Washington Update

June 6, 2025

This Week In Washington

Senate: The Senate continued processing nominations including Under Secretary of Defense for Acquisition and Sustainment, Undersecretary of State for Political Affairs, Assistant Secretary of Defense, Vice Chairman for Supervision of the Board of Governors, Ambassador to Ireland, Deputy Secretary of Health and Human Services, and Assistant Attorney General.

House: The House passed the SUPPORT for Patients and Communities Reauthorization Act of 2025 (H.R.2483).

Trump Administration: On June 4, President Trump signed an Executive Order entitled "Restricting the Entry of Foreign Nationals to Protect the United States from Foreign Terrorists and Other National Security and Public Safety Threats." The order restores the travel ban from the first Trump Administration including full travel suspensions for Afghanistan, Burma, Chad, Republic of the Congo, Equatorial Guinea, Eritrea, Haiti, Iran, Libya, Somalia, Sudan, and Yemen.

Next Week In Washington

Senate: The Senate will reconvene on Monday, June 9 and is expected to continue processing nominations including Assistant Attorney General, Deputy Secretary of the Environmental Protection Agency, and Deputy Secretary of Housing and Urban Development. They could consider the GENIUS Act (S.1582).

House: The House will reconvene on Monday, June 9 and is expected to consider a bill to prohibit noncitizens from voting in Washington D.C. (H.R.884), the District of Columbia Federal Immigration Compliance Act (H.R.2056), the Protecting Our Nation's Capital Emergency Act (H.R.2096), and the Halt All Lethal Trafficking of Fentanyl Act (S.331). They could also consider the recession package.

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TAX

President Trump, Finance Senators Discussed Taxes at White House Meeting, President Pushes for July 4th Target Completion Date

Key Points:

- *Senate Republican Finance Committee Members discussed reducing the House-proposed $40,000 SALT deduction cap, which lacks strong support in the Senate due to limited impact on GOP-led states.*
- *House Republicans support the higher cap to protect members from high-tax states like New York and California, creating tension between the chambers.*
- *Some senators view the expanded SALT cap as a "$350 billion subsidy for blue states" and are pushing for revisions before finalizing the bill.*
- *Goal of White House and Leader Thune is to complete bill by July 4.*

Senate Republicans Members of the Finance Committee met with President Trump on Wednesday to discuss adjustments to his $3.9 trillion tax-and-spending package.

Senate Majority Leader Thune (R-SD) confirmed that senators are exploring ways to scale back the House-passed increase to the SALT deduction cap, which raised the limit from $10,000 to $40,000. While House Republicans from high-tax states support the measure, Leader Thune suggested it could be revised or dropped in the Senate version.

Meanwhile, at least 16 GOP senators have expressed reservations about key parts of the bill. Four senators -- Ron Johnson (R-WI), Mike Lee (R-UT), Rand Paul (R-KY), and Rick Scott (R-FL) -- have threatened to oppose the legislation unless deeper spending cuts are included. Senate Finance Committee Chairman Mike Crapo (R-ID) and other GOP leaders want to make the bill's temporary business tax cuts made permanent, a provision not currently included in the House version. Chairman Crapo emphasized that no final decisions have been made on any component of the package. Outside pressure has intensified as well. Elon Musk, who until recently led the DOGE cost-cutting task force in President Trump's Administration, has criticized it as fiscally irresponsible. President Trump and Elon Musk had a very public social media feud this week, suggesting that relationship is over and the Trump Administration may move to marginalize Musk. With a 53-47 majority, Republicans can afford no more than three defections if Democrats oppose the measure unanimously. Leaders have expressed confidence but acknowledged the challenges. "Nothing is resolved until everything is resolved," Chairman Crapo said.

Timing of Bill In Senate Accelerated

President Trump has increased pressure for the Senate to act quickly on the reconciliation legislation, reiterating a goal for the bill to be delivered to the President for signature by Independence Day, July 4th. Senate Majority Leader Thune has stated he will pursue getting a bill passed with that timeline in mind. The Senate Parliamentarian has heard arguments from the respective committee staffs on various procedural challenges based on the House-passed language under the Byrd Rule, such as having a primary revenue-driven purpose to a provision and complying with reconciliation process issues. The expectation is that in the coming week or ten days the Senate will release language for the remainder of the bill, then a formal Byrd review of the Senate language will occur and the Senate potentially could go to the floor on the bill the week of June 23rd.

US Asks for Global Minimum Tax Concessions in EU Parliament

Key Points:

- *Two U.S. Treasury officials urged international tax authorities to recognize the U.S. minimum tax on foreign companies (GILTI) as equivalent to the OECD's global minimum tax framework (Pillar Two), arguing that countries applying Pillar Two should not tax U.S. companies further.*
- *The officials made these remarks during a European Parliament tax subcommittee meeting, highlighting ongoing U.S. engagement with the OECD to resolve issues about the minimum tax agreement's implementation.*
- *The U.S. tax system's equivalency under Pillar Two remains under negotiation as the Republican tax bill slightly revises GILTI; the Trump Administration has previously opposed Pillar Two as has the Republican-led Congress.*

At a European Parliament tax subcommittee meeting on Tuesday, two U.S. Treasury officials urged international tax authorities to recognize the United States' minimum tax on foreign companies, known as the global intangible low-taxed income (GILTI) regime, as equivalent to the global 15 percent minimum tax framework established under the OECD's Pillar Two agreement. The officials asserted that jurisdictions applying Pillar Two should not impose top-up taxes on U.S. multinationals if those companies are already subject to GILTI, arguing for mutual recognition of tax systems among OECD members. Their comments come amid ongoing negotiations within the OECD and EU to assess whether the U.S. tax system meets the robustness standards required for equivalence under the global agreement, which was endorsed by more than 140 countries in 2021. Pillar Two allows governments to impose additional taxes on companies paying less than the 15 percent threshold in other jurisdictions -- a provision that could affect U.S.-based multinationals if GILTI is not deemed sufficient. The Treasury officials emphasized that the U.S. remains actively engaged in OECD talks to resolve these technical disagreements.

Meanwhile, GILTI itself is under slight revision in the Republican tax legislation currently moving through the Senate, following House passage of its version on May 22; and contains a proposed Section 899 that would apply very draconian set of retaliatory taxes if a foreign country applied top-up taxes or digital services taxes to U.S. companies – possibly creating more of an incentive for the OECD and EU to come to the table on GILTI equivalency. It remains possible the Senate makes what has been labeled "clean up" changes to GILTI, such as removing the foreign tax credit haircut and adjusting the rate or addressing some allocation rules. Such "clean up" changes would not dramatically change the effective GILTI rate, but could bring the headline rate closer to the 15% Pillar Two rate.

The Trump Administration has previously voiced opposition to Pillar Two, despite the Biden Treasury signing on to the agreement in 2021. Manal Corwin, who leads the OECD's tax policy office, recently noted that the question of U.S. equivalency remains an open issue and is central to the current negotiations.

IRS Commissioner Nominee Billy Long Moves Through Senate Finance

Key Points:

- *President Trump's nominee to lead the IRS advanced out of the Senate Finance Committee.*
- *Former Congressman Long's lack of tax legislation experience while in the House, along with his role in promoting questionable tax credits, concerned Committee Democrats.*

Former Congressman Billy Long's nomination to be the Commissioner of the Internal Revenue Service advanced out of committee on a 14-13 party-line vote on Tuesday. In his nomination hearing, Long was asked questions about his role in promoting sovereign tribal tax credits that the Treasury Department and IRS maintain do not exist, and his independence from the White House (he was one of the first Representatives to publicly support President Trump in 2015). While committee Republicans were satisfied with President Trump's pick for the position, Democrats expressed concern about Long's lack of tax experience. Long represented Missouri for 12 years in the House of Representatives. He chose not to run for a third term and instead ran for U.S. Senate. He lost the 2022

Republican primary to (now Senator) Eric Schmitt, who went on to win the race that November. A Senate floor vote on former Congressman Long's nomination has not yet been scheduled.

