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Washington Update

This Week In Congress

House – The House passed the Honoring our Promise to Address Comprehensive Toxics Act (H.R. 3967), the Emmett Till Antilynching Act (H.R. 55), and a resolution supporting the people of Ukraine (H. Res. 956).

Senate – The Senate passed the Strengthening American Cybersecurity Act (S. 3600), a Congressional Review Act resolution to disapprove the Centers for Medicare and Medicaid's rule imposing vaccine mandates for health care workers (S.J. Res. 32), and a resolution to terminate the COVID-19 national emergency (S.J. Res. 38). The Senate failed to advance the Women's Health Protection Act (H.R. 3755).

Next Week In Congress

House – The Senate and House are expected to consider an omnibus appropriations bill for the remainder of Fiscal Year 2022. The omnibus could include supplemental appropriations to support the COVID-19 response and provide aid to Ukraine. Congress may pass a short-term funding extension, if they cannot pass an omnibus by March 11. The House is expected to consider a resolution condemning threats of violence against Historically Black Colleges and Universities (H. Con. Res. 70).

Senate – The Senate is expected to take up an omnibus appropriations bill or continuing resolution, once the legislation is passed by the House. The Senate is expected to vote on the Postal Service Reform Act (H.R. 3076) and continue its consideration of pending nominations, including Ed Gonzalez to be Director of the U.S. Immigration and Customs Enforcement and Maria Pagan to be Deputy U.S. Trade Representative.

TAX

Senator Manchin Restates His Tax Priorities

Key Points:

- *Senator Manchin (D-WV) laid out his priorities for a package to replace the stalled "Build Back Better Act."*
- *Any proposal would also have to garner the support of Senator Sinema (D-AZ), who has previously opposed corporate tax increases.*

Earlier this week, Senator Manchin (D-WV) laid out his priorities for what he hopes to salvage from President Biden's stalled "Build Back Better Act" (H.R. 5376). In an interview, he reiterated a package could win his vote if it lowered the deficit and enacted new programs which are fully funded. Senator

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Manchin explained if Democrats are planning to utilize the budget reconciliation process to circumnavigate the Republican filibuster, they need to start with tax reform and prescription drug prices. "If you do that, the revenue producing [measures] would be taxes and drugs. The spending is going to be climate," Manchin said. Senator Manchin clarified that he has not negotiated a formal proposal with the White House; he is merely putting out a policy framework he would agree to. According to Senator Manchin "Half of that money [revenue] should be dedicated to fighting inflation and reducing the deficit," he said.

Under reconciliation where all 50 Democratic Senators are needed to support, any package which increases tax rates will still have to get the green light from Senator Sinema (D-AZ), who opposed corporate and individual rate increases of the "Build Back Better Act." In the original draft of the "Build Back Better Act" Senator Sinema (D-AZ) got the drafters of the bill to strike proposals that would have increased tax rates on corporate income, the top individual marginal bracket, and capital gains, replacing the lost revenue with a 15 percent minimum tax on large corporations, a surcharge on high-income households, and an excise tax on corporate stock buybacks. This week, Chief Democratic Tax Counsel for the House Ways and Means Committee Grossman questioned if the proposal made by Senator Manchin would be successful "if Senator Sinema is stuck on her prior objections." Such a proposal focused on climate and paid for by taxes and prescription drug policy changes has not been publicly floated, but Senator Manchin's construct may be where Congressional Democrats turn as a basis for possible action later this year – though as with this entire process, not much is very clear.

Businesses Raise Concerns with Foreign Tax Credit Regulations and Interaction with OECD Proposals

Key Point:

- *The business community has been raising concerns with the foreign tax credit regulations in the context of ongoing OECD negotiations.*

As Congress continues their discussions on U.S. foreign tax credit regulations with the Department of Treasury, negotiations at the Organization for Economic Co-operation and Development (OECD) are progressing on Pillars One and Two. The business community has been raising a number of concerns with the final form of foreign tax credit regulations, including whether they will be compatible with proposed OECD regimes. This week, Chief Tax Counsel for the House Ways and Means Committee Grossman said, "If the new regs caused alarm in their final form, I think the business community would have been a little bit wiser to have reacted with a bit more alarm in their draft form." According to Grossman, the Department of Treasury does appear to be keeping an open mind as it engages with the House Ways and Means Committee about the concerns the business sector is now raising.

