

June 7, 2019

Washington Update

This Week In Congress

House – The House passed [H.R. 2157](#), which would provide \$19.1 billion in supplemental disaster relief funding; [H.R. 6](#), “**The American Dream and Promise Act;**” and [S. 1379](#), “**The Pandemic and All-Hazards Preparedness and Advancing Innovation Act.**”

Senate – The Senate failed to invoke cloture on S. 1332, which would set for the congressional budget for Fiscal Year 2020. The Senate confirmed the nominations of Andrew Saul to be Commissioner of Social Security, and Heath Tarbert to be Chairman of the Commodity Futures Trading Commission. The Senate passed [S. 1328](#), “**The DETER Act.**”

Next Week In Congress

House – The House is expected to take up a “minibus” spending package, which covers Defense, Labor-HHS-Educations, State and Foreign Operations, Energy and Water, and Legislative Branch funding. The House may also vote on a resolution to hold Attorney General William Barr and former White House Counsel Don McGahn in contempt of Congress.

Senate – The Senate is expected to vote on resolutions to block arms sales to Qatar and Bahrain. They are also expected to take up a number of judicial and ambassadorial nominations.

TAX

Rep. John Lewis (D-GA) Introduced IRS Reform Legislation Without Free File Language

Key Points:

- *Representative Lewis (D-GA) introduced IRS reform legislation this week that removed provisions related to the Free File program. The bill makes changes to IRS enforcement, operations, and other areas.*
- *Bill could receive a vote next week and is not expected to have issues in the Senate.*

Representative Lewis (D-GA), a senior Ways and Means member, introduced revised version

of the Taxpayer First Act this week. The bill is similar to previous Internal Revenue Service (IRS) legislation but does not include

provisions related to the agency’s Free File partnership with private tax preparation companies. The bill would make several changes to IRS enforcement, operations and taxpayer rights, and also includes a provision

Table of Contents

Tax	1
Financial Services	3
Health	9
Trade	11

on the IRS partnership with private debt collection companies on outstanding tax debt.

The bill could be considered next week and Senate Finance Chairman Grassley (R-IA) indicated that the bill would have full support in the Senate.

SECURE Act Status

Unlike the IRS bill, [H.R. 1994](#), the SECURE Act has been delayed and several Senators with a hold on the bill have requested a debate. The delay relates to the 529 provisions removed from the bill after House Committee markup which some Republican Senators want included.

Senator Booker (D-NJ) Proposes Estate Tax Increase

Key Point:

- *Senator Booker (D-NJ) releases plan that would restore the 2009-era estate tax rules in order to create a refundable tax credit to help low- and middle-income Americans cap their rental costs at 30 percent of their income.*

Senator Booker (D-NJ), and Presidential candidate, proposed a plan that would roll back estate tax relief and unwind other areas of the 2017 Tax Cuts and Jobs Act (TCJA). The “[Plan to Provide Affordable Housing for All Americans](#)” would create a refundable tax credit to help low- and middle-income Americans cap their rental costs at 30 percent of their income. The credit is estimated to cost \$134 billion a year and would be offset by undoing portions of the TCJA, specifically by restoring the 2009-era estate tax rules, which included a \$3.5 million personal exemption, and by “closing loopholes that allow wealthy

households to avoid paying taxes on investments held at death,” according to the proposal.

The TCJA doubled the estate, gift, and generation-skipping transfer tax exemption levels for individuals and married couples. Senator Booker’s proposal comes right after former Vice President Biden released his climate plan that would undo the “excesses” of the TCJA’s corporate tax cuts.

IRS Funding Bill Approved by House Subcommittee

Key Point:

- *Funding bill would include \$5.2 billion for enforcement and \$4 billion for operations support. The bill would increase funding levels by nearly \$700 million above the 2019 enacted level.*

The FY 2020 appropriations bill for the Internal Revenue Service (IRS), which would provide \$12 billion for the agency through September 30, 2020 was approved by the House Appropriations Financial Services and General Government Subcommittee by voice vote this week. Subcommittee Chairman Quigley (D-IL) said increasing the agency’s budget is “a good first step toward restoring the draconian cuts this agency has suffered for almost a decade.” The bill would increase funding levels by nearly \$700 million above the 2019 enacted level, and also would include \$5.2 billion for enforcement and \$4 billion for operations support. The full Committee has yet to schedule a markup for the funding bill. A summary of the bill can be found [here](#) and the text of the bill through [here](#).

