
Window On Washington - This Week in the Nation's Capital - October 27, 2017, Vol. 1, Issue 32

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Congress

Budget

- **House Narrowly Passes 2018 Budget Resolution:** The House passed the Senate's version of the budget resolution by a vote of 216-212 allowing Republicans to begin their work on tax reform. The budget resolution calls for allowing up to \$1.5 trillion to be added to annual deficits over the coming decade to make room for tax cuts. There would be no requirement to cut entitlement programs to help offset the cost causing some conservatives to vote against the resolution. Additionally, multiple House Republicans voted against the resolution over concerns regarding the proposed elimination of the state and local tax deduction. ([The Hill](#))
- **Senate Passes \$36.5 Billion Emergency Aid Supplemental:** The bill passed 82-17 and will go to the President for his signature. The vote followed a failed push by Majority Whip John Cornyn of Texas to insert more disaster recovery aid into the bill for his state but Cornyn said that the President promised him that the White House would request the funds for Texas in November. Additionally, OMB Director Mulvaney sent a letter to the Hill stating that while the first two aid packages did not include spending offsets, the White House would be considering this for the third supplemental. ([Bloomberg](#))
- **Democrats Split Over Priorities for End-of-Year Battle:** Democrats want to use the end-of-year, must-pass spending bill to push top agenda items, such as immigration and health care, but are divided over what should be a red line and what can fall by the wayside. ([The Hill](#))
- **Republicans and Democrats Have Been Quietly Negotiating Raising the Budget Caps:** Minority Leader Pelosi states that conversations are occurring to raise the Budget Control Act caps for both defense and non-defense programs. The hope is that a deal is made before Veterans Day to allow for enough time to finalize and pass the increases before the current Continuing Resolution expires on December 8th. Without a deal, it would be almost impossible to finish the FY18 appropriations bills. ([Clark Hill Insight](#))

Tax Reform

- **House Speaker Ryan Appears to Give Up on Repealing SALT Deduction:** Speaker Paul Ryan appears ready to let go of his wish to repeal the state and local tax (SALT) deduction. The comments regarding the issue were the speaker's first public acknowledgment that the so-called SALT deduction might remain in some form. While noting members concerns are about middle-income taxpayers in their states, Ryan declined to say whether the fix would be to cap the deduction, and that there are "three or four ways of addressing the issue." ([Roll Call](#))
- **6 Items That Could Derail the GOP's Tax Plans:** The path to victory on the biggest issue remaining on Trump's agenda this year is littered with obstacles and traps — all laid by members of the GOP. Republicans say they intend to finish up with taxes by the end of this year, even as they simultaneously punt a growing number of other contentious issues into December. ([Politico](#))
- **Democrats: Tax reform failure will flip the House:** Minority Leader Nancy Pelosi has no interest in playing ball with Republicans, putting her at odds with some of her members. The strategy puts Democrats on the tax-writing Ways and Means Committee in an awkward spot — haranguing Republicans for refusing to work with them while their own leaders hope the GOP continues its party-line push. ([Politico](#))
- **Trump Feuds Endangering Tax Reform:** Republicans are warning that a growing war of words between President Trump and key GOP senators is threatening to undercut the party's efforts to pass tax reform and move its agenda. While many GOP senators have offered supportive public words for Sens. Bob Corker (R-Tenn.) and Jeff Flake (R-Ariz.), who are both retiring amid feuds with Trump, they are also feeling fatigued by all the infighting and say it is time to move on. ([The Hill](#))

Banking/Housing

- **Rising Rents Are Pushing More Tenants Past the Breaking Point:** Rents have increased rapidly across U.S. housing markets as the share of renting households has risen faster than the number of new units. Now, in a survey published by an apartment-listing service, nearly one in five respondents reports struggling to make the monthly payments. ([Bloomberg](#))

