
Window on Washington - This Week in the Nation's Capital - April 28, 2017 Vol. 1, Issue 6

Apr 28, 2017

CONGRESS

Budget/Appropriations

- **Budget Release:** Congressional staff is suggesting that the President's full 2018 budget should be released on May 22nd.
- **Continuing Resolution:** The House gave lawmakers one more week to agree on a spending bill to fund the U.S. Government through September, leading into President Donald Trump's 100th day in office Saturday by keeping the lights on. The 382-30 House vote Friday was followed quickly by Senate passage of the stopgap spending bill hours before the shutdown deadline.

Leaders of both parties say they are close to agreement on a spending plan after Republicans signaled they would accept Democratic demands that the Trump administration promise to continue paying Obamacare subsidies and drop its bid for immediate funds for a wall on the Mexican border ([Washington Post](#)).

- **Mnuchin Vows Debt Ceiling Will Not Become Crisis:** Treasury Secretary Steven Mnuchin said Wednesday he will not let the debt ceiling become a political crisis. Mnuchin said he's already had talks with members of both parties on Capitol Hill and that both Democrats and Republicans understand the importance of raising the debt ceiling ([The Hill](#)).
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Defense

- **South Korea in Talks to Hold Joint Drills With U.S. Carrier Strike Group:** South Korea said it was in talks with Washington about holding joint drills with the USS Carl Vinson aircraft carrier strike group as it approaches waters off the Korean peninsula amid fears North Korea could conduct another nuclear test ([US News and World Report](#)).
 - **Deputy Under Secretary of Defense and intelligence:** Trump will nominate Kari Bingen, policy director for the House Armed Services Committee, to be Principal Deputy Under Secretary of Defense and intelligence, according to a White House statement. Trump also will nominate Robert Story Karem to be Assistant Secretary of Defense for International Security Affairs ([Defense News](#)).
 - **F-35 Delivery:** The Pentagon's contract management agency forecasts Lockheed Martin will deliver 57 of its F-35 jets this year, nine fewer than the company plan ([CNN](#)).
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Dodd—Frank

- **Trump Seeks Review of Dodd-Frank Provisions on Systemic Risk:** President Donald Trump pushed forward with his vow to deregulate Wall Street by ordering a review of two key Dodd-Frank provisions that are meant to resolve failing big banks and designate systemically important financial institutions (SIFIs). The memorandum calls for separate reviews of Dodd-Frank's Orderly Liquidation Authority (OLA) and the SIFI designation process wielded by the Financial Stability Oversight Council (FSOC) ([Bloomberg](#)).
 - **CHOICE Act Markup Expected Next Week:** The House Financial Services Committee is expected to begin a markup of Chairman Jeb Hensarling's Financial CHOICE Act on May 2. Hensarling's bill would repeal and replace key parts of the 2010 Dodd-Frank law ([Financial Services Committee](#)).
 - **Swipe Fees Seen as Only House GOP Hurdle in Dodd-Frank Repeal:** Repealing a cap on debit card transaction fees is causing the most friction among House Republicans, who are otherwise largely unified on an extensive bill (H.R. 10) to revamp the Dodd-Frank Act ([Bloomberg](#)).
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Energy/Environment

- **U.S. Climate Commitment?:** China, the world's top emitter of carbon dioxide, is questioning whether the U.S. is doing enough under Trump to meet commitments made as part of the landmark Paris climate accord. China joined the U.K., Brazil and other countries in scrutinizing U.S. climate progress in queries filed with the United Nations ([The Independent](#)).
- **Trump Orders Review of Oil Drilling Off California Coast:** President Donald Trump opened the door to new oil and natural gas drilling in Pacific waters off California with a directive that sets up a certain clash with environmentalists ([Houston Chronicle](#)).
- **Booker, Brown, Durbin to SEC:** "No Legal Basis" for Halting Bipartisan Conflict Minerals Rule: U.S. Senators Cory Booker (D-NJ), Sherrod Brown (D-OH), and Richard Durbin (D-IL) led a letter signed by Senators Chris Coons (D-DE), Patrick Leahy (D-VT), and Elizabeth Warren (D-MA) urged the Securities and Exchange Commission (SEC) to keep in place key parts of the bipartisan Conflict Minerals Rule, a provision of the Dodd-Frank Act

that ensures that businesses who source products from conflict areas take steps to ensure their supply chain is not funding armed groups in those regions ([Booker.senate.gov](#)).

