

Like

G+1

Share

Tweet

Share this Page: +

powered by iContact

THIS WEEK IN WASHINGTON

Week of June 19, 2017



This Week in Washington

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

[John McKechnie](#) describes the House bill designed to reform Dodd-Frank. [Larry Smith](#) updates us on trade and NAFTA. [Steve Gordon](#) describes last week's bravery at the ballpark as well as what is being said about the legislative agenda in *Heard on the Hill*. [Dana Marston](#) provides insight into Iowa's attempts to restructure and stabilize its health insurance market, as well as run-down of this week's legislative markups, meetings, and hearings on Capitol Hill.

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

The clock stopped a little after 8:00 AM Wednesday morning for most people on Capitol Hill.

The annual Congressional Baseball Game raises funds for local charities. The 2017 game – the 80th time the teams have met – was scheduled for last Thursday evening.

Early Wednesday morning, some members of the Republican Congressional baseball team, including Sen. Jeff Flake, were practicing at a community ball park in Alexandria, VA, a short drive from Capitol Hill. A man approached the ball park about 7 AM, asked if the team members were Republicans or Democrats, and then started shooting his rifle, reportedly

ICYMI: Arizona Issues in the News

[Governor: 3 big things we're doing to stop opioid addiction](#)

[John McCain to Trump administration: Get a strategy for Afghanistan or Congress will](#)

[Arizona Supreme Court Will Decide On Two Words Impacting State Health Care](#)

[Arizona bucks conservative image with progressive law on paid sick leave](#)

Iowa Requests Emergency ACA Waiver to Reform Insurance Market

Click the image below for an update on Iowa's request for an emergency ACA waiver to reform the insurance market.

Like

G+1

Share

Tweet

Share this Page: +

powered by iContact

Matt Mika. He also injured several other individuals, including both members of the Capitol Hill Police Protective Unit on site because Congressman Scalise, as Majority Whip, is provided protection. [Read more.](#)

Congress, Administration Take Steps Toward Dodd-Frank Reform

By [John McKenchie](#), Sr. Partner, Total Spectrum

The House on June 8 passed the long-awaited Financial CHOICE Act, the legislation designed to pare back the Dodd-Frank Act and provide significant regulatory relief for the financial services industry. The bill passed 233-186, a largely party line vote with no Democrats in favor and one Republican opposed.

The measure, HR 10, is a 600-page effort to deregulate the financial institution landscape. Proponents describe it as restoring balance and common sense to the regulatory system, while opponents decry it as an anti-consumer attempt to ignore safety and soundness lessons that led to the mortgage market collapse of 2008-09. [Read more.](#)

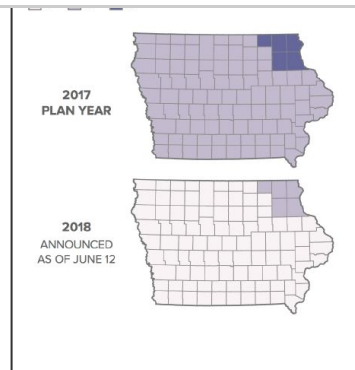
Trade/NAFTA Update

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

Sweetening the Pie

This past week the Department of Commerce announced it had reached an agreement with Mexico, resolving a long simmering cross-border sugar dispute. Immediately after the deal was announced, U.S. sugar growers said there was a major loop-hole in the agreement that would allow Mexico to continue “dumping” subsidized sugar on the U.S market as well as short U.S. refineries of raw sugar supplies. Because of this, the U.S. sugar growers announced their opposition to the agreement.

The Department of Commerce sprang into action and offered up a minor adjustment to the agreement to reassure sugar growers that the Administration would aggressively enforce the agreement in order to protect U.S. sugar interests. That was just enough to sweeten the deal to gain support of the U.S. sugar industry. The agreement now goes through an obligatory public comment period, but Secretary of Commerce Wilbur Ross hopes to officially sign the agreement with Mexico by June 30, 2017. [Read more.](#)



On the Calendar This Week (All Times ET)

Tuesday

9:30 a.m.

[Senate Armed Services confirmation hearing on Patrick Shanaban's nomination to be Deputy Defense Secretary.](#)

10 a.m.

[Senate Energy and Natural Resources hearing on Trump's fiscal 2018 budget proposal for the Interior Department. Interior Secretary Ryan Zinke will testify.](#)

10:30 a.m.

