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July 2, 2021

Washington Update

<u>This Week In Congress</u>

<u>Senate</u> – The Senate was in recess and met in pro forma session.

<u>House</u> – The House passed the INVEST in America Act (H.R. 3684), a package of surface transportation, wastewater, and drinking water infrastructure measures. The House also passed the Inspector General Independence and Empowerment Act (H.R. 2662), a resolution establishing the Select Committee to Investigate the January 6th Attack on the United States Capitol (H. Res. 503), and legislation to repeal the Authorization for the Use of Military Force against Iraq Resolution (H.R. 3261).

<u>Next Week In Congress</u>

<u>Senate</u> – The Senate will be in recess and meet in pro forma session. The Senate is scheduled to reconvene on July 12.

<u>House</u> – The House will be in recess and meet in pro forma session. The House is scheduled to reconvene on July 19.

<u>TAX</u>

The House Passes $715 Billion Highways-Water Package as Infrastructure Discussions Continue

Key Points:

- *The House passed a $715 billion infrastructure package on Thursday designed to reauthorize existing surface transportation programs including water infrastructure.*
- *Discussions on the viability of the bipartisan infrastructure proposal announced by the White House remain ongoing.*

On Thursday morning, the House passed a $715 billion package related to infrastructure along nearly partisan lines with a vote of 221–201, with only two Republicans voting in favor of the legislation. The bill would reauthorize surface transportation provisions set to expire on September 30, as well as fund a number of Democratic priorities such as electric vehicle charging stations and strengthening American infrastructure against climate change. The vote on this package comes as the Biden Administration works to keep Republican Senators interested in the proposed bipartisan infrastructure deal struck last week. During a press conference to announce the deal last week President Biden connected signing the bipartisan infrastructure package with actions on the American Families Plan under the budget

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reconciliation process. After criticism, the Administration clarified these statements over weekend, but Republican Senators still remain wary of the Administration's commitment to the deal.

The bipartisan proposal also has yet to be drafted into legislative form, and members of the House remain hopeful that passage of the $715 billion package will make it easier for their priorities to be included in the final draft of the legislation, or the subsequent reconciliation package.

Republicans are wary of the President's commitment to the American Families Plan which includes a number of progressive policy priority items such as expanded child care tax credit which Republicans have asserted has little to do with infrastructure. Additionally, more progressive Democrats have also signaled their dissatisfaction with the infrastructure package released by the White House because, they argue, the package does not allocate enough resources to a number of their policy priorities like addressing climate change.

130 Countries, Including All G-20 Countries, Have Reached an Agreement on a Global Minimum Tax Regime, But More Action Remains

Key Point:

- *130 countries reached an agreement this week to implement a global minimum tax regime, which the Biden Administration has been negotiating for months.*

On Thursday, it was announced that 130 countries had reached a deal, which the organization for economic cooperation and development had signed onto, on sweeping changes to the worlds global tax system. The agreement was reached by 130 countries which represent over 90% of global gross domestic product (GDP). Treasury Secretary Yellen, lauded the agreement as historic and she stressed the agreement is President Biden's "foreign policy for the middle class" put into practice. The proposal aims to introduce a global tax for the world's 100 largest companies and set an international minimum effective corporate tax rate at at least 15%. It is important to note that nine countries opposed the deal, most notably EU members Ireland and Hungary. These two countries offer the lowest corporate tax rates in the European Union, and their opposition may pose hurdles to a full adoption of the plan across the European Union. Seven other countries, which also boast low tax regimes, opposed the plan including; Barbados, Estonia, Kenya, Nigeria, Peru, and St. Vincent and the Grenadines. Additionally, all G-20 countries including China, the U.S., France, and Japan have agreed to the proposal and all G-20 finance ministers are expected to approve the agreement on July 9. According to reports, many of the details of the deal such as possible exemptions for the financial industry and manufacturing, have been left out of the current agreement and will be hammered out by the nations finance ministers by October. The proposal has centered around two major pillars - the first being that large tech companies would be compelled to pay taxes on profits in the countries in which they were earned. The second pillar would set up a global minimum corporate tax rate of 15%. The latest efforts suggest the tech focus had been modified to target a minimum tax and largest companies, not just tech companies. A number of hurdles still remain for implementation of this program as key countries such as Ireland and Hungary remain in staunch opposition to the proposal.