Upcoming Hearings and Meetings

June 19

Impact of Tax Policies: On June 19, the House Financial Services Committee’s National Security, International Development and Monetary Policy Subcommittee will hold a hearing entitled “Slowing Economic Growth: The Impact of Recent Trade and Tax Policies on the U.S. Economy.” The hearing will take place at 10:00 AM in 2128 Rayburn House Office Building.

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

FINANCIAL SERVICES

SEC Approves Regulation Best Interest

Key Points:

- *The SEC approved final rules on Regulation Best Interest and Form CRS, and two interpretations.*
- *Commissioner Jackson dissented on the regulations, arguing that they fail to require broker-dealers to put the interest of investors first.*

On June 5, the Securities and Exchange Commission (SEC) held an [open meeting](#) and approved four items: (1) Final Rule: Regulation Best Interest — Standard of Conduct for Broker-Dealers; (2) Final Rule: Form CRS Relationship Summary; (3) Interpretation: Standard of Conduct for Investment Advisers; and (4) Interpretation: “Solely Incidental”. The Commission approved all items by votes of 3-1, with Commissioner Robert Jackson, Jr. voting in opposition.

The SEC issued a [press release](#) which includes a fact sheet providing highlights of each of the four items considered.

Chairman Jay Clayton, in a [statement](#), said the items being considered would clarify and enhance the responsibilities of financial professionals, asserting that these changes are long overdue. He stated that the SEC focused on two overarching principles in crafting the regulations: (1) bringing the required standards of conduct for financial professionals and related mandated disclosures in line with reasonable investor expectations; and (2) preserving retail investor access to a variety of investment services and products. He said Regulation Best Interest (BI) requires broker-dealers to act in the best interest of their clients. He stated that Form CRS requires registered broker-dealers and investment advisers to deliver a plain English summary of their services to customers. He said this includes disclosures of conflicts of interest, costs, and fees.

Clayton stressed the need to reduce investor confusion between broker-dealers and investment advisers. He said the vacated Department of Labor (DOL) fiduciary duty rule would have increased regulatory complexity. He explained that investment advisers and broker-dealers serve customers in very different ways, contending that the obligations on them should reflect these differences.

Clayton explained that the approach being considered would establish a new standard of conduct for broker-dealers, and would clarify the obligations of investment advisers. He asserted that the rule does not adopt an approach of applying uniform standard of

conduct for broker-dealers and investment advisers. Clayton disputed claims that Regulation Best Interest does not enhance the broker-dealer standard of conduct or that it can be satisfied through disclosure alone. He said he disagrees with criticisms of the relationship summary, noting that the SEC has conducted extensive investor testing.

Commissioner Robert Jackson Jr., in a [statement](#), stated that conflicts can lead to bad advice, stressing the need to protect investors. He stated that he could not support the rules being considered. He asserted that rather than requiring Wall Street to put investors first, the rules retain a “muddled standard” which leave consumers subject to conflicted advice. He contended that the rules do not require investment advisers and broker-dealers to put the interests of investors first. He raised concerns with the flexibility provided by Form CRS to describe firm practices and suggested that it does not require disclosure of all conflicts. He also raised concerns with the interpretation related to “solely incidental.” Jackson suggested that the economic analysis done on Regulation BI is inadequate, and he noted that in states with fiduciary duties imposed on broker-dealers, brokers provided a better menu of options to clients. He observed that in those states, broker-dealers sold investors fewer variable annuities relative to fixed index annuities. He contended that variable annuities can be costly and noted that in states with broker-dealer fiduciary duties investors saved 51 basis points per year based on getting better advice. Jackson said he was discouraged with the lack of clarity on how Regulation BI affects state laws, contending that the rule should provide a floor rather than a ceiling for state regulations.