[Senate Appropriations Agriculture-FDA Subcommittee hearing on the Food and Drug Administration's fiscal 2018 budget. FDA Commissioner Scott Gottlieb will testify.](#)

1 p.m.

[House Appropriations Energy-Water Subcommittee hearing on the Energy Department's fiscal 2018 budget. Energy Secretary Rick Perry will testify.](#)

2:30 p.m.

[Senate Appropriations Fiscal Services Subcommittee hearing on the Federal Communications Commission's fiscal 2018 budget. FCC Chairman Ajit Pai will testify.](#)

Wednesday

9:30 a.m.

[Senate Appropriations Interior-Environment Subcommittee hearing on the Interior Department's fiscal 2018 budget. Interior Secretary Ryan Zinke will testify.](#)

10 a.m.

[House Intelligence open hearing on Russia's meddling in the presidential election. Former Homeland Security Secretary Jeh Johnson will testify.](#)

10 a.m.

[Senate Finance hearing on Trump's fiscal 2018 budget proposal for the Office of the U.S. Trade Representative and the administration's trade policy.](#)

Like

G+1

Share

Tweet

Share this Page: powered by 

10 a.m.
Senate Commerce, Science, and Transportation confirmation hearing on David Pekoske's nomination to be TSA administrator.

10 a.m.
House Financial Services will continue their markup of flood insurance bills.

10 a.m.
Senate Homeland Security meeting to consider two OMB nominations: Russell Vought to be deputy director and Neomi Rao to be Office of Information and Regulatory Affairs administrator.

10:30 a.m.
Senate Appropriations Defense Subcommittee hearing on the Air Force's fiscal 2018 budget. Air Force Secretary Heather Wilson will testify.

2 p.m.
House Appropriations Financial Services Subcommittee hearing on the Office of Management and Budget's fiscal 2018 budget. OMB Director Mick Mulvaney will testify.

2:30 p.m.
Senate Appropriations Energy-Water Subcommittee hearing on the Energy Department's fiscal 2018 budget. Energy Secretary Rick Perry will testify.

2:30 p.m.
Senate Appropriations Military Construction-VA Subcommittee hearing on the Veterans Affairs Department's fiscal 2018 and 2019 budget. Veterans Affairs Secretary David Shulkin will testify.

2:30 p.m.
House Armed Services Emerging Threats and Capabilities Subcommittee markup of H.R. 2810, the fiscal 2018 National Defense Authorization Act.

4 p.m.
House Armed Services Tactical Air and Land Forces Subcommittee markup of H.R. 2810, the NDAA.

Thursday

9 a.m.
House Armed Services Readiness Subcommittee markup of H.R. 2810, the NDAA.

9:30 a.m.
House Natural Resources hearing on Trump's fiscal 2018 budget proposal for the Interior Department. Zinke will testify.

9:30 a.m.
Senate Agriculture confirmation hearing on Christopher Giancarlo's renomination for CFTC chairman.

Like

G+1

Share

Tweet

Share this Page: +

powered by iContact

confirmation hearing on Richard Spencer's nomination to be Navy secretary.

10 a.m.
House Ways and Means hearing on Trump's trade policy agenda. USTR Robert Lighthizer will testify.

10 a.m.
Senate Appropriations Labor-HHS-Education Subcommittee hearing on the National Institutes of Health's fiscal 2018 budget. NIH Director Francis Collins will testify.

10 a.m.
Senate Energy and Natural Resources hearing on Trump's fiscal 2018 budget proposal for DOE. Perry will testify.

10 a.m.
Senate Judiciary meeting to consider Stephen Boyd's nomination to be assistant attorney general for legislative affairs, along with two bills related to human trafficking S. 1312 and S. 1311.

10:30 a.m.
House Armed Services Strategic Forces Subcommittee markup of H.R. 2810, the NDAA.

11:30 a.m.
House Armed Services Military Personnel Subcommittee markup of H.R. 2810, the NDAA.

12:30 p.m.
House Armed Services Seapower and Projection Forces Subcommittee markup of H.R. 2810, the NDAA.

This e-newsletter is produced by Total Spectrum SGA for members of the Arizona Chamber of Commerce & Industry. The views expressed herein may include subjective commentary and analysis that are the views of the editors and authors alone and do not reflect the views of the Chamber or its members. Information in this e-newsletter is obtained from sources believed to be reliable, but that cannot be guaranteed as independently investigated or verified. Information in this e-newsletter is not an endorsement, advertisement, recommendation, or any type of advice, political, legal, financial, or otherwise. With questions about the content of this e-newsletter, please contact the Arizona Chamber.



