

January 26, 2018

Washington Update

This Week in Congress

- **House** – The House passed the “**Extension of Continuing Appropriations Act**” (H.R. 19) and recessed for the week.
- **Senate** – The Senate passed the “**Extension of Continuing Appropriations Act**” (H.R. 19); the “**Veteran PEER Act**” (S.1793); confirmed **Jerome H. Powell** to be Chairman of the Board of Governors of the Federal Reserve System; **Alex Michael Azar II** to be Secretary of Health and Human Services; **Samuel Dale Brownback** to be Ambassador at Large for International Religious Freedom; and **R. D. James** to be an Assistant Secretary of the Army.

Next Week in Congress

- **House** – The House is expected to consider “**Child Protection Improvements Act of 2017**” [Department of Defense Appropriations Act, 2018]; the “**Housing for Survivors of Sex Trafficking Act**” (H.R. 3942); the “**Protecting Young Victims from Sexual Abuse and Safe Sport Authorization Act of 2017**” (S.543); and a bill “**To establish requirements for use of a driver’s license or personal identification card by certain financial institutions for opening an account or obtaining a financial product or service** (H.R. 1457).
- **Senate** – The Senate is expected to consider the “**Pain-Capable Unborn Child Protection Act**” (S. 2311).

TAX

Congress Approves Short-Term Continuing Resolution; Tax Attorney Charles Rettig Expected to be Nominated as IRS Commissioner

Key Points:

- *Congress passes Continuing Resolution delaying three healthcare taxes*
- *Charles Rettig expected to be nominated for IRS Commissioner.*

The Senate approved the short term Continuing Resolution with a vote of 81-18 and the House passed the same bill shortly after with a vote of 266-150. The CR is set to

expire on February 8th. A deal was met after Majority Leader Mitch McConnell (R-KY) stated his intention of bringing legislation relating to immigration to the Senate floor. Included in the resolution is the delay of the 2.3

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percent tax on the sale of medical devices. The tax is now suspended for 2016 and 2017. Also delayed was the so-called Cadillac tax, a tax on high-cost insurance plans, until 2022. Finally, the Health Insurance fee is suspended for 2019.

President Trump is expected to name Charles “Chuck” Rettig, a California tax attorney, as the next commissioner of the Internal Revenue Service. Rettig, who is a partner at the Beverly Hills firm of Hochman, Salkin, Rettig, Toscher & Perez, has specialized in settling complex tax disputes between his taxpayer clients and authorities like the IRS and Justice Department. In addition, he is vice-chair of administration for the American Bar Association’s Section of Taxation. He would be replacing acting IRS commissioner David Kautter, who has been filling in since the end of former IRS Commissioner John Koskinen’s term in November.

Treasury Officials Outline Future Guidance Plans for Tax Bill

Key Points:

- Treasury expected to release updated plan for priority guidance in coming weeks
- Guidance will focus on interest limitation, passthrough deduction and expensing provisions of recently passed tax bill.

The Treasury Department is working to update its “Priority Guidance Plan” for developing regulations and other guidance for taxpayers following the changes made by the recent tax bill and hopes to have it released in the next week or two according to Treasury Tax Legislative Counsel Thomas West. West, speaking at District of Columbia Bar Association event on January 25, said for domestic tax issues the department is working on providing guidance involving the qualified business income deduction under section 199A, including some focused on small

Upcoming Dates

- **February 8, 2018:** Flood Insurance and EB-5 regional visas authorizations lapse; government funding CR expires.
- **March 5, 2018:** DACA deadline.
- **March 31, 2018:** FAA Reauthorization expires

businesses, like accounting method changes. He also said to expect projects concerning changes to cost recovery under section 168, section 451 changes in accrual method, and section 163(j) interest limitations.

For more information about tax issues you may [email](#) or call Christopher Hatcher at 202-659-8201. Nick Karellas, Henry Homans, and Ryan Schnepf contributed to this section.

FINANCIAL SERVICES

Senate Confirms Jerome Powell as Federal Reserve Chairman

Key Point:

- The Senate confirmed Jerome Powell for a four year term as Federal Reserve Chairman.

On January 23, the Senate confirmed Jerome Powell for a four year term as Federal Reserve Chairman by a vote of 84-13. Powell is currently serving as a member of the Federal Reserve Board. Current Federal Reserve Chair Janet Yellen is expected to step down upon Powell’s swearing in as chairman.

The Senate has yet to take up the nomination of the Honorable Randal Quarles’s reappointment as a Federal Reserve Board Governor for a 14 year term expiring January 31, 2032. Quarles was confirmed by the Senate

on October 5, 2017 for the remainder of a term expiring January 31, 2018. He has also been confirmed for a four year term as Federal Reserve Vice Chair for Supervision expiring on October 13, 2021.

Senate Banking Committee Examines CFIUS Reform

Key Point:

- *Chairman Mike Crapo (R-ID) and witnesses from the Departments of Treasury, Commerce, and Defense spoke in support of legislation to reform CFIUS and expand its jurisdiction.*

On January 25, the Senate Banking Committee held a [hearing](#) on “CFIUS Reform: Administration Perspectives on the Essential Elements.” The hearing focused on the Foreign Investment Risk Review Modernization Act (FIRRMA/[S. 2098](#)), legislation that has been introduced that would reform and significantly expand the Committee on Foreign Investment in the United States (CFIUS).

Chairman Mike Crapo (R-ID) noted that t FIRRMA, which was introduced by Senator John Cornyn (R-TX) and Senator Dianne Feinstein (D-CA), would comprehensively reform and significantly expand CFIUS. Crapo said Senators Cornyn and Feinstein introduced their bill due to China’s multilayered threat to U.S. security, including a “weaponization” of its foreign investment strategy to acquire dual use technology and know-how from U.S. companies. He suggested that China has found gaps in CFIUS and the U.S. export control regime. He said S. 2098 would broaden CFIUS to cover high technology joint ventures and related arrangements, minority position investments, and certain types of real estate transactions. Crapo noted that a consensus emerged at the prior hearing that the bill focuses on national security threats which need to be addressed due to China’s civil-military

integration. He said there was also a consensus that Chinese investments which do not impact national security are highly beneficial to the U.S. economy. He stated that the challenge is allowing economic growth from emerging technology while shielding those technologies from foreign threats. Crapo contended that legislative fixes are needed. He said the intent of the Committee is not to chill foreign investment in the U.S., but stressed that commercial interests cannot be placed ahead of national security interests.

