Appropriations. The Senate is expected to begin work this week on its next minibus appropriations bill- a package that would contain the Defense and Labor-HHS spending bills. Chairman Shelby is planning on using the House-passed defense spending bill as a vehicle and substitute the Senate’s language for the Defense and Labor-HHS bills.

Supreme Court. The Senate Judiciary Committee has scheduled the Supreme Court confirmation hearing for Brett Kavanaugh to begin on September 4 and it is expected to last three or four days.

Recess. The House remains in recess and the Senate returns this week.

CONGRESS

Health

Top Republicans Concerned Over Impact of Potential Trump Drug Rule: In a letter to Office of Management and Budget (OMB) Director Mick Mulvaney, House Energy and Commerce Committee Chairman Greg Walden (R-Ore.) and Senate Finance Committee Chairman Orrin Hatch (R-Utah) said they want a full analysis of a pending proposed rule regarding prescription drug rebates. The proposed rule is part of the administration’s efforts to bring down the costs of prescription drugs. The rule, which is currently under review by the OMB, could remove the legal protection of rebates paid by drug companies to insurers and pharmacy benefit managers. (The Hill)

Information Sought on Harassment in Federally Funded Research: Two members of Congress with leading roles in overseeing federal research have asked the NIH to explain what it is doing to prevent and address harassment and discrimination both within the agency and in research facilities that receive NIH funding. Sen. Patty Murray, D-Wash., and Rep. Rosa DeLauro, D-Conn., asked for an accounting of NIH settlements for harassment as well as practices aimed at preventing workplace harassment in facilities that receive NIH funding. (FEDweek)

Homeland Security

New Election Security Bill Would Require Fast Action from Feds: A bipartisan group of lawmakers on the House Intelligence Committee is introducing legislation to protect local elections infrastructure from cyber attacks following Russian meddling in the 2016 election. The 47-page House bill, meant to prod information sharing between the federal government and local elections agencies, is sponsored by Republican Reps. Tom Rooney and Trey Gowdy, and Democrats Jim Himes and Terri Sewell. It’s a companion to a Senate bill from Sens. James Lankford, D-Okla., and Amy Klobuchar, D-Minn. (Fifth Domain)

Cyber

Congress Offers Millions in Budget to Cyber-Harden Missile Defense Systems: House and Senate lawmakers have authorized an injection of about $51 million in funding to cyber-harden missile defense systems, according to the fiscal 2019 National Defense Authorization Act conference report, and appropriators are expected to follow suit in the defense spending bill with roughly $100 million in additional funding. House and Senate appropriators’ funding lines for cyber-hardening missile defense systems are essentially identical, so it’s likely the funding will withstand conference committee and come out in the final bill. Within that $100 million, House and Senate appropriators want $40 million in funds to increase cybersecurity for ballistic missile-enabling programs and another $16.2 million for a cyber assessment of those programs. (Defense News)

EXECUTIVE BRANCH

HHS

Trump Administration Gives Insurers Power to Lower Medicare Drug Prices: Insurers participating in Medicare Advantage will be able to negotiate directly with drugmakers in an effort to lower the cost of prescription medications under a new policy announced by the Trump administration. The policy aims to allow Medicare Advantage plans access to the same tools as private insurers to try to lower the costs of treatments delivered in a physician’s office or hospital under Medicare Part B. (The Hill)

Trump Administration Clears Way for Obamacare Insurer Program: The Trump administration is asking for input on an Obamacare program that collects and pays out billions of dollars to health insurance companies. The administration had already announced it planned this year to authorize the program for 2017, after initially saying it was putting payments on hold. The announcement last week from the Centers for Medicare and Medicaid Services asks for comment about how to move forward in 2018 for the payments that will go out in 2019. (The Washington Examiner)
**Experiment Over: Pentagon’s Tech Hub Gets a Vote of Confidence**: In the early days of the Pentagon’s Defense Innovation Unit Experimental, then-Defense Secretary Ash Carter stressed that the “experimental” part of the unit was vital, a sign that the Silicon Valley outreach hub could remain flexible. Now, three years after its founding, it appears the experiment is over. Deputy Secretary of Defense Patrick Shanahan announced that the office will now be known only as the Defense Innovation Unit, formally dropping the “experimental” part of the title. “Removing ‘experimental’ reflects DIU’s permanence within the DoD. Though DIU will continue to experiment with new ways of delivering capability to the warfighter, the organization itself is no longer an experiment,” Shanahan wrote. “DIU remains vital to fostering innovation across the Department and transforming the way DoD builds a more lethal force.” (Defense News)