For more information visit azchamber.com.

Dodd-Frank reform, continued.

It would curb the Consumer Financial Protection Bureau's (CFPB) enforcement

Heard on the Hill, continued.

One of the Capitol Hill Police officers shot the assailant, who later died of his wounds. In the assailant's pocket was a short list of Republican

Like

G+1

Share

Tweet

Share this Page: +

powered by iContact

give financial institutions the ability to opt out of certain regulations if they hold sufficient capital. The measure also contains several important reforms to mortgage regulations, particularly for financial institutions that make mortgages and then hold them in portfolio instead of selling them on the secondary market.

The CHOICE Act now moves to the U.S. Senate where it faces an uphill battle. Senate passage would require a 60 vote majority and Republicans control only 52 seats. There is no indication that any of the 46 Democrats, or 2 independents that caucus with the Democrats, will support the measure as passed by the House. As a result, it is likely that fundamental changes to the CHOICE Act would be required in order for it, or portions of it, to pass the Senate, be reconciled with the House bill, and become law.

Senate Banking Committee Chairman Mike Crapo (R-ID), while publicly supportive of deregulatory efforts, has cautioned that he wanted to craft a less ambitious, more bipartisan bill that could attract the support of Democratic moderates. Several Republican Senators have also indicated that there is an expectation that federal financial institution regulators should carry out de-regulatory efforts that are possible administratively, without the need for Congressional concurrence.

In that vein, the Treasury Department added impetus to the push for reform in a June 12 report on revamping the financial regulatory system. The wide-ranging white paper took particular aim at CFPB, called for changes to rules that are “insufficiently tailored to depository institutions based on the size and complexity of their business models”, and suggested broader adoption of cost-benefit analysis by the regulators. Many of these suggestions could be carried out by regulation as opposed to legislation.

House Financial Services Committee Chairman Jeb Hensarling, (R-TX) the sponsor and lead proponent of the bill, says that another benefit of the CHOICE Act is that it will take taxpayers off the hook for major bank failures and prevent abuse of authority at the CFPB. Additionally, GOP lawmakers have argued that the largest banks don't want the CHOICE Act because of the economic advantages they've enjoyed since Dodd-Frank's enactment, and point to smaller banks and credit unions as the primary beneficiaries of the reforms.

Democrats countered this narrative by asserting that the rhetoric does not match the policy. “The talking points sound great – until you read the legislation,” said Rep. Dan Kildee

play in the baseball game.

Capitol Hill as well as Washington's advocacy and political communities are usually divided into partisan camps, but we come together into one community in times of shock and peril. We certainly did during and after 9-11. We did again after the Tucson shooting that killed five and injured 18 others, including former Congresswoman Gabby Giffords. We also came together following the plane crash that killed the late Senator Paul Wellstone.

Washington again came together last Wednesday and Thursday. Speaker Paul Ryan spoke on the floor, reminding us that an attack on one of us is an attack on all of us. Minority Leader Nancy Pelosi associated herself completely with Speaker Ryan's remarks. President Trump said that “...we may have differences, but everyone who serves does so because they love our country.”

Thursday's game went on as scheduled. A prayer followed the introduction of the players. The first pitch was thrown out by one of the injured members of Congressman Scalise's Capitol Hill Police detail, and the game was watched by a record number of people.

Both Congressman Scalise and Matt Mika were brought to the hospital in critical condition, but both have improved and are now listed in serious condition.

Footnotes:

Everyone is lauding the bravery and professionalism of the Capitol Hill Police Protective Unit. The members of Congressman Scalise's protective details clearly prevented a tragic incident from turning into a crime of major proportions. I have dealt with the men and women of the Capitol Hill Police protection details for many years, and I can't say enough good things about them. They are the absolute best.

Trade/NAFTA

U.S. Trade Representative Robert Lighthizer will be testifying in front of a number of committees this week. On Wednesday, he'll appear before the Senate Finance Committee to discuss the Administration's trade policy and the agency's Fiscal Year 2018 budget. A discussion on NAFTA is going to be high on the list of subjects. He'll then testify before the House Ways and Means Committee on Thursday. Chairman Brady is a strong supporter of our trade agreements, including NAFTA, but he supports both enforcing and strengthening them. We'll cover both hearings and will report on them in next week's This Week.