Ranking Member Sherrod Brown (D-OH) said witnesses at prior hearings agreed that the current system is not working. He said Senators have raised concerns about national security threats resulting from real estate transactions. He suggested that China is violating its trade commitments, and he urged the Administration to take action to address dumping by LG and Samsung over the past few years. He said China’s “cheating” is affecting U.S. advanced technology companies. Brown said the prior witnesses contended that the agencies represented are lagging in controlling the export of sensitive technology to U.S. adversaries, noting that the militarily critical technologies list is not being updated by the Department of Defense (DOD). Brown noted that he has introduced the United States Foreign Investment Review Act ([S. 1983](#)), with Senator Chuck Grassley (R-IA), which would require the Secretary of Commerce to review certain foreign investments.

Heath Tarbert (Assistant Secretary of the Treasury for International Markets and Investment Policy), Richard Ashooh (Assistant Secretary of Commerce for Export Administration), and Eric Chewning (Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy) spoke in support of enacting FIRRMA and modernizing CFIUS.

Senate Banking Committee Considers Federal Reserve, FDIC and FSOC Nominations

Key Point:

- *Several Democratic Senators expressed concerns with the nomination of Marvin Goodfriend for the Federal Reserve based on this past comments relating to monetary policy and inflation.*

On January 23, the Senate Committee on Banking, Housing, and Urban Affairs held a [hearing](#) on the following nominations: (1) Ms. Jelena McWilliams, of Ohio, to be Chairperson and a Member of the Board of Directors of the Federal Deposit Insurance Corporation; (2) Dr. Marvin Goodfriend, of Pennsylvania, to be a Member of the Board of Governors of the Federal Reserve System; and (3) Mr. Thomas Workman, to be a Member of the Financial Stability Oversight Council. Chairman Mike Crapo (R-ID) expressed support for the three nominees. Ranking Member Sherrod Brown (D-OH) expressed concern with Goodfriend's monetary and regulatory views. He expressed interest in how Workman will shift to a watchdog role as the independent FSOC member with insurance expertise role.

When asked what her priorities would be, Jelena McWilliams stated that she would like to focus on the regulatory burdens of community banks, de novo charters and cybersecurity issues. Several Members expressed concerns over Marvin Goodfriend's positions on inflation and monetary policy. Ranking Member Sherrod Brown (D-OH) asked whether the Federal Reserve would have been more successful if it had a single mandate and did not focus on unemployment. Marvin Goodfriend suggested his past comments were academic in nature and the Federal Reserve dual mandate works because of the two goals

of low inflation and low unemployment are complementary. Senators Richard Shelby (R-AL) and Thom Tillis (R-NC) asked about the importance of cost-benefit analysis with respect to rule making. McWilliams stated that cost-benefit analysis is crucial for an agency to function properly. Goodfriend stated that cost-benefit analysis is important for agencies to determine which regulations are to be put in place. Thomas Workman stated that cost-benefit analysis is critical for any analysis and he expressed his hope that FSOC will ensure it is part of any of their analysis.

When asked whether banks and insurance activities should be treated similarly, Workman stated that they are functionally different though they do have some similarities. Senator Jon Tester (D-MT) noted that FSOC underwent a number of changes in the last Congress in terms of the systemic risk designation process. Workman stated that those changes seem like sound policy. He suggested that it is important for the entities being considered and those already designated to have the ability to understand what the Council is thinking and have good collaboration. Senator John Kennedy (R-LA) asked whether there are still too big to fail banks. Goodfriend expressed hope that the procedures that have been put in place for entities to go through bankruptcy first have been clarified and the boundaries of responsibility are in the right place.

CFTC and SEC Chairmen Issue Joint Op-Ed on Virtual Currencies and DLT

Key Points:

- *CFTC and SEC Chairmen express concern over the risks of cryptocurrencies and the growing use of offshore platforms.*
- *The Chairmen urge a reconsideration of the current regulatory framework for distributed ledger technologies and cryptocurrencies.*

On January 25, CFTC Chairman J. Christopher Giancarlo and SEC Chairman Jay Clayton [wrote](#) an op-ed for the *Wall Street Journal* about virtual currencies and the role regulators play in ensuring these new technologies evolve in a way that promotes integrity and transparency. The op-ed by the Chairmen explained,

[d]istributed ledger technology, or DLT, is the advancement that underpins an array of new financial products, including cryptocurrencies and digital payment services.... Our task, as market regulators, is to set and enforce rules that foster innovation while promoting market integrity and confidence. In recent months, we have seen a wide range of market participants, including retail investors, seeking to invest in DLT initiatives, including through cryptocurrencies and so called ICOs- initial coin offerings.

The Chairmen caution that while some will make fortunes, the risks remain high. They noted that the “willingness to pursue the commercialization of innovation is one of America’s great strengths”, adding that transparency is critical, along with investor protection and market integrity, to ensure that innovation continues. They expressed concern that thus far there seems to be substantial DLT-related market activity that “shows little or no regard to our proven regulatory approach.”

The op-ed noted that the SEC and CFTC are considering the approach to take with regards to the regulation of cryptocurrencies, noting that check-cashing and money-transmission services are primarily state-regulated. They explained that many internet-based cryptocurrencies have registered as payment

services and are therefore not subject to direct oversight of the SEC or CFTC. The Chairmen wrote, “We would support policy efforts to revisit these frameworks and ensure they are effective and efficient for the digital era.” They go on to state that the SEC and CFTC, along with other federal and state regulators and criminal authorities, will “continue to work together to bring transparency and integrity to these markets and, importantly, to deter and prosecute fraud and abuse.”

UPCOMING EVENTS

January 30

FSOC: The Senate Banking Committee will hold a hearing on “The Financial Stability Oversight Council Annual Report to Congress.” U.S. Department of the Treasury Secretary Steven Mnuchin will testify.

Fintech: The House Financial Services Committee’s Subcommittee on Financial Institutions and Consumer Credit will hold a hearing entitled, “Examining Opportunities and Challenges in the Financial Technology Marketplace.” Witnesses will include: Nathaniel Hoopes, Executive Director, Marketplace Lending Association; Brian Knight, Mercatus Center, George Mason University; Brian Peters, Executive Director, Financial Innovation Now; and Andrew Smith, Partner, Covington and Burling, LLP.

