Congress

Budget

- **Senate Adopts Budget Resolution Making Way for Tax Reform**: The Senate on a party-line vote of 51-49 adopted its FY18 budget resolution that includes $5.1 trillion in spending reductions and instruction for reconciliation for comprehensive tax reform. After some debate, the resolution also provides for the maximum level of regular defense spending allowed under the current caps but includes a way to increase the levels if the caps are revised. Senator Enzi offered an amendment that was included in the resolution that would modify the House budget resolution by incorporating a number of changes needed to possibly avoid the need for a conference committee and expedite the start of tax reform. The amendment also included a reserve fund that would allow for an appropriations deal to raise the discretionary spending caps without their cost being offset. (Roll Call)

- **Senate Will Vote Monday on Second Supplemental Disaster Spending Bill**: Majority Leader Mitch McConnell filed cloture on the House-passed supplemental bill which will bring it up next week after President Trump urged the Senate not to add additional spending to the measure and get it approved quickly. The bill includes $36.5 billion in disaster aid which includes $16 billion for the flood insurance program. Some Senators wanted to include more funding for Texas and Puerto Rico recovery but were assured that there would be a third supplemental next month to address these needs. (Washington Examiner)

Tax Reform

- **Deficit Hawks Trampled in GOP Tax Cut Stampede**: Republicans’ unified control of Washington is triggering an identity crisis within the party over what it means to be a fiscal conservative in the age of Donald Trump: Do deficits even matter, or do tax cuts trump all? (Politico)

- **Mnuchin: 'Extraordinary' if Tax Reform Gets Done This Year**: Treasury Secretary Steven Mnuchin on Tuesday said it would be “extraordinary” if the Republican Party is able to pull off tax reform by the end of the year, citing past precedence and specific obstacles facing Congress during the balance of this year. (The Hill)

- **Trump Floats Bipartisan Tax Reform Group**: President Donald Trump suggested at a meeting with senators Wednesday that the Senate create a bipartisan working group for tax reform, surprising Republicans who’ve been planning to pass a party-line bill, senators said afterward. (Politico)

Banking/Housing

- **Cohn: Congress Nearing Deal to Ease Bank Regulations**: Top White House economic adviser Gary Cohn said Monday that Congress could act to exempt major United States banks from tight Dodd-Frank Act banking rules by the end of 2017. Cohn, speaking to a banking industry conference in Chicago, said the White House and lawmakers from both parties are nearing an agreement to raise the threshold at which a bank is considered a "systemically important financial institution" (SIFI), as well as other issues. (The Hill)

Healthcare

- **Senators Alexander and Murray Reach Bipartisan Deal on Cost-Sharing Reduction Payments**: The deal would fund the cost-sharing program through 2019 and would allow states to seek out waivers to approve insurance plans that do not follow some of the Affordable Care Act rules. Two dozen Senators have signed on as cosponsors to the bill, but President Trump and Speaker Ryan have come out in opposition. However, despite this opposition, some on the Hill believe that a modified version of the deal could be included in a year-end appropriations bill. (Politico)

- **Other Senators Introduce Bill to Exempt Some People from ACA Individual Mandate**: Senators Pat Toomey and Tom Cotton introduced legislation that would exempt anyone who earns less than the national median household income, or lives in a state where the average premium increased by more than 10 percent and anyone who lives in a county with a single insurer offering Obamacare plans. (The Hill)

- **Senate Democrats Introduce Bill to Reverse the New Exemption for the Birth Control Mandate**: While largely symbolic given the Republican Congress, 19 Senate Democrats have signed on to a bill that would reverse the Trump administration’s new exemption for the Affordable Care Act’s birth control mandate. The Trump Administration recently announced it would allow most employers to stop providing birth control coverage if they have moral objections. (The Columbian)