The Biden Administration's proposals to raise the minimum tax rate or GILTI rate to 21% depend in part on convincing the other industrialized countries on adopting a minimum tax rate, to avoid the U.S. being out of step with competitive countries' tax regimes. The developments this week are progress on that, and if more progress is made by fall with the OECD, then the Biden Treasury may be able to convincingly argue to Congress that an increase in GILTI rates is justified and other countries are following the U.S. lead – however there are details that will matter such as what is included, what sectors may be exempted, and what rate is acceptable to countries.

For more information about tax issues you may email or call Christopher Hatcher at 202-659-8201. Josh Hansma contributed to this section.

FINANCIAL SERVICES

House Financial Services Task Force Holds Hearing on Cryptocurrency

Key Point:

- *The Subcommittee discussed whether additional regulations and consumer protections are needed in the emerging cryptocurrency market.*

On June 30, the House Financial Services Committees' Subcommittee on Oversight and Investigations held a hearing entitled "America on "FIRE": Will the Crypto Frenzy Lead to Financial Independence and Early Retirement or Financial Ruin?." Subcommittee Chairman Al Green (D-TX) questioned would there be a bailout of digital asset investors if the market value of such assets drops to zero. He asked if there should be a form of reserves to backstop digital securities if they fail, and he questioned if there should be greater federal oversight of digital assets. He said that the hearing would assess the systemic risk of recent volatility of digital assets to the economy.

Subcommittee Ranking Member Tom Emmer (R-MN) stated that financial technology and cryptocurrency are the future of the global financial system. He stated that financial technology lowers barriers to entry and offers all consumers the ability to access financial services at low, competitive costs. He noted the large demand for cryptocurrency, which allows people to transact across borders for very little cost. He said that cryptocurrency and blockchain technology unlock access to opportunity. He stated that the open-source nature of these technologies offer people opportunity to study the code, develop blockchain technologies, and launch their own businesses. He said that innovators do not develop blockchain and crypto ideas in the U.S. because of uncertainty around regulations. He stated that these innovators head overseas where regulatory compliance is more streamlined. He stated that capital formation opportunities are being lost because of questions regarding what digital assets are securities and what digital assets are a commodity or currency. He emphasized that there must be clarity in application and enforcement of existing laws and regulations. He said that the regulatory framework should be streamlined.

Representative Brad Sherman (D-CA) stated that cryptocurrencies are highly volatile, and that he would rather have people invest in equity markets or the California lottery than cryptocurrencies. He stated that cryptocurrencies can only be successful if they are successful currencies. He said that cryptocurrencies have the support of anarchists who are in favor of tax evasion.

Full Committee Chairwoman Maxine Waters (D-CA) stated that the Committee is committed to transparency and ensuring appropriate safeguards. She said she looked forward to hearing about fraud and market manipulation. She said she looked forward to hearing about the systemic risk of hedge funds investing in cryptocurrencies and cryptocurrency derivatives.

Representative Alma Adams (D-NC) stated that as the Vice Chair of the House Agriculture Committee, the discussion has been not only about who should regulate cryptocurrencies, but how they should be regulated. She noted many of the discussions have been centered around the roles of the SEC and CFTC, and she asked how cryptocurrency markets are currently regulated and if this level of oversight is sufficient. Christine Parker (Partner, Reed Smith LLP) stated that Bitcoin and Ethereum have a clear regulatory framework since they are commodities. She recommended that digital asset spot commodities should be pulled into the CFTC's market oversight framework. She said the market conduct and market surveillance requirements that are imposed on the CME and ICE can be applied to these spot markets.

Federal Reserve Vice Chairman Quarles Speaks on Central Bank Digital Currencies

Key Points:

- *Vice Chairman Quarles expressed doubt that a CBDC would be helpful in achieving the goals of maintaining the role of the U.S. dollar, expanding financial inclusion, or facilitating innovation.*
- *He suggested that a CBDC could create cybersecurity risks or be used for illicit finance.*

On June 28, Federal Reserve Vice Chairman for Supervision Randal Quarles gave a speech at the Utah Bankers Association Convention regarding central bank digital currencies (CBDCs). Quarles noted that he is "skeptical" the Federal Reserve can issue a CBDC without additional legislation from Congress. He asserted, "the U.S. payment system is very good, and although it is not perfect, work is already underway to significantly improve it."