**Banking & Housing**

The **Banking Evolution Continues: OCC Opens Its Doors To Fintechs To Obtain A Special Purpose National Bank Charter**: For two years the Office of the Comptroller of the Currency (“OCC”) solicited comments on how it can support responsible innovation in the financial services industry in order to meet the evolving needs of the consumers, businesses, and communities it serves. Based on the stakeholder feedback and public comments received, the OCC developed an agency-wide framework to support responsible innovation throughout the federal banking system and established the Office of Innovation to serve as a clearinghouse for innovation-related matters and a point of contact for OCC staff, banks, and nonbanks to facilitate innovation-related activities. The OCC now has issued a policy that includes considering applications for special purpose national bank charters from financial technology companies that are engaged in the business of banking but do not take deposits. (Clark Hill Insight)

**Labor & Workforce**

U.S. **Department Of Labor Announces Funding Availability For Trade and Economic Transition National Dislocated Worker Grants**: The U.S. Department of Labor’s Employment and Training Administration (“ETA”) announced the availability of up to $100 million for Trade and Economic Transition National Dislocated Worker Grants to provide training and career services to dislocated workers affected by major economic dislocations. Applications must be received by 11:59:59 PM EDT on September 7, 2018; however, ETA will fund applications that meet all requirements based on the order ETA receives them, until all funds are depleted. ETA plans to award funds by September 30, 2018. (DoL Press Releases)

**DOE**

FERC **Official's Comments Spotlight Pipeline Cyber Risk**: Comments by the Federal Energy Regulatory Commission’s chief of staff, Anthony Pugliese, to an industry group appear to be more evidence of concern over potential attacks on U.S. gas pipelines that could threaten the nation’s electricity supply. Pugliese singled out pipelines as a priority target for state-based cyberattacks. “More and more, you have adversarial countries ... who see pipelines, for example, as an area of great opportunity, let’s put it that way,” he said. And he also dismissed the capabilities of the Transportation Security Administration to oversee pipeline cybersecurity, a mission given the agency by Congress after the Sept. 11, 2001, terrorist attacks. TSA has published standards for cybersecurity defense that gas pipelines are expected to follow. The guidelines are voluntary. (E&E News)

**DOT**

DOT **Moves to Put More Freight on the Water**: The US government is taking aim at truck congested roadways and poor marine port infrastructure. The U.S. Department of Transportation announced $4.8 million in grants, administered through the Maritime Administration that will help advance the Marine Highway program. The grants are aimed at highways serving ports in Louisiana, Virginia, New York, and Connecticut, and support the development of new container-on-barge services in Kentucky and Rhode Island, the DOT said. (FreightWaves)

**Interior**

Significant **Changes in the Works on Endangered Species Act Regulations**: On July 25, 2018, the Department of the Interior published three proposed rules that would substantially alter implementation of Section 4 of the Endangered Species Act (“ESA”), which governs listing and designation of critical habitat, use of the “4(d) rule,” regarding identification of threatened species, and the interagency cooperation and consultation process required by Section 7 of the ESA. This proposal represents a potentially major revision of the ESA, a cornerstone – and often controversial – environmental law that affects land use and other projects throughout the nation. The proposed rules offer an important opportunity for interested parties to provide input on these significant changes. Comments are due by September 24, 2018. (Clark Hill Insight)

**Space, NASA & NOAA**

NASA’s **Parker Solar Probe Launches on a Mission to Study the Sun**: It was dark on Earth when NASA’s Parker Solar Probe launched on its journey to endless day. The first spacecraft designed to swoop by a star took flight from Cape Canaveral, Fla., at 3:31 Sunday morning. A roaring Delta IV Heavy rocket carried the probe out of Earth’s atmosphere. The probe is the culmination of a half-century effort to understand our star and it may help us prepare for the hazards the sun may throw at us in the future. (The Washington Post)

