

Washington Update

April 11, 2025

This Week In Washington

Senate: The Senate continued processing nominations. They passed Congressional Review Act [H.J.Res.20](#), to rescind the Department of Energy's rule "Energy Conservation Program: Energy Conservation Standards for Consumer Gas-fired Instantaneous Water Heaters."

House: The House adopted the Senate version of the Budget Resolution [H.Con.Res.14](#) triggering the budget reconciliation process. They passed the No Rogue Rulings Act ([H.R.1526](#)), the Safeguard American Voter Eligibility Act ([H.R.22](#)), and Congressional Review Acts [S.J.Res.18](#), to rescind the CFPB's rule "Overdraft Lending: Very Large Financial Institutions" and [S.J.Res.28](#), the CFPB's rule "Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications."

Trump Administration: On April 9, President Trump [announced](#) a 90 day pause on the implementation of reciprocal tariffs on all countries except for China whose tariffs were raised to 145 percent. The pause is only applicable for reciprocal tariffs and the tariffs on automobiles, steel, and aluminum will continue.

Next Week In Washington

Senate: The Senate is in recess and will reconvene Monday, April 28. They are expected to continue processing nominations including Ambassadors to China, United Kingdom, Turkey, and Italy.

House: The House is in recess and will reconvene Monday, April 28.

TAX

House Adopts Senate-Passed Budget Resolution Unlocking Reconciliation Process and Tax Legislation

Key Points:

- *The House passed a budget resolution on Thursday, identical to the resolution passed last week in the Senate, unlocking the ability to pursue a singular reconciliation package with tax reform.*
- *The House is expected to start moving its reconciliation bill into committees as soon as early May.*

On April 10, the House voted to adopt the Senate-passed version of a budget resolution by a vote of 216 to 214. With the joint budget resolution adopted, Congress has unlocked the capacity to pursue a reconciliation process. Critically, the budget resolution will provide the opportunity for Congressional Republicans to pursue a tax package extending expiring provisions of the Tax Cuts and Jobs Act (TCJA) ([P.L. 115-97](#)) and possibly enact other tax policies prioritized by the Trump Administration with only a majority in the Senate rather than the normal 60 votes. Only two House Republicans, Representative Massie (R-KY) and Representative Spartz (R-IN), voted against the resolution.

The vote finalizes the months-long process and debate between House and Senate Republicans about whether to pursue a one-bill or two-bill process for reconciliation. Critically, the Senate-passed resolution voted on by the House was unamended – meaning that it utilizes a “current policy baseline” that assumes provisions will not expire and that any extensions would not increase the federal deficit for budgeting purposes. The method stands in contrast to the traditional baseline budget methodology utilized by the House’s original version of the resolution, which accounts for the cost of changes based on current law and expiring provisions. The Senate-passed version only requires deficit reduction by \$4 billion and an increase in the debt limit by \$5 trillion, but Senate Majority Leader Thune (R-SD) met with House Republicans and suggested he and some Senate Republicans will push for spending cuts, with a few agreeing that \$1.5 trillion is the floor for cuts. Some hardline conservatives in the House originally opposed the Senate-passed resolution but ultimately voted in favor of it after receiving assurances the Senate would commit to finding at least \$1.5 trillion in savings.

Following the vote, the House will mark up separate bills in its committees that have instructions, where members will be able to determine where to cut federal funding, or in

the case of Ways and Means how to extend TCJA and address other tax priorities of President Trump. The chamber is expected to begin this process as early as May.

Senate Finance Committee Holds Hearing to Consider Kenneth Kies to be Assistant Secretary of the Treasury for Tax Policy

Key Points

- *The Senate Finance Committee held a hearing on Thursday to consider Kenneth Kies to serve as Assistant Secretary of Tax Policy at the Treasury Department.*
- *The hearing included comments on efforts to extend the TCJA's expiring provisions, with Democrats arguing it would disproportionately give benefits to wealthier Americans and companies and Republicans warning failure to act would see a tax hike for working-class citizens.*

On April 10, the Senate Finance Committee held a [hearing](#) to consider Kenneth Kies to be Assistant Secretary of Tax Policy at the Treasury Department. Within the hearing, Chairman Crapo (R-ID) stated that Kies' past experiences working for the Joint Committee on Taxation and House Ways and Means Committee demonstrated his qualifications for the position. Ranking Member Wyden (D-OR) stated that Republicans' plan to extend expiring TCJA provisions failed to address the biggest economic challenges Americans are facing like housing affordability, low wages, health care affordability, and astronomical child care costs.

During the hearing, Senator Welch (D-VT) railed against Senate Republicans' support for a "current policy baseline" budget scoring method that assumes no costs for extending expiring TCJA provisions. Chairman Crapo, dissimilarly, argued that failing to extend tax cuts would amount to a tax hike and supported the current policy baseline method. Notably, Senator Tillis (R-NC) expressed opposition to attempts by some Republicans to include "non-pro-growth" tax policies in a tax package rather than just extending the TCJA, specifically criticizing proposals to remove taxation on tips for what he called unequal tax relief for American workers.

Ranking Member Wyden (D-OR) and Senator Whitehouse (D-RI) criticized the "round tripping" process by which companies can avoid paying taxes in the U.S. Senator Tillis and Kenneth Kies both noted in contrast that the TCJA's Foreign Derived Intangible Income (FDII) provision encouraged companies to stay in the U.S. and reshore their intellectual property to the nation. Senator Smith (D-MN) also advocated for including provisions in a package to renew expiring TCJA provisions that would reduce child care costs. Senator Warnock (D-GA), in turn, called for raising the Child Tax Credit beyond its \$2,000 amount set in the TCJA.