Human Trafficking and Financial Markets: The House Financial Services Committee’s Subcommittee on Oversight and Investigations will hold a hearing entitled, “Following the Money: How Human Traffickers Exploit U.S. Financial Markets.” Witnesses will include: Bassem Banafa, Financial Forensics Consultant, Bassem Banafa, LLC; Dr. Louise Shelley, Founder and Director, Terrorism, Transnational Crime and Corruption Center, George Mason University; The Honorable

Cyrus Vance Jr., District Attorney, New York County, District Attorney’s Office; Ms. Tina Frundt, Founder and Director, Courtney’s House.

January 31

Market Risk Advisory Committee: The Committee Futures Trading Commission (CFTC) will hold a meeting of its Market Risk Advisory Committee (MRAC). The Committee will “discuss the statutory and regulatory process for the listing of new and novel products on CFTC-regulated designated contract markets (DCMs) and swap execution facilities through self-certification.” There will also be discussion about “how new and novel products are listed on DCMs and SEFs.” CFTC Commissioners, staff and others from industry and academia will participate in the discussions.

February 6

Virtual Currencies: The Senate Banking Committee plans to hold a hearing on “Virtual Currencies: The Oversight Role of the SEC and CFTC”, with Securities and Exchange Commission Chairman Jay Clayton and Commodity Futures Trading Commission Chairman J. Christopher Giancarlo testifying.

February 20

Covered Agreement: The National Association of Insurance Commissioners (NAIC) will hold a public hearing to address the reinsurance collateral provisions of Article 3 of the Covered Agreement.

For more information about financial services issues you may [email](#) or call Joel Oswald at 202-659-8201. Alex Barcham and Rebecca Konst contributed to the articles.

ENERGY AND ENVIRONMENT

Senate Hearing Examines Grid Performance in Extreme Weather

Key Points:

- *On Tuesday, the Senate Energy and Natural Resources Committee heard testimony from the Chairman of the Federal Energy Regulatory Commission (FERC), the Assistant Secretary of Energy, and other witnesses, on the performance of the electric grid under extreme weather conditions.*
- *The Department of Energy’s “Grid Resiliency Pricing Rule”, and the recent FERC order directing reviews and reports on grid resilience, were a focus of the hearing.*

On January 23, 2018, the Senate Energy and Natural Resources Committee held a [hearing](#) entitled: “Full Committee Hearing to Examine the Performance of the Electric Power System Under Certain Weather Conditions.” The hearing included discussion on FERC’s “[Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures](#)”, which it issued on January 8, 2018. FERC’s action responded to Secretary of Energy Rick Perry’s proposed “Grid Resiliency Pricing Rule”, which he submitted to the Commission on September 28, 2017. As described in Perry’s [transmittal letter](#), the Notice of Proposed Rulemaking (NOPR) would have required “Commission-approved organized [electricity] markets to develop and implement market rules that accurately price generation resources necessary to maintain the reliability and resiliency of our Nation’s electric grid...” The NOPR would allow “the full recovery of costs of certain eligible [generating] units physically located within the Commission-approved organized markets...[that are] able to provide essential energy and ancillary reliability services and have a 90-day fuel supply on site in the event of supply disruptions caused by emergencies, extreme weather, or natural or man-made disasters.” In its January 8th Order, FERC directed each Regional Transmission

Organization (RTO) and each Independent System Operator (ISO) to respond within 60 days “regarding the resilience of its respective region.” Specifically, FERC required the RTOs and ISOs to provide information on how they: “assess threats to resilience”, including “any unique resilience challenges that exist in their respective regions”; and “evaluate options to mitigate any risks to grid resilience.”

Chairman Lisa Murkowski (R-AK), in her [opening statement](#), recounted the recent extreme winter weather that struck the U.S. She said the hearing would examine how changes in the electric grid are “stressing system reliability.” Murkowski remarked that the Department of Energy’s NOPR and the subsequent FERC Order focus on the same issues. She also emphasized that “gas pipeline infrastructure remains too constrained”, and suggested that energy supply issues in New England could be a “harbinger” for the rest of the country.

In her opening statement at the hearing, Ranking Member Maria Cantwell (D-WA) criticized the Department of Energy’s NOPR. She argued that the NOPR was intended to “prop up the Administration’s favorite kinds of energy.” Cantwell also asserted that it would have been “a breathtaking raid on consumers’ pocketbooks.” She applauded FERC for rejecting the order and emphasized that it has “never been more important for FERC to maintain its independence.”

FERC Chairman Kevin McIntyre, in his [testimony](#), noted that “wholesale prices were high” during the period of extreme cold and the “Bomb Cyclone”. He added that higher prices can send “important signals” to utilities and consumers. McIntyre also told the Committee that FERC is attentive to “behavior that takes advantage of severe weather events.” He described how FERC issued its order on

January 8, to initiate “a new proceeding to further explore grid resilience issues.”

During the questioning of the witnesses, Senator Joe Manchin (D-WV) commented that the “grid performed well” during the cold weather, but also emphasized the “need to stay vigilant” and to protect consumers from the “shock” of high electric bills. He asked, “What would this country have done without the backup coal-fired power plants?” Chairman McIntyre responded that even without coal, “we wouldn’t have seen any widespread outages.” He added, however, that “all of the above’ needs to be our philosophy.” Bruce Walker, Assistant Secretary of Energy for Electricity Delivery and Energy Reliability declared that coal, natural gas, and oil are all “inextricably tied together” in supplying the grid. He added that “coal provided 38 percent of the load” during the cold weather. Walker also told Manchin that when utilizing other resources, the grid must also “rely on thousands of miles of pipeline.” He stressed the need to “think about fuel diversity” and the fact that each fuel has “certain unique characteristics.” Andrew Ott, President & CEO, PJM Interconnection, said that during the recent winter weather event, coal supplied 45 megawatts (MW). He asserted that “we could not have served customers” without coal. Ott added, however that coal plants that are not operating and generating electricity should be retired, while plants that are “running and online...should be reflected in the price.”

Cantwell asked about other options for powering the New England grid. Allison Clements, President, Goodgrid LLC, asserted that the transition to different resources, including “free fuel from the sun and the wind...is already underway.” She also questioned the argument that renewable resources are not reliable and suggested that

energy efficiency is the “cheapest, most efficient resource.”