- **Cassidy, Gillibrand Float Flood Insurance Language:** Sens. Bill Cassidy (R-La.) and Kirsten Gillibrand (D-N.Y.) unveiled their vision for revamping the National Flood Insurance Program, which is set to expire in September ([E&E Daily](#)).
- **Coal Ban Retaliation:** British Columbia Premier Christy Clark called on Canadian Prime Minister Justin Trudeau to ban U.S. thermal coal from the province's ports in retaliation to a new tariff on Canadian softwood lumber ([Vancouver Sun](#)).
- **Paris Agreement:** BP, Shell, Google, Microsoft, Wal-Mart, and other major companies sent a letter to President Donald Trump urging him to remain in the Paris climate agreement ([The Hill](#)).

Healthcare

- **New GOP Support for Health Bill:** The House Freedom Caucus says it supports the American Health Care Act with Rep. Tom MacArthur's proposed amendment that would grant states option to repeal aspects of Obamacare left in place under original AHCA, according to statement. Nevertheless, the group's support, while significant, does not necessarily guarantee passage of the Republican bill to partially repeal and replace former President Barack Obama's Affordable Care Act. ([Chicago Tribune](#)).
- **Democrats Hit GOP Plan to Exempt Itself From Part of Health Bill:** House Republicans trying to craft a health bill compromise want to give states new flexibility to tinker with coverage and how premiums are structured, but a special exemption would treat insurance for members of Congress and their staff differently ([Bloomberg](#)).
- **House Leader McCarthy Says No Vote on Health-Care This Week:** House Majority Leader Kevin McCarthy said the House will not vote on a measure to repeal and replace the 2010 health care law Friday or Saturday ([Rollcall](#)).

Immigration

- **Trump Signals Shift on Wall Funding to Avert Government Shutdown:** President Donald Trump is willing to wait until September or possibly next year to secure federal funding for his controversial border wall, a shift that made it possible for Congress to continue work on spending legislation in time to avoid a government shutdown ([New York Times](#)).
- **Trump Says His Base 'Really Wants' a Border Wall. Polls Show Most Americans Do Not:** In a recent interview with the Associated Press, Trump said: "People want the border. My base really wants the border. My base really wants it." Yet polls have consistently shown that a majority of Americans, including those who live near the border and the lawmakers who represent them, do not want it, while fewer think a wall would have a significant effect on illegal immigration ([Washington Post](#)).

Mortgage Overhaul

- **Fannie-Freddie Overhaul Is a 'Very Important' Goal:** Treasury Secretary Steven Mnuchin said overhauling the mortgage-finance system is "very important" to President Donald Trump's administration and that officials are working with congressional leaders and other regulators to figure out what to do with mortgage-finance giants Fannie Mae and Freddie Mac ([Bloomberg](#)).
- **House Votes To Subject Fannie Mae And Freddie Mac To FOIA:** The House on Thursday passed a bill to subject Fannie Mae and Freddie Mac to the Freedom of Information Act while they remain in government conservatorship, with some tweaks ([Law 360](#)).

