This Week In Congress

**House** – The House was in recess.

**Senate** – The Senate was in recess.

Next Week In Congress


**Senate** – The Senate is expected to consider **S. 3275**, “The Pain-Capable Unborn Child Protection Act,” and **S. 311**, “The Born-Alive Abortion Survivors Protection Act.” The Senate will also continue its consideration of judicial and federal agency nominations.

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**TAX**

White House May Release “Tax Cut 2.0” Proposal By September

**Key Points:**

- White House economic advisor Larry Kudlow indicated that the administration will seek to implement a 10 percent middle class tax cut.
- The administration is also considering imposing a corporate AMT and a corporate SALT deduction cap.
- Action on Tax Cut 2.0 is extremely unlikely to occur in 2020. The proposal is a part of a messaging effort for the 2020 campaign.

This week, White House economic advisor Larry Kudlow indicated that the administration will release its “Tax Cut 2.0” proposal in September. Kudlow said the administration will seek to implement a 10 percent middle class tax cut and make permanent some provisions of the Tax Cuts and Jobs Act (TCJA) which are slated to expire.

Additionally, the Washington Post has reported that White House economic advisors are urging President Trump to propose a minimum tax on corporations as part of Tax Cut 2.0. The TCJA repealed a prior version of the corporate alternative minimum tax (AMT), which subjected C Corporations to an AMT rate of 20 percent. Democratic presidential candidates have pushed proposals going further than the corporate AMT. Notably, former Vice President Joe Biden has proposed a minimum book tax on companies which pay no federal income tax.

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while Senator Elizabeth Warren (D-MA) has called for a corporate profits tax which would apply a seven percent tax on corporate net income exceeding $100 million.

Another idea which has been floated is imposing a corporate state and local income tax (SALT) deduction cap comparable to the $10,000 individual income SALT deduction cap imposed by the TCJA. Pass-through entities have criticized the current system as unfair, as corporations are currently able to utilize unlimited SALT deductions.

Action on any Tax Cut 2.0 proposal is very unlikely to occur in 2020, given the upcoming election and the division in Congress on the issues. The proposals being discussed by the White House are largely a messaging effort to push back against Democrats' arguments that the TCJA primarily benefitted the wealthy and large corporations. The proposals could serve as a model for possible action in 2021 if Republicans take back the House and retain control of the White House and the Senate.

**Mayor Michael Bloomberg Proposes Financial Transaction Tax**

*Key Point:*
- Mayor Bloomberg released a proposal to implement a 0.1 percent tax on all financial transactions.

On Tuesday, former New York City Mayor and Democratic presidential candidate Michael Bloomberg released a document detailing his financial reform policies. One of the notable proposals in the document was a call to implement a 0.1 percent tax on all financial transactions, including stocks, bonds, and payments on derivative contracts. The proposal states “[t]he tax would be phased in gradually, starting at 0.02%, to monitor and minimize any unintended consequences.”

Other Democratic presidential candidates have also put forth financial transaction tax (FTT) proposals. Senator Bernie Sanders (I-VT) has proposed the *Inclusive Prosperity Act*, which would tax stock trades at 0.5 percent and bond trades at 0.1 percent. Senator Elizabeth Warren (D-MA) has proposed a 0.1 percent tax.

**FINANCIAL SERVICES**

**Regulators Extend Community Reinvestment Act Proposal Comment Period**

*Key Points:*
- The FDIC and the OCC extended the comment period by 30 days to April 8.
- The proposed rule has been criticized by Democrats as failing to protect against discrimination and redlining.

On February 19, the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) announced that they were extending the comment period on their joint proposed rule to revise Community Reinvestment Act (CRA) regulations by 30 days to April 8. The rule was originally subject to a 60-day comment period.

The proposed rule has been heavily criticized by Democrats as failing to meet the CRA’s goals of combatting discrimination and redlining. House Financial Services Committee Chairwoman Maxine Waters (D-CA) and Senate Banking Committee Ranking Member Sherrod Brown (D-OH) had previously led Democrats in sending a letter to FDIC Chair Jelena McWilliams and Comptroller Joseph Otting calling for the proposed rule to be subject to a 120-day comment period.
CFTC Approves Proposed Rules, Extension of Comment Period

**Key Points:**
- The CFTC issued proposed rules on real-time reporting and swap data recordkeeping.
- The Commission also reopened the comment period on a proposed rule on swap data repository reporting requirements.

