michelle Fischbach had to wake him up. [Laughter.] So –

MR. RUBENSTEIN: OK. Who was the member that fell asleep? No, don't –

REP. SMITH: Oh, the world knows. It's there. [Laughs.]

MR. RUBENSTEIN: So, let's talk about the overall bill itself. Now the bill has passed the House Ways and Means Committee. Now you need to get a rule from the Rules Committee, and then you take it to the floor? Is that the way it works?

REP. SMITH: Pretty close to that. Since we're using the rules of reconciliation, which is a tool to help the Senate get the 51 votes to pass any legislation, there's certain parameters that we have to fall under. We had to pass the budget resolution. The budget resolution was passed by both the House and the Senate, and it gave us specific instructions. And within that budget resolution it instructed 11 different committees in the House of Representatives. Ten of the 11 have marked up. The last one is finishing up right now, the Ag Committee. And once all 11 are done, their bills that they marked up, it goes to the Budget Committee. The Budget Committee is meeting on Friday morning, tomorrow morning, and will compile them into one bill. And then Monday we go to the Rules Committee on that one bill, and it will be the 11 chairmen.

MR. RUBENSTEIN: Is that the one big, beautiful bill?

REP. SMITH: It is the only one big, beautiful bill. [Laughter.]

MR. RUBENSTEIN: OK. OK. So, there will be a rule on one big, beautiful bill.

Let's go through the tax part of it, though, which you've lived through. In doing this, the cost of the tax bill, the way we do it in Washington is these are 10-year numbers. Is that right? When you cost out something, it says over 10 years. So, the cost, as I read in the newspapers, of this tax bill, is it \$3.7 trillion over 10 years, something like that?

REP. SMITH: It's just under \$4 trillion, yeah.

MR. RUBENSTEIN: Four trillion.

REP. SMITH: So, CBO/Joint Tax is continuing to change the numbers and tweak it based on what we finalized in the last –

MR. RUBENSTEIN: How much confidence do you have that somebody can project what a tax bill is going to cost 10 years into the future? That's kind of hard to say this provision is going to cost X or Y or Z. Do you have ultimate confidence in that, or you just say it's a ballpark kind of number?

REP. SMITH: David, I'm very skeptical. Unless I like the number, I'm against the number. And I'm just being – [laughter] – just being completely honest.

So I'll give the example of, like, back when we did the original 2017 tax cuts, CBO and Joint Tax scored that it would add \$1.5 trillion to the deficit, and then they showed the projection numbers of how much revenues would come in over the next eight years. And if you look at what they projected over those eight years, in fact revenues came up \$1.7 trillion more than what they projected eight years ago, which – so then it wouldn't have been a \$1.5 trillion.

The Inflation Reduction Act, something that scored at just under \$300 billion, is now – I'm repealing provisions of the Inflation Reduction Act that is bringing a savings of \$520 billion. So that just tells you of how, even after they score things, they go back and they look and they're like, oh, that wasn't completely accurate.

MR. RUBENSTEIN: OK. Before we go through some of the tax provisions specifically, I'd like to go through your background for some members here who may not know. So, you are from the great state of Missouri?

REP. SMITH: Missouri. Is there any other?

MR. RUBENSTEIN: OK. All right. [Laughter, applause.] And did you grow up in a city – a big city like St. Louis or something like that?

REP. SMITH: So, the congressional district that I represent, David, my family's called it home for seven generations. The home county that I live in and where I run my ranch, I can show you where my four times great-grandparents are buried. So, this has been home. This is my community. My hometown is less than 5,000 people. It's called Salem, Missouri. It's the county seat. The population of my county is only about 16,000, but – and that's really the only town. Poverty in our area, like one out of six people in my hometown's in poverty.

MR. RUBENSTEIN: So, your congressional district is the fifth-least wealthy in the country?

REP. SMITH: The ninth.

MR. RUBENSTEIN: Ninth-least wealthy, OK. So, what is the main business of your district? Is it farming?

REP. SMITH: Agriculture. Agriculture, without a doubt, and manufacturing. We also have some mining which is – which is important.

MR. RUBENSTEIN: So, you grew up on a farm?

REP. SMITH: I did.

MR. RUBENSTEIN: What kind of farm was it?

REP. SMITH: I grew up working on my grandparents' farm. My father was an auto mechanic. And so, where I lived was we had a single-wide trailer right next to his auto repair business, which was just a two-bay unit, and my grandparents' farm was three miles away. And so, I always, you know, spent the weekends, the summers, the evenings working on the farm. And now I own that farm. I purchased it when my granddad died.

MR. RUBENSTEIN: OK. But you decided to get into politics. So, you went to college where?

REP. SMITH: University of Missouri in Columbia, graduated with two degrees at 20 - business administration, emphasis finance; and agriculture economics. And then I went to law school three days later.

MR. RUBENSTEIN: OK. All right. So, you're a lawyer as well. So why did –

REP. SMITH: Don't tell anyone. [Laughter.]

MR. RUBENSTEIN: So why did you –

REP. SMITH: I always say I'm a lawyer by training but a rancher by life. So, it's – [applause] –

MR. RUBENSTEIN: But did you – so you graduated from law school, right?

REP. SMITH: I did.

MR. RUBENSTEIN: But you did not practice law?

REP. SMITH: I practiced law for just about a year and then got elected to the Missouri State House when I was 24, was one of the youngest members in the Missouri State House. I became

the majority whip, the youngest speaker pro tem in Missouri's history, and then ran for Congress at 32.

MR. RUBENSTEIN: Thirty-two. So, you got elected. And what year did you get elected to Congress initially?

REP. SMITH: 2013. It was a special election. It was June of 2013. So I was the only person in that class, party of one. [Laughter.] And having to – I will never forget my first day I got sworn in. My predecessor was Congresswoman Jo Ann Emerson, and she led me down to the floor. She was there when I got sworn in, entire with the Missouri delegation. And she's like, do you know how to get back to your office? Which my office was her old office at that time, in the Rayburn House Office Building. And I was like, yeah, I can do it. [Laughter.]