Early Resignation Offer Accepted by Almost 18,000 IRS Employees

Key Points:

- *18,000 IRS workers accepted a deferred resignation offer.*
- *The deal allows for employees to be on paid administrative leave through September 30.*

While almost 18,000 IRS workers signaled they planned to take the deferred resignation offer and leave the agency, the number is significantly lower than initial estimates of 23,000. The 18,000 employees are in addition to the 5,000 who took the first-round resignation offer earlier this year.

Upcoming Hearings and Meetings

June 11

Treasury Oversight: The House Ways & Means Committee will hold a hearing with Treasury Secretary Scott Bessent.

June 12

***DOT budget and Tax Reform*:** The Senate Finance Committee will hold a hearing entitled, "The President's Fiscal Year 2026 Budget for the Department of Treasury and Tax Reform".

For more information about tax issues, you may email or call Christopher Hatcher at 202-659-8201. Charlie Hansen and Adam Royko contributed to this section.

FINANCIAL SERVICES

House Financial Services Committee Holds a Hearing on the Future of Digital Assets

Key Points:

- *Committee Republicans focused on the importance of a regulatory framework for digitals assets that would be established by the CLARITY Act.*

- *Some Committee Democrats expressed concern with the CLARITY Act, including the potential effect on consumer protection.*

On June 4, the House Financial Services Committee held a hearing entitled, “American Innovation and the Future of Digital Assets: From Blueprint to a Functional Framework”. The House Agriculture Committee held a similar hearing at the same time. Both hearings focused on the CLARITY Act (H.R.3633), which is scheduled to be marked up next week, along with other legislation. Committee Democrats also held a Minority Day Hearing on June 6 to “provide the American public with a fuller picture of the implications of Trump’s crypto crimes and explore the consequences of the market structure bill, which may be marked up by next week”.

Chairman French Hill (R-AR) encouraged members to see this hearing as an opportunity to identify points of consensus within legislation and address provisions that may require further refinement. He said digital assets and blockchain technology are driving the next evolution of the internet. He stated this technology empowers individuals, spurs innovation, and creates economic opportunities. He emphasized that to fully enjoy the benefits of this technology, there must be a functional regulatory framework in place, but there is currently no federal framework regarding digital assets. He explained that the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) do not have clear jurisdictional boundaries over digital assets, which he stated leaves investors and entrepreneurs in a state of uncertainty and discourages innovation in America. He stated the lack of a consistent federal framework also meant that American consumers and investors are enduring prolonged confusion and limited protections. He emphasized that companies had asked and even sued the SEC to provide them with the clarity they need to comply with current regulations. He noted other companies have moved their operations outside of the U.S. to avoid the SEC’s regulation by enforcement approach. He stated he worked diligently on the CLARITY Act to provide much-needed regulatory clarity for market participants and innovation. He said the Act establishes a clear, codified pathway for digital commodity projects to raise capital, support secondary market trading of digital assets, and enable SEC-registered entities to participate in digital commodity markets. He emphasized the bill was focused on protecting American consumers, encouraging innovation in America, and ensuring the U.S. leads in the future of digital assets.

Ranking Member Maxine Waters (D-CA) stated as “Americans grow poorer under Donald Trump’s failed policies,” Trump’s net worth increased by $2.9 billion from cryptocurrency profits, which she said was only a conservative estimate. She emphasized that she introduced the Stop TRUMP in Crypto Act of 2025 (H.R. 3573). She stated that the CLARITY Act was complex, rushed, and “reckless.” She stated the bill would increase investor harm, which is already prevalent in the cryptocurrency arena. She stated that the bill would put America's national security at risk and contains no penalties for cryptocurrency criminals. She said that the bill would not deliver the clarity the cryptocurrency industry has sought and instead creates vague new definitions that will result in continued litigation in which the largest players in the cryptocurrency market can "game" at the expense of cryptocurrency startups. She emphasized that she found it troubling that the SEC "refused to observe precedent" and share its full technical analysis of the bill with Democrats.

Ranking Member Waters also sent a letter to the Securities and Exchange Commission requesting a comprehensive technical and impact analysis of the CLARITY Act. She stated she is interested to hear the thoughts of the SEC because of the impact this bill would have on the SEC's mission. She explained without the SEC's active leadership and support, "crypto investors will not be protected and Web3 innovation will fail to achieve its potential".

House Financial Services Panel Holds Hearing on Data Privacy

- *Key Points:*
- *Committee members spoke about helping credit unions and smaller banks, the need to strike a balance between consumer protection and excessive compliance, and the collaboration between banks and Fintech*
- *House Democrats expressing concern with a potential repeal of Section 1033.*

On June 5, The House Financial Services Committee's Subcommittee on Financial Institutions held a hearing entitled, "Framework for the Future: Reviewing Data Privacy in Today's Financial System".

Subcommittee Chairman Andy Barr (A-KY) said since the passage of the Gramm-Leach-Bliley Act (GLBA), technological advances have revolutionized how Americans access financial services. He stated they have seen the rise of mobile banking apps, peer-to-peer payment platforms, and a shift away from cash towards digital transactions and said these innovations have expanded financial products and increased access for millions of Americans in rural communities and urban centers. He said alongside these developments, the volume and sensitivity of financial data have surged dramatically. He stated that every transaction and interaction create data points that financial institutions and fintech firms analyze to improve services, assess risk, detect fraud, and tailor products. He said while these capabilities bring benefits, they also raise serious privacy and security concerns. He stated a key driver of innovation is open banking to allow consumers to securely share their financial data with third-party providers through application programming interfaces (API).

He said open banking can empower consumers with more control over their financial information, foster competition and spur the development of new tools and services, but it also raises questions about data privacy, liability, standard setting, and GLBA's applicability. He questioned whether GLBA is still fit-for-purpose in today's fast-paced data-driven environment and if it provides the clarity, flexibility, and protection needed in the digital age. He stated as they consider modernization, they must proceed cautiously, as changes that are too restrictive risk choking off access to financial options on which consumers rely and overly lax rules could leave Americans vulnerable to misuse of their sensitive data. He stated Congress should consider the benefits of a uniform national data privacy standard that offers clear, consistent, preemptive rules for financial institutions while protecting consumers. He said they must consider whether sector-specific laws like GLBA warrant carveouts or tailored treatment as overlapping or conflicting standards would only add confusion and cost. He stated they must also address calls to expand enforcement mechanisms by granting consumers private rights of action. He said while these are complex issues requiring thoughtful consideration, they must balance robust privacy protections with innovation, access, and reduced regulatory burden.

Ranking Member Bill Foster (D-IL) stated the framework for data privacy in today’s financial system is the GLBA, Fair Credit Reporting Act, and Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. He explained there are significant questions about how these laws are adapting to an increasingly digital economy, innovative financial products, cybersecurity risks, artificial intelligence, and the growing role of third-party firms in the financial sector. He said Section 1033 is significant because it gives consumers greater rights, privacy, security over their personal financial data, and makes it easier for consumers to switch between service providers to find better rates to make secure payments and to utilize innovative tools to manage their finances. He stated it also gives consumers the right to revoke access to their data whenever they choose and promotes the development of market-driven data standards. He said President Trump is not working to repeal this rule. He stated his concern with actions taken by the administration related to American’s sensitive data and the Department of Governmental Efficiency (DOGE).

Senate Appropriations Panel Holds a Hearing with SEC Chairman Atkins

Key Point:

- *Committee Members focused on the SEC workforce and enforcement, proxy advisory firms, PCAOB, and digital assets.*

On June 3, the Senate Appropriations Subcommittee on Financial Services and General Government held a hearing entitled, "A Review of the President's Fiscal Year 2026 Budget Request for the Securities and Exchange Commission".

Subcommittee Chairman Bill Hagerty (R-TN) stated regulators like the SEC play a vital role in preserving market integrity, but they must do so without stifling innovation or unduly burdening investors with excessive compliance costs. He noted that enforcement is a necessary tool, but it must be used responsibly. He stated that too often past chairmen of the SEC have aggressively pursued unrelated social or political goals that have little bearing on fiduciary duty of corporate officers. He stated he is confident the SEC will refocus on its core mission of protecting investors, maintaining fair and orderly markets, and facilitating capital formation in the United States. He said while the SEC is funded though appropriations, they are paid for by transaction fees that the SEC collects pursuant to Section 31 of the Exchange Act. He said the SEC has collected $20 billion in such fees over the past decade and said these costs are ultimately borne by investors and market participants and as such, are another form of taxation. He said as Congress considers future funding levels, it must weigh the benefits of prudent regulations against the economic burden that is imposed on the American public. He stated that every dollar Congress takes from investors to operate the SEC is a dollar not invested in a new product or not returned to retirees in the form of pension income. He highlighted the Guiding and Establishing National Innovation for U.S. Stablecoins GENIUS Act (S.1582) and said it is incumbent upon the SEC to ensure that the regulatory environment supports growth, investment, and financial resilience.