Commissioner Hester Peirce urged commenters to take a fair look at what is actually in the rule. She suggested that Form CRS will serve investors well, and that the package being considered will allow investors in all wealth brackets to choose a broker-dealer or an investment adviser. She said the rules will allow the SEC to better protect investors from bad actors. She stated that the SEC will need to carefully monitor the implementation of the rule, stressing the need to avoid exacerbating the decline in the number of broker-dealers in the market. She said the implementation timeline in the rule is very ambitious, urging participants to come forward if they need additional time to comply.

Commissioner Elad Roisman expressed support for each of the four recommendations. He said the capital markets have evolved to allow investors a wide range of choices in products, services, providers, and payment options, which he hopes to preserve. He stated that the recommendations recognize the limitations of fiduciary duties and that there should not be a one-size-fits-all model for all providers. He stated that investment advisers and broker-dealers serve different needs and he contended that their regulations should not be homogenized. He asserted that Regulation BI will enhance the standard of conduct for broker-dealers, stating that it would prevent brokers from putting their own interests ahead of those of investors.

House Panel Holds Hearing on Export-Import Bank

Key Points:

- *Members of both parties on the Committee expressed support for reauthorizing the Export-Import Bank in a timely manner.*

Williams & Jensen, PLLC
701 8th Street, N.W. Suite 500 Washington, D.C. 20001
Telephone: (202) 659-8201 Fax: (202) 659-5249
www.williamsandjensen.com

- *Several Republicans raised concerns that the Export-Import Bank is not meeting its mandate to only serve as the lender of last resort.*

On June 4, the House Financial Services Committee held a [hearing](#) entitled, “Promoting American Jobs: Reauthorization of the U.S. Export-Import Bank.” The authorization for the Export-Import (Ex-Im) Bank is scheduled to expire on September 30, 2019. Chairwoman Maxine Waters (D-CA) said the Ex-Im Bank helps prevent the movement of manufacturing production overseas and helps U.S. companies compete internationally by taking on risk the private sector is unwilling or unable to take on. She noted that Ex-Im Bank has financed more than \$255 billion in U.S. exports over the past ten years, which supported 1.5 million American jobs. She said the Bank has repeatedly been under attack, noting that former Chairman Jeb Hensarling (R-TX) allowed the Bank’s authorization to lapse. She expressed concern that if Ex-Im Bank is not reauthorized, companies will be forced to move jobs abroad to countries where export credit is available.

Ranking Member Patrick McHenry (R-NC) stated that he hopes to pursue a bipartisan approach to Ex-Im Bank reauthorization. He said the Ex-Im Bank was first created in the 1930s, asserting that much has changed since that time. He said China is providing unparalleled levels of export subsidies, particularly for its state-owned enterprises. He suggested that the Bank should not be expected to singlehandedly counter China, but contended that it should be updated to meet the needs of today. He stressed the need to support both large and small companies. He said the Ex-Im Bank should allow small

businesses to grow and flourish by accessing new markets. He stressed the need to push China to adhere to international standards, including on export subsidies.

A number of members of both parties spoke in support of reauthorizing Ex-Im, though some recommended that changes be made to the program. Congressmen Denny Heck (D-WA) and Ed Perlmutter (D-CO) suggested that the Ex-Im Bank should be made permanent in order to avoid future lapses. Congresswoman Joyce Beatty (D-OH) and Congressman Emanuel Cleaver (D-MO) suggested that the Bank needs to focus more on lending to women and minority-owned businesses. Congressmen Blaine Luetkemeyer (R-MO), Heck, and Steve Stivers (R-OH) expressed opposition to imposing concentration limits or caps on Ex-Im Bank support.

Several Republican members of the Committee raised concerns with the Ex-Im Bank. Representatives Roger Williams (R-TX), Bill Posey (R-FL) and Scott Tipton (R-CO) questioned whether the Ex-Im Bank is fulfilling its mandate to only provide support to companies which cannot find financing in the private sector. Representative Bill Huizenga (R-MI) disagreed with arguments that there should not be caps on Ex-Im Bank lending. He expressed concern that Democrats will push through a reauthorization for too long of a period with no caps on lending.