Treasury Department Announces New Senior Tax Appointments

Key Points

- *The Treasury Department has announced new appointments for its top tax policy positions.*

On April 7, Secretary Bessent [announced](#) new key appointments for senior tax positions at the Treasury Department. These include Rebecca Oakes Burch to serve as Deputy Assistant Secretary for International Tax Affairs, Kevin Salinger to be Deputy Assistant Secretary for Tax Policy, and Derek Theurer to be the President's nominee for the Department's Assistant Secretary for Legislative Affairs. Deputy Assistant Secretary Burch previously served in the International Revenue Service's Office of Associate Chief Counsel, focusing on corporate and partnership tax matters. Deputy Assistant Secretary Salinger previously worked as Managing Director and Head of Tax Counsel at Jefferies, where he focused on long-term tax planning and financial services. Finally, Theurer currently serves as Counselor to the Secretary of the Treasury advising on matters related to both international and domestic tax policy, and formerly was tax counsel to Speaker Johnson and Chief Tax Counsel for the House Ways and Means Republicans.

For more information about tax issues, you may [email](#) or call Christopher Hatcher at 202-659-8201. Noah Hawkins and Charlie Hansen contributed to this section.

FINANCIAL SERVICES

House Financial Services Committee Holds Hearing on U.S. Treasury Debt in the Monetary System

Key Point:

- *Members discussed foreign owned debt, independence of the Federal Reserve and its balance sheet, and inflation, and impact tariffs have on the Treasury market.*

On April 8, the House Finance Services Task Force on Monetary Policy, Treasury Market Resilience, and Economic Prosperity [held](#) a hearing entitled "U.S. Treasury Debt in the Monetary System." Subcommittee Chairman Frank Lucas (R-OK) said the U.S. Treasury market is the deepest, strongest, and most liquid in the world and as such, is the foundation of the global financial system. He stated supply chain constraints, global conflicts, and irresponsible fiscal policy have contributed to unparalleled and unsustainable growth of the national debt. He said the last decade has brought significant changes in technology and regulation which have impacted the capacity of dealers to provide market liquidity in

periods of stress. He noted the Federal Reserve currently holds more than \$4 trillion of Treasuries on its balance sheet. He stated the composition of the Federal Reserve's balance sheet has a profound impact on market conditions and economic stability. He said an efficient and resilient Treasury market is paramount to U.S. leadership abroad and the dollar status as the world's reserve currency. He emphasized that Congress must ensure the Federal Reserve's monetary policy functions are not impeding the health of the Treasury market.

Subcommittee Ranking Member Juan Vargas (D-CA) said whether it be indiscriminate tariffs or increasing the deficit to cut taxes for the wealthy, President Trump's economic policies are making Americans feel less confident about their economic future. He stated a recent analysis done by a research center at Yale found that these tariffs will cost the average U.S. household an estimated \$3,800 or more. He said this economic "tsunami" is going to hit working-class and middle-class Americans the hardest. He stated within the Treasury market, Congress should always be looking for ways to improve efficiency, resilience, and overall functionality. He said this includes looking at the supplemental leverage ratio (SLR) to make sure the intermediaries are not disincentivized to hold low-risk assets like Treasuries. He suggested central clearing to strengthen the Treasury market and continue to mitigate risk. He said the SEC's effort to increase the number of market transactions that are centrally cleared is applaudable.

CFTC Applauds DOJ Policy Ending Regulation by Prosecution of Digital Assets

Key Points:

- *The CFTC previously launched an initiative to address a backlog of noncompliance issues that do not involve customer harm or market abuse.*
- *In its announcement, the DOJ stated it will no longer pursue enforcement that could negatively impact a regulatory framework for digital assets.*

On April 8, Acting Chair of the Commodity Futures Trading Commission (CFTC) Caroline Pham [applauded](#) the Department of Justice's (DOJ) [action](#) to end "the practice of regulation by prosecution" relating to the digital asset industry. Following the release of the DOJ policy, Acting Chair Pham directed CFTC staff and the Director of Enforcement to adhere to the policies concerning digital asset enforcement priorities and digital assets charging considerations. She called on CFTC staff to not seek to "charge regulatory violations in cases involving digital assets," in particular 'violations of registration requirements under the Commodity Exchange Act,' unless 'there is evidence that the defendant knew of the licensing or registration requirement at issue and violated such a requirement willfully.'" She

noted that cases currently under litigation cannot be dismissed without a majority vote by the CFTC and directed staff not to take litigating positions that do not align with the President's executive orders or the DOJ policy on digital asset enforcement.

Acting Chair Pham stated, "I welcome the Justice Department's policy to focus on holding bad actors accountable while allowing regulators to set clear rules that foster responsible innovation. The CFTC is committed to complying with the President's executive orders at the heart of this policy and has already taken important steps to end regulation by enforcement and direct limited resources toward fighting fraud and helping victims."

Treasury Department Takes Action to Eliminate Certain Regulations

Key Point:

- *Treasury eliminated 15 rules ranging from "now-obsolete regulations dating back many years to regulations and guidance issued during the last Administration that placed significant burdens" on small businesses.*

On April 9, Treasury took [action](#) to eliminate 15 rules and guidance materials, in addition to two rules recently rescinded by the Office of the Comptroller of the Currency (OCC). The rules range from guidance issued by the last Administration that placed "significant burden on America's small businesses" to obsolete regulations dating back many years. Earlier, the Treasury Department undertook other deregulatory actions, including an interim final rule to scale back the Financial Crimes Enforcement Network's (FinCEN) beneficial ownership information (BOI) reporting requirements regulation, estimated to save businesses more than \$10 billion in first-year reporting costs.

Treasury highlighted that over the next several months, it will continue to identify actions that "will provide relief from burdensome and unnecessary Internal Revenue Service (IRS) rules and unleash the regulated banking sector through thoughtful review of regulations and examination practices."