Subcommittee Ranking Member Jack Reed (D-RI) said the SEC makes sure public companies are truthful and honest in their disclosures and makes sure that when fraud does happen, investors get their money back. He stated the Trump Administration has placed at risk the SEC's ability to do this work and stated this harkens back to the "Enron debacle," the Wall Street collapse, and the great recession. He said the financial markets are more complex today and the Trump Administration's "chaotic" economic policy has roiled the market for investors. He stated volatility opens fresh avenues for insider trading and market manipulation, and it creates a perception among American people that the market is rigged. He said there appear to be special rules for those with close ties to the President. He said the SEC should be acting independently but it is dismissing pending cases against individuals and companies that do business with the President and have been major political donors and stated he would like to hear the rationale behind this. He stated the SEC has invited the Department of Government Efficiency (DOGE) inside its building and said he would like to see what vetting is done on DOGE representatives and what information they can access. He said SEC is willing to approve new financial products that could have significant risk for investors in the broader economy. He highlighted a recent approval by the SEC of new products that package opaque and complex loans into securities that are supposed to be highly liquid and safe enough for retail investors. He stated he would like to know how investors will be able to get their money back when these products perhaps go south. He said the SEC should be building its strength and expertise but over the past four months it appears to be disarming itself. He said the SEC has cut its head count by at least 15 percent and wondered what the impact of this rapid "brain drain" is on the SEC. He wondered if this budget request provides sufficient resources the SEC needs to carry out its critical responsibility.

In his testimony, SEC Chairman Paul Atkins stated that he submitted to Congress the agency's FY 2026 budget request of $2.149 billion for the SEC's operations. He stated this request reflects returning the focus to the coordination that Congress set out for the agency as well as resources needed for the Crypto Task Force. He said the budget level is flat compared to both FY 2025 and 2024 enacted funding levels. He said a key priority for him is to develop a rational regulatory framework for crypto assets and the crypto markets that establish clear rules of the road for the issuance, custody, and trading of crypto assets while continuing to discourage bad actors from violating the law. He stated policymaking will be done through notice and rulemaking, not through regulation by enforcement. He stated the SEC is returning rulemaking to regular order as its comment periods will not be artificially short and the public will have ample time to provide feedback. He added that he is seeking approval from Congress to disband FinHub, as innovation should be ingrained into the culture of the SEC and not limited to one office.

SEC Solicits Public Comment on the Foreign Private Issuer Definition

Key Point:

- *The SEC is seeking comment on whether the definition of foreign private issuer should be amended in light of changes in the population of foreign private issuers since 2003.*

On June 4, the SEC published a concept release soliciting public comment on the definition of foreign private issuer. The release states the concept release solicits "public input on whether the definition of foreign private issuer should be amended in light of significant changes in the population of foreign private issuers since 2003".

SEC Chairman Paul Atkins said it remains an objective to attract foreign companies to U.S. markets and provide U.S. investors with the opportunity to trade in those companies under U.S. laws and regulations. He added that this "must be balanced with other considerations, including providing investors with material information about these foreign companies, and ensuring that domestic companies are not competitively disadvantaged with respect to regulatory requirements". He stated the first step in "striking this balance is to determine which foreign companies should qualify as foreign private issuers and be able to avail themselves to the accommodations that go with that status".

Commissioner Caroline Crenshaw released a statement saying the framework in place is premised on "the expectation that foreign issuers seeking access to our markets will be subject to meaningful disclosure and oversight in their home jurisdictions", but stated the data from staff calls those assumptions into question. She raised specific questions on the topic such as if the framework for allowing foreign private issuers access to U.S. capital markets provides adequate disclosure to, and protection for, American investors, if the U.S. is providing advantages to foreign issuers by giving them access to U.S. markets at a proverbial "discount," thereby disadvantaging domestic issuers who abide by the full complement of rules, and what the costs were to U.S. companies and investors as a result of these policy choices.

Financial Stability Oversight Council Holds Meeting

Key Point:

- *The FSOC held a meeting in executive session and discussed topics such as U.S. leadership in digital assets and financial technology, commercial real estate, and private credit.*

On June 4, the Financial Stability Oversight Council Meeting was convened by Secretary of the Treasury Scott Bessent. During the meeting, members heard updates from the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) on "their efforts to enhance their supervisory and regulatory frameworks and to focus bank supervision on material financial risks" while also discussing their continued collaboration in facilitating support for economic growth by banks and other financial institutions.

The Council received a briefing from Treasury staff on the work of the President's Working Group on Digital Asset Markets, and the SEC Chairman and Acting CFTC Commissioner provided updates on their agencies' recent actions. These speakers discussed "ongoing efforts to promote U.S. leadership in digital assets and financial technology and to provide greater regulatory clarity and certainty to digital asset markets." The Council also received a presentation from the FDIC, OCC, and Federal Housing Finance Agency Staff on commercial real estate (CRE), which noted "stabilization across CRE sectors despite some continued headwinds in the office and multifamily segments". Finally, the Council was given an update by Treasury, SEC, and the Office of Financial Research staff on market developments related to corporate credit, including the continued growth of private credit.

Michelle Bowman Confirmed by the Senate to be Vice Chairman of the Fed

Key Point:

- *Michelle Bowman was confirmed by a vote of 48-46, with 6 Senators not voting.*
- *Bowman gives address on her approach to supervision and regulation.*

On June 4, the U.S. Senate voted 48-46 to confirmed Michelle Bowman to be Vice Chairman for Supervision of the Board of Governors of the Federal Reserve System. Six Senators, including Capito (R-WV), Cotton (R-AR), Daines (R-MT), Lankford (R-OK), Ossoff (D-GA), and Sheehy (R-MT) did not vote.

On June 6, Bowman gave her first remarks as Vice Chairman for Supervision. She described her approach to leading the work of the Division of Supervision and Regulation. She explained that it first focuses on identifying the problem to be solved and then working on efficient solutions, conducting a careful analysis of the consequences of any proposed solution, and considering alternative approaches that could bring about lower costs and better outcomes.

Senate Banking Chairman Tim Scott releases legislative text of the Senate Banking Committee's provisions for the "One Big Beautiful Bill"

Key Points:

- *The legislation would, among other things, decrease the CFPB funding cap, create pay parity between the Federal Reserve and Treasury, end the Office of Financial Research, and transfer the PCAOB to the SEC.*

On June 6, Chairman of the Senate Banking, Housing, and Urban Affairs Committee Tim Scott (R-SC) released the legislative test of the Senate Banking Committee's provisions to be included in Senate Republicans' tax reconciliation legislation, the One, Big Beautiful Bill. Chairman Scott said the language "strengthens the American economy by cutting waste and duplication in financial regulation and funding an important tool to bolster our national security."

Chairman Scott stated that the legislation saves taxpayer dollars by decreasing the Consumer Financial Protection Bureau's funding cap, creating pay parity between the

Federal Reserve and the Treasury Department, ending the duplicative Office of Financial Research, transferring duplicative Public Company Accounting Oversight Board functions to the Securities and Exchange Commission, and reducing small business leading data collection by postponing the implementation of Dodd-Frank Section 1071. He said the legislation also returns unobligated and unused funds to the Treasury and provides $1 billion in funding for the Defense Production Act.

Upcoming Hearings and Meetings

June 9

SEC Crypto Task Force: The Securities and Exchange Commission's (SEC) Crypto Task Force will host a roundtable entitled, "DeFi and the American Spirit." This will include opening remarks from Chairman Atkins and Commissioners Crenshaw, Uyeda, and Peirce, which will be followed by a roundtable and then a town hall.