Justice

- **Senate Judiciary Committee to Increase Oversight of Drug Enforcement Law after Recent Backlash**: Senator Grassley said he would hold a hearing soon on the 2016 legislation that former Drug Enforcement Administration officials now say has crippled efforts to shut down opioid traffickers, according to an investigation by "60 Minutes" and The Washington Post. (Politico)

- **Attorney General Sessions Faced Tough Questions from Democrats in Judiciary Committee Hearing**: Sessions testified he has not been questioned by special counsel Robert Mueller’s office and defended his prior testimony about his contacts with Russia’s ambassador during last year’s presidential campaign. (NPR)
Transportation

• **Stakeholders Agree Federal Funds Necessary for Infrastructure Investment:** At a recent House hearing on infrastructure, Congress heard from highway and transit stakeholders, who all echoed the same sentiment: federal funds are necessary for infrastructure investment, yet they are shrinking. USDOT data from 2015 shows the federal share has shrunk to just 20 percent of highway and bridge funding and 26 percent of transit costs, leaving a greater burden for states and localities. (American Shipper)

Executive Branch

**CFPB**

• **U.S. Consumer Agency Lays Out Principles for Financial Data Collection:** The regulator laid out a series of principles to establish its expectations for accessing consumers' financial data in the course of doing business. The principles serve as a blueprint for companies that rely on consumers voluntarily handing over their financial data for additional services, including debt repayment, financial management, or to receive offers for additional financial products like mortgages or credit cards. (U.S. News)

**EPA**

• **EPA to End Obama-Era 'Sue and Settle' Practice:** In a directive to his department, Environmental Protection Agency Administrator Scott Pruitt said he intends to put a stop to the practice, arguing it has "harmed the American public" and kept citizens in the dark about exactly how rules and regulations are made. (The Washington Times)

• **Trump Tells EPA to Boost Biofuels After Iowa Uproar:** President Trump intervened personally with the Environmental Protection Agency amid pressure from Republicans in the politically important state of Iowa who worried the agency was poised to weaken biofuel quotas, three people familiar with the discussions said. Trump directed Administrator Scott Pruitt to back off any changes that would dilute a federal mandate for biofuel use. A top EPA official said Trump's urging was unnecessary because Pruitt wasn't planning on weakening the mandate. (Bloomberg)

Department of Education

• **18 States Sue Betsy DeVos Over Obama-Era Regulation on For-Profit Colleges:** Earlier this year, Education Secretary Betsy DeVos said she would delay the enforcement of Obama's "gainful employment" rule which drops federal financial aid for career colleges that leave students with massive debt and low salaries. The 18 Democratic attorneys general argue these college programs "[leave] students vulnerable to exploitation and fraud." (Washington Examiner)

HHS

• **Judge to Rule Next Week on Request to Force HHS to Continue Cost-Sharing Reduction Payments:** A group of 19 states filed suit last week asking that the Department of Health and Human Services be required to continue the cost-sharing reduction payments despite President Donald Trump's announcement that they would be ended. (CNBC)

• **Dr. Norman Sharpless Becomes Director of the National Cancer Institute at NIH:** Dr. Sharpless was previously at the University of North Carolina School of Medicine, Chapel Hill, where he served as director of the NCI-Designated Lineberger Comprehensive Cancer Center and as the Wellcome Distinguished Professor in Cancer Research. (NIH News Release)

DOL

• **Senate Panel Moves Labor Department, NLRB Nominees:** The Senate Health, Education, Labor and Pensions Committee advanced several of President Trump's nominees for top labor policy positions on Wednesday, allowing the full Senate to consider the picks. The nominees included the number two person at the Labor Department and the general counsel for the National Labor Relations Board, the main federal labor law enforcement agency, and three members of the National Mediation Board, the federal agency that oversees the transportation industry. (Washington Examiner)