FinCEN issues an Analysis of Fentanyl-Related Threat Patterns and Trends in Bank Secrecy Act Reports

Key Point:

- *The analysis showed BSA reports identifying suspected fentanyl-related activity amounting to approximately \$1.4 billion and that reported financial activity highlights various aspects of the illicit fentanyl supply chain with touchpoints across the U.S. financial sector.*

On April 9, Treasury's Financial Crimes Enforcement Network (FinCEN) [issued](#) a Financial Trend Analysis focused on patterns and trends identified in Bank Secrecy Act (BSA) data linked to fentanyl-related illicit finance. The data found through January and December 2024, financial institutions filed 1,246 BSA reports that identified suspected fentanyl-related activity amounting to approximately \$1.4 billion in suspicious transactions. It highlighted various aspects of the illicit fentanyl supply chain, including precursor chemical procurement, fentanyl trafficking, and fentanyl-linked money laundering.

Additional findings of FinCEN's analysis include the cartels and associated chemical brokers use front companies, money mules, and U.S.-based intermediaries to procure fentanyl precursor chemicals from People's Republic of China (PRC)-based suppliers, PRC-based chemicals suppliers accept a wide range of payment methods and often leverage public advertisements, fentanyl-related financial activity in the U.S. primarily involved subjects in populous states with large urban areas that have established drug distribution networks, domestic sales of fentanyl appeared to be conducted primarily in cash and peer-to-peer transfers, and methods to launder suspected fentanyl proceeds varied in sophistication.

House Financial Services Committee Holds Hearing on American Innovation and the Future of Digital Assets

Key Point:

- *Members discussed criminal actors on blockchains, disclosure regimes, and the need for legislation to clarify the definition of a security.*

On April 9, the House Financial Services Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence held an [hearing](#) entitled "American Innovation and the Future of Digital Assets Aligning the U.S. Securities Laws for the Digital Age". Subcommittee Chairman Bryan Steil (R-WI) highlighted the Committee's recent effort in passing the STABLE Act ([H.R.2392](#)) and stated they plan to advance a comprehensive digital asset market structure bill next. He said the previous Administration's "hostile" approach drove the digital asset ecosystem to jurisdictions that already had established regulatory frameworks. He stated the Committee's goal is to identify aspects of the ecosystem that are complicated by securities laws and address them. He urged the Committee to enact legislation that provides clear guidelines for issuers and marker participants, and facilitates capital formation and maintains the integrity of both the digital asset ecosystem and traditional financial system.

Subcommittee Ranking Member Stephen Lynch (D-MA) stated the U.S. has a long, outstanding history of robust securities laws designed to protect investors, encourage competition, and ensure financial stability. He highlighted President Trump's recent actions on tariffs and urged the Committee to work towards preserving market integrity. He said if speculative products, such as Bitcoin, resemble traditional security products in their activity, they should be treated the same way. He expressed concern with the Trump Administration's actions towards the crypto industry and highlighted how the crypto industry has launched a campaign against the Securities and Exchange Commission (SEC), and stated, rather than adjust their practices or acknowledge its products fall under the jurisdiction of U.S. securities laws, the industry has fought to elect and appoint crypto-friendly policymakers.

SEC Statement on Offerings and Registrations of Securities in Crypto Asset Markets

Key Points:

- *The Division of Corporate Finance provided examples of disclosures it had received for each of the six sections outlined in the statement to identify common issues throughout the disclosure process.*
- *The statement highlighted the creation of the SEC's Crypto Task Force by Acting Chairman Mark Uyeda to develop a clear and comprehensive regulatory framework for crypto assets.*

On April 10, 2025, the Securities and Exchange Commission's (SEC) Division of Corporate Finance released a [statement](#) on its views about the application of certain disclosure requirements under the securities laws to offerings and registrations of securities within the crypto markets. The Division of Corporate Finance noted these disclosures "protect investors, facilitate capital formation, and promote fair, orderly, and efficient markets." The statement highlighted six sections related to disclosures including (1) Description of Business, (2) Risk Factors, (3) Description of Securities, (4) Directors, Executive Officers, and Significant Employees, (5) Financial Statements, and (6) Exhibits. The Description of Business section discussed and provided examples of the tailoring of disclosures based on the issuer's business, current or proposed business plan, or intent to acquire or develop a network. The Risk Factors section explained the content and scope of a disclosure, in the context of the crypto asset market, is dependent on the issuer's business and characteristics of the security. The Description of Securities section stated the description of the disclosure is dependent on the type of security. It provided three categories of security description examples including (1) rights, obligations, and preferences, (2) technical specifications, and (3) supply. The Directors, Executive Officers, and Significant Employees

section explains that disclosure of the identities and experiences of individuals who are involved in the management of the issuer is required under SEC rules, such as sponsors of certain trusts. The Financial Statements section noted issuers that need assistance with the content of financial disclosures and other financial information should contact the SEC's Office of the Chief Accountant. The Exhibits section said an issuer must file as an exhibit "any instrument defining the rights of security holders."