Healthcare

- **CBO Score for Alexander-Murray Bill Released:** Their bill to stabilize the Affordable Care Act exchanges would cut the federal deficit by \$3.8 billion but wouldn't do much to change health insurance premiums for 2018 because it is already too late, according to the Congressional Budget Office. The President and some Republicans continue to criticize the legislation as a bail out for health insurance companies. ([Politico](#))
- **House Will Vote on Children's Health Insurance Program Next Week:** House leadership announced that it would vote on the CHIP reauthorization bill after Republicans and Democrats failed to reach an agreement following weeks of negotiation on ways to pay for the program. Democrats took issue with offsets that would cut funding to ObamaCare's public health fund and charge higher premiums to Medicare beneficiaries. The House said it had to move the bill because Minnesota's program is scheduled to run out of funding in November. Assuming the bill passes, the House and Senate will need to conference their bills as the Senate version does not identify offsets. ([The Hill](#))

Justice

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- **DOJ Backs Lawsuit Alleging College Violated Free Speech Rights:** The Department of Justice is weighing in on a lawsuit regarding so-called free speech zones arguing that by corraling free speech in specified zones, Pierce College has violated its students' First Amendment rights. The brief also warns of a larger epidemic of suppression of free speech and expression at colleges and universities across the country, and asserts the U.S. government's need to protect "constitutional freedoms in institutions of higher learning." ([The Hill](#))

Transportation

- **Gary Cohn Floats Idea of Gas Tax Hike for Infrastructure:** President Trump's chief economic adviser raised the possibility of increasing the federal gasoline tax next year to help pay for the Administration's \$1 trillion infrastructure plan, U.S. Representative Tom Reed said. There have been proposals over the years to raise the gas tax, which hasn't been increased since 1993, but they have faced stiff opposition from congressional Republicans and others loath to raise taxes. ([Bloomberg](#))

Executive Branch

CFPB

- **Consumer Bureau Loses Fight to Allow More Class-Action Suits:** Senate Republicans voted to strike down a sweeping new rule that would have allowed millions of Americans to band together in class-action lawsuits against financial institutions. The overturning of the rule will further loosen the regulation of Wall Street as the Trump Administration and Republicans move to roll back Obama-era policies enacted in the wake of the 2008 economic crisis. ([The New York Times](#))

EPA

- **EPA Chemical, Air Nominees Survive Split Committee Vote:** The Republican-controlled U.S. Senate Committee on Environment and Public Works advanced President Trump's picks to lead the Environmental Protection Agency's chemical safety and air offices strictly along party lines, with committee Democrats vowing to fight the nominations on the Senate floor. ([Law 360](#))

Department of Education

- **Education Department Rescinds Documents on Rights of Students With Disabilities:** The Education Department has rescinded 72 documents that laid out the rights of students with disabilities. The department has pulled the guidance as part of the Trump Administration's attempts to repeal regulations officials believe to be unnecessary. ([The Hill](#))

Department of Energy

- **Opposition Grows to DoE Plan to Assist Coal and Nuclear Plants:** The biggest US grid operator, PJM Interconnection LLC, has joined other grid operators in opposition to Secretary Perry's proposal to allow certain coal and nuclear plant to be financially compensated for keeping fuel onsite for months at a time and being able to generate power 24 hours a day without interruption. The plan has drawn fire from a wide coalition of natural gas producers, renewable energy generators, and public utilities, which argue that such an approach would distort markets, inhibit competition and raise consumer prices. ([Bloomberg](#))

HHS

- **Opioid Epidemic Declared a Public Health Emergency:** The Trump Administration declared the opioid epidemic a public health crisis which allows the federal government to waive certain regulations and gives the states more flexibility on how they use federal funds. The emergency will last 90 days but can be repeatedly renewed and the Administration plans to roll-out other new initiatives in the coming weeks. ([The Washington Post](#))
- **CMS Planning to Allow States to Make Medicaid Changes:** CMS Director Verma stated that they were planning to give states an "unprecedented level of flexibility" to design their Medicaid programs as they see fit by reducing the scrutiny of state requests for waivers from federal rules meant to preserve access and quality standards. ([STAT News](#))