June 10

Markup: The House Financial Services Committee will hold a markup of various measures, including the CLARITY Act.

HUD: The House Appropriations Committee's Subcommittee on Transportation, and Housing and Urban Development, and Related Agencies will hold a hearing on the FY26 fiscal year budget for HUD. HUD Secretary Scott Turner will testify.

CFTC Nomination: The Senate Agriculture Committee will hold a hearing on the nomination of Brian Quintenz to be chairman and commissioner of the Commodity Futures Trading Commission.

June 11

Treasury Budget: The Senate Appropriations Committee's Subcommittee on Financial Services and General Government will hold a hearing on the Fiscal Year 2026 budget request for the Department of the Treasury. Secretary Scott Bessent will testify.

Treasury Department: The House Ways and Means Committee will hold a hearing with Treasury Secretary Scott Bessent to discuss the priorities of the Department.

HUD Budget: The Senate Appropriations Committee's Subcommittee on Transportation, Housing and Urban Development, and Related Agencies will hold a hearing on the FY26 budget request for the Department of Housing and Urban Development. HUD Secretary Scott Turner will testify.

SEC Open Meeting: The Securities and Exchange Commission will hold an open meeting to "consider action relating to the compliance date for the amendments to Form PF that were adopted on February 8, 2024.

June 12

Treasury Budget and Tax Reform: The Senate Finance Committee will hold a hearing entitled, "The President's Fiscal Year 2026 Budget for the Department of Treasury and Tax Reform". Treasury Secretary Scott Bessent will testify.

Defense Production Act: The House Financial Services Subcommittee on National Security, Illicit Finance, and International Financial Institutions will hold a hearing entitled, "Evaluating the Defense Production Act".

Rural Housing: The Financial Services Subcommittee on Housing and Insurance will hold a hearing entitled, "Housing in the Heartland: Addressing Our Rural Housing Needs".

Nomination Hearing: The Senate Banking, Housing, and Urban Affairs Committee will hold a nomination hearing to consider the nominations of Mr. Craig Trainor to be Assistant Secretary, Department of Housing and Urban Development; Mr. Jovan Jovanovic, to be Chairman, Export-Import Bank; Mr. Francis Brooke, to be Assistant Secretary, Department of the Treasury; and Mr. David Peters, to be Assistant Secretary, Department of Commerce.

June 24

Federal Reserve: The House Financial Services Committee will hold a hearing entitled, "The Federal Reserve's Semi-Annual Monetary Policy Report".

Member Day: The House Financial Services Committee will hold a member day.

June 25

Capital Markets: The House Financial Services Subcommittee on Capital Markets will hold a hearing entitled, "Reassessing Sarbanes-Oxley: The Cost of Compliance in Today's Capital Markets".

June 26

SEC Roundtable: The Securities and Exchange Commission (SEC) will host a roundtable to discuss executive compensation disclosure requirements.

CFPB: The House Financial Services Subcommittee on Oversight and Investigations will hold a hearing entitled, "From Watchdog to Attack Dog: Examining the CFPB's Chopra-era Assault on Disfavored Industries.

July 22

Small Business: The SECs Small Business Capital Formation Advisory Committee will hold a pubic meeting regarding matters relating to rules and regulations affecting small and emerging businesses and their investors under the federal securities laws.

November 18

SEC Joint Compliance Outreach Program: The SEC, FINRA, and MSRB will hold a virtual two-day compliance outreach program for municipal market professionals.

For more information about financial services issues you may email Joel Oswald or Mahlet Makonnen. Adam Royko contributed to this section.

ENERGY & ENVIRONMENT

PHMSA Seeks Comment on Potential Revisions to Pipeline Safety Regulations

Key Points:

- *The Pipeline and Hazardous Materials Safety Administration (PHMSA) is asking for public comments on a list of potential deregulatory changes to existing rules.*
- *The agency published an Advance Notice of Proposed Rulemaking (ANPRM) covering a wide range of regulations that establish safety standards for liquid and natural gas pipelines, as well as liquefied natural gas (LNG) facilities.*

- *The ANPRM seeks comments by August 4.*

On June 4, PHMSA published an ANPRM titled., "Mandatory Regulatory Reviews To Unleash American Energy and Improve Government Efficiency". The ANPRM seeks public comment on changes to the existing pipeline safety regulations "to eliminate undue burdens on the identification, development, and use of domestic energy resources and to improve government efficiency." PHMSA notes that existing regulations include "requirements that have been in effect for decades without undergoing a comprehensive cost-benefit review." The ANPRM poses a series of questions to solicit recommendations from the public, including:

- Should PHMSA establish "an explicit requirement to conduct retrospective regulatory reviews at specified intervals to eliminate undue burdens and improve government efficiency?"
- "Do PHMSA's regulations, implementing guidance, or practices governing special permits …impose an undue burden on affected stakeholders?"
- "Do PHMSA's compliance practices with respect to the National Environmental Policy Act place an undue burden on affected stakeholders?"
- What existing regulatory requirements "impose an undue burden on identification, development, and use of domestic energy resources, or are examples of government inefficiency, insofar as they impose outsized compliance burdens for comparatively small safety benefits or limit technological innovation?"
- "Are there any consensus industry standards or recommended practices (or updated editions thereof) that should be incorporated by reference into the [pipeline safety regulations] to eliminate undue burdens or improve government efficiency?"

The ANPRM also seeks feedback on whether existing regulations on the following issues "impose an undue burden on affected stakeholders?": "material, design, testing, construction, or corrosion control requirements"; "operating and maintenance requirements"; "personnel qualification and training requirements"; "integrity management requirements"; "siting requirements for LNG facilities"; and "drug and alcohol testing requirements".

Public comments in response to the ANPRM are due by August 4, 2025.

Department of the Interior Rescinds Regulations to Advance Energy Independence and Economic Growth

Key Points:

- *The Department of the Interior (DOI) is repealing 18 regulations to align with Trump Administration's deregulatory agenda.*
- *DOI's actions aim to modernize regulation while balancing economic and environmental interests.*
- *The rescinded rules will be published in the Federal Register in the coming week.*

On June 3, the DOI announced the formal rescission of 18 Bureau of Land Management (BLM) regulations, a move aimed at "bolstering U.S. energy independence and economic growth." This action is intended by the Department to advance the deregulatory and economic goals of the Trump Administration. Secretary of the Interior Doug Burgum explained that by rescinding the "outdated regulations, DOI is not only reducing costs and streamlining processes but also reinforcing its commitment to energy independence and national prosperity — all while maintaining the highest standards of environmental stewardship." The rules rescinding the regulations will be published in the Federal Register in the coming week. Secretary Burgum emphasized that eliminating the regulations will remove "bureaucratic red tape that hinders American innovation and energy production." The initiative is part of Secretary's Order 3421, "Achieving Prosperity Through Deregulation," and is intended to implement Executive Order 14154, "Unleashing Prosperity Through Deregulation".

"Rescinded regulations include:

1. 43 CFR 3823.1 regarding prospecting within national forest wilderness for the purpose of gathering information about mineral resources.
2. 43 CFR 3814.2(a) regarding disposal of reserved minerals under the Stock-Raising Homestead Act.
3. 43 CFR 3823.2 regarding mineral locations within national forest wilderness.
4. 43 CFR 3737.1 regarding mining claim and millsite use for purposes other than mining and milling.
5. 43 CFR 3830.23(a)(5) regarding authorized debit payments for mining claims from a declining deposit account held with the BLM.
6. 43 CFR 3835.31(d)(2) regarding filing of annual Federal Land Policy and Management Act documents for oil shale placer claims.
7. 43 CFR 3200.7(b) & (c) regarding regulations applicable to geothermal leases issued before Aug. 8, 2005; and 43 CFR 3200.8(b)(2) regarding regulations applicable to geothermal leases pending on Aug. 8, 2005.