Senate Banking Committee Hearing to Consider Federal Reserve, HUD, Commerce, and Treasury Nominees

Key Points:

- *Members raised concerns about the potential closing of HUD field offices, workforce layoffs and firings at the agency, and the impact of cancelled grant programs.*
- *Some Senators inquired about the impacts of President Trump's tariffs and overall trade policy.*

On April 10, the Senate Banking, Housing, and Urban Affairs Committee [held](#) a hearing to consider the nominations of Mr. Andrew Hughes, to be Deputy Secretary, Department of Housing and Urban Development; Mr. David Woll, to be General Counsel, Department of Housing and Urban Development; The Honorable Michelle Bowman to be Vice Chairman for Supervision, Board of Governors of the Federal Reserve System; Mr. John Hurley, to be Under Secretary for Terrorism and Financial Crimes, Department of the Treasury; Mr. David Fogel, to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service, Department of Commerce; and Mr. Landon Heid, to be an Assistant Secretary of Commerce, Department of Commerce. Chairman Tim Scott (R-SC) expressed support for all of the nominees and encouraged his colleagues to advance them. He stated Michelle Bowman understands that financial regulators play an important role in the economy. He explained when supervisors of banks fail to do their job every day, Americans pay the price, so financial regulators must be held to a high standard, and he argued Bowman will do that. He added she would ensure the Federal Reserve operates as an independent institution that is void of politics.

Ranking Member Elizabeth Warren (D-MA) said the economy is teetering because President Trump indiscriminately slapped massive tariffs on almost every country but stated that Congress has the power to contain some of the damage. She expressed concern over Michelle Bowman's nomination and asserted that she has spent her time at the Federal Reserve prioritizing Wall Street over Main Street. She noted in 2019, Bowman voted to deregulate some of the largest banks in the country, including Silicon Valley Bank (SVB), and

noted how it constituted the second, third, and fourth largest bank failures in American history. She said there is chaos at HUD, and the Department of Government Efficiency (DOGE) has indiscriminately canceled contracts and grants that keep people housed and help boost our housing supply. She said the nominees for critical positions at the Treasury and Commerce, including officials who will lead trade and sanction policies, deserve their own hearing to answer hard questions.

Upcoming Hearings and Meetings

April 25

SEC Crypto Task Force: The Securities and Exchange Commission's (SEC) Crypto Task Force will [host](#) a roundtable entitled, "Know Your Custodian: Key Considerations for Crypto Custody."

April 29

Regulatory Overreach: The House Financial Services Committee Financial Institutions Subcommittee will [hold](#) a hearing entitled, "Regulatory Overreach: The Price Tag on American Prosperity."

Proxy Advisors: The House Financial Services Committee Capital Markets Subcommittee will [hold](#) a hearing entitled, "Exposing the Proxy Advisory Cartel: How ISS & Glass Lewis Influence Markets."

April 30

Markup: The House Financial Services Committee will [hold](#) a markup.

May 6

SEC Advisory Committee: The Securities and Exchange Commission's (SEC) Small Business Capital Formation Advisory Committee will [hold](#) a meeting to discuss "rules and regulations affecting small and emerging businesses and their investors under the federal securities laws."

May 12

SEC Crypto Task Force: The Securities and Exchange Commission's (SEC) Crypto Task Force will [host](#) a roundtable entitled, "Tokenization – Moving Assets Onchain: Where TradFi and DeFi Meet."

May 15

SEC Financial Market Regulation: The Securities and Exchange Commission's (SEC) Division of Economic and Risk Analysis will [host](#) the 12th Annual Conference on Financial Market Regulation.

June 5

SEC Event on Asset Management: The SEC's Division on Investment Management will [hold](#) its conference on Emerging Trends in Asset Management. The Conference will "bring together a variety of asset management industry participants, regulators, commentators, and academics to discuss emerging trends in the industry."

June 6

SEC Crypto Task Force: The Securities and Exchange Commission's (SEC) Crypto Task Force will [host](#) a roundtable entitled, "DeFi and the American Spirit."

For more information about financial services issues you may email [Joel Oswald](#) or [Mahlet Makonnen](#). Ashley Kinder and Adam Royko contributed to this section.

HEALTH

Dr. Mehmet Oz Confirmed to Lead CMS

Key Points:

- *The Senate confirmed Dr. Mehmet Oz to lead CMS on a vote of 53-45.*
- *Dr. Oz expanded on his vision for CMS, which includes a shift from reactive health care to preventive and wellness-based models, alongside a strong push to combat fraud, waste, and abuse in Medicare and Medicaid programs.*

The Senate confirmed Dr. Mehmet Oz as the Administrator of the Centers for Medicare and Medicaid Services (CMS) on a vote of 53-45. A former cardiothoracic surgeon and television

personality, Dr. Oz now leads an agency responsible for overseeing health care coverage for approximately 160 million Americans, managing the Medicare and Medicaid programs.

After completing his first week at CMS, Dr. Oz [shared](#) his comprehensive plan for the agency. Central to his agenda is the implementation of President Trump's Executive Order on Transparency, designed to provide Americans with clear information about health care costs, thereby empowering them to make informed decisions. Dr. Oz emphasizes the importance of equipping health care providers with better patient information and holding them accountable for health outcomes rather than burdening them with excessive paperwork. A significant focus of his leadership is the identification and elimination of fraud, waste, and abuse within Medicare and Medicaid programs, ensuring that resources are directed to those who need them most.

Furthermore, Dr. Oz advocates for a paradigm shift from a reactive 'sick care' system to one that prioritizes prevention, wellness, and chronic disease management. This holistic approach aims to modernize Medicare, Medicaid, and the health insurance marketplace.

The Department of Health and Human Services Secretary Robert F. Kennedy, Jr. welcomed Dr. Oz and stated he has “proven himself as a trusted voice in health and wellness, both through his clinical expertise and his years of educating the public on television. His leadership and ability to communicate effectively will be invaluable as he takes the helm at CMS. Together, we are committed to Make America Healthy Again by combating fraud and abuse in Medicare and Medicaid, and ensuring that these programs truly serve the American people.”