Chairman Murkowski (R-AK) noted that FERC opened a price formation docket in 2014, but has not yet completed that work. She questioned how quickly FERC would take action in its new grid resilience proceeding. She asked, “what actually can be expected?” Murkowski further emphasized her hope that “FERC recognizes we need to move beyond technical conferences and more white papers.” McIntyre told Murkowski that FERC is committed to “prompt action” after receiving comments. He emphasized that the grid resilience issue is “a declared priority of this Commission” and added that FERC is prepared to respond quickly if an immediate reliability concern arises.

Upcoming Hearings and Events

January 30

Natural Hazard Event Response: The Senate Energy and Natural Resources Committee will hold a [hearing](#) on the “role of the Geological Survey and the Forest Service in preparing for and responding to natural hazard events, as well as the current status of mapping and monitoring systems.”

Pending Nominations/Subcommittee Assignments: The Senate Energy and Natural Resources Committee will vote on the nominations of: Melissa Burnison to be an Assistant Secretary of Energy for Congressional and Intergovernmental Affairs; Susan Combs to be an Assistant Interior Secretary; Ryan Nelson to be Solicitor of the Interior Department; and Anne Marie White to be Assistant Secretary of Energy for Environmental Management. The Committee will also vote to approve subcommittee assignments.

EPA Oversight: The Senate Environment and Public Works Committee will hold a [hearing](#) on the Environmental Protection Agency (EPA) with EPA Administrator Scott Pruitt scheduled to testify.

Energy Department Management and Priorities: The House Science, Space and Technology Committee will hold a [hearing](#) titled “Energy Department: Management and Priorities.” Scheduled witnesses are: Energy Undersecretary for Science Paul Dabbar; and Undersecretary for Energy Mark Menezes.

February 28

Pipeline Safety Information-Sharing: The Pipeline and Hazardous Materials Safety Administration’s (PHMSA) Voluntary Information-Sharing Working Group will hold a [meeting](#) “to discuss and identify recommendations to establish a voluntary information-sharing system.” The “agenda will include briefings on topics such as mandate requirements, integrity management, data types and tools, in-line inspection repair and other direct assessment methods, subcommittee considerations, geographic information system implementation, lessons learned, examples of existing information-sharing systems, safety management systems, and more.”

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

DEFENSE

SASC National Defense Strategy Hearing

Key Point:

- *Former Department of State officials provided their perspective on the current security of the world and the Administration’s foreign policy and military approaches*

On January 25, the Senate Armed Services Committee held a [hearing](#) entitled: “Global Challenges and U.S. National Security Strategy.” Topics discussed during the hearing included: (1) National Defense Strategy; (2) Nuclear Strategy; (3) Diplomacy; (4) NATO; (5) Ukraine; (6) Artificial Intelligence; (7) North Korea; (8) Demographics; (9) Clean Energy; (10) Africa and South America; (11) China; and (12) Economic Sanctions.

Senator James Inhofe (R-OK) said the challenges of today’s world require strategic vision and asserted the witnesses have diverse insights and wisdom that will help the Committee. He noted the Trump Administration recently released new National Security and National Defense Strategies which emphasize near-peer competition and the threat of rogue nations. He stressed the importance of restoring the U.S.’s military advantage. He advocated for the passage of an appropriations bill and fixing spending caps.

Ranking Member Jack Reed (D-RI) noted the recently released strategies from the Trump Administration stated the central challenge facing the U.S. is the reemergence of strategic long-term competition with Russia and China, which replaces terrorism as the top priority. He argued Russia is focused on reasserting its influence around the world and China is threatening the rules-based order in the Asia-Pacific region through economic coercion and is undermining the freedom of navigation. He expressed interest in hearing how the witnesses suggested dealing with these problems. He argued North Korea also poses an “immediate and grave national threat.” He said the U.S. must remain focused on countering the threat of Islamic State of Iraq and Syria (ISIS). He stressed the importance of allies and partners, as robust international alliances are essential to keeping the U.S. safe. He expressed concern

about President Donald Trump’s statements that have alienated allies and dismissed the global order the U.S. helped establish after World War II. He noted the Administration has proposed dramatic cuts to the Department of State. He asserted that increases in funding for the military should not be offset by cuts to diplomatic efforts.

Former Secretary of State Dr. Henry Kissinger identified three major threats to U.S. national security: (1) North Korea; (2) the Middle East, especially Iran; and (3) the reemergence of “great power politics.” He argued the unprecedented challenges the U.S. faces are not a coincidence but rather the result of systemic failures of the world order that are only getting worse. He stated technological progress threatens to “outstrip our strategic and moral imagination” and make the strategic situation tenuous. He stated the most significant threat is North Korea’s development of nuclear weapons. He noted efforts to stop this development have only come once North Korea has almost perfected its technology. He said an outcome that was once considered unacceptable is now becoming irreversible. He predicted North Korea maintaining its nuclear capability in the face of opposition from the U.S. and China could have detrimental effects on the ability to limit global nuclear proliferation. He argued the denuclearization of North Korea must be a fundamental objective and said a failure to do so could result in the disintegration of the international system. He said ISIS has been defeated but expressed concern that Iranian and Russian forces will become dominant in the territories ISIS used to occupy. He stated China’s military and economic capacity is growing. He argued Russia’s challenges need to be met, especially in Ukraine and Syria. He said the balance of power must be maintained and he advocated for a strategic dialogue that prevents balance of power from being tested. He stressed that the

fundamental situation of the U.S. is strong and argued it has the ability to address these challenges. He noted China and Russia are dealing with significant domestic challenges.

Former Secretary of State Dr. George Shultz said more nuclear weapons mean a greater chance of nuclear attacks. He added that the more missile material that “is lying around,” the easier it is for a bad actor to obtain it and create a weapon. He advocated for a different relationship with Russia, as the U.S. and Russia have the bulk of nuclear weapons. He said there are four major forces acting in the world that will disrupt the global order significantly: (1) demography, with birthrates falling and longevity rising; (2) governance, with more information disseminated that may or may not be accurate; (3) artificial intelligence; and (4) 3D printing or additive manufacturing. He stated the global economy is undergoing “deglobalization,” as it becomes cheaper to produce locally rather than outsourcing. He noted foreign direct investment in the U.S. is increasing rapidly. He argued robotics, 3D printing, and artificial intelligence are driving manufacturers to consider how and where they make goods. He recalled the U.S. lost manufacturing jobs each year from 1998 to 2009, though in the last six years it has regained about one million manufacturing jobs. He said the advent of robotics and cheaper manufacturing is making it less desirable to outsource manufacturing to countries like China and enhancing the U.S.’s ability to protect its intellectual property. He argued this revolution will also change warfare, with more small, smart, and cheap weapons. He stated small platforms will carry great destructive power and will be able to be mounted on drones. He said China has a fleet of drones that are effective on battlefields. He argued drones are a cheap and effective deterrent that can be used against countries like Russia to prevent them from annexing regions. He advocated for

swarms of autonomous drones that can be stored in vulnerable areas and can protect against Russian advances. He said global warming and humans have created the sixth extinction, with large amounts of animals and plants going extinct and an increase in tropical diseases. He noted migratory patterns for birds have changed and flocks are now mingling and spreading diseases to new areas.

