

THIS WEEK IN WASHINGTON

Week of June 12, 2017



This Week in Washington

Thanks for your continued interest in Washington, D.C., and for reading *This Week in Washington*.

The pace of Washington stalled last week as the legislative agenda was replaced by all things Russia. The Senate is working behind the scenes to make healthcare work because they know what is at stake. Tax reform/reduction is next up.

[Steve Gordon](#) covers it all in *Heard on the Hill*. Steve also captures the thoughts of Senator John Thune (R-SD), Chairman of the Senate Republican Caucus and the Senate Commerce Committee. [Larry Smith](#) reports on the latest in trade/NAFTA. We profile this week Senator Lamar Alexander and Senator Mike Enzi. [Dana Marston](#) provides this week's calendar of hearings and markups, as well as a look at the rise in household debt. She also digs into the recent U.S.-Mexico sugar accord, which some say sets the stage for NAFTA renegotiations later this year.

We appreciate your thoughts and suggestions, and we will incorporate them in future editions of *This Week*.

Heard on the Hill

By [Steve Gordon](#), Managing Director, Total Spectrum

I spent the past week talking off the record to a few Republican Senators and Senate staff, Republican Members of Congress and some of their staff members, key players in Washington's advocacy and political communities, and participants in political journalism.

ICYMI: Arizona Issues in the News

[Ducey Participates in Infrastructure Meeting With Trump](#)

[Former Rep. Giffords receives tributes at ship commissioning](#)

[Arizona Rep. McSally Reintroduces Bill To Ban Animal Testing For Cosmetics](#)

[Arizona Recognized As Top State For Economic Competitiveness](#)

U.S. and Mexico Reach Sugar Deal, in Principle

Click the image below for an update on the U.S.-Mexico sugar trade and its benefits to the U.S.

responsibility to govern because they control the Senate, the House of Representatives, and the White House. Everybody knows what is at stake.

[Read more.](#)

Trade/NAFTA Update

By [Larry Smith](#), President Legislative Strategies Inc and Strategic Consultant to Total Spectrum

The US Chamber of Commerce joined with Consejo Coordinador Empresarial and the Canadian Chamber of Commerce to announce a new North American Economic Alliance. The key principles for approaching the upcoming NAFTA negotiations include:

- Not disturb the current trade volume valued at \$1.3 trillion
- Keeping the trade agreement trilateral, and maintain uniform rules across all three countries
- Update NAFTA without effecting the current benefits
- Renegotiate swiftly to counteract the effects of uncertainty
- Keep consulting with the private sector
- The goal is job creation and economic growth in North America

They said that the key goal must be to promote economic growth and job creation in North America. The full report is available [here](#).

A Conversation with Senator John Thune

By [Steve Gordon](#), Managing Director, Total Spectrum

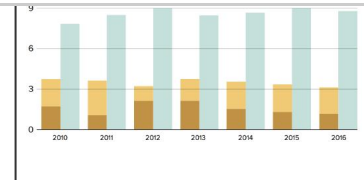
I first met John Thune in 1987. His mentor, the late Senator Jim Abdnor (R-SD), was defeated in 1986 for re-election by then Congressman Tom Daschle, and my mentor, Senator Ruby Boschwitz (R-MN) asked John to come to work for him. John Thune won his first race for the Congress in 1996, and Congressman Thune was reelected in 1998 and 2000. He ran for Senate in 2002 and lost by less than 700 votes, but in 2004 defeated then Majority Leader Tom Daschle to become South Dakota's US Senator, and was reelected in 2010 and 2016. Senator Thune expressed his thoughts Tuesday on health care, tax reform, regulatory reform, and foreign affairs.

[Read more.](#)

Profile of Key People: An Introduction to the People Who Drive the Policy Wagon

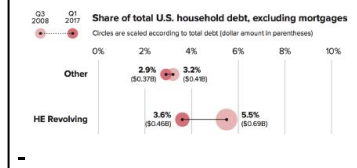
Senator Lamar Alexander (R-TN)

Chairman, Senate Health, Education, Labor, and Pensions Committee



Household Debt At Highest Level Since 2008

Click the image below for a look at the household debt levels since 2008.



Let's Rebuild America

Click the image below to see what voters are saying about water and aviation infrastructure.



On the Calendar This Week (All Times ET)

Tuesday

9:30 a.m.