The final foreign tax credit (FTC) regulations were released in December 2021, following up on proposed regulations released in November 2020. The final regulations clarify that there are four aspects to a creditable tax: realization, gross receipts, the net income requirement, and the attribution requirement.

Practitioners have questioned whether the final regs will work with the OECD proposed system. An example of the business community reaction is a letter sent this week by the National Foreign Trade Council raising concerns and asking for a one-year delay in the FTC regulations application as well as reconsideration of several aspects including conforming to definitions used in OECD Pillar Two.

For more information about tax issues you may email or call Christopher Hatcher at 202-659-8201. Josh Hansma contributed to this section.

FINANCIAL SERVICES

Additional Economic Measures Imposed Against Russia

Key Points:

- *The Treasury Department imposed sanctions against President Putin and other Russian leaders. It also prohibited transactions with the Russian central bank and national wealth fund.*
- *The U.S. and allies expelled several Russian banks from the SWIFT banking system.*

This week, the U.S. and the international community continued to impose sanctions and other economic measures against Russia in response to its invasion of Ukraine.

On February 25, the U.S., in coordination with allies, imposed sanctions on Russian President Vladimir Putin, Minister of Foreign Affairs Sergei Lavrov, and other members of Russia's Security Council.

On February 26, the U.S., the European Commission, France, Germany, Italy, the UK, and Canada announced that there were expelling certain Russian banks from the SWIFT banking system.

On February 28, the Treasury Department's Office of Foreign Asset Control (OFAC) announced that it had "prohibited United States persons from engaging in transactions with the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation." As described in a press release, "This action effectively immobilizes any assets of the Central Bank of the Russian Federation held in the United States or by U.S. persons, wherever located."

On March 2, the White House announced additional actions against Russia, as well as Belarus for its support of the invasion. These actions included:

- Extending the export controls already imposed on Russia to Belarus.
- Imposing full blocking sanctions on Russian defense entities.
- Imposing export controls on oil and gas extraction equipment.
- Adding entities that have been involved in, contributed to, or otherwise supported the Russian and Belarusian security services, military and defense sectors, and/or military and defense research and development efforts to the Commerce Department's Entity List.

- Banning Russian aircraft from entering domestic U.S. airspace.

On March 3, the White House announced it had imposed full blocking sanctions on an additional group of Russian oligarchs. The Department of State also imposed visa restrictions on 19 Russian oligarchs, their families, and close associates.

On March 4, the Department of Commerce announced that it had added 81 Russian companies to the Entity List. Commerce also issued a rule expanding existing sanctions against the Russian oil refinery sector.

In the past week, the UK, the EU, Switzerland, Japan, South Korea and Singapore announced separate measures aimed at deterring Russia from continuing its invasion of Ukraine.

In a Twitter thread, Senate Banking Committee Ranking Member Pat Toomey (R-PA) argued that limiting Russia's access to SWIFT is "a start" but that additional measures are needed, including secondary sanctions. Toomey called on President Biden to "immediately impose sweeping secondary sanctions against Russia's entire financial sector." He also urged Congress to pass the Never Yielding Europe's Territory (NYET) Act (S. 3652).