On February 20, the Commodity Futures Trading Commission (CFTC) held an open meeting and approved three items: (1) Proposed Rule: Amendments to the Real-Time Public Reporting Requirements; (2) Proposed Rule: Amendments to the Swap Data Recordkeeping and Reporting Requirements; and (3) Reopening of Comment Period: Certain Swap Data Repository and Data Reporting Requirements.

In a statement, CFTC Chairman Heath Tarbert said:

> Simplicity should be a central goal of our swap data reporting rules. After all, making rules simple and clear facilitates compliance, price discovery, and risk monitoring. While principles-based regulation can offer numerous advantages, there are areas where a rules-based approach is preferable because of the level of clarity, standardization, and harmonization it provides. Swap data reporting is one such area.

**Upcoming Hearings and Meetings**

**February 25**

**Public Transportation:** The Senate Banking Committee will hold a hearing entitled “Surface Transportation Reauthorization: Public Transportation Stakeholders’ Perspectives.” The witnesses at the hearing will be: Paul Skoutelas, President and Chief Executive Officer, American Public Transportation Association; Patrick McKenna, President, American Association of State Highway Transportation Officials; Scott Bogren, Executive Director, Community Transportation Association of America; Ed Mortimer, Vice President, Transportation and Infrastructure, Chamber of Commerce of the United States of America; and Larry Willis, President of the Transportation Trades Department, AFL-CIO.

**February 26-27**

**Markup:** The House Financial Services Committee will hold a markup of financial services legislation.

**Financial Records:** The Consumer Financial Protection Bureau (CFPB) will hold a symposium regarding consumer access to financial records. The event will include remarks from CFPB Director Kathleen Kraninger.

**February 27**

**Investor Advisory Committee:** The SEC will hold a meeting of its Investor Advisory Committee. The agenda for the meeting includes: (1) an update for investors regarding accounting and auditing trends; (2) a discussion regarding the potential impact of the LIBOR transition on investors; and (3) reports from subcommittees.

**Technology Advisory Committee:** The Commodity Futures Trading Commission (CFTC) will hold a meeting of its Technology Advisory Committee (TAC). The TAC will receive presentations on stablecoins, audit trails, compliance solutions, and cryptocurrency self-regulatory organizations, insurance, and custody. The TAC will also consider a recommendation from its Cybersecurity Subcommittee regarding the Financial Services Sector Coordinating Council Cybersecurity Profile.
**Flood Maps:** The House Science, Space, and Technology Committee’s Subcommittee on Environment and Subcommittee on Investigations and Oversight will hold a joint hearing “An Examination of Federal Flood Maps in a Changing Climate.”

**March 5**

**Public Transportation:** The Senate Banking Committee will hold a hearing on “Threats Posed by State-Owned and State-Supported Enterprises to Public Transportation.” Witnesses will include: Senator John Cornyn (R-TX); Senator Tammy Baldwin (D-WI); Michael O’Malley, President, Railway Supply Institute; Scott Paul, President, Alliance for American Manufacturing; Emily de La Bruyère, Principal, Horizon Advisory; and Frank Cillufo, Director, McCrary Institute for Cyber and Critical Infrastructure Security and Director, Center for Cyber and Homeland Security, Auburn University.

**March 6**

**Debt Relief:** The CFPB will hold an event entitled “Evolutions in Consumer Debt Relief.”

For more information about financial services issues you may email Joel Oswald or Alex Barcham.

**ENERGY & ENVIRONMENT**

Upcoming Hearings and Events

**February 25**

**NEPA Changes:** The Council on Environmental Quality (CEQ) will hold a hearing in Washington, D.C. on the Notice of Proposed Rulemaking titled “Update to the Regulations Implementing the Procedural Provisions of the National Environmental Policy Act”.

**PHMSA Open Meeting:** The Pipelines and Hazardous Materials Administration (PHMSA) will hold a “One-Day Operator Meeting – Open Discussion”. The “meeting will provide a forum for open discussion on a variety of subjects including how PHMSA develops its annual inspection plans, how each system-specific inspection protocol is created, general enforcement processes, and lessons-learned from incidents and accidents.”