[Senate Armed Services hearing on DoD's budget for fiscal 2018.](#)

[Defense Secretary James Mattis and General Joseph Dunford, Chairman of the Joint Chiefs of Staff, will testify.](#)

10 a.m.

[House Appropriations Homeland Security Subcommittee hearing on Immigration and Customs Enforcement and Customs and Border Protection's fiscal 2018 budget.](#)

[Acting ICE Director Thomas Homan and Acting U.S. Border Patrol Chief Carla Provost will testify.](#)

10 a.m.

[Senate Budget hearing on Trump's fiscal 2018 budget proposal.](#)

[Treasury Secretary Steven Mnuchin will testify.](#)

10 a.m.

[Senate Appropriations Commerce-Justice-Science Subcommittee](#)



Senate Appropriations Committee

In 2016, the nation's governors created the James Madison Award to recognize members of Congress who support federalism and the 10th Amendment of the U.S. Constitution guaranteeing states' rights. The governors named Sen. Lamar

Alexander as the first-ever recipient of the award for his work to fix No Child Left Behind. The new education law Alexander worked to pass was signed by the president in December 2015. The Wall Street Journal called it "the largest devolution of federal power to the states in a quarter century."

In 2013, the National Conference of State Legislatures gave Sen. Alexander and three other senators it's "Restoring the Balance" Award for protecting states' rights, the first time in 10 years the organization gave this award to U.S. senators.

[Read more.](#)

Profile of Key People: An Introduction to the People Who Drive the Policy Wagon



Senator Mike Enzi (R-WY)

Chairman, Senate Budget Committee
Sub-Committee

Chairman: Primary Health and Retirement Security Subcommittee of the Senate Health, Education, Labor and Pensions Committee.

Michael B. Enzi was sworn in as Wyoming's 20th United States Senator on January 7, 1997.

Enzi has made a name on Capitol Hill for his unique way of breaking down party lines and working across the aisle. His way of working across party lines is gaining momentum around the nation's capital. Since 2005, under his 80 percent rule, he has seen 39 bills go through the Health, Education, Labor and Pensions Committee, ultimately signed into law by the President. The average committee successfully passes three bills every two years. Enzi believes that people can agree on 80 percent of the issues 80 percent of the time and if they leave the other 20 percent out they can get a lot done. With that mentality he has turned one of the most contentious Senate committees into one of the most productive.

[Read more.](#)

Deputy Attorney General Rod Rosenstein will testify.

10 a.m.

Senate Foreign Relations hearing on the State Department's fiscal 2018 budget. Secretary of State Rex Tillerson will testify.

10 a.m.

Senate Banking meeting to consider two nominations: Kevin Hassett to be Council of Economic Advisers chairman and Pamela Patenaude to be deputy Housing and Urban Development secretary.

10 a.m.

Senate Environment confirmation hearing on four nominations: Kristine Svinicki, Annie Caputo and David Wright to be Nuclear Regulation Commission members and Susan Bodine to be assistant EPA administrator.

10:30 a.m.

Senate Appropriations Agriculture-FDA Subcommittee hearing on the Agriculture Department's fiscal 2018 budget. Agriculture Secretary Sonny Perdue will testify.

2 p.m.

House Appropriations Commerce-Justice Science hearing on the DOJ's fiscal 2018 budget Deputy Attorney General Rod Rosenstein will testify.

2:30 p.m.

Senate Appropriations State-Foreign Operations Subcommittee hearing on the State Department's fiscal 2018 budget. Secretary of State Rex Tillerson will testify.

3 p.m.

House Rules meeting on H.R. 1215, a bill that would levy several changes on health care lawsuits.

Wednesday

9 a.m.

House Foreign Affairs hearing on the foreign affairs budget for fiscal 2018. Secretary of State Tillerson will testify.

9:45 a.m.

Senate Judiciary confirmation hearing on three nominations: John Bush to be U.S. circuit judge for the Sixth Circuit, Kevin Newsom to be U.S. circuit judge for the Eleventh Circuit and Damien Schieff to be U.S. Court of Federal Claims judge.

10 a.m.

House Appropriations State-Foreign Operations Subcommittee hearing on the Treasury Department's fiscal 2018 budget for international programs. Treasury Secretary Steven Mnuchin will testify.

10:30 a.m.

fiscal 2018 budget. Defense Secretary James Mattis and General Joseph Dunford, Chairman of the Joint Chiefs of Staff will testify.