Additionally, House Financial Services Committee Republicans introduced several bills in response to Russia's invasion of Ukraine, including:
- The No Energy Revenues for Russian Hostilities Act (H.R. 6894), introduced by Representative Andy Barr (R-KY), which would prohibit U.S. financial institutions from engaging in transactions related to Russian energy sales.
- The Isolate Russian Government Officials Act (H.R. 6891), introduced by Representative Ann Wagner (R-MO), which would exclude Russian government officials from attendance at the World Bank-IMF Spring and Annual Meetings, G-20 proceedings, Financial Action Task Force plenaries, and Annual General Meetings of the Bank for International Settlements.
- The Russia and Belarus SDR Exchange Prohibition Act (H.R. 6899), introduced by Representative French Hill (R-AR), which would deprive Russia and Belarus of emergency liquidity through the exchange of IMF Special Drawing Rights for hard currency.
- The Russian Sovereign Debt Prohibition Act (H.R. 6900), introduced by Representative Bill Huizenga (D-MI), which would prohibit secondary market dealings in Russian sovereign debt, regardless of the date a bond was issued.

Federal Reserve Chairman Powell Testifies Before Congress

Key Points:

- *Republicans argued that Democrats' spending and energy policies are driving inflation, while Democrats responded that inflation is being driven by supply chain challenges.*
- *Members of both parties expressed concern that Russia's invasions of Ukraine could lead to market instability and exacerbate inflation*

This week, Federal Reserve Chairman Pro Tempore Jerome Powell testified before the House Financial Services Committee and the Senate Banking Committee regarding the Federal Reserve's Semi-Annual Monetary Policy Report.

In his testimony, Powell stated the conflict in Ukraine is causing tremendous hardship for the Ukrainian people and the impacts on the U.S. economy still remain uncertain. He emphasized the Federal Reserve will be monitoring the situation closely. He explained economic activity grew at a robust 5.5 percent last year reflecting progress on vaccinations and a reopening of the American economy. He stated the spread of the Omicron variant halted some of this progress earlier this year, but he reiterated the labor market remains extremely tight. He acknowledged inflation increased sharply last year and is now running well above the 2 percent goal of the Federal Reserve. He explained consumer demand remains strong while supply chain bottlenecks are limiting how quickly supply can respond. He added these supply disruptions have been longer lasting than expected and he expressed concern price inflation is spreading to many sectors of the economy. He stated the Federal Reserve will continue to monitor incoming economic data and will adjust their strategy to reflect the wide range of information collected. He explained the Federal Reserve has phased out net asset purchases and he stated he expects it will be time to raise the Federal Funds Rate at the coming meeting next month.

Senate Banking Committee Chairman Sherrod Brown (D-OH) stated that the pandemic economy has led to an increase in inflation. He acknowledged that Russia's invasion of Ukraine will affect the global supply chain, emphasizing the need to make more things in America. He asserted that bringing supply chains home will combat inflation. He stated that both the House and Senate have passed legislation to support domestic manufacturing and innovation, emphasizing the need to get a final bill to the President's desk. Brown said corporations have reacted with "barely controlled glee" at the opportunity to raise prices. He emphasized that companies are making a choice to raise prices, suggesting that they could instead cut costs by reducing executive bonuses or stock buybacks.

Ranking Member Pat Toomey (R-PA) asserted that Democrats' misguided policies are driving inflation. He criticized Democrats for blaming inflation on the supply chain and greedy corporations. He stated that the Fed is behind the curve in addressing inflation. Toomey said he is deeply troubled by moves to use financial regulators to tackle issues outside of the financial system, such as climate change, social issues, and education. He stated that these are important issues, but they are wholly outside of the Federal Reserve's mandate and expertise. He suggested changes to the Federal Reserve structure, including: (1)

making the Reserve Banks subject to the Freedom of Information Act (FOIA); (2) subjecting the Reserve Bank heads to presidential nomination and confirmation; and (3) reconsidering the 12 Reserve Bank structure, such as by consolidating them to 5 or eliminating them entirely. He stressed the need to ensure the Fed does not become a political actor.

Much of the discussion at both hearings focused on the high rate of inflation. Many Republicans argued that Democrats' spending and energy policies have contributed to the increase in inflation. Powell stressed that the Federal Reserve has the tools to address inflation and will be using them. He stated that the Federal Reserve expects to move its policy rate up in a series of rate increases this year.