8. 43 CFR 3203.5(b)(1) regarding obtaining a competitive geothermal lease; 43 CFR 3204.5(d) regarding obtaining a noncompetitive geothermal lease; and 43 CFR 3204.13 regarding processing of noncompetitive geothermal lease applications pending on Aug. 8, 2005.
9. 43 CFR 3212.18 thru 3212.24 regarding production incentives for geothermal leases
10. 43 CFR 3503.37(f) regarding hardrock mineral acreage limits for permits and leases; and 43 CFR Part 3500 Subpart 3517 regarding hardrock mineral development contracts and processing and milling arrangements.
11. 43 CFR 3212.26 regarding how to submit a request to modify the royalty rate terms of a geothermal lease; and 43 CFR 3212.27 regarding how those requests would be reviewed.
12. 43 CFR 3261.17(b) regarding amendment of approved geothermal lease operation plans or drilling permits.
13. 43 CFR Part 1850 regarding public lands hearings procedures.
14. 43 CFR Part 3730 Subpart 3738 regarding mining in powersite withdrawal surface protection requirements.
15. 43 CFR 3821.3 regarding requirements for filing a statement of assessment work for unpatented mining claims, mill sites, or tunnel sites on O&C Lands.
16. 43 CFR 3809.400(b) & (c) regarding applicability of surface management plans of operations of mining claims under the general mining laws.
17. 43 CFR 3834.11(b) regarding annual fees for oil shale placer mining claims.
18. 43 CFR 3715.4 regarding the management of the use and occupancy of the public lands under the United States mining laws by limiting y to prospecting, mining or processing operations."

Federal Permitting Council Advances Two Major Lithium Projects

Key Points:

- *On May 23, five new critical mineral projects were added to the Permitting Council's FAST-41 transparency initiative to enhance permitting efficiency.*
- *The Federal Permitting Dashboard publicly tracks project reviews and is being utilized to further the Trump Administration's goal of expediting federal reviews of infrastructure, energy, and resource projects.*

On June 3, DOE announced two projects that require an increase in transparency and accountability for the federal permitting process. This is in result of the Federal Permitting Improvement Steering Council (Permitting Council) announcing on May 23, the addition of five new critical mineral production projects to be featured as FAST-41 transparency projects. The two DOE projects are the Kings Mountain in North Carolina and Liberty Owl in

Texas that "support President Trump's goal to boost domestic mineral production and American jobs." These projects aim to reduce U.S. dependence on China, which currently controls 70 percent of the lithium market, by developing secure domestic supply chains critical for energy storage and defense. The Kings Mountain project, backed by a $150 million federal award, will produce 350,000 tons of lithium oxide concentrate annually. The Liberty Owl project received $225 million to build a facility extracting battery-grade lithium from domestic brine resources. These efforts align with the Trump Administration's agenda to "strengthen U.S. energy dominance through streamlined permitting, clear timelines, and collaboration with federal partners and developers."

Department of the Interior Commits Over $240 Million to Reclaim and Revitalize Legacy Coal Communities in FY 2025.

Key Points:

- *The Department of the Interior (DOI) is investing over $240 million in 2025 to reclaim and revitalize former coal mining sites.*
- *States and tribes lead projects to ensure funding supports local economic growth and job creation.*

On June 4, the DOI announced two major funding initiatives totaling over $240 million for fiscal year 2025 to support coal communities and promote economic revitalization on legacy mine lands. The Department is providing $112.9 million in abandoned mine land reclamation grants to 24 states and two tribal programs. Funded by fees collected on coal production and managed by the Office of Surface Mining Reclamation and Enforcement, these grants are designed to "improve public safety, support local economies, and help repurpose former mining areas for new uses."

DOI allocated $130 million through the Abandoned Mine Land Economic Revitalization (AMLER) Program to fund infrastructure, energy development, and job creation projects across historically coal-producing states and tribes. States and tribes will "lead project selection to ensure locally tailored economic impacts." These programs "reflect a strategic approach to transforming hazardous former mine lands into productive community assets."

Upcoming Hearings and Events

June 10

U.S. Nuclear Industry Council Energy Summit: The U.S. Nuclear Industry Council will hold a Special Summit on Global Nuclear Energy Markets. "The program will feature a series of detailed panel discussions offering country-by-country and regional assessments, highlighting where demand is growing, what challenges exist, and how U.S. companies can position themselves for success in a competitive global marketplace."

DOE Budget Hearing: The House Energy and Commerce Committee's Subcommittee on Energy will hold a hearing titled "The FY 2026 Department of Energy Budget."
CFTC Nomination: The Senate Agriculture, Nutrition, and Forestry Committee will hold a hearing on the nomination of Brian Quintenz to be a Commissioner of the Commodity Futures Trading Commission.

June 11

Discussion on Loss of Agriculture Biodiversity: The Center for Strategic and International Studies will hold a discussion on "How the Loss of Agriculture Biodiversity Threatens National Security." "The conversation will examine the national and global security implications of agrobiodiversity loss…"

Agriculture Department Hearing: The House Agriculture Committee will hold a hearing titled "For the purpose of receiving testimony from The Honorable Brooke L. Rollins, Secretary, U.S. Department of Agriculture."

DOI Budget Hearing: The Senate Energy and Natural Resources Committee will hold a hearing titled "A Review of the President's Proposed Budget Request for FY2026 for the Department of the Interior."

Forest Service Budget Hearing: The Senate Appropriations Committee's Subcommittee on Interior, Environment, and Related Agencies will hold a hearing titled "A Review of the President's FY2026 Budget Request for the United States Forest Service."

Nuclear Power Briefing: The United States Energy Association will hold a virtual news briefing, beginning at 11 a.m., on "Is a New Golden Age for Nuclear Power Dawning?"

Datacenter Impacts Discussion: The American Association for the Advancement of Science will hold a virtual discussion, beginning at 2 p.m., on "Datacenter Impacts on Municipal Energy, Water, and Air Systems."

June 12

Economic Farm Conditions Meeting: The Farm Credit Administration will hold a meeting to discuss the "Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance" and the "Semiannual Report on Office of Examination Operations".

June 26

FERC Open Meeting: FERC will hold its monthly open meeting.

For more information about energy and environmental issues you may email or call Frank Vlossak at 202-659-8201. Miller Elwood contributed to this report.

HEALTH

HHS Releases its FY26 Budget Request

Key Points:

- *The Trump Administration's FY 2026 HHS budget proposes major restructuring and funding cuts, including the creation of the AHA, with an overall discretionary funding allocation of $94.7 billion.*
- *The House Appropriations Subcommittee advanced the FDA's FY 2026 funding bill, proposing $6.79 billion in funding, matching the Trump Administration's request.*

The Trump Administration's fiscal year (FY) 2026 budget request for the Department of Health and Human Services (HHS) outlines significant structural changes and funding reductions across several agencies. The budget request $94.7 billion for HHS, which is a 25 percent decrease from the FY25 budget. One of the most notable changes is the creation of a new agency, the Administration for a Healthy America (AHA), which would consolidate multiple programs related to primary care, public health, maternal and child health, and mental health, among others.

The budget includes $4.243 billion for the Centers for Disease Control and Prevention (CDC) and $27.9 billion for the National Institutes of Health (NIH), with significant changes to both agencies as well as several other agencies under HHS. At CDC, several programs in the

Administration for Strategic Preparedness and Response are eliminated, including the Hospital Preparedness Program. Meanwhile, NIH will consolidate its 27 institutes into eight, with the National Cancer Institute, National Institute of Allergy and Infectious Diseases, and National Institute on Aging remaining intact. Additionally, AHA will consolidate multiple agencies such as the Health Resources and Services Administration (HRSA), Substance Abuse and Mental Health Services Administration, and parts of the CDC and NIH. The budget proposal moves the 340B Drug Pricing Program from the Health Resources and Services Administration to the Centers for Medicare and Medicaid.

Along with those requests, the House Appropriations Subcommittee overseeing the Food and Drug Administration (FDA) advanced its FY 2026 funding bill along partisan lines, proposing $6.79 billion for the FDA, matching the Trump Administration's budget request and reflecting an 11.5 percent cut in budget authority and a 4 percent increase in user fees. The bill also reduces appropriations for the FDA's drug and biologics centers but increases funding for food and medical device oversight.