**FY 2021 Forest Service Budget:** The Senate Energy and Natural Resources Committee will hold a hearing on the President’s Fiscal Year 2021 budget request for the U.S. Forest Service. Victoria Christiansen, Chief, Forest Service, is scheduled to testify.

**February 26**

**Climate Legislation:** The House Natural Resources Committee will hold a hearing on the “American Public Lands and Waters Climate Solution Act of 2019” (HR 5435) the “Trillion Trees Act” (H.R. 5859).

**February 26-27**

**Implementation of Pipeline Safety Regulations:** PHMSA will hold a two-day meeting on “Implementing the Recently Published Gas Transmission and Hazardous Liquid Final Rules”. The meeting is intended “for Pipeline Safety officials to discuss with pipeline safety stakeholders the implementation of the gas transmission and the hazardous liquid pipeline final rules published in the Federal Register on October 1, 2019.” PHMSA has issued “Draft Frequently Asked Questions (FAQs) on Gas Transmission Final Rule” and “Draft Frequently Asked Questions (FAQs) on Hazardous Liquid Final Rule”.

For ne information about financial services issues you may email Joel Oswald or Alex Barcham.
**February 27**

**Water Resources Development Act:** The House Transportation and Infrastructure Committee’s Subcommittee on Water Resources and Environment will hold a hearing titled “Proposals for a Water Resources Development Act of 2020: Members’ Day Hearing”.

**EPA Budget:** The House Energy and Commerce Committee’s Subcommittee on Environment & Climate Change will hold a hearing on the Environmental Protection Agency’s Fiscal Year 2021 budget.

**Pending Legislation:** The House Natural Resources Committee’s Subcommittee on National Parks, Forests, and Public Lands will hold a hearing on the following bills: “To facilitate the use of certain lands in Nebraska for public outdoor recreational opportunities…” (H.R. 3651); the “Green Spaces, Green Vehicles Act of 2019” (H.R. 3681); “To encourage recycling and reduction of disposable plastic bottles in units of the National Park System…”; the “Reducing Waste in National Parks Act.” (H.R. 4236); and the “Outdoors for All Act” (H.R. 4512).

**June 25**

**Reliability:** The Federal Energy Regulatory Commission (FERC) will hold a technical conference on “Reliability of the Bulk Power System”. The conference “will focus on reliability-related issues for the bulk power system, including: (1) the changing resource mix; (2) inverter-based resources and inverter-connected distributed energy resources; and (3) cybersecurity.”

For more information about energy and environment issues you may email or call Frank Vlossak at 202-659-8201. Updates on energy and environment issues are also available on twitter.

**HEALTH**

**Upcoming Hearings and Meetings**

**February 26**

**Opioids:** The Hill will host an event on “America’s Opioid Epidemic: Lessons Learned and a Way Forward.”

**HHS Budget:** The House Appropriations Committee’s Subcommittee on Labor, Health and Human Services, Education, and Related Agencies will hold a hearing on “Department of Health and Human Services Budget Request for FY 2021.”

**HHS Budget and Coronavirus:** The House Energy and Commerce Committee’s Subcommittee on Health will hold a hearing on “The Fiscal Year 2021 HHS Budget and Oversight of the Coronavirus Outbreak.”

**February 27**

**HHS Budget:** The House Ways and Means Committee will hold a hearing on “Proposed Fiscal Year 2021 Budget with Health and Human Services Secretary Azar.”

**HHS OIG:** The House Appropriations Committee’s Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies will hold a hearing on “Health and Human Services Office of Inspector General.”

**VA Electronic Health Records:** The House Appropriations Committee’s Subcommittee on Military Construction, Veterans Affairs, and Related Agencies will hold a hearing on
“Oversight of VA’s Electronic Health Record Modernization Implementation.”

For more information about healthcare issues you may email or call Nicole Ruzinski Bertsch or George Olsen at 202-659-8201. Thomas McGrath contributed to this section.

TRADE

China Offers Tariff Exemptions, Agriculture Purchases Despite Virus Outbreak

Key points:
- China announced that it would offer tariff exemptions on 700 U.S. farm, medical, and energy products amid the coronavirus outbreak.
- China also announced that it would remove the import ban on all U.S. poultry products due to the threat of the H5N1 bird flu on Chinese farms.