DOL

- **DOL's Restaurant Tip Pool Rollback Advances Amid Debate:** The U.S. Department of Labor sent the Office of Management and Budget its proposal to rescind a 2011 rule barring businesses from including nontipped workers in tip pools Tuesday, moving the controversial regulation one step closer to its expected end. The notice, published on the OMB's website, provides little detail about the rule but links to the DOL's disclosure in the Administration's 2017 regulatory agenda that it planned to "rescind the current restrictions on tip pooling by employers that pay tipped employees the full minimum wage directly." Tip pooling is a hospitality industry pay practice in which businesses withhold and redistribute workers' tips. ([Law 360](#))

NASA

- **Key Democratic Senator Calls on Congress to Oppose Trump's Pick for NASA Administrator:** Sen. Patty Murray (D-WA) is urging Congress to reject President Trump's pick for head of NASA, citing what she believes to be the nominee's climate change denial and anti-LGBT views. In a letter to the chairman of the Senate Committee on Commerce, Science, and Transportation, Murray called for the committee to vote against Rep. Jim

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- Bridenstine's (R-Okla.) nomination, saying that he would move the country "backwards not forwards." ([The Hill](#))
- **World View Flight Tests Groundbreaking Altitude Control Technology:** Long-duration stratospheric research missions could allow scientists to collect vast amounts of data continuously for their payloads, at a small fraction of the cost of flying such payloads in low earth orbit. Such missions could benefit NASA by maturing future space technology as well as allowing for Earth observations, such as storm monitoring and forest fire tracking. ([Space Ref](#))
 - **NASA Decision on SLS Exploration Mission 1 Launch Date Still Pending:** NASA is still up to a month away from setting a new target launch date for the first flight of the Space Launch System, but agency officials said they still expected it to take place in 2019. NASA has not set a new date for Exploration Mission (EM) 1, which will launch an uncrewed Orion spacecraft on a test flight into lunar orbit and back, since announcing in May that it would delay the flight to 2019 after deciding not to put a crew on the mission. ([Space News](#))

Immigration

- **Trump Order Allows Refugee Admissions to Resume:** With the last travel ban's provision against refugee admissions expiring on Tuesday, Trump issued a new executive order saying that refugee travel into the U.S. could resume and that the Department of Homeland Security could again make decisions on refugee applications. ([Law 360](#))
- **ICE to Increase Worksite Immigration Enforcement:** On October 17, 2017, acting ICE Director, Thomas Homan, said during a presentation at the Heritage Foundation that the agency will increase worksite immigration enforcement in the coming months by "four or five times." He noted, "[w]e're doing it differently than we've done it. Now we're going to prosecute the employers who knowingly harbor the illegal aliens, we are going to detail and remove the [illegal aliens]." ([Clark Hill Insight](#))

Non-Profit

- **Justice Department Settles IRS Lawsuits From 400 Conservative Groups Claiming Discrimination:** Attorney General Jeff Sessions said Thursday that the Justice Department is settling class action lawsuits brought by more than 400 conservative groups who said they were "improperly" delayed when seeking tax-exempt status with the Internal Revenue Service. ([USA Today](#))

Russian Investigation

- **Mueller Now Investigating Democratic Lobbyist Tony Podesta:** Tony Podesta and the Podesta Group are now the subjects of a federal investigation being led by Special Counsel Robert Mueller. ([NBC News](#))
- **Clinton Campaign, DNC Helped Fund Dossier Research:** The law firm for the Hillary Clinton campaign and the Democratic National Committee has acknowledged its clients' role in paying for opposition research on Donald Trump that helped fund the now-infamous dossier of allegations about the now-President and Russia ([CNN](#))

White House

- **Senior White House Aides Plot Multi-Million Dollar Campaign for Tax Reform:** Senior White House officials huddled on Monday evening with the leaders of an Administration-backed political group to begin mapping out a multimillion-dollar campaign to sell tax reform. ([Politico](#))
- **Trump Names David Kautter Acting IRS Commissioner:** David Kautter, the U.S. Department of the Treasury's newly appointed assistant secretary for tax policy, has been chosen to fill in as acting commissioner of the Internal Revenue Service, the White House said Thursday. ([Law 360](#))
- **Trump Tells Senate to Fix Taxes—Not Obamacare:** President Trump on Tuesday steered Senate Republicans toward tax reform and away from health care, pushing off any deal to fund controversial Obamacare subsidies to the end of the year at best. ([Politico](#))

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