Quarles noted that proponents of a Federal Reserve CBDC argue that it is necessary to maintain the critical role the U.S. dollar plays in the global economy and that it could help to address longstanding economic inequalities. Quarles acknowledged that over time foreign currencies, including foreign CBDCs, will be used more in international transactions, but he added, "It seems unlikely, however, that the dollar's status as a global reserve currency, or the dollar's role as the dominant currency in international financial transactions, will be threatened by a foreign CBDC." He also contended that stablecoins do not pose a fundamental threat to the government's role in money creation. He added, "We do have a legitimate and strong regulatory interest in how stablecoins are constructed and managed, particularly with respect to financial stability concerns." He stated that crypto assets like Bitcoin will "almost certainly remain a risky and speculative investment rather than a revolutionary means of payment, and they are therefore highly unlikely to affect the role of the U.S. dollar or require a response with a CBDC."

Quarles stated that while expanding financial inclusion is a worthwhile goal, "I believe we can promote financial inclusion more efficiently by taking steps to make cheap, basic commercial bank accounts more available to people for whom the current cost is burdensome, such as the Bank On accounts developed in collaboration between the Cities for Financial Empowerment Fund and many local coalitions."

Quarles stated that a CBDC could pose several risks, including: (1) a Federal Reserve CBDC could create considerable challenges for the structure of the banking system, which currently relies on deposits to support the credit needs of households and businesses; (2) a Federal Reserve CBDC could also present an appealing target for cyberattacks and other security threats; (3) a CBDC could be used to facilitate illicit activity; and (4) a Federal Reserve CBDC could be expensive and difficult for the Federal Reserve to manage.

House Financial Services Holds Hearing on Climate Risk

Key Points:

- *Democrats stressed the need to address climate change, including the risks it poses to the financial system.*
- *Republicans expressed concerns with the legislation under consideration, suggesting it would impose surcharges on sectors which Democrats view unfavorably.*

On June 30, the House Financial Services Committee's Subcommittee on Consumer Protection and Financial Institutions held a hearing on "Addressing Climate as a Systemic Risk: The Need to Build Resilience Within Our Banking and Financial System." The hearing focused on the following legislation.

- H.R. 1549, the "Addressing Climate Financial Risk Act of 2021."
- H.R. 3571, the "Climate Change Financial Risk Act of 2021."
- H.R. ____, the "The Climate Crisis Financial Stability Act."

Chairman Ed Perlmutter (D-CO) emphasized climate change is creating complex risks in the financial sector and he highlighted President Biden's Executive Order to direct the Department of the Treasury to develop a government wide strategy to address climate related financial risks. He added that several of the financial regulators have already taken steps to mitigate financial risks related to climate and he highlighted his Green Neighborhoods Act of 2020 (H.R. 8021), a bill designed to make the housing sector more energy efficient. He implored Congress to take action now to ensure the financial sector is resilient in the face of the climate disaster.

Ranking Member Blaine Luetkemeyer (R-MO) stressed federal regulators should be aware of how financial regulators are handling a number of different risks including climate risk but he stated the inclusion of climate related risk must be further understood by regulators before a framework around this risk can be developed. He explained the largest U.S. financial firms have included climate risk in their risk assessment and he highlighted work of large firms to invest in sustainable businesses and technologies. He questioned whether the energy sector will be choked off from financial services if certain regulations are put in place. He asserted that climate policy is the role of Congress and not the Federal Reserve. He reiterated Congress should not be in the business of putting legally operating businesses out of business simply because they are climate intensive. He expressed concern over the legislation being considered during this hearing that would tie climate related risks to bank capital by increasing the risk weighting of assets based on emissions. Full Committee Ranking Member Patrick McHenry (R-NC) stressed climate change is real but he expressed concern Democrats are rushing to legislate on this issue in order to appease their far left constituents. He stated policies imposed by the legislation being considered will not address climate change in meaningful ways and the bills lack input from industry experts. He expressed concern Committee Democrats are taking dangerous actions to impose climate risks on financial institutions and impose surcharges on businesses which they view to be politically unpopular.

President Biden Signs Bill Repealing the OCC's True Lender Rule

Key Points:

- *President Biden signed a Congressional Review Act resolution to nullify the OCC's final rule on "National Banks and Federal Savings Associations as Lenders."*

On Wednesday, President Biden signed a Congressional Review Act (CRA) resolution (S. J. Res. 15) to nullify the Office of the Comptroller of the Currency's (OCC) final rule on "National Banks and Federal Savings Associations as Lenders," also known as the "True Lender" rule. The final rule was adopted by the OCC in October 2020.