CMS Issues Final Rule on Medicare Advantage and Part D for CY2026

Key Points:

- *CMS finalized policy changes for MA and Part D that implement drug pricing reforms, enhance beneficiary protections, and codify guidance from the IRA.*
- *CMS finalized 2026 payment policies for MA and Part D to strengthen program integrity and ensure access to affordable, high-quality care.*

On April 4, CMS issued a final [rule](#) on Medicare Advantage (MA), Medicare Prescription Drug Benefit (Part D), Medicare cost plan, and Programs of All-Inclusive Care for the Elderly (PACE) programs for Contract Year 2026.

The final rule implements changes related to prescription drug coverage, the Medicare Prescription Payment Plan, dual eligible special needs plans (D-SNPs), Star Ratings, and

other programmatic areas, including the Medicare Drug Price Negotiation Program. This final rule also codifies existing sub-regulatory guidance in the MA and Part D programs. The final rule includes several Inflation Reduction Act (IRA) of 2022 ([P.L. 117-169](#)) provisions that require codification, as well as policies related to the effectuation of the maximum fair prices for selected drugs under the Medicare Drug Price Negotiation Program.

Notably, the final rule did not include several provisions included in the proposed rule, including Part D Coverage of Anti-Obesity Medications. CMS indicated that it may address some of the omitted proposals in future rulemaking.

On April 7, CMS [released](#) the Calendar Year 2026 Rate Announcement for MA and Part D to finalize the payment policies for these programs. In the [press release](#), CMS said the final rule will “help protect beneficiaries and taxpayers from waste, fraud, and abuse, while also driving access to high-quality, affordable healthcare through Medicare Advantage. By finalizing these payment policies, CMS is ensuring that Medicare Advantage continues to offer access to critical services in an efficient, accountable manner, further strengthening the program’s ability to serve beneficiaries.”

House Ways and Means Subcommittee on Health Holds Hearing on the Biosimilars Market

Key Point:

- *The topics discussed included Medicare drug price negotiations, education and awareness, market incentives for biosimilars, PBMs and 340B, and current administrative actions.*

On April 8, the House Ways and Means Subcommittee on Health held a [hearing](#) entitled, “Lowering Costs for Patients: The Health of the Biosimilar Market.”

Committee members discussed ways to strengthen the biosimilar market, aiming to improve access and affordability for patients. Their conversations centered around Medicare drug price negotiations, reimbursement models, regulatory predictability, and the influence of pharmacy benefit managers (PBMs) and the 340B program. Members from both sides recognized the importance of streamlining regulatory processes, improving provider and patient education, and ensuring a competitive market that supports biosimilar adoption but disagreed on what is important for the Committee to discuss at this time.

Specifically, Republicans focused on the unintended consequences of the IRA, particularly its impact on innovation and biosimilar market dynamics. They argued that the law’s price-

setting mechanisms disincentivize investment in new drugs and biosimilars due to regulatory uncertainty and market unpredictability. Representatives Greg Murphy (R-NC) and Kevin Hern (R-OK) criticized PBMs and the 340B program for distorting the market and harming the viability of biosimilars. Witnesses supported these claims, noting reimbursement models often penalize the use of lower cost biosimilars. Many also raised concerns about rural and patient access, emphasizing the need for improved provider incentives, education, and market reforms to stimulate biosimilar adoption and drive down prices through competition. Several members called for reforms to improve the transparency of PBMs and reduce patent barriers to encourage biosimilar entry.

Democrats emphasized the importance of protecting and strengthening public health infrastructure and government investment in biomedical research. They defended the IRA, citing its role in lowering drug prices for seniors and expanding access. Concerns were raised about recent administrative actions such as cuts to the National Institutes of Health and the Food and Drug Administration staff and funding, which they argue threaten biosimilar development and patient access. Additionally, they called for preserving Medicaid and the Patient Protection and Affordable Care Act ([P.L. 111-148](#)) to ensure biosimilars reach vulnerable populations.

FDA Announces Plan to Phase Out Animal Testing Requirements for Monoclonal Antibodies and Drugs

Key Points:

- *The FDA will begin phasing out mandatory animal testing for monoclonal antibody therapies and other drugs, promoting AI models to replace them.*
- *A new pilot program and incentives will support drug developers who use non-animal testing approaches.*

The FDA [announced](#) on April 10 its plan to phase out the longstanding requirement for animal testing in the development of monoclonal antibody therapies and other drugs. This move marks a transformative step in how new drugs will be evaluated, placing greater emphasis on advanced, human-relevant methods over traditional animal studies.

The FDA's initiative introduces the use of new approach methodologies, a set of modern tools designed to assess drug safety and efficacy without relying on animal models. These methodologies include artificial intelligence (AI)-based computational models that simulate human biological processes, human-derived lab models like organoids and organ-on-a-chip systems that replicate organ function, and real-world human data from international

clinical studies conducted under comparable regulatory standards. Additionally, they [outlined](#) a roadmap to encourage these methods.

FDA Commissioner Dr. Martin Makary highlighted the shift as a "paradigm change" that not only aims to accelerate the availability of treatments but also significantly reduce the ethical and scientific limitations associated with animal testing. To support the rollout of these methods, the FDA will launch a pilot program allowing selected monoclonal antibody developers to use non-animal-based testing approaches. The agency also plans to offer incentives such as expedited reviews for applications that include robust data from alternative methods.

For more information about health care issues you may [email](#) Laura Simmons. Aubrie Chastain contributed to this section.