MR. RUBENSTEIN: Right.

REP. SMITH: That is the worst office building. And for someone who didn't know, I just kept going around in circles. And I finally went into one office, and it was Miss Maxine Waters' office. [Laughter.]

MR. RUBENSTEIN: Oh.

REP. SMITH: And I was like, I don't know my office number. I'm a new member of Congress. [Laughter.] But my office is somewhere around here. And so Miss Maxine actually showed me to my office, and I found out at that time that Miss Maxine was originally from St. Louis, Missouri. And so, the only thing we really have in common is we love the Cardinals and we both breathe oxygen, but she's great. So – [laughter] – you know.

MR. RUBENSTEIN: So, OK. So, now, how do you go from being a young member of Congress to being the [chairman of the] Ways and Means Committee? It used to be seniority. How did you become the chairman of the Ways and Means Committee?

REP. SMITH: It's all about relationships. I go back to that first day, that when I was sworn into office my senator at that time was Roy Blunt, and Roy Blunt pulled me aside and he said, Jason, there's two ways you can be effective in Washington, D.C. One, you can be here for 20 years and just build natural seniority. Or, two, you can build relationships. And as someone who did not want to wait 20 years to be – to be a leader or to be effective for the people that sent me to Washington, I knew that building relationships. And so I made it a focus to schedule five- to 15-minute meetings, coffees, teas with every member of Congress that would meet with me whenever I came up here, because they all knew who I was being the new special election kid but I didn't know who the other 434 were. And so, I just started going through, getting to know them – not asking for anything, but just figure out where we have some common ground.

I will never forget, like, some of my meetings. Don Young, you know, the former congressman, the first time I met with him he kept talking about the bridge to nowhere and how much he didn't like his former governor. And I'm just like, oh, this is all adding up, you know? [Laughs.] So, you –

MR. RUBENSTEIN: He's a former congressman from Alaska.

REP. SMITH: Alaska. And so, you learn the history of the chamber and kind of the traps to watch out for, and it was helpful.

MR. RUBENSTEIN: All right. So, it used to be on seniority; you work your way up and then you become chairman of a committee. Now the members of each caucus decide who they want to have. And so, you ran for an election as chairman of the Ways and Means Committee?

REP. SMITH: I did.

MR. RUBENSTEIN: And you got elected the last Congress.

REP. SMITH: I did. I've been elected twice now as chairman of the House Ways and Means Committee. The first election just over two years ago I ran against two great members of my committee and I was not the most senior member of the committee that was running. But I worked really hard. I traveled to 42 of the 50 states campaigning for my colleagues and for candidates in 87 different congressional districts. I did more than 300 TV appearances trying to push the Republican message. And I met with every one of the 30+ members of the Steering Committee multiple times giving them the pitch of why I should lead the Ways and Means Committee and under what leadership I would lead on. And then, of course, the day – the day that they decide, every member has to give a 30-minute presentation and take questions from those 30 members – 30 elected members of the Steering Committee, and was very –

MR. RUBENSTEIN: So, what was your most effective argument for why somebody from a farming district in Missouri should be the chairman of the Ways and Means Committee at a relatively young age?

REP. SMITH: So, it was the – I truly believe that our party's not the party of seniority or who's next in line, but it's the party who's best for the job. And I felt like I was the best person for the job. That's why I was running for it, or I wouldn't have – wouldn't have done it.

The very first slide that I put in my presentation to the Steering Committee was a poll from August the year before that said, what party is the party of the working class? And it showed 54 percent said the Republican Party was the party of the working class. And I said that if you elect me to be the chairman of this committee that the policies within the Ways and Means jurisdiction – tax, trade, health care, Social Security – needs to be the policies that reflect the priorities of the working class.

I'm a product of the working class. I grew up in a single-wide trailer most of my life, and then we upgraded to a double-wide. My mother was a factory worker just so that we had health insurance. That's how we made it by. But I am so grateful for how I was raised, because it doesn't matter, like, what family you're born into; if you get a quality education and you're determined to work hard and not give up, you can accomplish just about anything. And that's how I view everything that I've done, whether it's becoming the Ways and Means chairman, or

when I ran for Congress there were 26 other Republicans that I had to beat out in order to just become the nominee to take my predecessor's spot.

MR. RUBENSTEIN: So, when you were elected chairman of the Ways and Means Committee, did you call your mother and explain it to her? And was she ecstatic, or what did she say?

REP. SMITH: She's like, what does that mean? [Laughter.] So, like, back home, when I say I'm – you know, when they say chairman of the Ways and Means Committee, they're like, is that weights and measures? Are you going to, like, measure our gasoline coming out of the pumps? That's what we have in Missouri with farmers. But –

MR. RUBENSTEIN: You still have a farm. You still own this farm.

REP. SMITH: I do.

MR. RUBENSTEIN: And it's a – it's a cattle farm?

REP. SMITH: It is. It's a cattle farm. I live on it in a barndominium. That's my home. And it's been in my family for four generations. I was the first one to ever put running water on that farm. That's where my grandparents lived. The whole time growing up –

MR. RUBENSTEIN: You didn't have running water.

REP. SMITH: My grandparents never had running water. And so going to my grandparents' house on the weekends or in the evenings or the holidays, like, I thought it was kind of normal to go outside and pump water from a cistern and have an outhouse, but that's not normal. But those kind of experiences helped me become a better advocate for the working-class families that are struggling in my area, because the average income in in my entire congressional district now, since it's moved closer to St. Louis, has went up; it's in the mid-forties. But it's still one of the absolute poorest. And it's just people that are salt of the earth. They work really hard and they're just trying to get by. And in this tax bill, whether it's no tax on tips that affects 4 million tipped employees, whether it's no tax on overtime which affects 80 million Americans, whether it's tax relief for seniors, these are all priorities that I pushed aggressively to get in here because I wanted to deliver for just the common person.