Nominations

- **Department of Agriculture:** The Senate confirmed Sonny Perdue to serve as Agriculture secretary by a vote of 87-11. Perdue, the former two-term GOP governor of Georgia, was announced as President Donald Trump's pick to run USDA on Jan. 19. Trump and the White House took weeks longer than expected in getting his paperwork to the Senate Agriculture Committee, a delay that rankled many agricultural leaders ([NPR](#)).
- **Senate Confirms Acosta to Lead U.S. Labor Department:** Former U.S. Attorney Alexander Acosta was confirmed as labor secretary, filling a key spot in President Trump's Cabinet and setting the stage for the administration to tackle pending rules that could have sweeping consequences for workers and retirement savers ([Washington Post](#)).
- **Deputy Attorney General:** U.S. Senate confirms Rod Rosenstein to be Deputy Attorney General and assume the lead role in the investigation of Russian meddling in the presidential election ([WBAL](#)).

Regulatory Overhaul

- **Bipartisan Regulatory Accountability Act Introduced:** Senators Rob Portman (R-OH) and Heidi Heitkamp (D-ND) introduced bipartisan legislation

(co-sponsored by Manchin D-WV and Hatch R-UT) that would amend the 1946 Administrative Procedure Act by codifying existing Executive Orders that call for cost-benefit analysis and imposing significant procedural changes. The Senate bill is viewed as more moderate than the House counterpart, H.R. 5, passed in January 2017. Key changes include greater public input before major or “high-impact” rules are proposed, requirements for selection of the most cost-effective regulatory alternative, stepped-up obligations on scientific transparency, retrospective review of regulations, and revisions to the standard of review in appellate challenges of final agency action ([The Hill](#)).

Russia Probe

Senate Trump-Russia Probe Has No Full-Time Staff, No Key Witnesses: The Senate Intelligence Committee’s probe into Russia’s election interference does not have a single staffer dedicated to it full-time, and those staff members working on it part-time do not have significant investigative experience ([Daily Beast](#)).

Tax Reform

- **Paul Ryan:** Trump’s Tax Plan is ‘Along the Same Lines’ of What the House Wants: House Speaker Paul Ryan signaled cooperation on tax reform by saying that he did not think Trump was overstepping by releasing a tax proposal, adding that Congress and the White House are working to reach consensus on a plan ([CNBC](#)).
- **Analyst’s ‘Rough Estimate’ Puts Trump Tax-Plan Cost at \$5.5T:** The Committee for a Responsible Federal Budget, in a “rough estimate” based on assumptions gleaned from prior similar proposals, says “base-case estimate” of White House tax plan cost is \$5.5t over next 10 years. Group says \$5.5t cost would increase debt to 111% of GDP by 2027, compared to 89% in CBO baseline ([Committee for Responsible Federal Budget](#)).
- **President Trump’s Tax Plan:** includes the following:
 - Reducing 7 tax brackets to 3: 10%, 25%, 35%
 - Doubling standard deduction
 - Tax relief for families with child, dependent care expenses
 - Eliminate targeted tax breaks that mainly benefit wealthiest taxpayers
 - Protect “home ownership,” charitable gift tax deductions
 - Repeal Alternative Minimum Tax
 - Repeal estate tax
 - Repeal 3.8% Obamacare tax that “hits small businesses and investment income”
 - 15% business tax rate
 - Territorial tax system to “level playing field” for U.S. cos.
 - One-time tax on “trillions of dollars held overseas”
 - Eliminate tax breaks for special interests

EXECUTIVE BRANCH

Department of Commerce

- **US Economic Growth Weakened to 0.7 Percent in First Quarter:** The U.S. economy turned in the weakest performance in three years in the January-March quarter as consumers sharply slowed their spending. The result repeats a pattern that has characterized the recovery: lackluster beginnings to the year. The gross domestic product, the total output of goods and services, grew by just 0.7 percent in the first quarter following a gain of 2.1 percent in the fourth quarter, the Commerce Department reported Friday ([ABC News](#)).
- **Trump Slaps First Tariffs on Canadian Lumber:** The Trump administration is hitting Canada with stiff tariffs of up to 24% on lumber shipped into the United States. These are the first tariffs imposed by President Trump, who during his election campaign threatened to use them on imports from both China and Mexico ([CNN](#)).
- **Lawmakers Call on Trump to Oppose Canadian Milk Program:** Sixty-eight House members are calling on President Donald Trump to oppose Canada’s recently enacted dairy pricing policies, which they say are pushing U.S. producers out of the market ([Bloomberg](#)).