Representative Barry Loudermilk (R-GA) stated that he sees the need for the Bank, but suggested that it is in need of reform. He stated that he is a proponent of including the private sector as much as possible. He said the Ex-Im Bank launched a reinsurance pilot program which shares an additional \$1 billion in loss

coverage for the Bank's aircraft financing transactions. He suggested that the Bank should do more of these types of programs and recommended making the pilot permanent.

Senate Confirms Heath Tarbert as CFTC Chairman

Key Points:

- *The Senate confirmed Heath Tarbert to serve as CFTC Chairman by a vote of 84-5.*
- *Tarbert is scheduled to be sworn in on July 15.*

On June 5, the Senate confirmed Heath Tarbert to serve as Chairman of the Commodity Futures Trading Commission (CFTC) by a vote of 84-9. Tarbert was also confirmed for a term as a CFTC Commissioner ending April 13, 2024, by a vote of 85-9. Tarbert is currently serving as acting Under Secretary of the Treasury for International Affairs. Tarbert's nomination was favorably reported by the Senate Agriculture Committee on April 1.

Current CFTC Chairman J. Christopher Giancarlo issued a [press release](#) congratulating Tarbert on his confirmation. The press release noted that Giancarlo will continue to serve as Chairman until Tarbert is sworn in on July 15.

Senate Banking Committee Holds Nomination Hearing

Key Point:

- *The Committee discussed the nominations for positions at the Federal Reserve Board, the Securities and Exchange Commission (SEC), Export-Import Bank, Treasury Department, and Commerce Department.*

On June 5, the Senate Banking, Housing, and Urban Affairs Committee held a [hearing](#) on the following nominations:

- Mr. Thomas Peter Feddo, to be Assistant Secretary of the Treasury for Investment Security
- Ms. Nazak Nikakhtar, to be Under Secretary of Commerce for Industry and Security
- Mr. Ian Paull Steff, to be Assistant Secretary of Commerce and Director General, The United States and Foreign Commercial Service
- Ms. Michelle Bowman, to be a Member of the Board of Governors of the Federal Reserve System
- Mr. Paul Shmotolokha, to be First Vice President of the Export-Import Bank of the United States
- Ms. Allison Herren Lee, to be a Member of the Securities and Exchange Commission

Ranking Member Sherrod Brown (D-OH) said, if confirmed, Feddo would serve in an office that was created in 2018. He noted China's new tactics to acquire American technology and stressed that this is why Feddo's job is so important. He contended that Ms. Nikakhtar has limited experience in export-control matters, so he called on her, if confirmed, to work with her colleagues to navigate the political concerns that surround her position. He said Ms. Bowman has community bank experience but he expressed concern that she has favored Wall Street in her government positions. He called on her to ensure that the regulatory system works for the entire financial industry. He said Ms. Lee would be returning to the Securities and Exchange Commission (SEC) for a second time if she is to be confirmed. He contended that her work is

especially important now as the Administration seems to favor corporations more than individuals.

Senator Robert Menendez (D-NJ) asked if it is appropriate for Congress to increase Ex-Im's exposure cap. Shmotolokha replied yes. Menendez asked Lee if tough penalties are a successful deterrent for future law breakers. Lee said compliance is the overall goal of enforcement. She added that the best way to achieve compliance is deterrence.

CFPB Delays Implementation of Payday Loan Rule Underwriting Provisions

Key Points:

- *The CFPB finalized a rule to delay compliance with the mandatory underwriting provision to November 2020.*
- *The Bureau is still in the process of considering a regulation to repeal the underwriting provisions.*

On June 6, the Consumer Financial Protection Bureau (CFPB) issued a [final rule](#) delaying the deadline for compliance with the mandatory underwriting provisions of the Bureau's rule on Payday, Vehicle Title, and Certain High-Cost Installment Loans. The underwriting provisions had been set to go into effect on August 19, 2019. The final rule delays compliance to November 19, 2020.

In February the Bureau issued a proposed rule to repeal the underwriting provisions of the original rule. That proposal is still under consideration.