11 a.m.

House Homeland Security markup of H.R. 2825. The bill would reauthorize the Homeland Security Department.

2 p.m.

Senate Appropriations Defense House Foreign Affairs subcommittee markup of H.R. 1415, a bill about tropical diseases. 2172 Rayburn.

2 p.m.

House Appropriations State-Foreign Operations Subcommittee hearing on the State Department's fiscal 2018 budget. Secretary of State Rex Tillerson will testify.

Thursday

9 a.m.

House Appropriations Defense Subcommittee hearing on the DoD's fiscal 2018 budget. Defense Secretary James Mattis and General Joseph Dunford, Chairman of the Joint Chiefs of Staff, will testify.

9:30 a.m.

Senate Armed Services hearing on Navy programs in the fiscal 2018 National Defense Authorization Act.

10 a.m.

Senate Appropriations Labor-HHS-Education Subcommittee hearing on the Health and Human Services Department's fiscal 2018 budget. HHS Secretary Tom Price will testify.

10 a.m.

Senate Judiciary meeting to consider four nominations: David Nye to be U.S. district of Oklahoma, Vishal Amin to be intellectual property enforcement coordinator in the Executive Office of the President and Lee Cissna to be U.S. Citizenship and Immigration Services director.

11 a.m.

House Appropriations Transportation-HUD Subcommittee hearing on the DOT's fiscal 2018 budget. Transportation Secretary Elaine Chao will testify.

1 p.m.

House Appropriations Interior-Environment Subcommittee hearing on the Environmental Protection Agency's fiscal 2018 budget. EPA Administrator Scott Pruitt will testify.

Friday

10:30 a.m.

House Appropriations Commerce-Justice-Science Subcommittee hearing on the FBI's fiscal 2018

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Senator Thune, continued.

Health Care

There are 4 principles of the Senate's health care effort:

- Stabilize the insurance market. One-third of the counties in the US have no more than one option for an individual market plan, and next year that number will grow to 45%. We need to create certainty for insurers.
- Reduce skyrocketing premiums.
- Protect folks with pre-existing conditions.
- Modernize Medicaid.

The goal is to pass a health care bill in the Senate with 50 republican votes and then have the Vice President, serving as the President of the Senate, issue the tie-breaking vote using the vehicle of budget reconciliation. "We need to govern, and we can't let the excellent be the enemy of the good in a city where the barely tolerable often survives."

The plan is to vote in June or July. "We have no option but to pass a bill. The clock is ticking. We'll get there."

Tax Reform/Reduction

This agenda item will also use budget reconciliation to get around the need for 60 votes. Health care will use the FY 2017 budget, and tax reform will use the FY2018 budget.

The time line is to start working on tax reform in September, after passing the 2018 budget, and the goal is to have it done by the end of 2017.

Some people have said that tax reduction much like the bill President George W. Bush passed early in his first term is limited to 10

Heard on the Hill, continued.

The Cloud

Problem: Most everyone agrees that the legislative agenda is suffocating from a lack of political oxygen. Most of the focus and political air has been taken up by Russia's intervention in the 2016 election, former National Security Advisor Michael Flynn and his Russian connections, the firing of former FBI Director James Comey, the appointment of Robert Mueller as Special Counsel, and the work of the Senate - and to a lesser degree - the House Intelligence Committees. The media fans the flames with stories and articles about collusion and obstruction, and the cloud grows more dense.

The White House planned to highlight Infrastructure throughout the week, and this week they are highlighting retraining. Last week the media focused on Director Comey's testimony before the Senate Intelligence Committee, and this week the media will focus on Attorney General Jeff Session's testimony before that committee. It's not even a fair fight.

Potential. Everyone agrees that the investigations, especially the one by Special Counsel Mueller, may go on for several years. The focus must return to the legislative agenda - and a great way to do that is to post a few victories. Nothing succeeds like success.

The Administration

The President did not run a normal issue-centric campaign. The transition planning effort was mixed, and the Trump Administration has been slow to hire-up. As of last week, only one of every five key government positions that requires approval by the Senate has been filled. President

reduction can be too.

Many countries are attracting companies with lower taxes. We need to lower corporate rates and go to a territorial system where income worldwide is only taxed once.

There are two ways to stimulate growth... tax reduction and faster deduction of business costs. "We need to do both."