Department of Education

- **Regulatory Review:** President Donald Trump signed an executive order giving Education Secretary Betsy DeVos 300 days to review ways in which the Obama administration may have overreached its authority regarding K-12 education ([Washington Post](#)).
- **D.C. Vouchers:** A new study of D.C.'s Opportunity Scholarship Program — the nation's only federally funded voucher program — finds that vouchers had a negative impact on the reading and math test scores of elementary school students ([National Center for Education Evaluation](#)).

Department of Energy

- **Paris Agreement:** Energy Secretary Rick Perry said the U.S. should stay in the Paris climate agreement but "renegotiate" the country's commitments ([Bloomberg News](#)).
- **Energy Secretary Pens Letter in Support of Yucca Nuclear Site:** The importance of resuming the licensing process became even clearer during my recent tour of the Yucca Mountain site," Secretary Rick Perry says in letter to Rep. John Shimkus ([The Hill](#)).

Environmental Protection Agency

- **Coal Plant Discharges:** A federal appeals court put a lawsuit on hold to allow the Trump administration to take more time reviewing a regulation on wastewater discharges from coal plants ([Washington Examiner](#)).
- **Paris Withdrawal:** The National Mining Association's board of directors voted to urge Trump to withdraw from the Paris climate agreement, after meeting with Environmental Protection Agency Administrator Scott Pruitt, who opposes the accord ([Politico](#)).
- **EPA's Silence on Drone Policy Launches Industry Debate:** Drones' increasing use in environmental assessments has not prompted the EPA to begin regulating the unmanned vehicles. Companies that already embrace the technology disagree about whether that's good or bad ([Bloomberg](#)).
- **Air Pollution:** An appeals court granted the Trump administration's request to delay its case over an Environmental Protection Agency rule on mercury air pollution ([The Hill](#)).

Department of Homeland Security

- **Federal Judge Blocks Trump's Sanctuary Cities Order:** A San Francisco judge has blocked enforcement of President Trump's executive order barring federal funds from so-called sanctuary cities ([The Hill](#)).

Department of Interior

- **Monument Review:** President Donald Trump ordered the Department of the Interior on Wednesday to review at least 50 national monuments, according to an official ([E&E News](#)).

Department of Transportation

- **Democrats Support Nixing an Obama Rule:** The rule published Dec. 20 requires metropolitan transportation planning offices to turn into regional agencies. Under federal law, local governments must form the planning units to be eligible to receive U.S. highway and mass transit money. The regulation, which has drawn cries of executive-branch overreach from both parties, eliminates the ability of state governors to opt for several planning agencies in a region instead of one with wide jurisdiction ([Inside Sources](#)).

Federal Reserve/Department of Treasury

- **Wells Fargo has Satisfactory 'Living Will' Plan:** Wells Fargo & Co has presented the Federal Reserve with a satisfactory plan on how to unwind its business in case of bankruptcy, the U.S. central bank said on Monday. The resolution plan, or "living will", is required of the nation's largest banks and is meant to help prevent a future financial crisis ([Reuters](#)).

CFPB

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- **CFPB to Delay Final Prepaid Rule by 6 Months, 'Revisit' Aspects with New Proposal:** The CFPB is pushing back the effective date of its final rule on prepaid accounts until April 1, 2018—six months after the originally scheduled implementation date of Oct. 1, 2017. What's more, the agency has decided to "revisit at least two substantive issues" in the final rule: requirements for digital wallets that are capable of storing funds; and error resolution and liability limitations for prepaid accounts that cannot or have not yet been registered ([Mondaq](#)).