MR. RUBENSTEIN: OK. When you go home as often as you can – are you still working the farm?

REP. SMITH: I am. I was home last weekend. I took my mother to Cracker Barrel for Mother's Day in Fort Leonard Wood, Missouri.

MR. RUBENSTEIN: And does she tell everybody her son is the chairman of the Ways and Means Committee, or she doesn't?

REP. SMITH: She doesn't. Like, people don't care.

MR. RUBENSTEIN: They don't care. [Laughter.] OK.

REP. SMITH: My friends and neighbors don't care. It's so, so funny. I woke up this morning with a text message from a high-school classmate who's a schoolteacher in my hometown. She's like, why is your face continuing to pop up on the TV? Like, are you important? I was like, no, not at all. [Laughter.]

MR. RUBENSTEIN: So, let's talk about how we got to where we are today. In coming up with the bill that you have passed through the committee, did you meet with the Treasury, with the Senate Finance Committee people, and the president from time to time? And how regularly did you meet with these people?

REP. SMITH: So, we had the big six meetings, which was referred to as the speaker of the House, the leader of the Senate – so Mr. Thune, also Chairman Crapo of the Finance Committee, myself. It had Kevin Hassett, economic advisor, and then also the Treasury Secretary, Bessent. And so, the six of us met quite often. Typically, it's about every week to two weeks, and we've been doing that for several months right now discussing different tax provisions.

But in regards to my counterpart over on the Senate side, Chairman Crapo, we talk, our teams communicate nonstop, and we've been working pretty well hand-in-glove. I had someone the other day stop me in the hallway in the Capitol and they're like, do you ever talk to Mike Crapo? I was like, he was the last person I spoke to before I went to bed last night. I – you know? So, we talk a lot.

MR. RUBENSTEIN: But do you have meetings with the president? Did the president get involved, too? Did you meet the president in the Oval Office, talk about the bill? Or how often did that happen?

REP. SMITH: I do. You know, I – our president is very accessible, and he calls me when he wants to talk tax or trade or some other items that's within our committee's jurisdiction. And so, I've met with him several times on this – on this tax bill, twice in the last two weeks in the Oval Office, one as recent as last Friday. And so I went in the Oval Office, and I shared with him the main priorities that he asked us to deliver on and what I could deliver on and what I couldn't deliver on.

MR. RUBENSTEIN: OK. So, let's go through some of those. So, you – the main thing that he wanted, I thought, was to get the tax cuts that we'd had before extended for corporations and for individuals. So, individuals will have their tax rate be the same as it's currently, is that right?

REP. SMITH: That's exactly right. The first thing and his first priority was permanency of his expiring 2017 tax cuts, and some of the main items that were expiring was all the individual rates would go up. This makes the current rates that you're paying taxes right now will stay the current rates, regardless of what tax bracket that you're in. The child tax credit was going to be slashed in half. It would have went from \$2,000 to \$1,000. We made permanent the \$2,000 child tax credit. The guaranteed deduction, which 91 percent of Americans used to file their

taxes, that got doubled in 2017 – it's roughly \$15,000 per person right now – and we made that permanent as well.

But we added some additional items to the tax bill.

MR. RUBENSTEIN: OK. We'll go through some of those. The corporate tax cut – the corporate rate was already made permanent. Is that right?

REP. SMITH: It was.

MR. RUBENSTEIN: So, as I understand it – I don't think I fully understand it – the corporate tax rate was made permanent in the 2017 bill, but it still costs over the next year – 10 years, let's say, \$3 trillion, but you don't count that as \$3 trillion of additional costs the way the budget works in the – in Congress. Is that right?

REP. SMITH: In order to make something permanent, for one the way that they did corporate taxes, that it was counted within a 10-year window but then also the next 10 years had to be paid for. If you do that, then it can be made permanent. And that's what happened back in 2017. Several of the business provisions were not made permanent in 2017, one of them being the 199A small business deduction, which helps a lot of passthroughs, LLCs. That is now made permanent in this bill.

MR. RUBENSTEIN: But when you have something that was already permanent, even though it will still cost X dollars over the next 10 years you don't count that as part of the \$3.7, right, for whatever reason.

REP. SMITH: We didn't – we didn't touch the corporate tax code from –

MR. RUBENSTEIN: OK. So let's talk about things the president was famous for wanting in the bill. No tax on tips. Is that because people getting tips are paying a lot of taxes, or?

REP. SMITH: So, the idea of the no tax on tips to the president was he was actually having dinner at one of his properties in Nevada during the campaign and the waitress said, can you not tax my tips? And that's where the idea came from, from a waitress in Nevada to the president. And so, what – you know, what we've done within this bill is to eliminate the tax on tips altogether to the 4 million –

MR. RUBENSTEIN: And for that you've done it for three years, not 10 years. So why is it three years, not 10 years? Because it costs less, presumably.

REP. SMITH: We did it for four –

MR. RUBENSTEIN: For four, OK.

REP. SMITH: – because it would take in effect this year and then three more years after. And so that's a temporary tax policy. It's very similar to what was done back in 2017. Like, research

and development expensing was temporary bonus. A hundred percent expensing was temporary. So was the interest deductibility calculation.

We also enhance the child tax credit in this bill. I said that we made permanent the \$2,000. We did that, but then we juiced it because the tax credit – the child tax credit has not – hadn't been indexed for inflation since 2017. It was 2017 then; it's 2017 today.

MR. RUBENSTEIN: Right.

REP. SMITH: And so, we indexed it for inflation, which actually brings it to right at \$2,500. And so that'll last for four years as well.

MR. RUBENSTEIN: Right. What about no tax on overtime? Have you taken care of that?

REP. SMITH: We did. We eliminated no tax on overtime. It affects about 80 million workers across the country. And we put special guidelines both in no tax on tips and overtime that it can't be high-compensated employees. For example, by definition within statute a high-compensated employee is someone who makes more than \$160,000 a year. If you're making more than \$160,000 a year, you're probably not really a tipped employee. You know, like, they just don't –

MR. RUBENSTEIN: What about – the president also talked about no tax on Social Security. What about that?