The resolution was introduced by Senate Banking Committee Chairman Sherrod Brown (D-OH) and Senator Chris Van Hollen (D-MD). Brown and Van Hollen issued a press release following the signing of the resolution, in which they stated:

> This regulation, finalized in the last months of the prior Administration, allows predatory lenders to skirt state laws meant to curb interest rates on loans and opens the door for these lenders to prey on vulnerable consumers. According to the Center for Responsible Lending, this rule has allowed predatory lenders to make loans at 100% APR or more in states with limits of 36% or less by laundering loans through an out-of-state bank not subject to state limits.

Upcoming Hearings and Meetings

June 7
Asset Management Advisory Committee: The Securities and Exchange Commission (SEC) will hold a meeting of its Asset Management Advisory Committee.

July 13
Market Risk Advisory Committee: The Commodity Futures Trading Commission (CFTC) will hold a meeting of its Market Risk Advisory Committee (MRAC). The Advisory Committee will receive updates from subcommittees and will vote on a recommendation from the Interest Rate Benchmark Reform Subcommittee for a market best practice that prioritizes derivatives trading in the Secured Overnight Financing Rate (SOFR) for particular market segments.

July 14
Monetary Policy: The House Financial Services Committee will hold a hearing entitled "Monetary Policy and the State of the Economy."

July 15
Disaster Recovery: The House Financial Services Committee's Subcommittee on Oversight and Investigations hold a hearing entitled, "CDBG Disaster Recovery: States, Cities, and Denials of Funding."

July 16
Identity Verification: The House Financial Services Committee's Task Force on Artificial Intelligence will hold a hearing entitled, "I Am Who I Say I Am: Verifying Identity while Preserving Privacy in the Digital Age."

July 20
Housing Infrastructure: The House Financial Services Committee will hold a hearing entitled "Building Back A Better, More Equitable Housing Infrastructure for America: Oversight of the Department of Housing and Urban Development."

July 21
Financial Access: The House Financial Services Committee's Subcommittee on Consumer Protection and Financial Institutions will hold a hearing entitled, "Banking the Unbanked: Exploring Private and Public Efforts to Expand Access to the Financial System."

Bond Rating Agencies: The House Financial Services Committee's Subcommittee on Investor Protection, Entrepreneurship and Capital Markets will hold a hearing entitled, "Bond Rating Agencies: Examining the "Nationally Recognized" Statistical Rating Organizations."

<u>July 27</u>
Central Bank Digital Currencies: The House Financial Services Committee's Subcommittee on National Security, International Development and Monetary Policy will hold a hearing entitled, "The Promises and Perils of Central Bank Digital Currencies."

Native American Communities: The House Financial Services Committee's The Subcommittee on Housing, Community Development and Insurance will hold a hearing entitled, "NAHASDA Reauthorization: Addressing Historic Disinvestment and the Ongoing Plight of the Freedmen in Native American Communities."

<u>July 28</u>
Markup: The House Financial Services Committee will hold a markup of pending legislation.

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

<u>ENERGY & ENVIRONMENT</u>

President Biden Signs Resolution Restoring Obama-Era Methane Regulations

Key Points:

- *On Wednesday, President Biden signed into law a Congressional Review Act resolution repealing the Trump Administration's rescission of Obama Administration regulations limiting methane emissions from new sources in the oil and natural gas sector.*
- *The Biden Administration is also planning new regulations to apply methane controls to existing oil and gas sector sources, with the EPA due to publish proposed rules this fall.*

On June 30, President Biden signed into law a resolution "Providing for congressional disapproval…of the rule submitted by the Environmental Protection Agency relating to 'Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources Review'" (S.J.Res. 14). The resolution, when signed into law, will repeal the final rule, which the Environmental Protection Agency (EPA) published on September 14, 2020. The Trump Administration final rule would "remove sources in the transmission and storage segment from the source category, rescind the [New Source Performance Standards] NSPS (including both the volatile organic compounds (VOC) and methane requirements) applicable to those sources, and separately rescind[] the methane-specific requirements of the NSPS applicable to sources in the production and processing segments[s and]…adopt[] an interpretation of Clean Air Act (CAA) section 111 under which the EPA, as a predicate to promulgating NSPS for certain air pollutants, must determine that the pertinent pollutant causes or contributes significantly to dangerous air pollution." Repeal of the Trump Administration rulemaking restores the previously promulgated methane emissions standards established by the Obama Administration.

In remarks when signing the resolution, President Biden called it "an important first step of cutting methane pollution." He added that the proposed "infrastructure plan will include $21 billion in environmental remediation to capping millions of abandoned wells, leaking wells, and oil and gas wells."