Healthcare

Like

G+1

Share

Tweet

Share this Page: +

powered by iContact

intended to go back in time to the point where the banks were in charge and the consumer was on their own.”

The measure does not contain a repeal of Dodd-Frank's limits on debit card swipe fees, known as the Durbin Amendment. This provision was removed from the legislation after it became clear that it put the entire bill at risk of failing to garner enough votes. Speaking to reporters on the day of the House vote, Chairman Hensarling said the removal of the repeal does not mean that the swipe fee issue is a settled policy matter.

“I don't have the votes to overturn it today. It doesn't mean that I might not revisit the issue at a later time, but it's not today,” the Texas Republican said. “I would say for the moment, the matter has certainly been tabled.”

Trade, continued.

Border Adjustment Tax (BAT)

House Ways and Means Chairman Kevin Brady (R-TX) isn't giving up on his idea of a border adjustment tax. He has now suggested a five-year phase period in an attempt to mollify some of the opposition from certain quarters in the Trump Administration and in the U.S. Senate. In order to pass a comprehensive tax reform package in the House, Chairman Brady is on the hunt for new revenue sources. From his perspective, the BAT is the best way to do just that.

The retail industry continues to put up a strong fight against the BAT, but some corporate sectors are warming up to the idea. Certain segments of the auto industry are now voicing support but that support isn't unanimous. It seems at this juncture Chairman Brady has a tough mountain to climb to get the BAT into law. It is important to note that he is sending a signal that he isn't giving up.

Over in the Senate, Senate Finance Chairman Orrin Hatch (R-UT) said he remains “open” to the idea of the BAT, though he thinks it will have a difficult time becoming law, citing growing Senate opposition. Hatch has suggested that in addition to the BAT, a value added tax (VAT) should be considered as a potential source of revenue to finance tax reform.

NAFTA Uncertainties Harming U.S. Agricultural Exports

U.S. agriculture interests saw some disturbing trends in terms of a decline in exports to Mexico during the first four months of 2017. Soybean meal, chicken meat, and corn all saw declines in sales to Mexican corporations. Apparently a couple of things are at play. First,

healthcare reform bill. The three toughest issues revolve around:

- Medicaid expansion - how many years out should they roll back the expansion and how much money to cut out of the program
- Premiums and deductibles - how to reduce
- Taxes - when to cut those that paid for Obamacare

The questions are hard. Leader McConnell doesn't want his Republican caucus to go home over July 4th without voting on a healthcare plan. He also wants to pass this bill if possible and for sure dispose of the issue one way or the other.

There are a number of hurdles this bill must clear. The Senate is only in session for eight days prior to the beginning of the July 4th recess. Any bill that the Republicans are able to assemble must be sent to the Congressional Budget Office before a vote, and Democrats will slow-walk the calendar. However the biggest problem is finding solutions to the three big issues that can satisfy 50 of the 52 Republicans, which will set up a tie-breaking vote by Vice President Pence. Senator Ted Cruz is marked by most observers as doubtful for almost any possible solution, as is Utah's Senator Mike Lee.

The House would have to conference the bill it passed with any bill that the Senate passes. Senator Thune suggested over the weekend that the House might want to accept the Senate's bill to insure healthcare would be resolved prior to the August recess.

2018 Budget

There's a growing sense that Congress will need to pass a continuing resolution to extend the 2017 budget into 2018. Unanswered right now is how to get around this September's sequestration cuts that cut \$3 billion from domestic spending and \$2 billion from defense spending.

Tax Reform/Reduction

Senator Orrin Hatch, Chairman of the Senate Finance Committee, published a [letter](#) on June 16th outlining his goals for the upcoming tax reform discussion. The letter also asked for thoughts and suggestions on the process to be submitted. You can submit your thoughts no later than July 17th to taxreform2017@finance.senate.gov.

The Speaker is giving today a major speech on tax reform. He and Congressman Brady, Chairman of the House Ways and Means Committee, are both strong supporters of the border adjustment tax (BAT), but it's almost

Like

G+1

Share

Tweet

Share this Page: +

powered by iContact

countries rather than rely solely on the U.S., and many South American countries are becoming the beneficiary of this strategy. Second, the Mexican peso in recent months has dropped in value against the dollar, making purchases from Brazil far more attractive.