CYBERSECURITY, PRIVACY, AND ARTIFICIAL INTELLIGENCE

OCC Notifies Congress of 'Major' Cybersecurity Breach

Key Points:

- In February, the Office of the Comptroller of the Currency reported an unauthorized security incident involving an administrative account within the agency's email systems, however the agency urged that the intrusion had no impact on the financial system. In an update sent to Congress this week, the OCC reported that the incident met the qualifications for a "major information security incident."*
- The OCC, in consultation with CISA, the Treasury Department, and third-party cybersecurity officials, is conducting an internal investigation into the extent to which highly sensitive information about financial institutions was breached. The agency has yet to name a suspect behind the hack.*

On February 26th, the Office of the Comptroller of the Currency (OCC) – a bureau within the U.S. Department of the Treasury – first [disclosed](#) an unauthorized security incident involving an administrative account within the agency's email system, however the OCC provided few details and concluded that there was "no indication of any impact to the financial sector." On April 8th, the OCC provided an [update](#) to Congress that the previously-reported hack met the conditions of a "major information security incident," as stipulated under the Federal Information Security Modernization Act.

While the agency's internal review of the incident is still ongoing, OCC officials have determined that "the unauthorized access to a number of its executives' and employees' emails included highly sensitive information relating to the financial condition of federally regulated financial institutions used in its examinations and supervisory oversight processes" ([Press Release](#)). According to Bloomberg reporting, the hack gained access to over 150,000 emails from 103 bank regulators dating back to May 2023.

OCC is now using third-party cybersecurity experts to fully review their internal investigation efforts, and the agency is launching a complete evaluation of its existing IT security policies and procedures "to improve its ability to prevent, detect and remediate potential security incidents going forward." U.S. officials have yet to identify the potential source of the hack, but they have committed to working with the Cybersecurity and Infrastructure Security Agency (CISA) during the investigation.

This most recent breach follows another incursion into Treasury Department systems first disclosed in December 2024. In the prior incident, Treasury reported that multiple workstations and data, including the system of then-Treasury Secretary Janet Yellen, were compromised by the Chinese-linked "hacking-for-hire contractor" i-Soon.

Senator Wyden Stalls the Nomination of CISA Director Sean Plankey

Key Points:

- *On April 9th, Senator Ron Wyden (D-OR) announced his intent to object to the Senate's consideration of Sean Plankey, President Trump's pick to lead CISA, until the agency releases an unclassified 2022 report detailing security vulnerabilities in the U.S. telecommunications sector.*

On April 9th, Senator Ron Wyden (D-OR) announced his intent to object to the Senate's consideration of Sean Plankey, President Trump's pick to lead the Cybersecurity and Infrastructure Security Agency (CISA), until CISA releases an unclassified 2022 report detailing security vulnerabilities in the U.S. telecommunications sector. While Wyden's move to stall Plankey's confirmation does not seem to stem from concerns about the nominee himself, the Senator has reportedly urged the nation's top cyber watchdog to release the report – titled "U.S. Telecommunications Insecurity 2022" – for several years.

CISA originally commissioned the report in 2022 to respond to warnings that the U.S. telecommunications industry has been vulnerable to surveillance from foreign entities due to known cybersecurity gaps in wireless networks. While the agency did allow Wyden's staff

to review the report's findings, the Senator noted this week that "CISA has marked this unclassified report 'For Official Use Only' and has refused to provide copies of the report to Congress and in response to FOIA requests from the public." He made the case that Americans have the right to understand the threat facing the nation's telecommunications systems.

Wyden reportedly pressured former President Biden as well as former CISA Director Jen Easterly several times to release the findings, but nobody in the previous administration took action. The Senator's renewed focus on the issue follows several recent intrusions into critical U.S. systems and infrastructure perpetrated by Chinese-linked groups, including the recent attack on the nation's telecommunications networks by Salt Typhoon.

In a public statement, Senator Wyden said "The federal government still does not require U.S. phone companies to meet minimum cybersecurity standards." He continued that "while it is too late to prevent the Salt Typhoon hack, there is still time to prevent the next incident. As such, I intend to object to considering this nominee until CISA agrees to release this report, which will enable Congress and the public to better understand the current threats and the need for stronger cyber defenses."

Congress Considers Cyber Legislation to Address National Security Risks

Key Points:

- *On April 8th, the House Energy and Commerce Committee advance the ROUTERS Act, introduced earlier this year by Representatives Bob Latta (R-OH) and Robin Kelly (D-IL). The bill would direct the NTIA to conduct a study on the national security risks posed by consumer routers and modems developed by foreign adversaries.*
- *On April 3rd, Senators Catherine Cortez Masto (D-NV) and Chuck Grassley (R-IA) reintroduced the Combatting Money Laundering in Cyber Crime Act (S. 1273), a bill which would strengthen the authority of the U.S. Secret Service to investigate crimes related to digital asset transactions and to counter transnational cyber criminal activity. It now awaits consideration from the Senate Banking Committee.*

On April 8th, the House Committee on Energy and Commerce advanced the Removing Our Unsecure Technologies to Ensure Reliability and Security (ROUTERS) Act ([H.R. 866](#)), introduced earlier this year by Representatives Bob Latta (R-OH) and Robin Kelly (D-IL). The legislation has a companion bill in the Senate, introduced by Senators Marsha Blackburn (R-TN) and Ben Ray Lujan (D-NM), that was favorably reported from the upper chamber's Commerce, Science and Transportation Committee last month.

The bipartisan bill would require the National Telecommunications and Information Administration (NTIA) to conduct a study detailing the national security risks posed by consumer routers and modems developed, manufactured, or supplied by entities affiliated with any U.S. foreign adversary, including China, Russia, Iran, and North Korea. Similar legislation was also introduced in the 118th Congress, and although it passed the House, the bill stalled in the Senate.

On April 3rd, Senators Catherine Cortez Masto (D-NV) and Chuck Grassley (R-IA) reintroduced the Combatting Money Laundering in Cyber Crime Act ([S. 1273](#)), a bill which would strengthen the authority of the U.S. Secret Service to investigate crimes related to digital asset transactions and to counter transnational cyber criminal activity. The two Senators originally introduced the bipartisan legislation towards the end of the 118th Congress, though the bill did not make it out of the Senate Committee on Banking, Housing, and Urban Affairs.