Upcoming Hearings and Meetings

June 11-12

Markup: The House Financial Services Committee will hold a markup of: (1) The Housing Financial Literacy Act; (2) The Corporate Transparency Act; (3) The Keeping Families Together Act; (4) The Ensuring Equal Access to Shelter Act; (5) The National Flood Insurance Program Administration Reform Act; (6) The FHA Loan Affordability Act; (7) The Homeownership for Dreamers Act; and (8) The National Flood Insurance Program Reauthorization Act.

June 11

FIMSAC: The Securities and Exchange Commission (SEC) will hold a meeting of its Fixed Income Market Structure Advisory Committee (FIMSAC). The Advisory Committee will consider a recommendation from the Technology and Electronic Trading Subcommittee.

Student Lending: The House Financial Services Committee's The Subcommittee on Oversight and Investigations will hold a hearing entitled, "An Examination of State Efforts to Oversee the \$1.5 Trillion Student Loan Servicing Market."

Financial Data Privacy: The Senate Banking Committee will hold a hearing entitled, "Data Brokers and the Impact on Financial Data Privacy, Credit, Insurance, Employment and Housing." The witnesses at the hearing will be: Dr. Alicia P. Cackley, Director, Financial Markets and Community Investment, Government Accountability Office; and Ms.

Pam Dixon, Executive Director, World Privacy Forum.

Financial Services Appropriations: The House Appropriations Committee will hold a markup of its Fiscal Year (FY) 2020 Financial Services and General Government appropriations bill.

Elder Abuse Awareness: The World Elder Abuse Awareness Day Global Summit will be hosted at the Securities and Exchange Commission. Elder abuse prevention leaders will focus on elder abuse and financial exploitation.

June 12

FEMA Readiness: The House Homeland Security Committee will hold a hearing entitled, “Assessing FEMA’s Readiness for Future Disasters.”

FEMA Nomination: The Senate Homeland Security and Governmental Affairs Committee will hold a hearing to consider the nomination of Jeffrey Byard to be Administrator of the Federal Emergency Management Agency (FEMA).

June 18

Terrorism Risk Insurance: The Senate Banking Committee will hold a hearing on “The Reauthorization of the Terrorism Risk Insurance Program.”

June 19

Tax and Trade Policy: The House Financial Services Committee’s National Security, International Development and Monetary

Policy will hold a hearing entitled, “Slowing Economic Growth: The Impact of Recent Trade and Tax Policies on the U.S. Economy.”

Securities Enforcement: The House Financial Services Committee’s Subcommittee on Investor Protection, Entrepreneurship and Capital Markets will hold a hearing entitled, “Putting Investors First: Examining Proposals to Strengthen Enforcement Against Securities Law Violators.”

June 20

Diversity: The House Financial Services Committee will hold a hearing entitled, “Diversity in the Boardroom: Examining Proposals to Increase the Diversity of America’s Boards.”

Beneficial Ownership: The Senate Banking Committee will hold a hearing on “Outside Perspectives on the Collection of Beneficial Ownership Information.”

Appraisals: The House Financial Services Committee’s Subcommittee on Housing, Community Development and Insurance will hold a hearing entitled, “What’s Your Home Worth? A Review of the Appraisal Industry.”

June 25

Fannie Mae and Freddie Mac: The Senate Banking Committee will hold a hearing entitled, “Should Fannie Mae and Freddie Mac be Designated as Systemically Important Financial Institutions?”

Debt Collection: The House Financial Services Committee will hold a hearing entitled, “Examining Legislation to Protect Consumers

and Small Business Owners from Abusive Debt Collection Practices.”

FinTech: The House Financial Services Committee’s Task Force on Financial Technology will hold a hearing entitled, “Overseeing the Fintech Revolution: Domestic and International Perspectives on Fintech Regulation.”

June 26

Diversity: The House Financial Services Committee’s Subcommittee on Diversity and Inclusion will hold a hearing entitled, “Diverse Asset Managers: Challenges, Solutions and Opportunities for Inclusion.”