Ranking Member Toomey expressed concern that the situation in Ukraine will discourage the Federal Reserve from raising interest rates. He asked about the importance of fighting inflation, even if growth is less robust than expected. Powell said there is uncertainty on both supply and demand. He stated that he believes it will continue to be appropriate for the Federal Reserve to proceed as it had planned even before the invasion of Ukraine. He said they intend to raise rates in March and continue with a series of rate increases throughout the year, though they will be careful given the current market uncertainty.

Chairwoman Maxine Waters (D-CA) stated most of the inflation being experienced right now flows from supply chain constraints. She added these constraints seem likely to significantly increase as Russia invades Ukraine. She asked how monetary policy can rein in inflation that is driven largely by supply side factors. Powell responded that policies of the Federal Reserve cannot affect supply side constraints, but they can address demand. He stressed this means the Federal Reserve will be compelled to move away from accommodative policies driving demand. Representative Al Lawson (D-FL) asked if the U.S. is better situated to deal with inflation today than it was in the past. Powell said the current inflation level is higher than what has been seen in the last 50 years. He said the U.S. is in a good place to address inflation due to the tight labor market, suggesting that workers will still be able to get pay increases and good jobs for some time. He said the economy is strong, so it will be able to handle rate increases. He stressed the need to get supply and demand back into alignment.

Members of both parties expressed concern with the economic impact of Russia's invasion of Ukraine and the sanctions imposed in response. Representative Frank Lucas (R-OK) asked how economic penalties against Russia could affect the U.S. economy. Powell said there could be unintended consequences which could be hard to predict. He noted concerns about palladium, neon, corn, and wheat shortages. He said the effects over time are difficult to predict. He stated that the U.S. financial system has relatively small interactions with the Russia economy.

Representative David Scott (D-GA) expressed concern with the impact of Russia's invasion of Ukraine on global trade and food security. He said Russia currently produces more than two thirds of the fertilizer used to grow corn and wheat globally. He stated that Ukraine and Russia are the two largest exporters of wheat, corn and barley. He asked how these developments could create financial stability risk in the U.S. and abroad, and what can be done to address this problem, particularly by the Fed. Powell said he understands Scott's concerns with the supply of wheat, corn and fertilizer. He stated that the Fed does not have the tools to address this issue, suggesting that it is a matter for the Administration and Congress. Representative Bill Foster (D-IL) said the Federal Reserve plays a key role in providing emergency assistance globally. He asked if Powell is concerned that the Federal Reserve may have to take action to provide stability in eastern Europe. Powell said the markets are currently functioning, but the Federal Reserve has tools they can use if needed.

Senate Agriculture Committee Holds Hearing on CFTC Nominees

Key Point:

- *The four nominees agreed that there is not sufficient federal oversight of the spot market for digital assets.*

On March 2, the Senate Agriculture Committee held a hearing to consider the nominations of Christy Goldsmith Romero, Kristin Johnson, Summer Kristine Mersinger, and Caroline Pham to be members of the Commodity Futures Trading Commission (CFTC).

Chairwoman Debbie Stabenow (D-MI) said the CFTC has gone too long without a full complement of Commissioners and today's hearing on the nominations of two Democrats and two Republicans is an important step in getting the CFTC back to full capacity. She said each of the nominees is extremely qualified, noting the historic nature of nominating four women and two women of color. She said making the financial system more accessible to the average American must go hand in hand with appropriate consumer protections. She explained they will lean on the leadership and experience of the Commission as the Committee thinks about what federal regulation of digital assets should look like. She called for giving the CFTC additional resources if Congress gives it more authority over digital assets.

Ranking Member John Boozman (R-AR) noted the nominees bring diverse experiences and a broad range of knowledge that will add value to the Commission. He echoed Chairwoman Stabenow's statement about the historic nature of the nominees being women. He commented the markets have grown to include derivative contracts and digital assets such as Bitcoin. He emphasized questions remain about the proper role federal regulators should play in encouraging innovation in digital assets while ensuring market participants are protected. He noted the nominees will play an important role as Congress, with input from stakeholders, consumers and industry navigate a path forward.