Under existing statute, the Secret Service is permitted to investigate cybercrimes that may threaten national security, however such crimes conducted via unlicensed money transmitting are not within the scope of the agency's authority. This bill would address that issue by allowing the Secret Service to investigate digital asset transactions related to transnational cyber criminal activity. It now awaits further consideration from the Senate Banking, Housing, and Urban Affairs Committee.

Upcoming Hearings and Events

April 14

Data Center Conference: Informa Connect [holds](#) its 2025 Data Center World Conference, April 14-17.

April 15

Satellite Data and AI for Nutrition Programs: The Government Executive Media Group [holds](#) a virtual discussion, beginning at 2 p.m., on "How Governments Can use Satellite Data and AI to Monitor Nutrient Reduction programs."

April 17

Cyber Risk to Financial Stability: The Federal Reserve Bank of New York and Columbia University's School of International and Public Affairs hold its 2025 State of the Field Conference on Cyber Risk to Financial Stability, beginning at 11:45 a.m. Register to Mariayh.Measey@ny.frb.org for livestream access.

Is U.S. Policy Ready for Agentic AI? The Information Technology and Innovation Foundation [holds](#) a virtual discussion, beginning at 12 p.m., on "Is U.S. Policy Ready for Agentic AI?" focusing on "the transition from a world where AI enhances decision-making to one where AI actively completes tasks."

For more information about cybersecurity issues you may email [Mahlet Makonnen](#) or [Frank Vlossak](#). Gray Eisler contributed to this section.

TRADE

Trump Administration Raises China Tariffs to 145 Percent, Pauses All Other Reciprocal Tariffs for 90 Days

Key Points

- *On April 9, President Trump announced a 90-day pause on his April 2 country-specific reciprocal tariffs for all nations except China, leaving a 10 percent baseline tariff still in effect.*
- *Following China's action to raise its retaliatory tariffs to 84 percent, the Trump Administration has raised the total effective duty rate on Chinese imports to 145 percent.*
- *The President also suggested that company-level exemptions may be considered for country-specific tariffs going forward.*
- *On April 11, China responded to President Trump's tariff increase, raising its own tariffs on American goods to 125 percent.*

Reciprocal Tariffs Pause

On April 9, the Trump Administration announced a 90-day suspension of its newly implemented reciprocal tariffs for all countries except China. The pause, effective immediately, was confirmed in a Truth Social post by President Trump, who noted that over 75 countries had contacted the U.S. to begin new trade talks. According to the corresponding [executive order](#), during the pause all imports will remain subject to the 10 percent minimum tariff [signed](#) by the President on April 2. Goods initially exempt from the

April 2 tariffs, including steel, aluminum, automobiles, auto parts, pharmaceuticals, semiconductors, copper, lumber, critical minerals, and energy products, remain unaffected.

China Tariff Hikes

Early that morning, China announced it would increase its retaliatory tariffs by 50 percent, bringing its total duty rate on U.S. goods to 84 percent. Additionally, China added 12 U.S. firms to its export control and Unreliable Entity Lists, effectively cutting them off from Chinese suppliers. In response, President Trump announced a 125 percent tariff on all Chinese imports, effective immediately. When combined with the 20 percent fentanyl-related emergency tariffs, the effective tariff rate on PRC goods now stands at 145 percent. In response, China announced on April 11 that they raised retaliatory tariffs to 125 percent. The Chinese Finance Ministry explained that if the U.S. continues to increase tariffs on China, Beijing will no longer reciprocate as current tariff rates will effectively eliminate any U.S. imports into the country.

Exclusions and Exemptions

Later that same day, President Trump stated in response to questions from reporters that the Administration was considering providing exemptions on an individual company-level basis. The comments came right after the U.S. Trade Representative (USTR) Greer asserted before both the House Ways and Means Committee and the Senate Finance Committee that it was not the Administration's intent to include exemptions or exclusions in its reciprocal tariff regime at this time. The Trump Administration has yet to provide any additional details on the matter.

USTR Greer Testifies to the Senate Finance Committee and the House Ways and Means Committee on the President's 2025 Trade Agenda

Key Points

- *USTR Greer testified before the Senate Finance Committee and House Ways and Means Committee on April 8–9.*
- *Lawmakers debated the Trump Administration's 10 percent minimum tariff and reciprocal tariff policies.*
- *Members of Congress raised concerns about digital trade barriers, pharmaceutical supply chains, and reshoring efforts.*
- *USTR confirmed the Administration's focus on combating transshipment in USMCA's upcoming 2026 review, yet did not confirm it would maintain the current exemption from the 25 percent fentanyl tariffs for USMCA-qualifying goods.*

On April 8 and 9, USTR Greer appeared before the Senate Finance Committee and House Ways and Means Committee to present the Trump Administration's 2025 trade agenda. Lawmakers on both sides debated the rationale behind the President's new 10 percent minimum tariff on all imports and the country-specific reciprocal tariff regime that took effect April 9.

Democrats uniformly condemned the Administration's actions, with Senate Finance Ranking Member Ron Wyden (D-OR) criticizing the Administration for offering inconsistent justifications for the tariffs -- alternating between revenue generation and trade deficit correction. House Ways and Means Ranking Member Neal (D-MA), in turn, warned the tariffs could push the U.S. into a recession and called for Congress to reclaim its authority over trade policy.

