



*Week of 9-18-17
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Congressional Overview

It was a short legislative week due to Rosh Hashanah beginning on Wednesday evening; thereby, the Senate was in for two days and the House was in recess.

National Defense Authorization Act (NDAA)

On Monday, the Senate voted 89 to eight to pass their version of the FY18 NDAA, a \$700 billion bill, which is \$630 million above the Trump Administration's budget request. The bill authorizes an additional \$8.5 billion for the Missile Defense Agency to strengthen homeland, regional and space missile defense; \$141 billion for military personnel costs, including costs of pay, bonuses, benefits and moving expenses; and 2.1 percent increase in pay for troops. Also, the legislation includes money to increase troop numbers above the White House's request, adding thousands of new members to the Army and Marine Corps as well as boosting reserve totals. Additionally, the bill included a provision that bars the Department of Defense from using security software products from Russian-based Kaspersky Labs.

The House passed its version of the 2018 defense authorization bill in July, so Monday's passage means the House-Senate conference committee will need to resolve differences before sending the legislation to the President. The Senate failed to vote on repealing the sequestration and excluded from the bill an amendment that would have slowed Trump's ban on transgenders serving in the military, "Buy America" provisions and language that would have restricted defense spending on medical research.

Equifax Breach

Congress is responding to Equifax Inc.'s loss of data (143 million customers) with a number of legislative proposals. Democrats are leading the charge on legislation and investigations while Republicans join in with demands for an explanation from the company and plans to hold hearings. Members of both parties are seeking details of Equifax's work for government agencies.

House FY18 Budget Resolution

Even though the needed 218 votes to pass the House budget resolution are still lacking, Budget Chairwoman Black would like to have a floor vote on the FY18 budget resolution this month. However, voting on the bill is more than likely to be in October. The House Budget Committee approved the plan in July with a unanimous GOP vote, but conservatives are still holding back support until they see specific details on tax reform.

Senate FY18 Budget Resolution

Senate Republicans are working on a FY18 budget resolution, including a tax cut. GOP senators with and without seats on the panel are struggling with the question of whether to pursue a tax overhaul that could add between \$750 billion and \$1.5 trillion to the deficit. If the Congressional Budget Office determines that the tax overhaul increases the deficit outside the 10-year budget window, Senate rules would require that parts of it, or the entire thing, expire after a decade. It would be exceedingly difficult for senators to craft a tax bill that increased the deficit within the 10-year budget window, but came into balance afterwards, to avoid having to include a sunset date. Most GOP senators on the panel appear to back the temporary tax cut on supply-side grounds and believe it would stimulate economic growth, but some committee members (Sens. Corker, Graham and Grassley) have expressed concerns about adding

to the deficit. Senate Majority Leader McConnell has pressed the committee to produce a plan, and Chairman Enzi wants to get agreement among panel members in time for a potential committee markup next week.

The argument for the \$750 billion deficit increase is twofold: First, it would assume that about \$460 billion in tax cuts that have expired or are scheduled to expire, including one that allows businesses to immediately deduct some of their investment costs from their incomes, are permanent. Many senators believe those will be extended anyway. Second, the senators expect economic growth will make up for the balance of the projected revenue losses, about \$300 billion. White House officials have told senators that the President will accept revenue losses of \$900 billion or more in order to boost the economy. Since the tax cut would increase the deficit, the budget would include an exemption to the Senate's pay-as-you-go rule, which requires senators to offset tax cuts or increases in mandatory spending with spending cuts or tax increases to keep the deficit in check.

Healthcare (Senate Competing Bills)

Currently, there are three competing Senate Healthcare Bills and they are:

- Medicare for All: Sen. Sanders (I-VT)'s "Medicare for all" bill.
- GOP Senate Healthcare Bill: GOP Sens. Lindsey Graham (SC) and Bill Cassidy (LA) rolled out another attempt to repeal and replace the Affordable Care Act. Yesterday CBO said it would provide their preliminary analysis of the bill early next week. However, CBO indicated it "will not be able to provide point estimates of the effects on the deficit, health insurance coverage, or premiums for at least several weeks." A number of senators have said that they do not want to vote on a health care overhaul without those details. The Graham-Cassidy proposal would replace federal funding for the 2010 health care law, cover tax credits, cost-sharing reduction payments, and Medicaid expansion with block grants to states, which would expire in 2027. Also, the draft bill would cap traditional Medicaid spending and repeal the law's individual and employer mandates, a tax on medical devices, and would allow insurers to charge individuals with pre-existing conditions more money for health coverage. Per the Senate Parliamentarian, a vote on this bill is time sensitive as the FY17 budget reconciliation process, which would allow the Senate to pass a health care bill with only 51 Republican votes, expires on September 30th.
- Senate Bipartisan Affordable Care Act: Chairman Alexander outlined three main ideas for a possible agreement: temporary funding of the cost-sharing payments to help insurance companies cover low-income consumers' out-of-pocket costs; allowing more people to purchase lower-premium, higher-deductible catastrophic plans; and providing states more flexibility through revised Affordable Care Act waivers.

North American Shale Gas Exploration

Federal Energy Regulatory Commission (FERC) Advances Millennium Gas Pipeline: On Friday, September 15th, the FERC overturned New York's refusal to issue a water permit for the expansion of the Millennium natural gas pipeline because state regulators took too long to decide. The New York Department of Environmental Conservation had until November 23, 2016, to grant or deny the permit, but issued its decision on August 30, 2017.

Keep Strategic Petroleum Reserve (SPR): Per Energy Secretary Perry, "the U.S. needs the Strategic Petroleum Reserve (SPR) to safeguard the nation's consumers and energy infrastructure from natural disasters such as Hurricanes Harvey and Irma." Perry expressed his disapproval of President Trump's proposal to sell half of the reserve, but said he hopes that Harvey and Irma will serve as a reminder of the SPR's importance.

Delaware River Basin Commission Update: On Wednesday, September 13th, the Delaware River Basin Commission voted 3-1, with one abstention, to begin the lengthy process of enacting a formal ban on drilling and hydraulic fracturing near the Delaware River and its tributaries, drawing criticism from the natural gas industry as well as from environmental groups worried that regulators would still allow the disposal of toxic drilling wastewater inside the

area. The ban would apply to two counties (Wayne and Pike) in Pennsylvania's northeastern tip that are part of the nation's largest gas field, the Marcellus Shale.