Former Deputy Secretary of State Richard Armitage said the National Defense and National Security Strategies “actually comport” with one another. He argued this is “no small feat,” as they often do not comport. He expressed strong support for the National Defense Strategy and called it “clear-eyed, well-written, and succinct.” He said it provides direction for political appointees and for uniformed military and bureaucrats. He noted the document does not say the U.S. faces an existential threat in the current day. He argued existential threats have to have the ability and desire to annihilate the U.S. He noted China and Russia do not have the desire while North Korea and Iran do not yet have the ability and their intentions are unknown. He said ISIS wants to annihilate the U.S. but does not have the capability. He stressed the U.S. must take steps to ensure that allies remain allies.

House To Take Up FY 2018 DOD Appropriations Act For Third Time

Key Point:

- *The House may vote again next week on a tweaked version of the bill passed twice last year as negotiations continue on a deal to raise the FY 2018 and 2019 spending caps*

This week, the House Rules Committee posted an updated version of the “Department of Defense Appropriations Act, 2018” ([H.R.4877](#)) in advance of a [January 29 hearing](#) on a rule for the consideration of the package. If the House

takes up the updated bill, it will be the third time the bill will be considered by the body. House consideration of FY 2018 appropriations for the Department of Defense (DOD) would occur as Republicans and Democrats continue to negotiate on a deal to raise the FY 2018 and 2019 caps on discretionary spending in advance of the February 8 expiration of the current continuing resolution ([P.L. 115-120](#)).

The House Appropriations Committee explained in a [press release](#) that the new package “is virtually the same as the FY 2018 Defense Appropriations bill that passed the House in July 27, 2017, (H.R. 3219), and the bill that passed again on September 14, 2017, (H.R. 3354) as part of a larger funding packages.” The Committee stated that “[t]he bill contains \$659.2 billion in full-year, FY 2018 funding for the DOD...[which] includes \$584 billion for base funding and \$75.1 billion for Overseas Contingency Operations (OCO) funding.” The House Rules Committee posted a [document](#) detailing the changes.

It is likely the House will take up H.R.4877 under a structured rule with limited amendments made in order as it did for H.R.3219 after a provision was stripped out of the Committee reported bill to repeal the Authorization for Use of Military Force passed after September 11, 2001. Nonetheless, the bill is unlikely to be taken up by the Senate until agreement is reached on how to address the caps on discretionary appropriations for FY 2018 and 2019. If enacted, the House’s DOD funding package would violate the \$549 billion cap for FY 2018 defense appropriations (even with OCO funds being exempt) and trigger a sequestration order. Democrats have insisted on parity for increases on the defense and non-defense caps, and talks are ongoing. Republican offers have been reportedly made to increase the defense cap by \$70 billion and \$80 billion

for FY 2018 and 2019 respectively with an increase of between \$45-60 billion per year for non-defense discretionary spending. The cap on non-defense discretionary spending for FY 2018 is set at \$516 billion. The caps for both defense and non-defense spending are set to rise next year to \$562 billion and \$529 billion.

Upcoming Hearings and Events

January 30

Asia-Pacific Strategy: The Senate Armed Services Committee will hold a [hearing](#) titled “Situation on the Korean Peninsula and U.S. Strategy in the Indo-Pacific Region.”

The Future of Warfare: The House Armed Services Committee will hold a [hearing](#) titled “Readying the U.S. Military for Future Warfare.”

For more information on defense issues you may [email](#) or call Michael Kans at 202-659-8201. Rebecca Konst and Riyad Carey contributed to this section.

HEALTH

HHS Releases 2017 End-of-Year Report

Key Points:

- *The Department of Health and Human Services released its end-of-year report for 2017.*
- *The report highlights a number of achievements such as the approval of generic drugs, funding for the opioid crisis, and deregulatory actions.*

On January 26, the Department of Health and Human Services (HHS) released its end-of-year report detailing actions taken during 2017. HHS Press Secretary Caitlin Oakley noted “HHS took bold action to advance its mission to protect and enhance the health and well-being of the American people.”

The report highlights the Department’s five-point strategy to address the opioid epidemic and notes \$800 million have been provided to communities. The report discusses the 1,027 generic drugs approved by the Food and Drug Administration (FDA) last year, the most even in a single year. The FDA has also announced a number of initiatives to tackle high drug prices by improving competition. A new Medicare policy has also resulted in savings for seniors and the average premium for Medicare Part D will decrease for the first time in five years. HHS emphasizes the actions it took with withdraw federal regulations.

Read the full report [here](#).

Senate Confirms Azar for HHS Secretary

Key Point:

- *The Senate confirmed Alex Azar to be Secretary for the Department of Health and Human Services 55-43.*

On January 24, the Senate confirmed Alex Azar to be the next Secretary for the Department of Health and Human Services (HHS) 55-43. Senator Rand Paul (R-KY) was the only Republican to vote against the nomination.

Senate Finance Chairman Orrin Hatch (R-UT) emphasized Azar’s past experience at HHS saying he “has seen both the good and the bad at HHS and knows how to manage them.” Ranking Member Ron Wyden (D-OR) continued to reiterate his concerns about the nomination ahead of the vote, especial Azar’s past experience as a pharmaceutical company executive. He asserted Azar has a “documented history of raising drug prices.”

The confirmation was also praised by members of the House. Ways and Means Chairman Kevin Brady (R-TX) said he looks “forward to

working with Secretary Azar to lower health care costs, increase competition and choice, and improve HHS – in particular reducing red tape in the Medicare program.” In a joint statement, Energy and Commerce Chairman Greg Walden (R-OR) and Health Subcommittee Chairman Michael Burgess (R-TX) stressed working with Azar “to combat the opioid crisis, advance innovation, lower costs for consumers, and tackle other critical issues facing the country’s health system.”