Infrastructure

"I continue to believe that infrastructure could be the bipartisan issue" T

Technology

"We need to be the world leader in technology and to get the productivity gains from technology and connectivity." For example, we're currently using the 4G platform for our cell phones, and the next goal is 5G. The Asians are working on it, and we have to get there first.

Foreign Affairs

"Everything is important, but if we don't get American security right none of it really matters."

Senator Alexander, continued.

Alexander, a seventh-generation Tennessean born and raised in Maryville, was twice elected governor of Tennessee. He has always believed that in most cases the best decisions are made by those closest to the people.

Today, Alexander chairs the Senate Health, Education, Labor and Pensions Committee. Alexander is also chairman of the Senate Energy and Water Development Appropriations Subcommittee, where he works to boost funding for basic energy research and invest in our inland waterways and harbors.

Alexander was first elected to the Senate in 2002 and has been re-elected twice. His Republican colleagues elected him three times to be chairman of the Senate Republican Conference. He has previously served as president of the University of Tennessee and as U.S. Secretary of Education under George H.W. Bush.

Senator Alexander is a classical and country pianist and the author of seven books. Lamar Alexander and his wife Honey have four children and eight grandchildren and a dog named Rufus.

Senator Enzi, continued.

slower than usual because he has never held office. The tweets and the drama further distract from the legislative agenda, and have filled the air with smoke and noise.

Potential 1: It was reported on Sunday that the Trump Administration will fill this week a key position in the Treasury Department. Secretary Mnuchin is said to announce that Brian Brooks will be named Deputy Secretary of the Treasury, a position that plays a key role in tax reform and other major agenda items.

Potential 2: In an important legislative move that will play well politically with the President's base, the Administration is going to do a couple of things to help workers train. The bipartisan bill (HR 2353) would provide over \$1 billion of annual support for retraining programs.

Potential 3: The President met with Senate Republican leaders last week to discuss and map out strategy on the legislative agenda.

Senate on Health Care

Majority Leader McConnell knows that time is short, and he has to get as much done as possible before the start of off-year campaigns. He told his Republican colleagues that the plan will be to work on the health care bill, and vote it up or down -- and then move on. That's designed to turn up the heat and the tempo.

The bill is being written by Senators Lamar Alexander and Mike Enzi, chairmen of the Health, Education, Labor and Pensions Committee and the Budget Committee, respectively -- although it will not go through committees. It will then be scored by the Congressional Budget Committee and a vote could be held in late June/early July.

That's motion. It's too early to tell if there's momentum. Expect that the Senate bill will look different than the House bill, likely including more subsidies. There will be speed bumps in the Senate -- perhaps the two biggest will be the cost of the bill and the push by Conservatives to include anti-abortion language.

The Kaiser Family Foundation did a tracking poll during the period May 16- 22, 2017. Eight percent of respondents want the Senate to pass the House bill as is. Twenty-nine percent don't want the bill to be passed by the Senate, 24% want the Senate to pass it after making minor changes, and 25% want the bill to have major changes before passing it.

Leader McConnell is determined to maintain a Republican Majority in the Senate. Period. Full stop.

to the rank of chairman on one of the 16 standing Senate committees. Enzi has been a member of the Senate Health, Education, Labor and Pensions Committee since his arrival in the Senate in 1997. Having served both as Chairman and Ranking Member, Enzi led the Senate in its efforts to help ensure that everyone, no matter their age, can receive a quality education. Enzi worked to help provide Americans access to affordable, quality health care while protecting workers and providing them training to get the best jobs. Enzi also worked to oversee the biggest revision to pension laws in 30 years to strengthen funding rules to secure the retirements of millions of Americans. Enzi's committee also led the way to making the first revision to mine safety laws in 28 years by promoting the use of new technologies to improve mine safety and save lives.

During his time as HELP Committee chairman, 37 bills were reported out of the committee, 23 bills passed the Senate, 352 nominations were reported favorably and 15 laws came through the committee that were signed by President Bush. Enzi is currently the Republican Leader of the HELP Subcommittee on Children and Families.

Find more and use less is Enzi's motto when it comes to energy production and he knows Wyoming is the state to provide energy to the world as we embrace renewable fuels. Enzi has made a point to educate his colleagues about the array of energy Wyoming produces and can continue to produce into the future. He supports legislation that promotes Wyoming's clean burning coal, natural gas, methane gas, oil, and wind energy. Enzi is working with other western senators to increase federal support for coal-to-liquid technology.