Artificial Intelligence: The House Financial Services Committee’s Task Force on Artificial Intelligence will hold a hearing entitled, “Perspectives on Artificial Intelligence: Where We Are and the Next Frontier in Financial Services.”

June 27

Export-Import Bank: The Senate Banking Committee will hold a hearing entitled, “Oversight and Reauthorization of the Export-Import Bank of the United States.”

For more information about financial services issues you may email [Joel Oswald](#) or [Alex Barcham](#).

HEALTH

Energy and Commerce Considers Health Care Extenders

Key Points:

- *The House Energy and Commerce Committee held a hearing entitled “Investing in America’s Health Care.”*
- *The hearing focused on extends several health programs set to expire September 30 including Community Health Centers, the National Health Service Corps, the Special Diabetes Program, and the Patient-Centered Outcomes Research Initiative.*

On June 4, the House Energy and Commerce Committee’s Health Subcommittee held a hearing entitled “Investing in America’s Health Care.” The hearing examined the following bills:

- [H.R. 1767](#), Excellence in Mental Health Addiction Treatment Expansion Act
- [H.R. 1943](#), Community Health Center and Primary Care Workforce Expansion Act of 2019;
- [H.R. 2328](#), Community Health Investment, Modernization, and Excellence Act of 2019;
- [H.R. 2668](#), Special Diabetes Program Reauthorization Act of 2019;
- [H.R. 2680](#), Special Diabetes Programs for Indians Reauthorization Act of 2019;
- [H.R. 2815](#), Training the Next Generation of Primary Care Doctors Act of 2019;
- [H.R. 2822](#), Family-to-Family Reauthorization Act of 2019;

- [H.R. 3022](#), Patient Access Protection Act;
- [H.R. 3029](#), Improving Low Income Access to Prescription Drugs Act of 2019;
- [H.R. 3030](#), Patient-Centered Outcomes Research Extension Act of 2019;
- [H.R. 3031](#), To amend title XVII of the Social Security Act to extend funding for quality measure endorsement, input, and selection under the Medicare program; and
- [H.R. 3039](#), To provide for a 5-year extension of funding outreach and assistance for low-income programs.

Chairwoman Anna Eshoo (D-CA) expressed concern funding for these programs will lapse without Congressional action. She advocated for extending the Community Health Center Fund which assists 12,000 locations providing primary care to one in thirteen Americans. Ranking Member Michael Burgess (R-TX) expressed interest in the return on investment from comparative clinical effectiveness research at the Patient-Centered Outcomes Research Initiative (PCORI). He expressed concern that permanently eliminating the Disproportionate Share Hospital (DSH) cuts would prevent meaningful reform.

CMS Seeks Input on Patients Over Paperwork Initiative

Key Points:

- *The Centers for Medicare and Medicaid Services issued a request for information for on idea on how to continue the progress of the Patients over Paperwork Initiative.*
- *Comments are due August 12, 2019.*

On June 7, the Centers for Medicare and Medicaid Services (CMS) announced a request for information (RFI) seeking new ideas on how to continue the progress of the Patients over Paperwork Initiative from patients, the medical community, and other stakeholders. Counting from the launch of the program in 2017, CMS estimates the health care system will save an estimated \$5.7 billion through 2021.

CMS Administrator Seema Verma said the “Patients over Paperwork Initiative has made great inroads in clearing away needlessly complex, outdated, or duplicative requirements that drain clinicians’ time but contribute little to quality of care or patient health.”

CMS outlines some specific areas it is seeking potential solutions for such as reporting and documentation requirements; prior authorization procedures; policies and requirements for rural providers, clinicians, and beneficiaries; and beneficiary enrollment and eligibility determination.

Comments on the RFI are due August 12, 2019. Read the RFI [here](#).

Upcoming Hearings and Meetings

June 12

Medicare for All: The House Ways and Means Committee will hold a hearing titled “Pathways to Universal Health Coverage.”

Surprise Bills: The House Energy and Commerce Committee will hold a hearing titled “No More Surprises: Protecting Patients from Surprise Medical Bills.”