Congress Passes CR with Six-Year CHIP Extension, Delay of ACA Taxes

Key Points:

- *Congress approved a continuing resolution (CR) which contained a six-year extension of the Children’s Health Insurance Program (CHIP). It provides \$21.5 billion for FY 2018 for CHIP increasing to \$25.9 billion by FY 2023.*
- *The CR also delayed the medical device tax, Cadillac tax, and health insurer fee.*

Following a brief government shutdown, Congress passed a continuing resolution (CR) to fund the government through February 8, 2018. Included was a six-year extension for the Children’s Health Insurance Program (CHIP). Funding for CHIP had expired September 30, 2017. Congress had twice passed short-term funding for states to continue CHIP programs.

The extension provides \$21.5 billion for FY 2018; \$22.6 billion for FY 2019; \$23.7 billion for FY 2020; \$24.8 billion for FY 2021; \$25.9 billion for FY 2022; and \$25.9 billion for FY 2023. Funding for FY 2023 would be provided through two semi-annual allotments of \$2.85 billion plus and additional \$20.2 billion in the first half of the year. It also includes 11.5 percentage point increase of the enhance Federal Medical Assistance Percentage (E-FMAP) for FY 2020 for children from families

with income of as much as 300 of the federal poverty line. Following FY 2020, the regular match for CHIP would apply.

The CR also delayed several Affordable Care Act (ACA) taxes. The medical device tax would be delayed for 2018 and 2019; the Cadillac tax would be delayed until 2022; and the health insurer fee would be suspended for 2019.

Upcoming Hearings and Meetings

January 30

Opioids: The Food and Drug Administration (FDA) will hold a meeting of the Opioid Policy Steering Committee to receive stakeholder input on how the FDA might improve the safe use of opioid analgesics.

Compounding: The House Energy and Commerce Committee will hold a hearing on “Examining Implementation of the Compounding Quality Act.”

Health Plans: The Senate Health, Education, Labor and Pensions Committee will hold a “Roundtable on Small Business Health Plans.”

January 31

Complex Care: The Bipartisan Policy Center will hold a discussion on “A Policy Roadmap for Individuals with Complex Care Needs.”

Confidentiality: The Substance Abuse and Mental Health Services Administration will hold a public meeting to solicit information concerning the Confidentiality of Substance Use Disorder Patient Records.

February 1

Health Spending: The National Pharmaceutical Council and Health Affairs will

hold a forum on “Health Spending: Tackling The Big Issues.”

For more information about healthcare issues you may [email](#) or call Nicole Ruzinski Bertsch or George Olsen at 202-659-8201.

TRANSPORTATION AND INFRASTRUCTURE

Infrastructure Principles Leaked

Key Points:

- *The Administration’s approach on funding and policy for its infrastructure package were leaked this week, and the package could be formally sent to Congress one or two weeks after the SOTU*
- *A key White House official said the Administration would not request new funding and would seek instead offsets*

This week, the White House leaked a [draft list of funding and programmatic principles](#) that would form its infrastructure package. The release of the document precedes next week’s State of the Union Address (SOTU) in which President Donald Trump will likely tout his proposal. Both the White House and Trump are now asserting that their package will result in \$1.7 trillion in infrastructure activity even as a senior advisor reportedly told a group of mayors that there will not be new spending for the \$200 billion in federal funding designed to stimulate state, municipal, and private investment.

At a January 25 panel held at the U.S. Conference of Mayors’ Winter Meeting, Special Assistant to the President for Infrastructure Policy D.J. Gribbin said the package would be sent to Congress a week or two after the SOTU, would request \$200 billion in cuts to federal funds to finance the package, would not reduce or use Highway Trust Fund (HTF)

revenues, and would not eliminate current programs. He said “[o]ur infrastructure proposal, when we introduce it, will not include new revenue” but noted that the Trump Administration neither supports nor opposes an increase in the federal fuels taxes that fund the HTF. Gribbin added that “[w]e’re not reducing current programs, we’re not eliminating the HTF, we’re not eliminating state revolving funds to pay for the incentive funds and other things we want to do.” He stated that “[t]he vision, in essence, is we keep for the most part existing programs in place.” Denver Mayor Michael Hancock said “[a]s cities, we don’t want to see opportunities to have more federal money come in but yet, on the back end, we’re having to backfill” from cuts to other federal funding sources that benefit cities. Gribbin answered that “[w]e’re very sensitive to that...[and] [a]t the end of the day, this isn’t supposed to be a net loss for cities.”

In the Funding Principles, the White House laid out the tranches of funding:

- Infrastructure Incentives Initiative: encourages state, local and private investment in core infrastructure by providing incentives in the form of grants. Federal incentive funds will be conditioned on achieving milestones within an identified timeframe. **Accounts for 50% of total appropriation.**
- Transformative Projects Program: makes available federal funding and technical assistance for innovative and transformative infrastructure projects based on competitive basis to viable projects unable to secure financing through private sector due to the uniqueness of the program. Applicable projects must be exploratory and ground-breaking ideas that have more risk than standard infrastructure

projects but offer a larger reward profile. Covered sectors include: transportation, clean water, drinking water, energy, commercial space, and telecommunications. **Accounts for 10% of total appropriation.**

- Rural Infrastructure Program: designed to encourage investment to enable rural economies, facilitate freight movement, improve access to reliable and affordable transportation, etc. States are incentivized to partner with local and private investment for completion and operation of projects under this program. **Accounts for 25% of total appropriation.**
- Federal Credit Programs: designed to increase the capacity of existing Federal lending programs to increase investment. **Accounts for 7.05% of total appropriation.**
- Public Lands Infrastructure Fund: would create a new infrastructure fund in the U.S. Treasury called the Interior Maintenance Fund comprised of additional revenues from the amounts due and payable to the U.S. from mineral and energy development on Federal lands and waters.
- Disposition of Federal Real Property: would establish through executive order the authority to allow for the disposal of Federal assets to improve the overall allocation of economic resources in infrastructure investment.
- Federal Capital Financing Fund: creates a funding mechanism similar to a capital budget but that operates within the traditional rules used for the Federal budget by establishing a mandatory revolving fund to finance purchases of federally owned civilian real property. Once approved in an Appropriations Act, the revolving fund

would transfer money to agencies to finance large-dollar real property purchases. Purchasing agencies would then be required to repay the fund in 15 equal annual amounts using discretionary appropriations. **Accounts for 5% of total appropriation.**

- Private Activity Bonds: would amend 26 U.S.C. 142 to allow broader categories of public-purpose infrastructure, including reconstruction projects, to take advantage of PABs would encourage more private investment in projects to benefit the public.

