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Proposals With State and Local Implications in Limbo Amid Turbulent Senate Tax Debate.

The state and local tax deduction remains a marquee item. But there are also notable amendments filed involving tax credits, marijuana and municipal bonds.

WASHINGTON — Proposed changes to the Senate tax bill that could affect state and local governments remained pending Thursday night, as Republicans worked to resolve sticking points with the legislation and an expected vote on it slid into Friday.

The most significant amendments on the radar for many states and localities are two versions of a proposal from Sen. Susan Collins, a Maine Republican. These would add a $10,000 deduction for state and local property taxes to the bill. As written, the legislation would end state and local tax, or SALT, deductions individuals can now claim.

Beyond SALT, lawmakers filed other amendments of note for state and local governments and those who work on economic development.

For instance, one from Sen. Lindsey Graham, a South Carolina Republican, would delete a section in the bill that would scale back an existing historic rehabilitation tax credit, commonly used to help finance the restoration of old buildings.

Another amendment, from Sen. Cory Gardner, a Colorado Republican, would rewrite the “280E” section of the tax code so that state-licensed marijuana firms could claim standard business tax deductions on their federal tax returns. Colorado is among the U.S. states that permits regulated recreational marijuana use and sales.

And Sen. Sherrod Brown, an Ohio Democrat, put forward an amendment that would eliminate language in the legislation repealing the tax exempt status of advance refunding bonds. In some situations, state and local governments can use the bonds to refinance debt and save on borrowing costs.

Democratic proposals have so far not gained much traction as the Senate tax bill has taken shape. But 21 House Republicans, led by Rep. Randy Hultgren of Illinois, did send a letter this week to House and Senate leaders urging that tax exemptions for advance refunding and private activity bonds be preserved in tax legislation.

Private activity bonds are used in some public-private partnership deals, and states and localities can also issue them on behalf of 501(c)(3) nonprofits, including institutions like hospitals and universities.

There is also language embedded in the Senate bill to open a portion of the Arctic National Wildlife Refuge to oil and gas drilling.

This is potentially significant for Alaska, which has seen budget difficulties in recent years as state revenue from oil and gas production there has declined. But the prospect of opening the area to drilling remains deeply controversial among conservationists and others who do not want see the refuge's landscapes and wildlife habitats disturbed by development.

Republican leaders strained Thursday to shore up the votes needed to pass their tax measure without Democratic support.

They hit a roadblock when the Senate parliamentarian shot down a “trigger” mechanism to raise taxes in the event that projected economic growth, which would help cover the cost of tax cuts, falls short in the years ahead. Sen. Bob Corker, a Tennessee Republican, had indicated that the trigger was a priority for securing his support.

Meanwhile, Democrats blasted new estimates from the congressional Joint Committee on Taxation that showed the growth the bill would spur would make up for only $458 billion, of the $1.4 trillion in lost revenues it would cause over a 10-year timeframe.

“This bill offers very little other than a holiday bonanza to multinational corporations and special interests,” Sen. Ron Wyden, an Oregon Democrat and the ranking member on the Senate Finance Committee, told reporters. The analysis, he added, contradicts claims the bill would pay for itself.

Route Fifty

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