REP. SMITH: So, within the rules of reconciliation, by statute you cannot touch Social Security. And so, we wanted to make sure we delivered on this priority in reconciliation, and the way that we're doing that is – and if you want to know about the Social Security tax, in, like, 1981 it was created that you were tax-free off your first \$25,000 for an individual, or \$32,000 for a married couple. And that hasn't changed in 40, 43, 44 years. And so, there is an item within the tax code that you get an added standard deduction if you're a senior, if you're 65 years old or older. It's currently about \$2,000 that could be added on top of your guaranteed deduction. And so, we've increased that \$4,000 per person, so that their deduction would be \$6,000, and that equates to anyone who makes less than \$75,000 per person – so \$75,000 for an individual or \$150,000 for a married – that they would not be paying any taxes on their Social Security because of the tax cuts from the income code.

MR. RUBENSTEIN: OK. All right.

So, what about the college endowment tax? In the 2017 bill, a 1.4 percent tax was put on college endowments of a certain type. You have increased it to as high as 40 percent in some cases. So, is that a revenue raiser, or is it mostly kind of say to colleges we're not happy with you?

REP. SMITH: So, we haven't raised it to 40 percent. Currently it was 1.4 percent if they fell into a formula, and the formula is the essence of if their endowment is more than \$500,000 per child, and so then that's when they would kick into the formula. And we ended up bringing it up

into four different tax brackets. The bottom one is 1.4 percent. The second one is 7 percent. The third one is 14 percent. The top one is 21 percent; it's the same as the corporate rate. And so, the top one are the very large endowments that are over \$2 million per student is what the endowments average.

MR. RUBENSTEIN: It only applies to private universities. In other words, public universities, they have big endowments like University of Texas or University California, it doesn't apply to them?

REP. SMITH: It doesn't. And that's from the tax code of 2017. Public were excluded.

MR. RUBENSTEIN: But you can always change it. The reason you didn't was –

REP. SMITH: You can always change it. It's –

MR. RUBENSTEIN: But you decided not to, OK.

REP. SMITH: It's going to be a process.

MR. RUBENSTEIN: Is it raise –

REP. SMITH: I just voted a bill out of the committee. It still goes through the House and the Senate and –

MR. RUBENSTEIN: OK. All right.

So let's talk about the famous carried-interest provision. [Laughter.]

REP. SMITH: I've never heard of it. [Laughter.]

MR. RUBENSTEIN: Yeah. Well, I should disclose I don't collect carried interest the way I've structured my affairs because I didn't like being criticized for it so much, so I'm not a carried-interest recipient any longer. But did anybody mention that to you as you were working on this bill? [Laughter.]

REP. SMITH: A couple people did. A couple.

MR. RUBENSTEIN: And there's a report in the press that the president of United States likes to get rid of carried interest, and you didn't do that in this bill. So, is he going to be upset?

REP. SMITH: So, throughout this whole process, David, I've had to thread a needle. We have one of the smallest majorities in the history of Congress, both in the House and the Senate, and so I can only lose three people in passing this tax bill. And so trying to thread that needle where people are on the extremes in all areas, whether it's the green credits, whether it's SALT, whether it's other various tax provisions, just trying to find that balance has been what I've been striving and trying to do in this bill.

In regards to carried interest, I got a letter from 35 different members of our Congress for being committee chairman that was saying, do not put this in the bill; we can't support the bill. And so, I shared that with the president on Friday when I met with him. I showed him what I could deliver and what I couldn't deliver. It was a priority. The president wanted it. The president had a lot of priorities and I delivered on most of them.

MR. RUBENSTEIN: What about the other one – which doesn't affect me either – the sports stadium exemption or something? Was that – did that get in there, or what –

REP. SMITH: I delivered on that one.

MR. RUBENSTEIN: Oh, OK.

REP. SMITH: But you're going to be fine. [Laughter.] You're going to be fine, David, because you've purchased the team before it takes effect.

MR. RUBENSTEIN: Right, right. Oh, really? OK, good. Thank you. [Laughter.]

REP. SMITH: So, it's only new owners.

MR. RUBENSTEIN: OK. OK. OK, good. [Laughter.] So, I'm glad to hear that. [Laughter.] So, OK –

REP. SMITH: I was thinking –

MR. RUBENSTEIN: Oh, thank you. OK, thanks very much. I appreciate it. [Laughter.]

So, all right, let's talk about the process, all right? You're going to have the big, beautiful bill. It's going to go to the Senate, presuming it passes the House. When do you think it might be brought before the whole House?

REP. SMITH: Next week.

MR. RUBENSTEIN: Next week, the whole bill?

REP. SMITH: That's the plan. The speaker has been wanting to get it – get it out of the House before Memorial Day and we break after next week. I'm scheduled to be at Rules on Monday, and so that's to vote the bill out and to have it on the floor as quickly as possible, and then over to the Senate.

MR. RUBENSTEIN: Now, some controversy about the big, beautiful bill in even Republican circles is the Medicaid cuts, so-called, and also the cutbacks in the things that President Biden had in his energy bill and so forth. So can you talk about – you didn't do the Medicaid cuts, but is that going to be so controversial, those cuts, that you think it couldn't pass the House easily, or you think it will pass the bill – the House?

REP. SMITH: So, this bill's not going to be easy. It's going to be a little bit bumpy. It has been bumpy through the process. But this is probably the largest legislative feat that I will ever participate in in my entire time in Congress, or most members.