CMS Rescinds Biden-era EMTALA Guidance

Key Points:

- *CMS rescinded a 2022 guidance that emphasized hospitals' obligations under EMTALA to provide emergency abortion care, stating the document no longer reflects current administration policy.*
- *While affirming its commitment to EMTALA enforcement, CMS acknowledged ongoing legal uncertainty and pledged to clarify providers' responsibilities.*

On June 3, CMS announced the rescission of July 2022 guidance that reinforced hospitals' obligations under the Emergency Medical Treatment and Labor Act (EMTALA). The law requires hospitals to provide emergency care, including abortion services, to pregnant patients experiencing medical emergencies. This guidance was initially issued following the Supreme Court's decision to overturn *Roe v. Wade*, aiming to clarify that federal law required hospitals to offer stabilizing treatment, such as emergency abortions, even in states with restrictive abortion laws

Despite the rescission, CMS affirmed its continued commitment to enforcing EMTALA, ensuring that all individuals presenting to hospital emergency departments receive appropriate examination and treatment for emergency medical conditions, including those that pose serious risks to pregnant women or their unborn children. The agency also indicated its intent to address any legal confusion and instability resulting from previous administrative actions.

Upcoming Hearings and Events

June 10

Budget Estimates for NIH FY26: The Senate Appropriations Departments of Labor, Health and Human Services, and Education, and Related Agencies Subcommittee will hold a hearing entitled, "A Review of the President's Fiscal Year 2026 Budget Request for the National Institutes of Health."

June 11

Health Care Supply Chain: The House Energy and Commerce Health Subcommittee will hold a hearing entitled, "Made in America: Strengthening Domestic Manufacturing and Our Health Care Supply Chain."

For more information about health care issues you may email Laura Simmons. Aubrie Chastain contributed to this section.

CYBERSECURITY, PRIVACY, AND ARTIFICIAL INTELLIGENCE

White House FY26 Budget Proposes Double-Digit Funding and Workforce Cuts to CISA

Key Points:

- *Late last week, the White House released the Technical Supplement to the 2026 Budget, which detailed a 17 percent funding cut and a 29 percent workforce reduction from FY25 levels for the Cybersecurity and Infrastructure Security Agency.*
- *Conversely, the budget justification outlined the agency's priorities, which include funding for partnerships between federal, state, and local governments and the private sector, infrastructure resilience and security, telecommunication interoperability, and integrated operations.*

Late last week, the White House released the Technical Supplement to the 2026 Budget, which detailed a 17 percent funding cut and a 29 percent workforce reduction from FY25 levels for the Cybersecurity and Infrastructure Security Agency (CISA). While the proposed budget increases federal funding for infrastructure security efforts, most other program lines administered by the nation's frontline civilian cyber agency would be subject to millions in cuts, including cybersecurity operations, stakeholder engagement, election security, and mission support.

Specifically, the Trump Administration's proposal would eliminate 1,083 of 3,732 total full time CISA personnel and slash $420 million of the agency's current $3 billion budget. If enacted, the agency's FY26 budget would amount to $2.4 billion, 2,649 positions, and 2,324 Full Time Equivalents (FTE). While these reductions are slightly lower than was originally proposed in the White House's "skinny budget" released last month, if passed it would still mark the first time CISA has felt a year-over-year budget cut since it was established in 2018.

The FY26 budget proposal would: eliminate the Election Security program; cut $45 million from the Cyber Defense Education and training program; cut $70 million and 35 positions from the National Risk Management Center; cut $132 million from Mission Support Enterprise Services; and cut $14 million from the Joint Cyber Defense Collaborative program.

The budget justification for CISA, on the other hand, details the agency's priorities moving forward, including:

- "$1,367.4M for cybersecurity efforts to protect Federal Civilian Executive Branch networks and partner with State, local, tribal, and territorial (SLTT) governments, and the private sector to increase the security of critical networks;
- $302.9M for Infrastructure Security to secure and increase resilience for critical infrastructure through risk management and collaboration, which includes a transfer of $237.8M from the Countering Weapons of Mass Destruction Office (CWMD). BioWatch and Securing the Cities are transferred to CISA as part of its mission to protect physical infrastructure.
- $100.4M to ensure Emergency Communication interoperability and provide assistance to Federal, SLTT stakeholders to include priority telecommunications services;
- $182.1M for Integrated Operations to manage critical infrastructure risk and resilience by coordinating CISA operations and capabilities, disseminating risk information, providing intelligence for decision-making, and delivering services through regional offices to enhance national resilience."

Having now received the funding and programmatic priorities from the White House, House and Senate appropriators will move forward in writing and marking up bill text to fund the government for the upcoming fiscal year.

Senate Committee Holds Confirmation Hearing for Top Cybersecurity Nominee

Key Points:

- *On Thursday, June 5th, the Senate Homeland Security and Governmental Affairs Committee (HSGAC) held a confirmation hearing for Sean Cairncross, the Trump Administration's nominee for National Cyber Director. Cairncross discussed his goals of leading cyber policy coordination across the federal government and private sector, as well as the Administration's intent to increase offensive cyber operations to combat malign actors in cyberspace.*

On Thursday, June 5th, the Senate Homeland Security and Governmental Affairs Committee (HSGAC) held a confirmation hearing for Sean Cairncross, the Trump Administration's nominee for National Cyber Director. While Sean Plankey – Trump's pick to lead the Cybersecurity and Infrastructure Security Agency (CISA) – was slated to appear before the committee alongside Cairncross, he was pulled last minute due to delays in completing his clearance process.

If confirmed, Cairncross would be the third permanent leader of the Office of the National Cyber Director (ONCD), which was established in the FY21 National Defense Authorization Act (P.L. 116-283) following a recommendation from the Cyberspace Solarium Commission. Although Cairncross has no formal experience in cybersecurity or intelligence policy, his new role would be tasked with advising the president on the nation's cybersecurity posture and strategy.

During the hearing, Cairncross discussed his goals for ONCD, including his intent to lead and strengthen cyber policy coordination across the federal government and private sector. As part of that effort, he committed to working with Congress to reauthorize the expiring Cybersecurity and Information Sharing Act of 2015 (CISA 2015), which is set to lapse at the end of September. This has similarly been a priority for top cyber lawmakers in both the House and Senate. He also noted his intent to extend the State and Local Cybersecurity Grant Program, which provides funding to eligible entities to address cybersecurity risks and threats to information systems owned or operated by states and localities.

Cairncross highlighted the growing threat posed by foreign adversary-linked actors in cyberspace, emphasizing that the Administration would be focused on taking offensive measures to mitigate such risk. He said "This is not an IT issue. This is an operational issue… [Volt Typhoon] has real potentially life and death consequences."

In responding to questions from Senators on his lack of formal cybersecurity experience, Cairncross said “It’s true I don’t have a technical background in cyber, but in my roles running private organizations and national party committees, I’ve been on the user side of this. I’ve had to deal with foreign nation attacks on our systems. We’ve worked with the FBI and the intelligence community to learn about them, to stop them and to monitor those attacks. On the management side, I’ve run thousands of people and billions of dollars in funds, and in doing those jobs, I surround myself with smart people.”

Cairncross previously served as chief counsel at the Republican National Committee (RNC), and he has held previous positions as CEO of Millennium Challenge Corporation and as a deputy assistant and senior White House advisor for the first Trump Administration. While serving the first administration, Cairncross provided “counsel on a variety of issues including matters related to national security.”

HSGAC Senators will hold a markup on June 12th to vote on the nominations of both Plankey and Cairncross. Both are expected to advance to the full chamber for a vote later this year, pending floor time.

Upcoming Hearings and Meetings

June 10

Advancing AI in Government Agencies: Amazon Web Services holds its AWS Summit, June 10-11, including discussion on "High Impact at Low Cost, Advancing AI in Government Agencies."

June 11

Governance for Digital Leadership and Innovation: The Future of Privacy Forum holds its DC Privacy Form 2025, with the theme "Governance for Digital Leadership and Innovation."

Should Policymakers Regulate Human-AI Relationships? The Information Technology and Innovation Foundation holds a virtual discussion, beginning at 12 p.m., on "Should Policymakers Regulate Human-AI Relationships?"

June 12

Cyber Nomination Votes: The Senate Homeland Security and Governmental Affairs Committee holds a markup to vote on the nominations of Sean Cairncross to be White House national cyber director; Robert Law to be Homeland Security undersecretary for strategy, policy, and plans; James Percival to be general counsel of the Homeland Security Department; Sean Plankey to be director of Cybersecurity and Infrastructure Security Agency; Kevin Rhodes to be administrator for federal procurement policy in the Office of Management and Budget; and James Woodruff II to be a member of the Merit Systems Protection Board.