With respect to transportation programs, the White House detailed the following proposals:

Transportation

A. Financing

1. Allow states flexibility to toll on interstates and reinvest toll revenues in infrastructure
2. Reconcile the grandfathered restrictions on use of highway toll revenues with current law
3. Extend streamlined passenger facility charge process from non-hub airports to small hub sized airports
4. Support airport and non-federal maritime and inland water way ports financing options through broadened TIFIA program eligibility
5. Subsidize railroad rehabilitation and improvement financing for short-line and passenger rail
6. Provide states flexibility to commercialize interstate rest areas
7. Remove application of federal requirements for projects with de minimis Federal share

8. Expand qualified credit assistance and other capabilities for state infrastructure banks

B. Highways

1. Authorize federal land management agencies to use contracting methods available to states
2. Raise the cost threshold for major project requirements to \$1 billion
3. Authorize utility relocation to take place prior to NEPA completion
4. Refund of federal investment to eliminate perpetual application of federal requirements
5. Provide small highway projects with relief from the same Federal requirements as major projects

C. Transit

1. Require value capture financing as condition for receipt of transit funds for major capital projects (Capital Investment Grants)
2. Eliminate constraints on use of public-private and public-public partnerships in transit
3. Codify expedited project delivery for Capital Investment Grants pilot program

D. Rail

1. Apply Fast Act streamlining provisions to rail projects and shorten the statute of limitations

E. Airports

1. Create more efficient federal aviation administration oversight of non-aviation development activities at airports
2. Reduce barriers to alternative project delivery for airports
3. Clarify authority for incentive payments under the Airport Improvement program

4. Move oversight of AIP funds to post-expenditure audits

Senate Commerce Hearing on Surface Transportation Security

Key Point:

- *A subcommittee examines current DHS funding and implementing of security of modes of travel other than aviation*

On January 23, the Senate Commerce, Science, and Transportation Committee's Surface Transportation and Merchant Marine Infrastructure, Safety, and Security Subcommittee held a [hearing](#) on "Surface Transportation Security: Addressing Current and Emerging Threats." Topics discussed in the hearing included: (1) Transportation Security Administration (TSA) Budget; (2) First Responders; (3) Infrastructure Investment; (4) Passenger Rail; (5) Super Bowl; (6) TSA Workforce; (7) Freight Rail; (8) Canine Units; (9) TSA Modernization; and (10) Inspections.

Chairman Deb Fischer (R-NE) stressed the need to ensure the security of all modes of transportation. She said recent events highlighted the importance of transportation security, noting that in 2017 Europe saw attacks on its transportation systems. She stated that on December 11, 2017 a man in New York City attempted to detonate a device in a transit station. She emphasized that these attacks are not limited to urban areas. Fischer said Al Qaeda has reportedly issued instructions for attacking U.S. railroads, calling them the easiest targets. She said ports, railroads, highways, and pipelines are at risk. She stated that the hearing would examine the response to threats to the transportation system. Fischer said the Committee would examine the resources available to Transportation Security Administration (TSA) to counter risks and threats. She stated that

TSA plays a key role in closing gaps in transportation security. She emphasized that TSA must have the tools it needs to carry out its mission. She noted that she cosponsored the "Surface and Maritime Transportation Security Act" ([S.763](#)), which would address gaps in surface transportation security. She noted that Department of Homeland Security (DHS) Inspector General (IG) found that TSA lacked an intelligence-driven, risk-based approach to surface transportation security. She said the bill would direct TSA to adopt risk-based strategies. She noted that that bill would also authorize computerized vetting systems for passenger railroads and create a training program for transportation security operators. Additionally, she noted that it would create a credentialing program.

Ranking Member Gary Peters (D-MI) emphasized his commitment to ensuring that TSA has access to adequate tools and resources. He said surface transportation remains a target for terrorist attacks, noting that an Al Qaeda magazine included instructions for an attack. He said last year a man attempted to detonate a pipe bomb at a New York Port Authority station. He stated that 8 people were killed in New York when a man deliberately drove a truck into a bike path. Peters stressed the need to address emerging threats. He said transit and rail are particularly vulnerable to attacks, noting that this threat was identified by the 9/11 Commission. He described the transportation network as both vast and open. He suggested that an attack on the transportation system could have significant economic consequences. He stated that in Michigan an attack on the Line 5 Pipeline in the Straits of Mackinac could cause significant environmental damage. He said the Detroit Ambassador Bridge carries trade between the U.S. and Canada, suggesting it could also be a target. Peters stressed the need to ensure that the TSA is focused on addressing emerging

threats. He noted that he was a supporter of the “Surface and Maritime Transportation Security Act,” which passed the Committee last year. He said the bill would close security gaps and provide additional resources.

TSA Administrator David Pekoske said surface transportation security is one of his key priorities. He said aviation security personnel are the most visible portion of TSA, but there are thousands of other workers ensuring the security of the transportation system. He commended the Subcommittee’s work on the “Surface and Maritime Transportation Security Act” and “TSA Modernization Act” ([S. 1872](#)). He said the current threat environment is complex, diverse, and persistent, pointing to the recent attacks in New York. Pekoske said TSA’s role in surface transportation security is one of collaboration, support and partnership with surface transportation owners and operators, noting that those operators are primarily responsible for their security. He stated that while TSA’s surface transportation budget is small relative to the aviation sector, the nation realizes a significant return from this investment. He said TSA’s resources and personnel support ongoing security programs with committed partners that have put millions of dollars into securing critical infrastructure. Pekoske said the “Implementing Recommendations of the 9/11 Commission Act of 2007” (P.L. 110-53) placed 42 requirements on TSA, noting that all have been completed with the exception of 3 rulemakings. He stated that completing these rulemakings is a top priority. He said a Notice of Proposed Rulemaking (NPRM) for security training was released in December 2017, with a Final Rule set to be issued in summer 2018. He stated that an Advanced Notice of Proposed Rulemaking (ANPRM) for vulnerability assessments and security plans was issued in December 2017 and he expects it to proceed to the NPRM stage in FY 2019. He said the rule on employee

vetting is in the final drafting stages and he expects an NPRM to be issued in 2018. Pekoske said TSA focuses its efforts on regulatory oversight, systems assessments, voluntary operator compliance with industry standards and collaborative guidelines, collaborative law enforcement and security operations, accurate and timely exchange of intelligence information, and intermodal training. He noted that TSA also engages in technology development and testing, noting that they are testing an improvised explosive device (IED) detection system.