Chairwoman Stabenow noted at the recent digital assets hearing all the witnesses advocated for greater federal oversight of the spot market for digital assets. She asked if there is sufficient federal oversight of the digital spot market, to which all four nominees responded that there is not. Stabenow asked if CFTC is well positioned to regulate the digital spot market, to which all four nominees responded that it is.

Upcoming Hearings and Meetings

March 8
Inflation: The House Financial Services Committee will hold a hearing entitled "The Inflation Equation: Corporate Profiteering, Supply Chain Bottlenecks, and COVID-19."

Mandatory Arbitration: The Senate Banking Committee will hold a hearing entitled "Examining Mandatory Arbitration in Financial Service Products."

March 9
SEC Open Meeting: The Securities and Exchange Commission (SEC) will hold an open meeting to consider whether to propose amendments regarding cybersecurity risk management, strategy, governance, and incident disclosure.

March 10
Investor Advisory Committee: The SEC will hold a meeting of its Investor Advisory Committee. The agenda for the meeting includes panels on: (1) Ethical AI and RoboAdvisor Fiduciary Responsibilities; and (2) Cybersecurity.

March 16
Markup: The House Financial Services Committee will hold a markup of pending legislation. The agenda for the markup has not yet been announced.

March 29
Central Bank Digital Currency: The House Financial Services Committee will hold a hearing entitled "The Future of Money: Assessing the Benefits and Risks of a U.S. Central Bank Digital Currency."

March 30
Artificial Intelligence: The House Financial Services Committee's Task Force on Artificial Intelligence will hold a hearing entitled "Keeping Up with the Codes – Using AI for Effective RegTech."

Stock Exchanges: The House Financial Services Committee's Subcommittee on Investor Protection, Entrepreneurship and Capital Markets will hold a hearing entitled, "Oversight of America's Stock Exchanges: Examining Their Role in Our Economy."

March 31
Overdraft Fees: The House Financial Services Committee's Subcommittee on Consumer Protection and Financial Institutions will hold a hearing entitled, "The End of Overdraft Fees? Examining the Movement to Eliminate the Fees Costing Consumers Billions."

For more information about financial services issues you may email Joel Oswald, Mahlet Makonnen, or Alex Barcham.

ENERGY & ENVIRONMENT

Supreme Court Hears Oral Arguments on Challenge to EPA Authority to Regulate Greenhouse Gas Emissions

Key Points:

- *Coal companies and a group of states led by West Virginia and North Dakota are challenging a lower court ruling that vacated a Trump Administration rule that replaced the Clean Power Plan.*
- *The Obama Administration issued the Clean Power Plan in 2015 to establish greenhouse gas (GHG) emissions control regulations.*
- *The Supreme Court stayed implementation of the Clean Power Plan in 2016.*

On Monday, the Supreme Court heard oral arguments in the case of West Virginia v. EPA. West Virginia, along with other states and parties filed a petition for a writ of certiorari on April 29, 2021, asking the Court to review the U.S. Court of Appeals decision vacating the "Affordable Clean Energy (ACE) Rule". The Trump Administration issued the ACE Rule to replace the Obama Administration's 2015 final rule establishing the "Clean Power Plan".

West Virginia and its fellow petitioners argued that the Obama Administration EPA exceeded its statutory authority under the Clean Air Act in establishing far reaching requirements to control GHG emissions from power plants. In their petition asking the Supreme Court to take up the case, the parties asserted that the U.S. Court of Appeals, in striking down the ACE Rule, granted the EPA "unbridled power—functionally 'no limits'—to decide whether and how to decarbonize almost any sector of the economy." The Biden Administration has countered that the statute calls for standards based on "best system of emissions reduction", which enables regulations within power plant facilities and outside their boundaries.

The Supreme Court is expected to issue its decision in the case by June.