Nuclear Solutions for AI Infrastructure: The House Science, Space and Technology Energy Subcommittee holds a hearing on "Powering Demand: Nuclear Solutions for AI Infrastructure."

Securing AI to Strengthen Cybersecurity: The House Homeland Security Cybersecurity and Infrastructure Protection Subcommittee holds a hearing on "Security to Model: Securing Artificial Intelligence to Strengthen Cybersecurity.

Opportunity Cost of State AI Policy: The Cato Institute holds a forum on "What Is the Opportunity Cost of State AI Policy?"
For more information about cybersecurity issues you may email Mahlet Makonnen or Frank Vlossak. Gray Eisler contributed to this section.

TRADE

Steel and Aluminum Tariffs Increased to 50 Percent

Key Points:

- *The Trump Administration doubled tariffs on steel and aluminum imports to 50 percent, effective Wednesday, citing national security and economic competitiveness as key justifications for countering foreign overcapacity and underpriced imports.*
- *President Trump's executive order aims to bolster domestic manufacturing and the defense-industrial base, with White House officials emphasizing broader supply-side reforms to support economic growth.*
- *National Economic Council Director Kevin Hassett stated the Administration would allow only limited exceptions, pointing to excessive Chinese subsidies and stressing the*

importance of sustaining the U.S. steel industry; ongoing talks with allies, including the UK, may lead to quota-based adjustments.

U.S. tariffs on steel and aluminum doubled to 50 percent as of 12:01 am ET on Wednesday. In an executive order, President Trump said the higher tariffs would "more effectively counter foreign countries that continue to offload low-priced, excess steel and aluminum in the United States market and thereby undercut the competitiveness of the United States steel and aluminum industries." The Trump Administration said the tariffs are crucial to national security and the economy: "domestic steel and aluminum production is imperative for our defense-industrial base," White House spokesman Kush Desai said. "The Trump Administration is committed to reshoring manufacturing that's critical for our national and economic security while unleashing a full suite of supply-side reforms – including rapid deregulation, tax cuts, and unleashing American energy – to continue delivering economic relief for the American people." President Trump announced a 25 percent tariff on steel imports in February, part of a broader effort by the White House to revive America's Rust Belt and boost manufacturing jobs.

White House National Economic Council Director Kevin Hassett on Tuesday emphasized that the Trump administration will allow only "few" exceptions to the steel tariffs. Speaking at the American Iron and Steel Institute's annual general meeting, NEC Director Hassett described the tariffs as a necessary response to China's ongoing overcapacity and subsidies, citing OECD data that Chinese steel subsidies are ten times higher than those of other member countries. The Administration's goal, he said, is to ensure the long-term viability of the U.S. steel industry. The Trump Administration had previously eliminated carveouts and ended the product exclusion process earlier this year. During the event, NEC Director Hassett declined to confirm whether new exemptions would be negotiated with U.S. allies, deferring to U.S. Trade Representative Jamieson Greer. A recently announced agreement with the United Kingdom outlined general terms for a quota-based arrangement to replace tariffs, with potential duty adjustments by the Commerce Department beginning July 9, depending on UK compliance. Other trading partners, including Mexico and Canada, are also seeking improved access.

Trump, Xi Talk Trade & Rare Earths

Key Points:

- *President Trump and Chinese President Xi Jinping held a phone call on June 5 amid stalled tariff negotiations, with President Trump later calling the discussion a "very positive conclusion" and announcing plans for new trade talks.*

- *The deadlock stems from U.S. concerns over China's critical mineral exports and Beijing's opposition to U.S. limits on semiconductor sales and student visas; tensions have persisted since a tentative May 12 agreement.*
- *China has tightened its control over rare earth exports such as magnets, requiring company licenses and detailed documentation for each shipment to strengthen its geopolitical leverage and monitor how these strategic materials are used overseas.*

On June 5, President Trump and Chinese leader Xi Jinping spoke by phone on Thursday as their tariff negotiations remain stalled. The Chinese foreign ministry confirmed Trump initiated the call, while the White House had no immediate comment. The day before, President Trump stated on Truth Social that Xi is "VERY TOUGH" and "EXTREMELY HARD TO MAKE A DEAL WITH." The negotiations have been stuck since a May 12 tentative agreement in Geneva to reduce tariffs while talks continued. Key issues fueling the deadlock include U.S. concerns about China's exports of critical minerals and Beijing's objections to U.S. restrictions on advanced semiconductor sales and limits on student visas for Chinese graduate students. In a Truth Social post, President Trump stated that the call resulted in a "very positive conclusion for both countries," noting that there "should no longer be any questions respecting the complexity of Rare Earth products." He added that trade delegations will be dispatched to an undetermined location soon to begin another round of negotiations.

Since halting legal exports of several types of rare earths on April 4, including magnets used in electric motor applications, Beijing has issued few licenses, tightening control as leverage in trade disputes. The double clampdown on both legal and illegal exports is part of a broader national security strategy to assert dominance over strategic resources. China's Ministry of Commerce now requires Chinese producers to submit elaborate documentation for each request to export restricted rare earths or magnets. To prevent resales, the application requires Chinese companies to certify not just who is buying the material but how it will be used in subsequent steps of production, sometimes including photos of products. These documents may provide Beijing with a detailed map of how rare earths are used abroad, and could make it easier for China to target specific companies and countries in the future.

Commerce Secretary Lutnick Fields Trade Questions in House and Senate Hearings

Key Points:

- *Commerce Secretary Howard Lutnick highlighted the Administration's "America First" trade strategy during FY 2026 budget hearings, focusing on enforcement, reshoring, and investment, including a 50 percent funding boost for export controls to block technology transfers to rivals like China.*
- *Secretary Lutnick emphasized using tariffs as strategic tools to strengthen domestic industries, close loopholes, and counter unfair foreign practices, while lawmakers expressed mixed views on tariff impacts -- Republicans praised industrial revival, Democrats warned of cost and uncertainty.*
- *Secretary Lutnick rejected calls for reciprocal tariff cuts, advocating "logical reciprocity" and defending the rapid imposition of tariffs under emergency powers despite legal challenges, while addressing concerns about tariffs' effects on defense suppliers.*

On Thursday, the House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies held a budget hearing with Commerce Secretary Howard Lutnick to review the Department of Commerce's Fiscal Year 2026 request. Trade policy emerged as a central focus, with the Administration outlining a robust agenda centered on enforcement, reshoring, and investment attraction. Secretary Lutnick described the Administration's "America First" trade strategy, which prioritizes reshoring critical industries, cracking down on trade violations, and leveraging tariffs as both economic tools and strategic incentives. The Department is seeking a 50 percent increase in funding for the Bureau of Industry and Security (BIS) to bolster export controls and block adversaries (particularly China) from acquiring sensitive U.S. technologies.

In his testimony, Secretary Lutnick also cited the closure of the *de minimis* loophole and ongoing Section 232 investigations as key tools to strengthen domestic production and prevent tariff evasion. Lawmakers raised concerns about China's illicit practices, including technological espionage and IUU fishing. Secretary Lutnick affirmed that the Department is coordinating with trade enforcement offices to hold violators accountable and safeguard U.S. supply chains. He highlighted the new Investment Accelerator, which has generated over $300 billion in private sector commitments to expand manufacturing in the U.S. without additional taxpayer funding.

Republican lawmakers praised tariffs for reviving domestic steel and aluminum industries, while Democrats warned that erratic implementation is creating uncertainty for businesses and increasing consumer costs. Secretary Lutnick defended the approach, asserting that the U.S. market must be leveraged to compel fair trade and attract investment. Additional concerns were raised about foreign discrimination against American technology firms, with the Secretary stating the Department will use all available trade tools to defend U.S. competitiveness. Lawmakers also questioned the Department's preparedness to protect downstream industries, small businesses, and rural economies amid sweeping changes to the trade landscape.