China announced on Tuesday, February 18 that it would offer tariff exemptions on 700 U.S. farm, medical, and energy products amid the coronavirus outbreak. Importers can begin applying for these one-year tariff exemptions starting on March 2. The 697-item list includes the following products: soybeans; pork and beef; liquefied natural gas and crude oil; and dozens of types of medical equipment, such as thermometers, which are vital to combating the coronavirus.

On Sunday, China also announced the removal of the import ban on all U.S. poultry products. This comes at a time when Chinese farms have their chicken flocks under threat due to a recent outbreak of the H5N1 bird flu. This announcement was not reflected in U.S. Department of Agriculture’s (USDA) export projections released earlier this week, in which the Department estimated that China will buy $14 billion of agricultural products in 2020.

USDA Secretary Sonny Perdue said on Thursday that he expects China’s Phase One agricultural purchases to begin in the spring and increase over the course of 2020.

U.S. Narrowly Increases Aircraft Tariffs on EU

Key Points:
- The Office of the U.S. Trade Representative (USTR) announced increased tariffs on European aircraft to 15 percent from 10 percent on Friday, February 14, in a case involving government support for Airbus.
- All other duties were left unchanged at 25 percent, signaling a possible détente on trade tensions with the EU.
- Tariff changes will be effective on March 18.

The current trade dispute involves a 2004 U.S. complaint challenging launch aid loans that the European Union (EU) provided to Airbus to assist in developing new aircraft. The EU quickly responded by filing a complaint challenging U.S. subsidies for Boeing. Because of the filing date of each complaint, the U.S. was the first to receive approval from the World Trade Organization (WTO) to impose retaliatory duties. The WTO is expected to make a ruling on the EU complaint as early as May. The Trump Administration used its $7.5 billion damage award to impose a 10 percent duty on European aircraft and 25 percent duty on European wine, cheese, whiskey, and a variety of other goods, which took place on October 18.

On Friday, USTR announced it would increase tariffs on European aircraft from 10 percent to 15 percent while keeping all other duties unchanged. Additionally, it was announced that prune juice would be removed from the list and certain kitchen knives were added. Boeing welcomed these duties with a company spokesperson stating, “Europe is facing this tariff increase today because Airbus has refused...
for years to comply with WTO rulings. At the same time, Boeing is actively engaged with both national and state officials to promptly bring the United States into full compliance.”

The announcement was an indication that the U.S. is not poised to use its authority under U.S. law (referred to as the “carousel”) to rotate the list of products exposed to tariffs or impose significant duties on Airbus. Some observers suggested the narrow scope of the increase USTR announced could signal positive ongoing discussions with the EU on trade matters, which the US did not want to upset by significantly increasing tariffs at the same time. The minor changes were not accompanied by a statement from USTR Lighthizer, which could be viewed as further proof that the U.S. is seeking to ease trade tensions with the EU.

Launch of U.S.-U.K. Talks Slated for March, at the Earliest

Key points:
- Free trade agreement talks between the U.S. and United Kingdom (UK) expected to begin in March.
- Bipartisan group of 19 Senators sent a letter to USTR urging the Administration to move quickly on U.K. trade deal

Talks between the U.S. and UK on a free trade agreement are expected to begin in March according to Nile Gardiner, head of The Heritage Foundation’s Margaret Thatcher Center for Freedom. Gardiner stated that he expected the UK government to lay out its negotiating objectives for the EU in the coming weeks, followed by its goals for the U.S. pact. He described the U.S. deal as a top priority for the UK government and said he could see a scenario where talks with the EU fail, but a deal is still reached with the U.S.

A bipartisan group of 19 Senators wrote a letter Friday urging the Trump Administration to quickly begin the UK trade negotiations. The letter emphasized that the Senators were looking for a comprehensive trade deal that will lower tariffs, open market access for U.S. agricultural goods, and address the issue of taxes on digital assets.

Upcoming Hearings and Meetings

February 26

China Trade: House Ways and Means Committee will hold a hearing on “U.S.-China Trade and Competition.”

For more information about trade issues you may email or call Christopher Hatcher at 202-659-8201. Thomas McGrath and Ryan Sigmon contributed to this section.

This Week in Congress was written by Alex Barcham.