Medical Student Debt: The House Small Business Committee will hold a hearing titled

“The Doctor is Out. Rising Student Loan Debt and the Decline of the Small Medical Practice.”

Consolidation: The Senate Judiciary Committee will hold a hearing titled “Your Doctor/Pharmacist/Insurer Will See You Now: Competitive Implications of Vertical Consolidation in the Healthcare Industry.”

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

TRADE

Proposed Tariffs on Mexico Related to Immigration

Key Points:

- Tariff negotiations with Mexico continue
- Tariffs at 5% level would begin Monday, June 10, unless they are delayed

U.S. Senior Mexican and U.S. officials met at the White House on Wednesday, and staff met Thursday to negotiate a resolution to a dispute over immigration that President Trump has tied to blanket tariffs on Mexican goods. Foreign Affairs Secretary Marcelo Ebrard said, after the meeting, that a resolution between the two countries has not been reached.

As talks continue this week, Secretary Ebrard has expressed optimism that the two countries can make a deal, and President Trump said at a press conference that “Mexico wants to make a deal.” Senate Minority Leader Chuck Schumer (D-NY) stated Wednesday that he does not believe President Trump will not actually try to impose the tariffs, and if he does they will be

blocked by a resolution of disapproval. House Minority Leader Kevin McCarthy (R-CA) has publicly expressed support for President Trump’s tariffs.

There has been more push back on the proposed tariffs on Mexico from Congressional Republicans than on other tariffs. Earlier in the week, Senate Republicans, in a closed-door meeting with White House officials, expressed some strong opposition to the tariffs and suggested that a legislative vote to “disapprove” of the underlying emergency being cited for the action could receive a veto-proof vote in the Senate. Senate Majority Leader McConnell (R-KY) also requested the President hold off imposing the tariffs until he could meet with Senate Republicans, but it is not clear that such a meeting will take place.

This proposed tariff on Mexico is a fluid issue that will be changing, almost certainly, over the next several days.

USMCA Update

Key Points:

- USMCA effectively stalled while Mexico tariff debate continues
- Moderate House Democrats outline USMCA priorities and disapproval of tariffs

The New Democrat Coalition, a target group for the Trump administration in its efforts to secure the ratification of the USMCA, released its list of priorities for the deal on Wednesday, and called on President Trump to scrap plans to impose tariffs on all Mexican imports. Dropping the threat of tariffs was one of the actions the coalition listed as a requirement to restore “confidence in the United States’ trade

relationship with our North American allies.” House Ways & Means Committee Chairman Richard Neal (D-MA) announced Thursday that he would introduce a resolution of disapproval of tariffs on Mexican imports if President Trump moves ahead with his threat to impose them. Section 232 tariffs on Canadian and Mexican steel and aluminum also made the list of priorities, with Democrats demanding that they be kept off and not replaced with quotas. Other requests include: removing the threat to impose national security tariffs on autos and auto parts; and reauthorizing the Export-Import Bank.

China Section 301 Tariffs, List 4, On Hold Until After G20

Key Point:

- President Trump announces he will wait until the G20 to decide on tariffs on remaining Chinese goods

On Thursday, President Trump announced he will decide whether to hit all Chinese imports with tariffs after he meets with China's president, Xi Jinping, at the G20 Leaders' Summit in late June. When asked about Section 301 tariffs on those Chinese goods that are not already subject to them, Trump said, “I would make that decision I would say over the next two weeks, probably right after the G20. One way or the other I'll make that decision after the G20. I'll be meeting with President Xi and we'll see what happens. But, probably planning it sometime after G20.” The two-day G20 Leaders' Summit in Japan is set to begin on June 28.

As a practical matter, the tariffs on the remaining \$300B or more of goods are subject to a notice and comment period, with

comments due on June 17th and with a period for rebuttal and public hearings also starting on June 17th. As a result, the notice and comment period will run through late June before the tariffs under so-called “List 4” could be ready to be put into place. That date roughly coincides with the G20.

For more information about trade issues you may [email](#) or call Christopher Hatcher at 202-659-8201. Cullen Neely contributed to this section.

This Week in Congress was written by Alex Barcham.