Beyond restoring the Obama-era regulations that applied to new sources of methane emissions in the oil and natural gas sector, the Biden Administration plans on extending regulations to existing sources. The Unified Agenda of Regulatory and Deregulatory Actions includes a planned EPA Notice of Proposed Rulemaking (NPRM) to "propose new emission guidelines for existing sources in the oil and gas sector." The Unified Agenda anticipates that the EPA will publish the NPRM in October. The Agenda also notes that the President's Executive Order, "Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis", (EO 13990), called on the EPA to promulgate "new regulations to establish emission guidelines for methane emissions from existing operations in the oil and gas sector, including the exploration and production, transmission, processing, and storage segments..."

Hearing Focuses on Electric Grid Legislation and Issues

Key Point:

- *On June 29, the House Energy Subcommittee heard testimony from the Assistant Secretary of Energy for Electricity and others on proposals to expand and modernize the electric grid.*

On Tuesday, the House Energy and Commerce Committee's Energy Subcommittee held a hearing titled "The CLEAN Future Act and Electric Transmission: Delivering Clean Power to the People." The hearing examined issues related to development of the electric grid and transmission capacity and focused on the following legislation: (1) the "Climate Leadership and Environmental Action for our Nation's (CLEAN) Future Act" (H.R. 1512); (2) the "Prevent Outages with Energy Resiliency Options Nationwide Act" (H.R. 1514); (3) the "Interregional Transmission Planning Improvement Act of 2021" (H.R. 2678); and (4) the "Efficient Grid Interconnection Act of 2021" (H.R. 4027).

Full committee Chairman Frank Pallone (D-NJ), in his opening statement, cited the development of offshore wind generation and the need to ensure grid reliability during extreme weather events as reasons "to ensure our transmission system is equipped to handle the challenges of the 21st century." He explained that the "CLEAN Future Act", would:

- Direct "the Federal Energy Regulatory Commission (FERC) to reform its processes to require interregional transmission planning to support the integration of renewable energy resources."
- Expand "federal authority to require permitting for certain interstate transmission lines that will bring clean and low-cost energy to consumers."
- Authorize "financial and technical assistance to state, local, and tribal governments to help with the permitting and siting of interstate transmission lines."

In her opening statement, full committee Republican Leader Cathy McMorris Rodgers (R-WA) agreed on the need for "practical reform…for transmission policy, to maximize the reliability benefits of a robust transmission system." However she also warned that the sweeping mandates of the "CLEAN Future Act" would "prioritize massive electrification and renewable build-out, without regard to impacts on affordable, reliable power…[and] make it easier to site transmission while making it harder to build natural gas pipelines, which are critical for renewables."

In her testimony, Acting Assistant Secretary of Energy, Office of Electricity, Patricia Hoffman discussed proposals to expand electric transmission capacity to support the development of clean energy. She noted the Biden Administration's "ambitious climate goals: a carbon pollution-free power sector by 2035, and a net-zero greenhouse gas emissions economy by 2050." Hoffman also detailed the Department of Energy's existing statutory authorities related to electric transmission.

She described proposals to build out additional transmission infrastructure, including:

- Enacting "a targeted investment tax credit that incentivizes the buildout of at least 20 high-voltage capacity power lines and could mobilize tens of billions in private capital off the sidelines – right away."
- "[E]stablishing a new Grid Deployment Authority at the Department of Energy that allows for better leverage of existing rights-of-way and supports creative financing tools to spur additional high priority transmission lines.

White House Releases Carbon Capture, Utilization, and Sequestration Report

Key points:

- *The Biden Administration provided Congress with a report on carbon capture, utilization and sequestration (CCUS).*
- *The report described the potential for CCUS to meet ambitious goals to reduce greenhouse gas emissions and provide jobs.*

Earlier this week, the Biden Administration's Council on Environmental Quality (CEQ) released its "Report to Congress on Carbon Capture, Utilization, and Sequestration". The report emphasizes the role that large scale carbon capture, utilization, and storage (CCUS) will need to play in achieving net-zero economy-wide emissions by 2050. It also discusses the role of pipelines in carbon dioxide transportation.

The report outlines the Biden Administration's support for policies including:

- Funding for R&D, demonstration, and deployment of CCUS technology;
- "[E]nhancing the Section 45Q tax incentive for CCUS"; and
- Implementing "a technology-inclusive Energy Efficiency and Clean Electricity Standard".