Senate Energy and Natural Resources Committee Holds Hearing on FERC Pipeline Permit Process

Key Point:

- *The Senate Energy and Natural Resources Committee held a hearing on recent Federal Energy Regulatory Commission (FERC) policy statements requiring greenhouse gas emissions be assessed when reviewing proposed natural gas pipelines.*

On March 3, 2022 the Senate Energy and Natural Resources Committee held a hearing "to review recent actions of the Federal Energy Regulatory Commission relating to permitting construction and operation of interstate natural gas pipelines and other natural gas infrastructure projects." The five FERC commissioners testified. On February 17, the Commission issued an interim policy statement on

"Consideration of Greenhouse Gas Emissions in Natural Gas Infrastructure Reviews", which, as described in a fact sheet, is intended to explain how FERC "will assess the impacts of natural gas infrastructure projects on climate change in its reviews under the National Environmental Policy Act (NEPA) and the Natural Gas Act (NGA)." Public comments on the policy statement are due by April 4, 2022. At the same meeting, FERC also approved its long-awaited update to the 1999 Certificate Policy Statement. The Commission initiated its review of the 1999 Statement on February 18, 2021, when it issued a Notice of Inquiry (NOI) titled "Certification of New Interstate Natural Gas Facilities". The NOI requested public comment on potential revisions to the 1999 Statement, which set forth "guidance as to how the Commission will evaluate proposals for certificating new construction [of interstate natural gas pipelines]."

During Thursday's hearing Chairman Joe Manchin (D-WV) expressed concern regarding both the update to the 1999 Policy Statement and the new interim policy statement on GHG emissions. He warned that the new policies will create uncertainty and disincentivize investment. Ranking Member John Barrasso (R-WY) agreed, asserting FERC's actions will chill market investment in new pipeline infrastructure. FERC Chairman Richard Glick and his Democratic colleagues on the Commission defended the policy statements, arguing that they will provide greater legal certainty for FERC-issued certificates for natural gas facilities.

Upcoming Hearings and Events

March 8
Electric Vehicles: The House Energy and Commerce Committee's Energy Subcommittee will hold a hearing titled "Charging Forward: Securing American Manufacturing and Our EV Future."

March 9-10
Electricity Advisory Committee: The Department of Energy's Office of Electricity will hold an open meeting of the Electricity Advisory Committee (EAC). The agenda for the meting includes: updates on energy programs; update on Federal Energy Regulatory Commission (FERC) activities; Office of Electricity activities; electric vehicle (EV) deployment; cyber-informed engineering; and grid resilience.

March 24
FERC Open Meeting: The Federal Energy Regulatory Commission (FERC) will hold an open meeting. The Commission is expected to release the agenda closer to the meeting date.

April 26
Hydroelectric Projects: FERC will hold a technical conference on whether the Commission "should require additional financial assurance mechanisms in the licenses and other authorizations it issues for hydroelectric projects".

April 28
Winter-Readiness of Generating Units: FERC will hold a Joint Technical Conference with the North American Electric Reliability Corporation (NERC) concerning winter-readiness of generating units. The agenda includes discussion of "how to improve the winter-readiness of generating units, including best practices, lessons learned, and increased use of the NERC guidelines…"

For more information about energy and environment issues you may email or call Frank Vlossak at 202-659-8201. Jackson Notes contributed to this report. Updates on energy and environment issues are also available on twitter.

HEALTH

President Biden Announces Health Initiatives in State of the Union

Key Points:
- *As part of his State of the Union address, President Joe Biden announced new initiatives focused on addressing mental health and substance use disorders, including provider shortages, mental health parity, and impacts on children.*
- *Biden also announced a new focus on improving the quality of care in nursing homes including examining the role of private equity ownership on Medicare costs.*

On March 1, President Joe Biden delivered his first State of the Union address. During the speech, Biden outlined several health care priorities for his Administration. Plans include a continued response to the COVID-19 pandemic including improving access to treatments, addressing fraud, and improving access to free tests. He also renewed his pledge to address prescription drug prices. In addition, the President discussed two new significant initiatives to address mental health and nursing home care.