In regards to Medicaid, I'll just give you an example. During the hearing, we had all these protesters that were standing along the walls in the Ways and Means Committee room with shirts, "don't cut my Medicaid." And I was getting text messages from the Energy and Commerce Committee, which was going on at the same time – and they arrested, like, 20+ protesters that was disrupting the meeting – and I was thinking, they're going to disrupt ours, and if they do I'm going to tell them they're in the wrong committee hearing; they need to go to Energy and Commerce – [laughter] – because they're the ones that deals with Medicaid. It's not in Ways and Means. But they were great. They didn't disrupt. They just had their shirts on, and we didn't have the problem.

But in regards to Medicaid, it has been – it has been debated amongst my colleagues a lot, from members who want to go farther to members who feel like we're going too far, and they've been trying to balance that. There's been a lot of private working groups for the last several weeks in regards to trying to figure out that \$880 billion of cuts that Energy and Commerce has to – has to do. And I have not went through everything that they did in the markup – their markup finished a little bit after ours yesterday – but I know that work requirements was an item that they were putting in it. But also, I think they're getting \$70 billion to \$80 billion in other areas, such as selling the – what is it, the broadband, like, spectrum. I could not even think of the word.

MR. RUBENSTEIN: OK.

REP. SMITH: But – I'm not Energy and Commerce. But, like, it's – yeah.

MR. RUBENSTEIN: OK. So, let's suppose you have all this in the big bill, and let's suppose it passes. The total cost of the big, beautiful bill, your parts and other things, is it \$4 trillion or something like that? You have – you were given a target of not exceeding \$4 trillion, I think it was; something like that.

REP. SMITH: It was – the House number was you could not exceed \$4.5 trillion.

MR. RUBENSTEIN: Four-and-a-half trillion, OK.

REP. SMITH: And then they had this ratchet item that if you didn't – didn't make \$2 trillion worth of spending cuts it would ratchet down to \$4 trillion. And so, our bill actually comes in below \$4 trillion, so we went – we went farther than what they expected.

MR. RUBENSTEIN: But part of the big, beautiful bill is to have the increase of the debt limit. Right now, we have a debt limit that's – well, more or less it sort of expired while ago, but you're going to pass in this big, beautiful bill – is it a \$5 trillion increase in the debt limit, something like that?

REP. SMITH: So, the – you're right. The debt limit, David expired at the first of the year. We're operating under extraordinary measures right now, is what they refer to, and it's projected that will last us sometime in July. And so we have to address that. And part of the bill that we voted out of committee increased the debt limit. It increased the debt limit \$4 trillion, which was in the budget instructions that we were required to do. The Senate instructions is higher, with a higher debt limit. And so that's one of those things that I'm sure that is going to be figured out throughout the process.

MR. RUBENSTEIN: So why not just get rid of the debt limit completely? We've raised it over 90 times since it first was put into effect in the early part of the 20th century. We've never really complied with it. Why not just get rid of it? I think President Trump said he would like to get rid of it at one point.

REP. SMITH: I was about to say, you – David, you and President Trump are exactly – [laughs] – agreeing on that issue. And I think there's a lot of members of both parties that view the debt limit as, like, a very poison pill that individuals have to worry about. And when you think about defaulting on U.S. debt, that can create a big problem.

MR. RUBENSTEIN: So, well, you think it's unlikely that we're going to get rid of the debt limit in this bill; we're just going to increase it, probably. Or –

REP. SMITH: I tell everyone – I've said this before the bills were out there – is that pretty much everything's on the table because we don't know what is needed to thread that needle to get the votes. People would talk about different tax brackets or whatever, and I would just say everything's on the table.

MR. RUBENSTEIN: Couldn't we just borrow the money from Elon Musk and deal with it that way? That wouldn't solve the problem? [Laughter.]

REP. SMITH: I don't think that would solve our spending problem in Washington.

MR. RUBENSTEIN: OK.

So let me ask you –

REP. SMITH: It would solve my spending problem in southeast Missouri, so. [Laughter.]

MR. RUBENSTEIN: If you were to pass the bill, you have to go to the Senate. Is your expectation the Senate will take your bill and say it's really great and we're going to pass it, or it's going to come back to you?

REP. SMITH: So, I'm sure they will make changes. We've been working with Senate Finance. I've been meeting with numerous senators. Senators have been calling me, telling me their priorities. We put a lot of the senators' priorities in this bill.

And so, for example, Ted Cruz had an investment account that would be created for newborns. It was his legislation that we put in this bill. You –

MR. RUBENSTEIN: It's \$1,000.

REP. SMITH: It's a thousand dollars. You have Katie Britt, who had some paid family leave items that we put in the bill. Deb Fischer also had some important pro-family policies. And so, there was several. I've been working with senators and been working with Senate Finance. They'll make changes. It's just the art of the beast in Washington. But I don't expect significant changes.

MR. RUBENSTEIN: OK.

So, you have a narrow majority in the House, a relatively narrow majority in the Senate. What about just sitting down with the Democrats and saying, let's compromise and get a bill that Democrats and Republicans work on together? That's just not part of the ethos anymore in Washington to do that?

REP. SMITH: So, I did that last Congress and the Senate killed it. Myself and Chairman Wyden did the Smith-Wyden bipartisan tax bill, and it passed with 357 votes in the House of Representatives. I mean, it passed with more votes than banning TikTok did in the House of Representatives. And what we did, we struck a very good balance of bipartisan items and got it over there. Unfortunately, it didn't get past cloture in the Senate; that's why it died. But I truly believe that, of course, this is a partisan tax package that we're working on, but I would love – I would love to work with Senator Wyden, Chairman Crapo, Ranking Member Neal in trying to craft, like, a bipartisan bill before the end of the year, because there's a lot of tax provisions that I really care about that are expiring or have expired that are truly, truly bipartisan, but they couldn't make it in our bill because there's Republicans that really dislike those provisions. And the only way they could ever become available is if it's bipartisan.

MR. RUBENSTEIN: So, what is the best way to get something in the tax bill, or was the best way? Is it to call you up personally, text you, certain lobbyists have access? What's the best way to convince a member of the Ways and Means Committee or the chairman to put something in the bill or take something out?