Federal Communications Commission

- **FCC Chief Begins Rollback Of Net Neutrality Regulations:** The new head of the Federal Communications Commission on Wednesday launched his long-expected campaign to undo the regulations adopted in 2015 under former President Barack Obama. Specifically, FCC Chairman Ajit Varadaraj Pai wants to loosen the legal structure that placed Internet service providers under the strictest-ever oversight of the agency, in favor of a "light-touch regulator framework" ([NPR](#)).

NASA

- **NASA Auditors Criticize Spacesuit Development:** Despite spending nearly \$200 million on spacesuit development over the last eight years, NASA runs the risk of not having a next-generation spacesuit ready for testing on the International Space Station before the station is retired, the agency's auditors warned ([Space News](#)).
- **SpaceX Prepares for its First Big NRO Launch:** Preparations are underway for SpaceX's first big launch for the National Reconnaissance Office, a classified mission slated to lift off early Sunday from Florida. The SpaceX Falcon 9 rocket that will carry the hush-hush payload dubbed NROL-76 completed a static-fire test Tuesday, setting the stage for a morning liftoff from Kennedy Space Center's Launch Complex 39A. The planned two-hour launch window is set to open at 7 am, but NRO has not announced what the exact planned liftoff time will be ([Space News](#)).
- **Cruz Interested in Updating Outer Space Treaty to Support Commercial Space Activities:** The chairman of the Senate space subcommittee said at a hearing April 26 that it may be time for the United States to update a key space treaty to reflect growing commercial space activities. Sen. Ted Cruz (R-Texas) raised the prospect of updating the 50-year-old Outer Space Treaty, widely considered a cornerstone of international space law, at a hearing to discuss other regulatory reforms needed to promote continued growth of space companies in the country ([Space News](#)).
- **ULA Gives Short-Term Boost to Lockheed Martin Space Earnings:** Lockheed Martin Space Systems reported an increase in profit in its fiscal first quarter April 25 thanks in part to an increase in earnings from its stake in United Launch Alliance, but company officials cautioned that it expected ULA's contributions to decline later this year. The Space Systems division of the defense and aerospace giant reported an operating income of \$288 million for the first quarter of 2017, an increase of \$44 million over the same quarter of 2016. Net sales for the quarter were \$2.36 billion, up from \$2.13 billion in the same quarter of 2016 ([Space News](#)).

Regulatory Overhaul

- **Few Agencies Willing to Reveal Regulatory Officer, Task Forces:** Federal agencies are revealing mixed results when it comes to complying with President Donald Trump's executive order to enforce his regulatory agenda, with several agencies declining to identify their officers by the April 25 deadline. Just five agencies of the top 10 that issue the most major regulations responded to requests for the names of their regulatory reform officers (RROs) and members of their Regulatory Reform Task Forces. Of the five, just two provided names ([Bloomberg](#)).

White House

- **Trump — "I Thought It Would Be Easier":** President Donald Trump, reflecting on a first 100 days in office that has featured no major legislative wins and low approval ratings, said Thursday he thought the job would be easier. "I loved my previous life, I loved my previous life. I had so many things going," Trump said in an interview with Reuters. "I actually, this is more work than my previous life. I thought it would be easier" ([New York Times](#)).
- **Trump Backtracks: U.S. Will Not Withdraw From NAFTA:** President Trump reversed course late Wednesday and said he had agreed to renegotiate rather than withdraw from the North American Free Trade Agreement with Mexico and Canada, a surprise announcement that came just hours after reports said he was considering an executive order to pull out of the trade pact and as his administration faces questions about what he has achieved in his first 100 days in office ([Detroit Free Press](#)).
- **Trump Says NAFTA Pullout Still Possible If Renegotiation Fails:** President Donald Trump said Thursday he's still ready to pull out of the North American Free Trade Agreement if he can't renegotiate better terms for the U.S. but that he decided to hold off on a decision after appeals from the leaders of Canada and Mexico ([Bloomberg](#)).

If you have any questions about this alert please contact your Clark Hill attorney