The report's findings include:

- "President Biden is committed to accelerating the responsible development and deployment of carbon capture, utilization, and permanent sequestration as needed to decarbonize the U.S. economy by mid-century."
- "CCUS will only deliver desired societal and environmental benefits (climate-related and otherwise) if its deployment is well-designed and well-governed. The Administration is particularly focused on the role CCUS can play in maintaining and creating well-paying union jobs and addressing cumulative impacts in historically disadvantaged and overburdened communities."
- "The scale of implementation of CCUS and carbon removal likely to be required to achieve climate goals understandably raises concerns about public health and environmental impacts, as well as questions about who stands to benefit from the deployment of these systems. Responsible CCUS projects should address cumulative pollution and should incorporate environmental justice and equity considerations."
- "CO2 pipelines are critical to the future nationwide deployment of CCUS. Extensive research identifies the priority pathways and necessary pipeline infrastructure required to achieve CCUS at a climate-relevant scale across all industries, but significant investments, planning, and community engagement and analysis will be required."
- "The Federal Government has an existing regulatory framework that is rigorous and capable of managing permitting and review actions while protecting the environment, public health, and safety as CCUS projects move forward."

The report addresses other facets of developing CCUS, including:

- ***Requirements for CCUS Deployment:*** The report emphasizes the need to address environmental justice issues, and states that successful deployment of CCUS will depend on "strong and effective permitting and regulatory regimes and meaningful public engagement."
- ***FAST Act:*** The report also notes that Congress made "CCUS infrastructure eligible for the permitting review process created under the Fixing America's Surface Transportation Act" (P.L. 114-94).
- ***SCALE Act:*** The report acknowledges congressional consideration of the "Storing of CO2 and Lowering Emissions (SCALE) Act" (H.R. 1992, S. 799): "Congress is considering support for CO2 pipelines as part of the bipartisan…SCALE…Act, designed to build out the national infrastructure for CCUS through a new CO2 Infrastructure Finance and Innovation Act program that would provide flexible loans for building pipelines with excess capacity, as well as support for permanent sequestration. In line with the SCALE Act, the President's American Jobs Plan supports large-scale sequestration efforts that leverage the best science and prioritize community engagement."
- ***Current Authority for Siting CO2 Pipelines:*** The report states: "…no Federal entity is responsible for siting interstate CO2 pipelines across Federal and non-Federal lands. States establish the regulatory frameworks within their state boundaries, which include responsibility

for siting and permitting intrastate pipelines as well as segments of interstate hazardous liquids pipelines within the state boundary."

Upcoming Hearings and Events

July 6
DOE R&D in the Deployment of Building Energy Technologies Webinar: The Department of Energy (DOE) will host a webinar entitled "Kick the Tires: Understanding the Role of R&D in the Deployment of Building Energy Technologies". The event focuses on collaboration with national labs to accelerate the scaling of technologies to meet climate goals.

July 14-15
Department of Defense Energy: DSI Group will host the DoD Energy & Power Summit. The event will address issues including "Synchronizing DoD operational energy needs with current operations and world-wide missions, Developing a Robust Army Energy Infrastructure to Enable Total Force Readiness, Equipping the Warfighter with Resilient Capabilities to Reduce Sustainment Demand."

July 15
FERC Open Meeting: The Federal Energy Regulatory Commission (FERC) will hold its monthly open meeting.

July 20-22
Building Codes, Electrification, Environmental Justice, and Decarbonization: The Department of Energy's Office of Energy Efficiency and Renewable Energy will hold the "2021 National Energy Codes Conference". The agenda includes: "Emerging State & Local Goals: From Zero Energy to Electrification to Decarbonization"; "Workforce Development: Opportunities for Building Codes and Compliance Programs"; "The Role of Building Codes in Shaping Equity and Environmental Justice"; and "Building Performance Standards – The Pathway to Zero-Carbon Buildings".

July 21-22
Clean Air Act: The Environmental Protection Agency's (EPA) Clean Air Act Advisory Committee (CAAAC) will hold a public meeting. The CAAC is chartered "to provide independent advice and counsel to EPA on economic, environmental, technical, scientific and enforcement policy issues associated with implementation of the Clean Air Act of 1990."

July 28
DOE 2021 Tribal Energy Electric Vehicles Webinar Series: The Department of Energy (DOE) will host a webinar series on Electric Vehicles: Opportunities and Challenges. The webinar series will examine the "need to develop new infrastructure to support this major shift in how we fuel our cars and trucks…[and] opportunities and challenges that come with the transition to electric vehicles, as well as ways that communities can support and accelerate this change".

August 25
DOE 2021 Tribal Solar Development Webinar Series: The Department of Energy (DOE) will host a webinar series to "address regulatory challenges to tribal solar deployment". The series' "initiative is to articulate key barriers to tribal solar and solar-plus-storage adoption at all scales and to ready stakeholders to implement options to address these challenges".