REP. SMITH: So, I changed how we run the Ways and Means Committee from my very first committee hearing. My first committee hearing as chairman was not in Washington. We did it in Petersburg, West Virginia, at a lumberyard. And we brought in a restaurant owner, a coal miner, working moms, and farmers just to hear of the issues that they were facing in today's economy. And we did that throughout the country. It was actually 15 different field hearings. We went to a Native American reservation in Arizona. We went to a factory in Peachtree City, Georgia. We went to a farm in Yukon, Oklahoma. We went to a homeless shelter in Chicago. We went to a port in Staten Island, New York. So we went all over. We went to the Iowa State Fair and got input on all the expiring provisions of the 2017 tax cuts. And that is how we crafted the bill.

I set up 10 different tax teams where I picked 10 different members of my committee to chair for over the last year, where they traveled to more than 23 different states themselves, had more than 120 site visits. They met with stakeholders to listen to all items within the code. And then we brought that all back. And that is how we crafted the bill, is by what we – we took input from everyone – small-business owners, farmers.

I think about the manufacturer in North Carolina that we visited that that was talking about how important 199A is just for her business and for being able to keep everyone who she has employed employed. So –

MR. RUBENSTEIN: I understand you have hearings and that's a very good way to learn, but let's suppose I'm just a lobbyist. I have one provision. Is it to wait outside your office and as you're walking somewhere talk to you? Is that a very effective way?

REP. SMITH: Please don't. Please don't. [Laughter.]

But I – but what I do want to say is, is we have a 300- and almost 400-page bill, and I'm sure there's things that we may have not saw all the facts in, and when you hit one domino here it can really mess up some other dominoes. And I'm completely – I want – I want any American who feels like that there's, like, something that – an unintended consequence of what we're trying to do that we may not be aware of, please let us know. Work with my team. I hope that you feel that any member of the Ways and Means Committee that I serve with or members of my staff, please work with us. I'm not saying we may agree, but you may bring up a point, and there's been a couple since markup that I'm like, oh, oh, we need to – we need to fix that.

MR. RUBENSTEIN: So, when you were doing the markup, you knew you had the votes on all your provisions, I assume, or did you not know how the votes were going to be on each provision?

REP. SMITH: So, I am very proud of my team on the Ways and Means Committee. My members have worked so hard. We've put in almost 60 hours behind closed doors discussing different tax provisions, different pay-fors, having some lively debates. And if you look at the members, the 26 Republican members of the Ways and Means Committee, very diverse, and they're reflective of the House Republican Conference. And so, it was so helpful to have the inputs from folks who really like the IRA credits to those who really hate the IRA credits. To those on the committee like Nicole Malliotakis, who is from a state who cares about SALT – she cares about SALT. She's part of the SALT caucus. So having her champion those priorities – and she's done a –

MR. RUBENSTEIN: Right.

REP. SMITH: She's probably been the most productive a member in trying to push the most tax relief for the folks in New York, New Jersey, and California than anyone I've worked with, and I'm quite impressed.

MR. RUBENSTEIN: So, I didn't ask you about SALT. On SALT – which is the state and local tax deduction – it was limited to \$10,000. Now you've increased it to – is it \$30,000?

REP. SMITH: Yes. We increased it 300 percent because it was currently \$10,000, now it's at three – a 300 percent increase. It's \$30,000.

MR. RUBENSTEIN: Unless you have a larger income, in which case it goes down a bit.

REP. SMITH: Yeah. It's \$30,000 if you make less than \$400,000 a year, and then it starts phasing back down to \$10,000. So, we've tried to find what is that good spot. Even talking to my ranking member, he's like, SALT's just – SALT's an obstacle for both parties in that sense. And so, we've checked numbers. Like, I've got numbers from Treasury and the IRS of the different SALT congressional districts within our conference, and this \$30,000 cap that we have under \$400,000 will provide more than 90 percent of every one of our SALT members' districts coverage under this.

So, it's a balance. It's not everything that that some of the SALT members want, but I have members of our conference that doesn't even think you should be able to deduct \$1 let alone \$30,000. But it's a fair and balanced approach.

MR. RUBENSTEIN: So, when you get to the big, beautiful vote before Memorial Day on that bill, do you expect any Democratic votes in the House?

REP. SMITH: I don't. I don't. In our markup, we did have a bipartisan vote, and it was to table the ruling of the chair on germaneness. I got Lloyd Doggett to vote with me, so I was –

MR. RUBENSTEIN: OK. But, all right, so you're not going to –

REP. SMITH: I was like, what happened? Bipartisan markup.

MR. RUBENSTEIN: So, you're not going to get any Democratic votes. Can you hold on to all your Republican votes? Because some Republicans don't seem to want the bill either, some Republicans who don't want to increase the debt at all.

REP. SMITH: So, it's interesting. Chairman Crapo and I were talking about this. I think we both start out at the same place. I think that there's two people in both chambers it's probably going to be a no. You could do anything that you want and I'm sure these two people – I'm not going to say their names; you can figure it out for yourself. But there's two in the Senate and two in the House I think that will start out being a no. And so that means in both chamber – in both chambers we can only lose one.

And so that's why threading this needle is so big. Being able to deliver this feat for the American people is going to be the most significant legislative feat I've ever attempted.

MR. RUBENSTEIN: So, for those two members who maybe not get – you're not going to get in the House, can't you give them some provision they want and put it in the bill and take care of them? It doesn't work that way?

REP. SMITH: It doesn't.

MR. RUBENSTEIN: OK. All right. [Laughter.]

REP. SMITH: I wish it did, but it doesn't, so.

MR. RUBENSTEIN: All right.

So, let's suppose the big, beautiful bill passes the House.

REP. SMITH: In fact, some of those provisions that one of those members – they sponsor several of the provisions that's in the bill.

MR. RUBENSTEIN: Well, let's suppose the bill does pass before Memorial Day, then it goes to the Senate. When do you expect it will come back? And when do you think the bill will actually become law? Is it before the end of the year or before the end of the Congress?