Acting DHS Inspector General John Kelly stated that the TSA has a broad responsibility to oversee and regulate the nation’s surface transportation modes — highway, freight and passenger rail, mass transit, and pipelines — to ensure the freedom of movement for people and commerce. He said the TSA’s budget reflects the public perception of its mission, allocating most of its resources to air passenger screening and dedicating only a small portion to these vulnerable areas of non-aviation travel. He noted that in 2016, the Office of the Inspector General (OIG) published three reports that identify significant weaknesses in TSA’s ability to secure surface transportation modes and the nation’s maritime facilities and vessels. He said specifically, OIG identified issues with TSA’s ability to identify risk across all modes of transportation, the reliability of background checks for port workers, and passenger rail security. He asserted that the TSA needs a cost-cutting risk-based security strategy. He stated that OIG will continue to audit and evaluate the Department’s aviation and non-aviation-related programs, report our results, and closely track report recommendations. He said currently, OIG is reviewing the effectiveness of access controls to secured airport areas; Federal Air Marshal Service international flight operations and ground-based assignments; TSA’s efforts to

hire, train, and retrain its employees; and TSA's use of the Sensitive Security Information designation.

Upcoming Hearings and Events

January 30

Surface Transportation Security: The House Homeland Security Committee's Emergency Preparedness, Response, And Communications and Transportation And Protective Security Subcommittees will hold a [joint hearing](#) titled "Securing Our Surface Transportation Systems: Examining The Department Of Homeland Security's Role In Surface Transportation Technologies."

For more information on transportation issues you may [email](#) or call Michael Kans at 202-659-8201. Alex Barham and Cullen Neely contributed to this section.

TECHNOLOGY

FTC Nominees Sent To Senate

Key Point:

- *Four nominations are submitted as the current acting chairman is named to serve on a federal court*

This week, the White House formally submitted four nominees to the Federal Trade Commission (FTC), including two named last fall. The White House also announced its intention to nominate the acting Chairman to serve as a federal judge. The FTC Chairman committed to serving until her replacement is confirmed, and if all the nominees are confirmed, the FTC will have 3 Republican Commissioners and 1 Democrat with the other Democratic seat being vacant.

The FTC currently has two commissioners acting Chairman Maureen Ohlhausen and Commissioner Terrell McSweeney, whose term

expired in September 2017. This week, the White House announced its intention to nominate Ohlhausen for the U.S. Court of Federal Claims. Ohlhausen subsequently announced her intention to serve at the FTC until confirmed by the Senate. McSweeney will step down once her replacement is confirmed.

In a [press release](#), the White House announced the submission of the following nominations:

- Rohit Chopra to be a Federal Trade Commissioner for the unexpired term of seven years from September 26, 2012, vice Joshua D. Wright, resigned.
- Noah Phillips to be a Federal Trade Commissioner for the term of seven years from September 26, 2016, vice Julie Simone Brill, term expired.
- Joseph Simons to be a Federal Trade Commissioner for the term of seven years from September 26, 2017, vice Terrell McSweeney, term expired.
- Christine Wilson to be a Federal Trade Commissioner for the unexpired term of seven years from September 26, 2011, vice Maureen K. Ohlhausen...[and] to be a Federal Trade Commissioner for the term of seven years from September 26, 2018. (Reappointment)

Upcoming Hearings and Events

January 30

Broadband Infrastructure: The House Energy & Commerce Committee's Communications and Technology Subcommittee will hold a [hearing](#) titled "Closing the Digital Divide: Broadband Infrastructure Solutions."

Foreign Cyber Threats: The House Small Business Committee will hold a [hearing](#) titled "Small Business Information Sharing: Combating Foreign Cyber Threats."

For more information on technology issues you may [email](#) or call Michael Kans at 202-659-8201.

TRADE

Commerce Submits Section 232 Aluminum Report to President Trump

Key Point:

- The report was delivered on January 19 and President Trump now has 90 days to determine what action to take.

The Sec. 232 report on the national security implications of aluminum imports was officially submitted to President Trump one day before the statutory deadline, despite previous concerns that it would not be completed by the deadline. It is unclear if or when the report will be made public. Industry sources have suggested that President Trump may withhold announcing his decision as leverage in negotiations with China, as China's overcapacity seems to be the focus of the investigation. This is despite the fact that in 2017, the U.S. imported 6.77 billion pounds of aluminum from Canada while only importing 1.24 billion pounds from China. It is unclear whether Canada would be a target of remedies, as Prime Minister Justin Trudeau said in July: "I have heard directly from President Trump... that he does not think Canada should be subject to national security concerns around the trade of steel and aluminum."

President Trump Announces Solar, Washer Remedies from 201 Investigations

Key Point:

- Trump chose to apply tariff-rate quotas on imports of residential washers (Canadian imports are excluded) and to

impose tariffs on imports of crystalline silicon photovoltaic cells and modules.

In the first use of the Section 201 of Trade Act of 1974 ("Safeguard Investigations") tool since 2001, President Trump announced he would be levying tariffs on solar cell and residential washer imports. Under section 201, domestic industries seriously injured or threatened with serious injury by increased imports may petition the relief.

The tariff-rate quotas on washers will impose a 20 percent tariff on the first 1.2 million units imported in 2018, with this number declining from 18 to 16 percent in the two following years. All imports that exceed the quota will face a 50 percent tariff in 2018, with this number reducing to 45 percent in 2019 and 40 percent in 2020. South Korea has announced its intent to challenge this ruling at the World Trade Organization. South Korea is also a large exporter of solar cells, which are facing 30 percent tariff in 2018. The tariffs will reduce by 5 percent over a four-year period, with the first 2.5 gigawatts imported being exempt from tariffs.

China and South Korea have announced they are considering filing cases against these remedies at the WTO, while Mexico has stated it is considering retaliatory policies. The remedies will go into effect on February 7, 2018.

For more information about tax issues you may [email](#) or call Christopher Hatcher at 202-659-8201. Riyad Carey and Ryan Schnepf contributed to this section.

This Week in Congress was written by Ryan Schnepf.