Republican members, including Senate Finance Chairman Crapo (R-ID) and House Ways and Means Chairman Jason Smith (R-MO), defended the tariffs as necessary leverage to confront unfair trade practices, eliminate non-tariff barriers, and reduce trade deficits. While some Republicans joined Democrats in expressing concern over the tariffs' economic impacts for American workers and businesses, others emphasized the opportunity to bolster strategic industries like semiconductors and reduce reliance on vulnerable pharmaceutical supply chains. Lawmakers also raised digital trade concerns, particularly calling on USTR Greer and the administration to fight back against what they called discriminatory digital services policies enacted by the EU and South Korea that harm U.S. businesses.

Additionally, Republicans questioned USTR Greer about priorities for the upcoming 2026 U.S.-Mexico-Canada (USMCA) review. Greer testified in response to several questions from House Ways and Means members that the USMCA exception for the 25 percent tariffs on Canada and Mexico was current policy, but did not commit to that being maintained going forward. He further added that USTR would prioritize combating transshipment and other ways that third-party nations benefit from USMCA going into its 2026 review.

House Moves to Delay Emergency Tariff Resolution Until Fall

Key Points

- *On April 9, the House adopted a provision delaying consideration of any resolution to revoke the national emergency underpinning recent reciprocal tariffs.*
- *The delay prevents action on a resolution introduced by Rep. Gregory Meeks (D-NY) to terminate the emergency (and end tariffs under the emergency).*
- *The countdown to act under the National Emergencies Act will resume on September 30.*

On April 9, the House adopted a provision to delay any opportunity to consider a resolution to terminate President Trump's national emergency declaration used as the baseline justification for his April 2 tariffs. The provision was included within a rule that was required to begin consideration of the Senate-passed budget resolution.

The measure, part of a broader rule to begin budget resolution consideration, pauses the statutory 15-day countdown under the National Emergencies Act until September 30. The provision effectively stalls an effort by my Representative Meeks (D-NY), Representative Neal (D-MA), and Representative Larsen (D-WA) to repeal the emergency through a resolution that could have nullified the tariffs through expedited legislative action.

Trump Administration Issues EO Aimed at Bolstering Domestic Shipbuilding

Key Points

- *The Trump Administration has issued an executive order to bolster the nation's maritime sector.*
- *The order directs USTR to coordinate with other federal agencies in implementing any of its proposed Section 301 actions against China's maritime, shipbuilding, and logistics sectors.*
- *It would also order USTR to consider taking steps to impose tariffs on ship-to-shore cranes from China and tariffs on other cargo handling equipment.*

On April 9, the Trump Administration issued an [executive order](#) aimed at restoring the nation's maritime sector. The order, highlighting that the U.S. creates less than one percent of commercial ships globally while China produces approximately half, directs the State Department, the Department of Transportation, and the Department of Commerce to coordinate with USTR and other departments to create a Maritime Action Plan. It would also direct the Department of Homeland Security to enforce the collection of the Harbor Maintenance Fee and other charges on foreign cargo to prevent transshipment from third-party countries through Mexico and Canada. Further, it would direct USTR to coordinate with other agencies on any actions it determines to take about its Section 301 investigation of the PRC maritime, logistics, and shipbuilding sectors. USTR issued [proposed actions](#) to create a port docking fee for Chinese-built ships in late February, but industry pushback has led to USTR clarifying in recent congressional hearings that not all of the office's proposed actions would be implemented. The executive order would also task USTR to consider taking steps to propose tariffs on ship-to-shore cranes from China as well as other cargo handling equipment.

Senate Finance Committee Holds Hearing to Consider William Kimmitt to be Under Secretary of Commerce, Oversee ITA

Key Points

- *The Senate Finance Committee held a hearing on Thursday to consider William Kimmitt to oversee ITA as Under Secretary for International Trade at the Commerce Department.*
- *The hearing included comments on the President's trade policies, with Democrats roundly criticizing the administration's tariffs and Republicans calling for additional actions to combat dumping and transshipment practices.*

On April 10, the Senate Finance Committee held a [hearing](#) to consider William Kimmitt to be Under Secretary of Commerce for International Trade. Within the hearing, Chairman Crapo (R-ID) stated that Kimmitt, if confirmed, would serve to acquire additional market access and redress unfair trade practices while overseeing the International Trade Administration (ITA). Ranking Member Wyden (D-OR), among other Committee Democrats, emphasized the impact of the President's tariffs on the economy. Chairman Crapo called on the ITA to provide additional export market access for U.S. exporters in the face of retaliatory tariffs, while Ranking Member Wyden called on the Trump Administration to provide relief for Americans impacted by rising prices. Senator Lankford (R-OK) and Senator Blackburn (R-TN) called on Kimmitt, if confirmed, to help combat transshipment and dumping practices that undercut U.S. businesses.

The Committee concluded the hearing without voting on Kimmitt's nomination.

Senator Cassidy and Senator Graham Reintroduce Foreign Pollution Fee Act to Counter Chinese Manufacturing Emissions

Key Points

- *Senators Cassidy (R-LA) and Senator Graham (R-SC) reintroduced legislation to establish a foreign pollution fee.*
- *The bill aims to support U.S. manufacturing by penalizing foreign producers with higher emissions.*
- *The 2025 version reflects updates from the prior Congress following public feedback.*

On April 8, Senator Cassidy (R-LA) and Senator Graham (R-SC) introduced legislation to establish a foreign pollution fee. The legislation, aptly titled the Foreign Pollution Fee Act ([S. 1325](#)), seeks to support efficient manufacturing in America by leveling the playing field with other countries like China. An earlier version of the legislation was introduced by the two senators in 2023. Senator Cassidy's office has clarified that the bill has been updated from

the 118th Congress to incorporate feedback given during a public comment period. According to a [press release](#), industries covered by the legislation would include iron, steel, aluminum, cement, glass, fertilizer, hydrogen, solar components, and certain battery inputs. The legislation has been referred to the Senate Finance Committee.

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