REP. SMITH: My goal is July 4th.

MR. RUBENSTEIN: July the 4th.

REP. SMITH: I want the president to be able to sign it into law on July 4th. That's my goal, and that's the president's goal.

MR. RUBENSTEIN: All right. What will you do the rest of the Congress? Your Ways – your bill is done. You don't have anything else to do, right? [Laughter.]

REP. SMITH: Oh, I'm already pushing my team of the priorities that we need to focus on now. There's a lot of trade items that we're going to have to discuss and be a part of. We're in the middle of a lot of trade discussions with the administration, with other countries right now, with some really good things I think that we can –

MR. RUBENSTEIN: On trade, do you mean tariffs and things like that?

REP. SMITH: Yeah, all of that.

MR. RUBENSTEIN: Is tariffs – is that very popular in the – in the Republican caucus now, the tariff situation, or not so popular?

REP. SMITH: Trade is one of the most mixed, mixed area[s] of policies in the – in the Republican and the Democrat caucuses. It's quite interesting. And that's what really creates some bipartisanship on trade, is because it's so mixed and that's how you have to move forward.

Any trade policies that we move forward, I see that they have to be bipartisan. And it's the same way I think we can do a bipartisan tax package for a lot of the extenders that are expiring and some of the other tax provisions. There's a lot of health-care items that we've been working on for a long time that we got to deliver on them – like, I mean just basic things of allowing people to be able to get reimbursed for paying for if they have cancer.

MR. RUBENSTEIN: So, the net effect of your tax bill on the economy is to modestly increase GDP, very modestly. Is that right, or something like that?

REP. SMITH: It's going to go gangbusters, David.

MR. RUBENSTEIN: But I thought the numbers that came out of –

REP. SMITH: I don't believe in those numbers, remember? It's – [laughs] –

MR. RUBENSTEIN: You don't believe those, OK. All right. OK.

REP. SMITH: No, but I do project that that with the growth provisions that we have within it, whether it's a hundred percent expensing, a lower rate for passthroughs and small businesses, the hundred percent expensing of factories and structures for four years, that will have a huge impact to the economy and will affect the GDP over the next couple of years.

MR. RUBENSTEIN: Right.

So, on July the 4th, let's suppose the president signs the bill. You have a big ceremony. You're still increasing the debt of the United States and the annual deficit by a fair bit. When will that ever be addressed so that you're actually reducing the annual deficit and reducing the debt. Is that not in our lifetime, really?

REP. SMITH: So, if we cut \$1.5 trillion of spending, which is projected to cut in this one big, beautiful bill, that will be more than 300 percent of what has ever been cut in the history of Washington. And so, we're at least moving towards that. The most you've ever seen in cuts was about \$400 billion, and so if we can do \$1.5 trillion –

MR. RUBENSTEIN: But you're cutting spending, but you're also increasing the deficit because the tax bills cost money. So, when you add the two up, you're still increasing the deficit, aren't you?

REP. SMITH: See, I disagree with those numbers. And the reason why I say this, you look at revenues over the last 50 years; revenues compared to GDP over the last 50 years has averaged 17 percent. Currently, under Trump's current tax policies, we're at 17.2 percent, so that is under current tax laws. Most of this \$4 trillion bill, \$3.75 [trillion] is just making permanent Trump's existing taxes, and that's current tax policy. And with that current tax policy we're currently at 17.2 percent, so we're above the 50-year historic average on revenues that come into the country.

The spending, though, if you look at the last 50 years – exclude the last five, exclude the last five, so the prior 45 (years) – spending-to-GDP averaged 20 percent, so it was 3 percent more than the revenues. The last five years, it's averaged 26 percent. And so, it's truly a spending problem, both mandatory and discretionary. We're cutting \$1.5 [trillion]. I wish we could cut a whole lot more, to be honest, but we're going to have to continue to look at it.

MR. RUBENSTEIN: All right.

Now, under President Biden, there was a gigantic increase in money toward the IRS to get more IRS agents, the theory being you have more IRS agents you collect more revenue. That's the theory, at least. You have a different view on whether you have – you need more money for the IRS, and you're cutting money for the IRS?

REP. SMITH: I do. You know, in the Inflation Reduction Act they added \$80 billion to increase the IRS, which would lead to what their priorities were: a lot more – a lot more audits for taxpayers. And I believe that we need to make sure that the IRS is definitely efficient, accessible, they pick up a phone and actually talk to you in a prompt way. I'm looking forward to the new IRS commissioner, my fellow colleague from Missouri – our districts border – to be the new IRS commissioner. But the IRS, their yearly budget is right under \$15 billion. And to have \$80 billion just thrown into an existing \$15 billion, even if you spent \$20 billion on technology and improvements and stuff – which they didn't, not at all; it was right around, like, \$5 [billion] – but that creates a lot of problems.

There's \$22 billion of that \$80 billion that has not been rescinded or spent.

MR. RUBENSTEIN: All right.

REP. SMITH: And so, I wanted to rescind that \$22 billion in this bill, but the Congressional Budget Office said that for me to take \$22 billion back it would cost \$65 billion. And so that wasn't worth to me to do that, and that goes back to scores with the Congressional Budget Office and Joint Tax that I just don't buy what they're selling.

MR. RUBENSTEIN: But you – so you haven't cut the IRS as much as you wanted to cut.

REP. SMITH: We've cut the IRS 60 – \$58 billion of the \$80, but there's still \$22 billion to cut.

MR. RUBENSTEIN: OK.

Let me ask you –

REP. SMITH: But the president might have something.

MR. RUBENSTEIN: OK.

Let me ask you, on the endowment tax, there's been talk about the administration, I guess through the IRS, would say we're taking away the entire tax deductibility of Harvard University,

for example, or other schools. Can your – can the president of the United States, under your bill, decide by himself, or can the IRS decide just taking away the tax deductibility of certain institutions, or that's not a problem?