These changing trends in U.S.-Mexico trade adds more uncertainty and pressure on NAFTA negotiators as they prepare to meet in mid-August.

NAFTA Opportunities

There are segments in the U.S. economy that are looking at the NAFTA talks as a real opportunity to plow new ground for those involved in digital trade. This is especially true since the U.S. withdrew from the TPP, an agreement that extensively addressed digital trade issues. Since both Mexico and Canada are signatories to TPP, it would seem that agreement on digital trade issues should be fairly easy to reach, but some observers in the tech industry are cautioning that TPP digital issues are already outdated due to the quick pace of technological change.

The U.S. tech world is looking at NAFTA 2.0 as a great opportunity. They won't be playing defensive to protect old rules. Rather, they will be aggressively working to write new rules to unleash and protect digital trade for the future.

TPP

Speaking of TPP, there is a growing likelihood that the remaining 11 countries plan to remain in TPP after the departure of the U.S. A recent study by the Canada West Foundation, a Canadian think tank, indicates that those 11 countries will do just fine without the U.S. According to the study, all of those countries would see a net gain in their exports. The news is not so positive for the U.S. The Canada West Foundation's economic model has U.S. export gains under TPP in the neighborhood of \$12.8 billion through 2035. Not being a part of TPP, the U.S. is slated to have a \$3 billion loss during that same time period.

Lighthizer to the Hill

This week U.S. Trade Representative Bob Lighthizer is expected to testify before the Senate Finance Committee on the Administration's trade agenda and USTR's 2018 budget request. The budget request is modest and not controversial, so we think most of the time will be spent discussing the trade agenda. We are hoping to get a better read on his strategy going forward into the NAFTA talks.

in period for the BAT, but the Freedom Caucus joined the many business sectors and the Administration that oppose this funding source.

Administrative Actions

The President last week signed an executive order that he says will make it easier for businesses to operate their own unique apprenticeship programs. It's designed to cut back on the red tape created from the federal government's previous role in creating and monitoring federally funded programs. The order increases the amount of money available for apprenticeship grants from \$90 million to nearly \$200 million per year.

Infrastructure

Congressman Sam Graves (R-MO) is the Chairman of Subcommittee on Highways and Transit of the House Transportation and Infrastructure Committee. Chairman Graves circulated a bipartisan letter dated June 12th from well over 200 members of Congress asking the Ways and Means Committee to fix the highway trust fund as part of tax reform.

The Administration's infrastructure plans are due in the fall. It will propose \$200 billion in spending that will be used to encourage an additional \$800 billion in private sector spending, predominately via public-private partnerships. But the Administration acknowledges that this approach will not work for rural America, and they will propose a different approach.

Politics

It's down to the wire, and we'll all know tonight the outcome of the special election in Georgia's 6th Congressional election. Here's all the numbers you need to know:

- 60% -- the number of college educated voters in this district
- 24% -- the margin of victory in 2016 for Dr. Tom Price, the former Congressman who represented this district before becoming the Secretary of Health and Human Services.
- 1.5% -- the margin of victory in this district in 2016 for candidate Donald Trump

The democratic candidate is Jon Ossoff. He's both young and enthusiastic, and began his campaign for the runoff as a progressive because he wanted to grab liberals. He is concluding the general election calling for fiscal responsibility and promising to work across party lines to get things done. Nothing new here -- that's how Democrats have to run in the South. Mr. Ossoff is leading by a couple of points in the Real Clear Politics average of current polls. Republican turnout and how they vote will determine the next Congressman.

Like

G+1

Share

Tweet

Share this Page: +

powered by iContact

made Georgia 6th the most expensive race ever for the House of Representatives.

A word about Stuart Rothenberg. Stu founded many years ago the Rothenberg Political Report. Stu and his friend Charlie Cook, who started the Cook Political Report at about the same time, really created non-partisan political journalism. Reading their work was necessary. Stu sold his report to Nathan Gonzales, and now serves as the Sr. Editor and Founder of the renamed Inside Elections. I still think reading Stu Rothenberg's work is necessary. Let me know if you agree.

August Congressional Recess

I'm convinced that it will be shortened by at least a week.

Closing the Loop

There is bipartisan discussion about increasing the budget for the Capitol Hill Police and about ways for members of Congress to better protect themselves and their staff.