September 10
FERC Electric Transmission Incentives Workshop: The Federal Energy Regulatory Commission (FERC) will convene a workshop to "discuss certain performance-based ratemaking approaches, particularly shared savings, that may foster deployment of transmission technologies."

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

HEALTH

Biden Administration Releases First Rule on Surprise Billing

Key Points:
- *On Thursday, the Biden Administration released the first regulation related to the No Surprises Act, which was included in appropriations legislation that passed in December of 2020.*
- *The interim final rule outlines calculations for rates on hospital payments and is scheduled to take effect in January 2022.*

On July 1, the Departments of Health and Human Services (HHS), Labor, and Treasury, and the Office of Personnel Management, issued the first interim final rule for the No Surprises Act (H.R. 3630), which passed within appropriations legislation in December and prohibits providers from billing patients at higher rates than for in-network services in emergencies or other circumstances when out-of-network clinicians are used.

The interim final rule, "Requirements Related to Surprise Billing; Part I," bans surprise billing for emergency services, high out-of-network cost-sharing for emergency and non-emergency services, out-of-network charges for ancillary care, and other out-of-network charges without advance notice. The rule will also extend similar protections to Americans who have commercial and employer-sponsored coverage.

Under the rule, arbitrators must consider the qualifying payment amount if the health plan and the health care providers are unable to agree on payment to the doctor or hospital. Arbitrators must consider the level of training and experience of clinicians, patient outcome, the market share of the insurer and the health provider, and the complexity of the case. The rule prohibits arbitrators from considering usual and customary charges, also known as billed charges, or public program rates, including Medicare and

Medicaid payments. Rulemaking on the independent dispute resolution process must be completed by December 27, 2021, and the interim final rule is slated to go into effect on January 1, 2022.

Secretary of Health and Human Services Xavier Becerra commented, "No patient should forgo care for fear of surprise billing… Health insurance should offer patients peace of mind that they won't be saddled with unexpected costs. The Biden-Harris Administration remains committed to ensuring transparency and affordable care, and with this rule, Americans will get the assurance of no surprises." Secretary of Labor Marty Walsh described the rule as "a major step in implementing the bipartisan No Surprises Act that will protect Americans from exorbitant health costs for unknowingly receiving care from out-of-network providers."

House Select Subcommittee on the Coronavirus Crisis Discusses Vaccine Hesitancy

Key Points:

- *On Thursday, the House Select Subcommittee on the Coronavirus Crisis convened a hearing to identify innovative approaches to combatting vaccine hesitancy.*
- *Members focused on ways to correct lagging vaccination rates for various populations, especially younger Americans and those who are still experiencing barriers to vaccine access.*

On July 1, 2021 the House Select Subcommittee on the Coronavirus Crisis held a hearing entitled, "Building Trust and Battling Barriers: The Urgent Need to Overcome Vaccine Hesitancy." Topics discussed in the hearing included: (1) Proper Messaging; (2) Vaccine Authorization; (3) School Re-opening; (4) Rural Outreach; (5) Incentives; (6) Local Coordination; and (7) Generational Disparities.

Select Subcommittee Chairman Jim Clyburn (D-SC) emphasized the nonpartisan nature of the COVID-19 vaccines and expressed concern about the potential for variants of the virus to emerge as vaccination rates stagnate. He speculated that many Americans are not vaccine hesitant but rather are still restricted by barriers to access, and he called on Congress to eliminate these disparities. Ranking Member Steve Scalise (R-LA) echoed Clyburn's point about the nonpartisan nature of vaccines and noted the long history of research that contributed to the vaccines' rapid development.

Subcommittee Members were particularly interested in the strategic messaging used in promotional content for COVID-19 vaccines. Dr. Georges Benjamin, Executive Director of the American Public Health Association, explained the importance of avoiding stigmatizing language in these promotions. He also emphasized the influence of community leaders and recommended amplifying the voices of trusted local figures. Dr. Katy Milkman, a professor at the Wharton School of Business, highlighted decades of evidence that incentives are effective but warned that some incentives can backfire by unintentionally implying that compensation is to counterbalance risk rather than to serve as a reward. She predicted that incentives such as lotteries and events that include interactions with celebrities and sports icons would be more appealing to younger populations.