REP. SMITH: There's nothing in our bill that, like, grants additional powers or authorities in regards to that, except we do point out specifically that if you are a non-for-profit funding terrorism that you should lose your tax-exempt status. This was a piece of legislation that we passed out of the House last year because we actually highlighted from the Ways and Means Committee 10 different non-for-profits that were funding Hamas and other terrorist regimes. And we pointed it out, sent a letter to the IRS, asked for them to pull their tax-exempt status. The IRS has the authority. The IRS has the authority right now. But it's their discretion of whether they pull whatever non-for-profits, but they do have the authority. Our legislation in regards to terrorist organizations says that they have to be pulled out when they're found.

MR. RUBENSTEIN: OK.

There was a story walk around Washington recently that there was going to be an executive order saying that if you gave money to a(n) organization that was designed for climate change, reducing climate change, you would not be able to deduct that. Have you ever heard of that, or is that not –

REP. SMITH: I haven't. I haven't been following that.

MR. RUBENSTEIN: OK. OK.

So now that you've got this bill behind you, what is the highest priority when you get the bill through the House and the Senate and you ultimately have this life's work ceremony? Is it to deal with trade? Is that your next big issue?

REP. SMITH: So multiple things. We have to get this bill signed into law, delivered for the American people. But after it's signed into law, I'm going to hold – I'm going to hold Treasury accountable to make sure that they're implementing the tax bill how Congress passed it, because that's not – it's not always been fun. When we passed the 2017 tax bill, Treasury interpreted some of the stuff that Mr. Roskam and myself put together that we needed to clean up. And so that's going to be a big priority, to make sure that the tax code's implemented as the priority that we're passing Congress.

But trade. Trade is super important. Ninety-six percent of the world's consumers are outside of the United States. I represent a farming congressional district. We're dependent on trade. We grow rice, corn, cotton, beef cattle in my district, and so we need more markets. We need to eliminate those nontariff barriers, which I'm thrilled about the United Kingdom agreement that came out because what it did for ag was exponentially impressive. Because if you look at just agriculture trade alone in this country, we're at a \$32 billion agriculture trade deficit and just four years ago we were at a \$5 billion agriculture trade surplus. And that \$32 billion alone is just in the European Union.

MR. RUBENSTEIN: So, if you want to call the president of the United States, how long does it take before you get a call back?

REP. SMITH: Most time[s] when I call him he answers. He is the most accessible executive I've ever worked with. I'll wake up in the morning, sometimes from a text message from the president at 5:30 in the morning and it's sent to me at, like, 2:30, and I'm like, oh no, he knows I was sleeping, you know? [Laughter.] But, like, he's always – he's always working. He'll text you. I can text him. I got to – I woke up to a text today. Like, so he calls, and he'll call quite often, and I call him. And he is – he is so productive in regards to talking policy.

MR. RUBENSTEIN: So, when you're the – when you're the chairman of the Ways and Means Committee, do people laugh at your jokes more than they used to? [Laughter.]

REP. SMITH: I think if you're a member of Congress people laugh at your jokes whenever they shouldn't.

MR. RUBENSTEIN: OK. OK, but chairman of Ways and Means Committee is not much different?

REP. SMITH: I don't know.

MR. RUBENSTEIN: And are you ever thinking of running for a statewide office? Would you ever consider running for the Senate or the governorship?

REP. SMITH: I didn't – I didn't originally plan when I came to Congress that I would be chairman of the Ways and Means Committee, and I've had such a great honor to do this. I just want to make a difference in the lives of the people who have trusted me and sent me to Washington. And so, I haven't – I haven't really planned ahead of anything other than let's pass this one big, beautiful bill.

MR. RUBENSTEIN: Yeah. OK.

Well, look, I appreciate your coming here this morning and telling us about the bill, and good luck on getting what you want through the Congress, OK? Thank you.

REP. SMITH: Thank you, David. Appreciate it. [Applause.]

MR. RUBENSTEIN: Appreciate it very much.



**The Honorable Jason Smith
Chairman
U.S. House of Representatives
Committee on Ways and Means**

Jason Smith is a 7th generation Missourian, a 4th generation owner of his family's farm, a citizen-legislator, and a champion for the rights and values of rural Missourians.

Jason chairs the Ways and Means Committee – the oldest committee in Congress. He became the youngest Ways and Means Chairman since before the Civil War and the first Missourian to lead the Committee since John Phelps – the namesake of Missouri's Phelps County – in 1859. The committee has broad jurisdiction over some of the

most consequential issues facing Missourians today, including all federal tax policy, all U.S. trade and tariffs, Social Security, Medicare, and many welfare programs.

As Chairman of the Ways and Means Committee, Smith's top priority is delivering for the working families, farmers, and small businesses that make the American economy the envy of the world. In his first term, Smith has passed out of his committee pro-worker, pro-family, pro-small business tax relief; trade agreements that expand opportunities for small businesses and farmers; legislation that expands access and lowers the cost of health care for working families; and legislation to recover fraudulent claims for unemployment insurance. His committee has also engaged in aggressive oversight, including an investigation into certain colleges' unwillingness to curb antisemitic protests on their campus as well as being selected to help lead an impeachment inquiry into President Biden.

Smith was elected to Congress in 2013 after serving in the Missouri General Assembly for eight years. He served in elected House leadership during the Trump administration and in 2021 he was elected as Republican Leader of the House Budget Committee.

Jason comes from humble roots and learned the value of hard work growing up in Salem, Missouri. He attended Salem High School, where he was an active member of FFA. At the University of Missouri-Columbia, Jason earned degrees in Agricultural Economics and Business Administration. After receiving degrees from both programs in three years, he graduated from Oklahoma City University School of Law at the age of 23.

Jason has been rated as the top conservative in the Missouri Delegation by the American Conservative Union; he is a lifetime member of the National Rifle Association and a supporter of the right to life movement and traditional values.

Jason attends Grace Community Church in Salem.