At a Senate Appropriations hearing on Wednesday, Secretary Lutnick stated that the U.S. is not seeking reciprocal tariff reductions to zero in its trade talks with partners, calling the prospect "silly." He added that the Administration is focused on protecting certain industries, like pharmaceuticals, and is open to deals that include restrictions on imports from China. Secretary Lutnick emphasized "logical reciprocity," meaning fairness based on economic size, not exact matching tariffs. Senators raised concerns about tariffs on steel and aluminum impacting U.S. defense suppliers, with Secretary Lutnick disputing claims that access to materials is a problem, framing it as a cost issue instead. The Secretary also defended President Trump's use of emergency powers to impose tariffs quickly, despite legal challenges citing the "major questions doctrine."

Treasury Expands Currency Manipulation Criteria, Suggests Tariffs Possible

Key Points:

- *The U.S. Treasury Department announced an expanded approach to analyzing foreign currency practices, going beyond direct foreign exchange interventions to include macroeconomic measures like capital controls and actions by state-affiliated entities, aligning with the Trump Administration's goal to reduce trade deficits and combat unfair trade practices.*
- *The Treasury signaled it may recommend tariffs under existing laws if currency manipulation is found, recalling prior actions such as investigations into Vietnam and past designations of China and Switzerland as manipulators, with China still closely monitored for nontransparent interventions by state-owned banks.*
- *Ireland was added to the monitoring list due to a growing trade surplus driven by pharmaceutical exports, joining several other major economies.*

The U.S. Treasury Department announced it will broaden its analysis of foreign currency practices beyond direct foreign exchange interventions to include macroeconomic and financial measures that could result in exchange rate misalignments. The shift, outlined in its June 2025 "Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the U.S." report, supports the Trump Administration's efforts to reduce trade deficits and counter what it views as unfair trade practices. The Treasury emphasized it will not limit its scrutiny to statutory criteria alone, such as current account surpluses, bilateral trade surpluses, and foreign exchange interventions, but will also consider measures such as capital controls, macroprudential actions, and interventions by state-affiliated entities like sovereign wealth funds. The Department signaled that, in cases where manipulation is found, it could recommend tariff action through authorities such as the Trade Facilitation and Trade Enforcement Act of 2015 (P.L. 114-125). The report recalls past steps, including a Section 301 investigation into Vietnam's currency practices and the labeling of China and Switzerland as manipulators during the first Trump administration. China remains under close watch, cited for a lack of transparency and unofficial intervention by state-owned banks, even though it meets only one of the statutory criteria. The Treasury warned it could again designate China a manipulator based on broader evidence of intervention.

The report adds Ireland to the monitoring list due to a growing trade surplus driven by pharmaceutical exports, joining China, Japan, Korea, Taiwan, Singapore, Vietnam, Germany, and Switzerland. While Switzerland's surplus was bolstered by gold and pharmaceutical trade, Ireland's was tied to consistent U.S. imports of medical and chemical products. The Treasury said its enhanced framework aims to better support the Administration's America First Trade Policy by ensuring trading partners do not gain unfair advantages through currency-related practices.

USTR Greer Says U.S.-EU Talks Advancing on Achieving Reciprocal Trade

Key Points:

- *U.S. Trade Representative Jamieson Greer characterized recent discussions with European Trade Commissioner Maroš Šefčovič as constructive, with rapid progress on reciprocal trade talks focused on tariffs including those on EU goods, autos, steel, and aluminum. Technical teams from both sides will continue detailed negotiations in Washington.*
- *Commissioner Šefčovič expressed regret over the U.S. doubling steel and aluminum tariffs and emphasized cooperation to address global overcapacity, while remaining optimistic that ongoing talks will lead to a mutually beneficial agreement covering sectors like aviation, semiconductors, and critical minerals.*

U.S. Trade Representative Jamieson Greer described recent talks with European Trade Commissioner Maroš Šefčovič as "constructive" and said negotiations on reciprocal trade are progressing quickly. The EU provided a credible starting point for discussions, and technical teams from both sides will be engaging in detailed, topic-by-topic talks in Washington. The talks focus on tariffs including the paused 20 percent duty on EU goods, as well as tariffs on autos, steel, and aluminum. Commissioner Šefčovič expressed regret over the U.S. decision to double tariffs on steel and aluminum, urging cooperation to address global overcapacity rather than targeting each other. Both sides discussed potential collaboration in aviation, semiconductors, and critical minerals sectors. Despite challenges, Commissioner Šefčovič remained optimistic that the close allies would find a mutually beneficial agreement through continued negotiations. President Trump frequently claims the EU does not provide sufficient market access for U.S. autos and agriculture and that its tech regulations and member countries' value-added taxes put U.S. companies at a disadvantage, among other criticisms. During a press conference in Paris on Wednesday, Commissioner Šefčovič cited the "concrete" nature of the talks as reason for optimism. "I think that the discussions are now very concrete," he said, citing talks on various issues and "the potential landing zone."

DOJ Says Court Order Scrapping IEEPA Tariffs Would Revive De Minimis

Key Points:

- *A stayed Court of International Trade ruling that overturned President Trump's use of the International Economic Emergency Powers Act to impose tariffs would also require the reinstatement of de minimis duty-free entry for Chinese shipments under $800, as the exemption was eliminated by executive order tied to the challenged tariffs, according to a Justice Department filing.*

A now-stayed Court of International Trade decision overturning President Trump's International Economic Emergency Powers Act tariffs would also mandate that the administration reinstate de minimis duty-free entry for shipments from China worth $800 or less, according to the Justice Department. In a May 30 filing for a pending CIT challenge to the de minimis policy, DOJ wrote that the court's order barring "the operation of" any presidential directive to impose tariffs under the IEEPA effectively mandates the return of de minimis because President Trump canceled the exemption for Chinese goods in one of his "emergency" tariff executive orders, known as EO 14195, that are at the heart of the CIT case.

Trump Names Former Ex-Im Official to Serve as Deputy USTR

Key Points:

- *Former EVP and COO of the Export Import Bank Jeffrey Goettman has been tapped to serve as the Deputy USTR under USTR Greer.*

- *Goettman will be responsible for a global portfolio, as well as issues concerning American industrial competitiveness.*

President Trump has nominated Jeffrey Goettman, former executive vice president and chief operating officer of the Export-Import Bank, to serve as deputy U.S. Trade Representative. Goettman, who briefly served as acting head of Ex-Im during the first Trump administration, has been tapped to take on a portfolio including Africa, the Western Hemisphere, Europe, the Middle East, environment, labor and industrial competitiveness. Goettman was Virginia Governor Glenn Youngkin's chief of staff starting in 2021 until leaving the role in July 2024 and becoming a member of the Metropolitan Washington Airports Authority board of directors. His confirmation hearing has not yet been scheduled.

Representative Gottheimer (D-NJ) Discusses Bills to Rein in Executive Branch Trade Overreach

Key Points:

- *Representative Josh Gottheimer (D-NJ) will introduce two bills to limit President Trump's tariff authority: the "Tariff Impact Act," requiring CBO reviews of economic effects before tariffs are imposed, and the "COOL Act," mandating congressional approval for changes to the de minimis threshold.*
- *Gottheimer also requested a GAO study on how Trump's tariffs affect consumer costs by zip code, warning that eliminating de minimis for China would raise prices and hurt small businesses.*

Representative Josh Gottheimer (D-NJ) plans to introduce two bills aimed at curbing President Trump's broad use of tariffs: one requiring the Congressional Budget Office to conduct economic impact reviews before tariffs take effect ("Tariff Impact Act"), and another requiring explicit congressional approval for changes to the low-value import de minimis threshold ("Congressional Oversight of Low-Value Imports Act" or "COOL Act"). Gottheimer also requested a Government Accountability Office study to analyze how Trump's tariffs affect everyday household costs, breaking down impacts by zip code. He warned that eliminating China's de minimis benefits would increase prices on many consumer goods and disproportionately harm small and medium-sized businesses.

Upcoming Hearings and Events:

Wednesday, June 11

The House Ways & Means Committee will hold a hearing with Treasury Secretary Scott Bessent.

The House Energy & Commerce Committee will hold a hearing entitled "Made in America: Strengthening Domestic Manufacturing and Our Health Care Supply Chain."

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