On the topic of general hesitancy, Joshua Garza, who survived COVID-19 after receiving a double lung transplant, noted many Americans simply have not witnessed the level of devastation the virus can cause and therefore do not feel a sense of urgency to get vaccinated. He recommended connecting these people with true stories from survivors and loved ones of victims to underscore the seriousness of the disease and help people recognize the impact it can have on individuals, families, and communities. Chairman Clyburn requested advice for reaching deeper into rural communities with the vaccine campaign. Benjamin praised the town hall vaccine events hosted in Clyburn's district. He suggested conducting door-to-door outreach in advance so community members are aware they can get vaccinated at the events. He pointed out that many residents may still be unvaccinated because of transportation or other logistical challenges that must be resolved.

Biden Administration Unlikely to Meet Its July 4 Vaccine Goal

Key Points:

- *President Biden previously set the goal of vaccinating 70 percent of the adult U.S. population with at least one dose by July 4.*
- *While 70 percent of Americans over the age of 30 have received at least one dose, vaccination rates have slowed for younger adult populations since mid-April.*

Following the momentum of achieving 200 million vaccine doses administered in the first 100 days of his Presidency, President Joe Biden announced in May the goal of vaccinating 70 percent of American adults with at least one dose of a COVID-19 vaccine by July 4. However, during a White House COVID-19 task force meeting on Tuesday, White House Coronavirus Coordinator Jeff Zients acknowledged that the ambitious goal will not be met.

Instead, Zients and the White House team have recalibrated the goal with the intention of reaching 70 percent of Americans over the age of 27 with at least one dose by the end of the Independence Day holiday weekend. The task force is confident that this new national target will be achieved despite lagging vaccination rates for younger Americans. According to Zients, "many younger Americans have felt like COVID-19 is not something that impacts them and have been less eager to get the shot." He explained that the nation needs more time to reach the 70 percent goal but assured the U.S. is on track to meet the original threshold no later than mid-July.

During the Tuesday briefing, public health officials such as Dr. Anthony Fauci and Surgeon General Vivek Murthy warned that the highly transmissible delta variant of COVID-19 is posing an increasingly large threat, particularly to younger populations. Fauci reiterated that the "ultimate goal" is to end the pandemic completely in the U.S.

For more information about health care issues you may email or call Nicole Ruzinski Bertsch or George Olsen at 202-659-8201. Elisabeth Dawahare contributed to this section.

TRADE

U.S., Taiwan Hold TIFA Discussions

Key Points:

- *The U.S.-Taiwan Trade and Investment Framework Agreement (TIFA) Council met and agreed to work together to strengthen supply chains and address issues regarding workers' rights, climate change, and wildlife trafficking.*
- *The parties will also form working groups on forced labor in global supply chains, agriculture, intellectual property, investment, and technical barriers to trade.*

On Tuesday, the U.S.-Taiwan Trade and Investment Framework Agreement (TIFA) Council met and agreed to work together to strengthen supply chains and address issues regarding workers' rights, climate change, and wildlife trafficking. According to an Office of the U.S. Trade Representative (USTR) readout, market access barriers to U.S. beef and pork is an outstanding trade concern that the two sides have committed to address. The two sides also "recognized progress that has been made in several areas, such as Taiwan's enforcement of trade secrets protections and upcoming changes to Taiwan's medical device approval process," according to the USTR. The parties will also seek to address forced labor in global supply chains through the formation of a new TIFA labor working group and will convene additional working groups on agriculture, intellectual property, investment, and technical barriers to trade.

On Wednesday, a bipartisan group of 46 Senators sent a letter to U.S. Trade Representative (USTR) Tai urging her to prioritize TIFA discussions and "take steps to begin laying the groundwork for negotiation of a free trade agreement."

Biden Administration Urges EU to Delay Digital Tax

Key Points:

- *The Biden Administration sent a letter to the European Union (EU) urging them to delay the implementation of digital taxes because they could derail negotiations at the Organization for Economic Co-operation and Development (OECD) and G-20.*

The Biden Administration sent a letter to the European Union (EU) urging them to delay the implementation of digital taxes because they could derail negotiations at the Organization for Economic Co-operation and Development (OECD) and G-20. OECD discussions aim to reach a deal on taxing the world's 100 biggest companies and set a global minimum corporate tax rate of 15 percent. G-20 countries are set to approve the deal in a few weeks, but the U.S. will only accept the deal if other countries, such as the EU, withdraw their national technology taxes. The U.S. has potential Section 301 retaliatory tariffs ready to respond to other countries' discriminatory digital taxes, and is pursuing agreements with the OECD and G-20 on minimum taxes and related issues (see article in the Tax section).

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

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