DOD

• **U.S. Air Force Space Chief Sees Final Frontier as Battleground:** Space, once seen as the benign final frontier, has evolved into a crowded potential battleground that the U.S. must defend as conflicts extend beyond Earth, according to the Air Force's top military space official. From jamming and cyber attacks to "kinetic destruction," there's a "full range of threats" to U.S. early warning, Global Positioning System and communications satellites and those threats come from economic and military rivals like China and Russia and include the increasing accumulation of debris orbiting the planet. (Bloomberg)

FTC

• **Trump Nominates Joseph Simons Of Paul Weiss As FTC Chair:** President Trump on Thursday named Joseph J. Simons of Paul Weiss Rifkind Wharton & Garrison LLP to lead the Federal Trade Commission in a bid to fill one of the major gaps in his administration's leadership on antitrust,
merger and consumer protection policy. (*Law 360*)

**IRS**

- **IRS Formally Withdraws Proposed Estate TransferRegs**: The IRS formally withdrew a controversial Obama-era regulation that was proposed to prevent the undervaluation of transferred interests for estate tax purposes, one of several rules that the U.S. Department of Treasury had targeted as part of an effort to simplify the tax code. (*Law 360*)

**NASA**

- **Bigelow and ULA to Jointly Develop Lunar Orbiting Facility**: Bigelow Aerospace and United Launch Alliance announced that they are cooperating on the development of a habitat orbiting the moon that they hope to build in a public-private partnership with NASA. The companies said they are working together on a concept for a "lunar depot" using an expandable module provided by Bigelow and launched by a next-generation ULA rocket that could support both NASA and commercial uses as soon as 2022. (*Space News*)
- **NASA Pinpoints Cause of Earth's Recent Record Carbon Dioxide Spike**: A new study using data from NASA's Orbiting Carbon Observatory-2 (OCO-2) satellite provides space-based evidence that Earth's tropical regions were recently the cause of the largest annual increases in atmospheric carbon dioxide concentration seen in at least 2,000 years. (*Space Ref*)
- **Companies Seek Roles in NASA's Return to the Moon**: As NASA develops a plan to carry out a new administration policy calling for a human return to the moon, companies developing lunar landers and related infrastructure are seeking to play a role. At the annual meeting of the Lunar Exploration Analysis Group (LEAG) and a follow-on "Back to the Moon" workshop, four companies presented plans to develop robotic lunar landers that they argued could serve both commercial and government missions to the lunar surface in support of that new policy. (*Space News*)

**Trade**

- **NAFTA Rounds to Last Longer, Plans in the Works to Negotiate Past New Year Deadline, Source Says**: North America Free Trade Agreement talks are now expected to blow past the new year deadline that the U.S. and Mexican negotiators had hoped they would be able to meet. Schedulers are looking to book additional talks in February 2018, while stretching the rounds of talks already planned. (*CBC News*)

**Russian Investigation**

- **Trump Campaign's Legal Spending Tops $1 Million During Third Quarter**: President Trump's campaign paid more than $1 million in legal bills in the last three months as investigations continue into Russia's role in the 2016 election, new disclosures made public on Sunday show. (*Politico*)

**White House**

- **Kelly Tries to Get Empty Administration Jobs Filled Fast**: White House chief of staff John Kelly is giving Cabinet secretaries more autonomy to pick top political appointees, reversing efforts made under his predecessor Reince Priebus to run most appointments through the West Wing. (*Politico*)
- **Trump, McConnell: Republican Tax Plan Could Bleed Into Next Year**: President Trump on Monday raised the possibility that Republicans may fall short of their goal of rewiting the tax code by the end of the year. (*Politico*)
- **Tom Marino, Trump's Pick as Drug Czar, Withdraws After Damaging Opioid Report**: Rep. Tom Marino, R-Pa., has withdrawn his name from consideration as America’s drug czar, President Trump said Tuesday. Marino is stepping back days after reports that legislation he sponsored hindered the Drug Enforcement Administration in its fight against the U.S. opioid crisis. (*NPR*)

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