“**No Encryption, No Fly**” Rule Proposed for Smallsats: Small satellites that have propulsion systems, but don’t have encrypted commanding systems, pose a small but real threat of being hacked and endangering other satellites, according to a new study. That research by a team of graduate students, presented at the AIAA/Utah State University Conference on Small Satellites recommended the space industry take steps to prevent the launch of such satellites to avoid an incident that could lead to a “regulatory overreaction” by government agencies. That recommendation comes as cubesat developers, who once had few, if any, options for onboard propulsion, are now looking to make use of more advanced chemical and electric propulsion systems.
Some of those technologies can provide smallsats with large changes in velocity, which can enable major orbital changes. (Space News)

**NOAA Rejects One-Size-Fits-All Solution for Data Protection:** Because satellite capabilities and the threats they pose vary widely, the National Oceanic and Atmospheric Administration’s Commercial Remote Sensing Regulatory Affairs office plans to roll out a tiered approach to evaluating company data-protection plans. This is an important change because any U.S. citizen, company or organization seeking to operate a private remote-sensing spacecraft must first obtain a NOAA license. As part of the licensing process, NOAA reviews an applicant’s data protection plan, which describe the steps an individual or organization will take to secure its system architecture, facilities on the ground, communications networks and data. In addition, data protection plans reveal how companies will comply with specific terms and conditions of their license, like resolution restrictions over certain geographic areas. This fall, NOAA plans to begin evaluating data protection plans along three tiers. (Space News)

**DOJ**

Justice Department Announces $3.4 Billion in Grants to Aid Crime Victims Nationwide: The Department of Justice announced awards totaling more than $3.4 billion to fund thousands of local victim assistance programs across the country and to help compensate victims in every state for crime-related losses. Distributed through two grant programs administered by the Office for Victims of Crime, a component of the Department’s Office of Justice Programs, the awards surpass every other single-year grant amount in the program’s 34-year history. Most of the funds – more than $3.3 billion – are being awarded to states under the Victims of Crime Act Victim Assistance Formula Grant Program and will support local government and community-based victim services. (Officer.com News)

New Forensics Technology Group Members: The Office of Justice Programs’ National Institute of Justice announced on August 1 important advances to improve federal coordination with state and local forensic science laboratories. As part of this effort, the department is announcing the newly selected members of the recently created Forensic Laboratory Needs Technology Working Group. The effort underscores the department’s commitment to creating an effective network of crime labs across the country. The working group will provide objective and independent knowledge and expertise, ensuring that research is relevant and responsive to the needs of the forensic science community. Here is a link to the announcement. (LA Daily Post)

**Trade**

New Trade Case on Imports of Steel Wheels from China: New US antidumping and countervailing duty investigations were filed on August 8, 2018 by Dexstar Wheel, a division of Americana Development, Inc. (petitioner) against imports of certain steel wheels from China. The merchandise covered by the petition includes certain on-the-road steel wheels, and components thereof, for tubeless tires with a nominal wheel diameter of 12 inches to 16.5 inches, regardless of width. The subject wheels are generally for road and highway trailers and other towable equipment, including, utility trailers, cargo trailers, horse trailers, boat trailers and recreational trailers. (Clark Hill Insight)

**IRS**

**IRS Releases Proposed Regulations Concerning Bonus Depreciation:** The IRS and Treasury have released proposed regulations concerning the first-year bonus depreciation deduction, also known as immediate expensing. The proposed regulations reflect changes made to bonus depreciation rules by the Tax Cuts and Jobs Act. Namely, the proposed regulations provide guidance on bonus depreciation for used property, including property acquired in an acquisition, and how the rules affect consolidated groups and partnerships. (Clark Hill Insight)

IRS Releases Proposed Regulations on the § 199A Qualified Business Income Deduction: The IRS and Treasury have released proposed regulations under newly-enacted Internal Revenue Code Section 199A, which creates a deduction for qualified business income that non-corporate taxpayers receive from pass-through entities. The proposed regulations expand upon the concepts enacted by Congress and, notably, shut down some strategies that have been contemplated since the enactment of the deduction. (Clark Hill Insight)