On mental health, Biden announced a strategy that aims to comprehensively address the current mental health crisis including a focus on improving access to treatment by funding new programs to incentivize providers to go into behavioral health, especially in underserved areas, and improving the diversity of providers. The President also intends to include proposals to strengthen mental health parity and improve the integration of mental health and primary care in his FY 2023 budget proposal. Biden also emphasized a focus on youth mental health including examining the impact of technology as well increasing investments in school-based services. Read a fact sheet here.

Biden also emphasized a continued focus on substance use disorders noting overdose deaths have reached historic highs. He outlined efforts to reduce barriers to treatment including making permanent emergency provisions enacted during the pandemic such as allowing providers to treat patients through telehealth. The Administration also intends to identify ways to remove administrative barriers that discourage providers from prescribing medications to treat opioid use disorder. The Administration will also continue to pursue organizations engaged in illicit drug trafficking. Read a fact sheet here.

Biden also announced a new initiative to address care in nursing homes and efforts to improve quality that will be led by the Centers for Medicare and Medicaid Services (CMS). These efforts will include new studies on nursing home staffing requirements, ways to accelerate efforts to reduce room crowding, strengthening the Value-Based Purchasing program, and enhancing oversight. The initiative will also examine the role private-equity ownership has played in nursing home quality and costs. CMS will also take steps to improve staffing by making training more affordable and supporting adequate compensation and a realistic career ladder. Read the fact sheet here.

For more information about health care issues you may email or call Nicole Ruzinski Bertsch or George Olsen at 202-659-8201.

CYBERSECURITY & PRIVACY

Senate Passes Bill to Counter Russian Cybersecurity Threats

Key Point:

- *The Senate passed the Strengthening American Cybersecurity Act, a package of three cybersecurity bills which would require hack and ransomware reporting. The bill was introduced by Senate Homeland Security and Governmental Affairs Committee Chairman Gary Peters (D-MI), with the support of Ranking Member Rob Portman (R-OH).*
  - *The White House expressed support for the bill, while the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) expressed concern that the bill does not include the FBI in reporting efforts*

The recently passed Strengthening American Cybersecurity Act of 2022 (S. 3600) includes a requirement for businesses to report cyberattacks. It would require critical infrastructure owners, such as energy, information technology, financial services, and health care facilities, and federal agencies to report substantial cyberattacks and ransomware payments to the Cybersecurity and Infrastructure Security Administration (CISA) within 72 hours. The bill also would authorize the Federal Risk and Authorization Management Program (FedRAMP) cloud computing program for five years. The bill also includes the Federal Information Security Modernization Act (FISMA). Co-sponsors of the bill are now working on a House equivalent.

A White House spokesman confirmed the Biden Administration's support for S. 3600, stating this effort is part of the Administration's comprehensive effort to modernize America's cyber defenses. However, the FBI and DOJ expressed concern the FBI was not included in cyber reporting, claiming failure to include to FBI makes the country less safe. Deputy Attorney General Lisa Monaco and FBI Director Christopher Wray both publicly condemned the bill as leaving the FBI out and thus sidelining the best tool to protect Americans.

State Privacy Bills Move Forward

Key Point:

- *The Utah Senate unanimously passed Senate Bill 227, the Utah Consumer Privacy Act, which will be considered in the State House in the upcoming weeks*
- *The Washington State House Appropriations Committee voted 17-16 to recommend H.B. 1850, the Washington Foundation Privacy Act and adopted a substitute bill that closer aligns it with the State Senate version, the Washington Privacy Act*
- *The Florida House passed H.B. 9 on a 103-8 vote which was referred to the Judiciary Committee*

The Utah and Washington State legislatures advanced legislation to create state-wide privacy laws. Similar legislation advanced in Florida and a key provision, a tiered private right of action, was retained in the legislation. Each state has taken significant steps towards a state-wide privacy law, following suit of other states in recent weeks.