Enzi helped author the reauthorization of the Workforce Investment Act which would create a streamlined job training and employment system vital to employers and workers. He formed the Rural Education Caucus and strives to ensure the unique challenges small population schools face are not overlooked in federal education legislation. He was one of only two Congressional representatives to the U.N. General Assembly in the 108th Congress. He has authored innovative legislation that would reinvent our medical justice system.

Enzi was the Senate's only accountant up until January 2011. He served with distinction on the Senate Banking Committee. While it does not bear his name, Enzi a large part in designing the Sarbanes-Oxley bill, bipartisan legislation that continues to have a greater impact on corporate behavior and financial reporting than any legislation of the recent past. There are provisions in the Fair and Accurate Credit Transactions Act authored by

holding out for a revenue neutral bill, and Chairman Brady's bill uses the proposed border adjustment tax (BAT) as the source of revenue. The White House is floating options like a value-added tax (VAT), but no one in the House is biting. Others have mentioned eliminating the deduction for state and local taxes, but that goes after high tax areas like California and the Northeast Corridor – and is a non-starter. The Freedom Caucus is staking out with its own proposal. They are no longer requiring a revenue neutral tax bill. They do not include the BAT, and did not include Chairman Brady's plan to write off business investments immediately. It does attempt to tighten rules covering food stamps and Temporary Assistance for Needy Families (TANF).

House on the Budget

The Republican Study Group has endorsed Congressman Tom Graves' (R-GA) plan to bypass the appropriating committees and pass a continuing resolution before the August recess. That approach will allow the House to negotiate in the fall with the more moderate Senate on what they think is solid conservative footing.

House on Dodd-Frank Reform

The House passed along party lines a major overhaul of the Dodd-Frank Act. The bill (HR 10) curbs the enforcement authority of the Consumer Financial Protection Bureau, terminates the bank resolution practice of the Federal Deposit Insurance Association, and gives banks with sufficient capital the ability to opt out of some regulations. John McKechnie will have a full report in next week's edition of This Week.

Raising the Debt Limit

Determining the date when the government can longer fund government and requires Congress to raise the debt limit is more an art than a science. Speculation was that the date was sometime in September, but the Bipartisan Policy Center published a study yesterday that predicted that the Treasury Department can hold out until October or November 2017. Treasury Secretary Steven Mnuchin said that his goal was to get the limit raised earlier to avoid uncertainty in the markets.

The Mood of the Majority in Congress

There is some dejection, some agitation, and more than a fair share of determination to achieve legislative goals. I started to hear whispers last week that Congress might stay in session through some of their August recess. Last week's whispers have turned into a small choir.

Politics – Polls

<p>on many Americans.</p> <p>Enzi is the Chairman of the Budget Committee and a member of the Finance Committee, Health, Education, Labor and Pensions Committee, Homeland Security and Government Affairs Committee and the Small Business Committee.</p> <p>Enzi values our public lands. He advocates both access and responsible utilization and consideration of the local perspective in natural resource management decisions.</p>	<p>the President’s job performance, 34% approve, and 9% don’t know or didn’t answer. (Surveys were conducted of 1,361 people during the period May 31-June 6 using live interviewers to call land lines and cell phones. The poll has an error factor of $\pm 3.2\%$. Full results of the poll are here.)</p> <p>Gallup released their tracking poll, which samples 1500 national adults and uses a three day rolling average. They report that as of June 11, 2017, 59% of voters disapprove of the job President Trump is doing, and 36% approve. This poll has an error factor of $\pm 3\%$.</p>
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There’s no question that a few key victories will not only remove some of the cloud around the Presidency, but will also start to move poll numbers. Success begets success.

Politics – Georgia 6th Congressional District
This is the run-off election to replace former Congressman – now Secretary of Health and Human Services -- Dr. Tom Price... and it’s now officially the most expensive race ever for the House of Representatives. The district was once represented by former Speaker Newt Gingrich. It includes Atlanta and some suburbs, and about 60% of the voters in this district are college educated. Dr. Price carried the district in 2016 by 24% but candidate Donald Trump carried it by 1.5%. It’s rated as a toss-up by most people, but the demographics and early polls favor Democrat Jon Ossoff.

The Atlanta Journal Constitution offers a [description](#) of the district.