

FAST FIVE

Public Policy Insights

North America

December 11, 2020

Featured Five

1. **Congress Passes One Week Extension of Government Funding, COVID Relief on Deck.** This week, Congress agreed to a brief one-week extension of government funding as leadership and the White House debate a compromise over a roughly \$900 billion COVID relief bill. Any potential deal will likely pass with an extension of government funding. As expected, liability protections and funding for state and local governments have been sticking points. Majority Leader Mitch McConnell has suggested removing both controversial provisions to increase the chances of passage. He has called the scenario of Congress leaving for the year without passing a relief bill, “unacceptable,” providing the strongest indications yet Congress is close to a compromise.
2. **Bill Introduced in California to Bypass Debit and Prepaid.** State Assemblywoman Lorena Gonzalez has introduced legislation to mandate a direct deposit option for all unemployment benefits. This is largely in response to an estimated 350,000 Californians being locked out of their debit unemployment cards. Currently, residents in the state receive benefits via check or a Bank of America card. Her bill would expand options to include direct deposit, arguing the current cards do not use chip technology and are more vulnerable to scammers.
3. **Coalition United on WTO E-Commerce Negotiations.** Our trade, the Coalition of Services Industries, is working with BSA and other D.C. trades on a letter regarding WTO e-commerce negotiations. The draft letter will be shared with negotiating WTO delegations to highlight global business interest in a negotiating outcome that contains commitments to avoid unnecessary or discriminatory cross-border data transfer restrictions and data localization mandates. The letter noted these negotiations, “offer a unique opportunity to reach an international agreement that can help realize the promise of cross-border access to technology and the trusted movement of data for all economic sectors and across regions.”
4. **Administration Releases Executive Order on AI.** In its last remaining days, the Trump Administration has issued an Executive Order (EO) on promoting AI. It’s a high-level document and it sets common guidelines and principles for use of AI across the federal government. In addition, it directs the Office of Management and Budget (OMB) to develop a roadmap within 180 days on how to implement AI across the federal government, consistent with the principles contained in the EO. Finally, it directs agencies to continue using voluntary consensus standards with agency participation for AI.
5. **Business Roundtable Launches Proposal to Bridge Digital Divide.** Working with the Business Roundtable (BRT), there are now concrete recommendations to policymakers for bridging the digital divide. Broadly, they take the form of five priorities for the next Congress and the Biden Administration. 1) Establish an emergency connectivity benefit to support broadband for low-

income households. 2) Expand the E-Rate program to support student and teacher connectivity needs. 3) Fund the purchase of connected devices for e-learning. 4) Accelerate broadband buildout in unserved areas. 5) Support access to online healthcare services.

Future

1. **House Financial Services Targets Regulations for Repeal.** House Financial Services Committee Chair Maxine Waters (D-CA) has made a list of regulations and executive actions that she and the Committee would like President-elect Biden to reverse. The notable regulations include: 1) the Public Charge rule that largely dictates immigration status by the receipt of federal support, 2) a reversal of the structural reforms at CFPB, including cutting staff and eliminating student loan oversight, 3) pausing rulemakings around the Qualified Mortgage rule, and 4) the elimination of the “ILC Loophole” to ensure companies like Square and Nelnet are subject to the Bank Holding Act like most banks.
2. **Industry Pushes Back on Executive Order on Stereotyping.** Our primary tech trade, ITI, issued a swift rebuke of the Administration’s latest Executive Order (EO) on “Combating Race and Sex Stereotyping.” This EO has caused great concern among the government contracting community by restricting private businesses’ ability to provide employee training addressing issues of systemic racism or unconscious bias in the workplace. As agencies begin implementation, ITI urged government leaders to take steps to stop the policy from progressing. ITI noted, “The EO’s substance is incredibly harmful because it undercuts companies’ efforts to promote a diverse, equitable, and inclusive workforce—a top priority for the technology sector as well as the incoming Biden Administration.”
3. **Senate Commerce Explores Implications of Transatlantic Flows.** This week, Members heard from industry, academics, the FTC, and the Commerce Department on the future of transatlantic digital trade. Commerce Committee Chair Roger Wicker (R-MS) wants to develop a new durable and lasting data transfer framework between the U.S. and EU that provides meaningful data protections to consumers, sustains the free flow of information across the Atlantic, and maintains a strategic partnership with the EU. Ranking Member Maria Cantwell (D-WA) also expressed a desire to find a bipartisan solution after the invalidation of the Privacy Shield. During the hearing, witnesses also highlighted the harms of data localization, including significant regulatory costs, the disproportionate impact on small businesses, and the inability to protect data or consumers. Although Members and witnesses agreed it would help if the U.S. had a national privacy law, it wouldn’t necessarily guarantee an agreement with the EU.
4. **Numerous Tax Policy Changes to Watch in 2021.** The calculus on corporate taxes is somewhat straightforward next year. We can expect IRS and Treasury to implement new regulations and guidance that will affect the margins of the Tax Cuts and Jobs Act (TCJA). The Senate runoffs in Georgia will determine if the tax rate rises to between 25% and 28% or remains the same. In terms of specifics, we could see additional legislation requiring that companies publicly disclose their income, assets, number of employees, and taxes paid on a country-by-country basis. There are also popular proposals to deny tax deductions for costs deemed to be associated with offshoring jobs, denying other favorable tax treatment, clawing back past tax benefits from companies deemed to have offshored jobs, and providing tax credits for the cost of moving jobs to the United States. Finally, there are proposals to eliminate the Global Intangible Low-Taxed Income (GILTI) high-tax exception. Notably, this is one change to the GILTI that could be done through the regulatory process, without input from Congress.