EU-U.S. Privacy Shield Talks Wrapping Up

Key Point:

- *U.S. Privacy Shield Director Alex Greenstein announced that talks to address EU-U.S. adequacy and replacement of the EU-U.S. Privacy Shield are, "in the home stretch."*

U.S. and EU negotiators are closing in on finalizing a transatlantic data transfer mechanism, an agreement to simplify the exchange of personal data between the two regions could be announced as early as this spring. U.S. Department of Commerce Privacy Shield Director Alex Greenstein emphasized the complexity of the issues that the U.S. and EU regulators are still discussing, including Europe's hesitancy about potential data surveillance in the U.S. Additionally, Europe's aggressive advancement of technology-related standards that do not have clear U.S. counterparts have been a sticking point in negotiations. Greenstein announced at the State of the Net conference in Washington, D.C. that his team and EU counterparts "are in the home stretch".

For more information about cybersecurity issues you may email Mahlet Makonnen or Frank Vlossak. Jackson Notes and Abbey Schroeder contributed to this section.

TRADE

Support Gathers in Congress and Globally for Removing Russia's MFN Trade Statuses.

Key Point:

- *Senate Finance Chairman Wyden (D-OR) has introduced companion legislation (to House legislation) in the Senate that would remove most favored nation trading status from Russia.*
- *Several other bills have been proposed along the same lines by other key Senators.*

- *Canada revoked Russia's MFN status, and the EU is also seeking to remove Russia's most favored nation trade status at the World Trade Organization (WTO).*

This week, there was an acceleration of proposals to remove Russia's NTR (normalized trade relations) status in the US, also termed most favored nation (MFN) status in the rest of the world.

Senate Finance Chairman Wyden (D-OR) has introduced the 'No Most Favored Nation Trading with Russia Act.' The practical effect of such a change is that imports from Russia would be subject to higher tariffs when entering the U.S. House Ways and Means Trade Subcommittee Chair Blumenauer (D-OR) joined Representative Doggett (D-TX) in introducing the same proposal in the House last week. Senate Finance Ranking Member Crapo (R-ID) has expressed support for the legislation and proposed the legislation should go further in actively trying to add more limits to trade with Russia. Senators Brown (D-OH), Cassidy (R-LA), Cardin (D-MD) and Portman (R-OH) all introduced or indicated support for legislation to remove NTR status for Russia, suggesting bipartisan consensus in that direction is growing.

Internationally, there is momentum for revoking MFN status for Russia as well. Canada was the first to act in officially revoking this week the most-favored nation statuses of Russia and Belarus. Support is growing in the EU and Brussels to remove this status as well. The EU accounted for 37 percent of Russia's total trade in goods in 2020, making the EU Russia's biggest trade partner.

USTR Releases 2022 President's Trade Policy Agenda and 2021 Annual Report

Key Point:

- *U.S. Trade Representative (USTR) Katherine Tai delivered the 2022 Trade Policy Agenda and Annual Report, along with promises to work with Congress to evaluate the efficacy of current trade tools.*

Early this week, the USTR issued its annual trade agenda and policy review. Included in the 2022 Trade Policy Agenda and 2021 Annual Report is a recommitment by the Biden Administration to utilizing existing tools and exploring new options to combat China's state-led, non-market practices.

Key themes of the report include:

- Standing up for workers' rights
- Accelerating decarbonization and promoting sustainable environmental practices
- Supporting U.S. agriculture
- Bolstering supply chain resiliency
- Re-aligning the U.S.-China trade relationships
- Engaging with key trading partners and multilateral institutions
- Promoting confidence in trade policy through enforcement
- Broad engagement with stakeholders to facilitate inclusive, durable trade policy

The report appears designed to set the foundation for a revision and realignment of U.S. trade relations with China, and could foretell new actions on China trade that the USTR has been considering since the Biden Administration came into office. Rumors have for several months suggested a new Section 301 investigation could be considered, focusing on Chinese industrial subsidies.

Please find the report here and the fact sheet here.

For more information about trade issues you may email or call Christopher Hatcher at 202-659-8201. Abbey Schroeder contributed to this section.

This Week in Congress was written by Alex Barcham.