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# 2017 Federal Outlook

December 21, 2016

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## Introduction

With the Obama administration coming to an end, January 2017 marks the beginning of a dramatic wholesale conservative shift in federal public policymaking. Starting with the swearing-in of the 115<sup>th</sup> Congress on January 3rd, and followed by President Donald J. Trump's inauguration on January 20th, the legislative and executive branches promise a robust schedule of activity heading into the Trump administration's first 100 days.

Republicans are optimistic about their prospects for a productive legislative year; the GOP has not had undivided control of the federal government since they lost both chambers of Congress in the 2006 election cycle. The current balance of power in the Senate stands at 52 Republicans and 48 Democrats, with the House of Representatives at 241 Republicans and 194 Democrats.

Since the election, Trump and GOP congressional leaders appear to have mended the hostilities that broke out during the campaign. This new found alignment bodes well, as Trump is likely to lean heavily on the policy expertise of congressional Republicans to carry out his anticipated public policy agenda.

Leadership and members of congress have already set a bold and ambitious legislative plan for 2017. There will be a strong and targeted focus on rolling back dozens of regulations proposed and finalized toward the end of President Obama's term, as well as delivering top legislative agenda items.

The policy areas discussed below are some of the top agenda items for the 115<sup>th</sup> Congress and the new Trump administration. Also included are issues and agenda items that have carried over from the previous Congress. Many of these issues, such as Trump's nominations, Obamacare repeal and replace, comprehensive tax reform and confirming a Supreme Court Justice are top GOP priorities and will be addressed within Trump's first 100 days in office. Other issues, like the debt ceiling and government funding, have hard deadlines and will have to be addressed early in the year. The remaining items may be considered later in 2017 or throughout the 115<sup>th</sup> Congress and Trump's first term.

## Agriculture & Nutrition

Although the current farm bill doesn't expire until September 2018, lawmakers on the House and Senate agriculture committees will get an early start on the bill in the next Congress; passing the last bill proved to be a long and arduous process in 2014. During the last farm bill debate, lawmakers attempted to cut funding for the Supplemental Nutrition Assistance Program (SNAP) and pass it as a standalone bill, while keeping traditional farm programs in another. The Senate rejected that method and the farm bill was ultimately passed as a single measure. Senate Agriculture Committee Chairman Pat Roberts (R-KS) has said he wants to move a farm bill through his committee next year in order to have it pass through Congress before the 2018 mid-term elections.

The next farm bill will likely have to make changes to crop insurance programs as farmers and ranchers have been beset by record-low commodity prices over the last few years. SNAP funding levels will continue to be an issue for fiscal conservatives. Roberts has also indicated that the committee will renew efforts early in the 115<sup>th</sup> Congress to pass a Child Nutrition Reauthorization bill that was not finished in the 114<sup>th</sup> Congress.

Other agriculture related policy includes the continued implementation of the Food Safety Modernization Act (FSMA). Although most of the regulations and rules from FSMA are expected to move forward as planned, there could potentially be a revived interest from congress and the new administration to review or revisit burdensome regulations on the agriculture industry.

## Banking & Financial Services

### *Dodd-Frank and Regulatory Reform*

The Wall Street Reform and Consumer Protection Act, commonly referred to as Dodd-Frank, has been a target for reform by many in the financial community and by Republicans in both the House and the Senate. It will be a top priority in the 115<sup>th</sup> Congress. Since its passage more than six years ago, about 70% of the regulations of the Act required have been finalized; however, many are lagging and the promulgation of agencies that arose out of the Act such as the CFPB have been highly controversial. The [Financial CHOICE Act](#) (H.R. 5983), introduced by Chairman Jeb Hensarling (R-TX) and passed by the House Financial Services Committee, is the House Republican effort to replace many portions of Dodd-Frank but also strengthen other areas, such as financial fraud protections. Hensarling's bill is widely seen as a template for new regulation relief legislation in the 115<sup>th</sup> Congress. The Trump administration is largely expected to be supportive of any version of Hensarling's bill that makes it through Congress next year.

When drafting new legislation, Republicans may consider provisions like blocking or limiting the Department of Labor's fiduciary standard rule, raising the threshold for heightened banking supervision from \$50 billion to \$500 billion, repealing the Volcker rule, repealing the Financial Stability Oversight Council's authority to label non-bank financial institutions as systemically

important financial institutions, and allowing banks that maintain a leverage ratio of 10% or more to be exempt from other capital and liquidity requirements.

### ***Durbin Amendment***

Another key target will be the Durbin amendment in the Dodd-Frank Act. The amendment capped the debit-card interchange fees retailers must pay to banks when a customer swipes a debit card. The Financial CHOICE Act would have repealed that portion of the bill. Although inclusion of a repeal of the Durbin amendment in a new regulatory relief bill next Congress is not guaranteed, there is enough demand for Republicans to possibly include it. While the Republican majority may help banking interests, the caps on fees will remain a contentious issue outside of partisan lines with retailers digging in to protect their 2010 victory. Durbin-style caps on credit card interchanges will also continue to be discussed among Democrats.

### ***CFPB Reform***

The Consumer Financial Protection Bureau (CFPB) was created by Dodd-Frank and any effort by congressional Republicans to substantially reform Dodd-Frank will likely include significant changes to the CFPB. Republicans, and a number of Democrats, want to change the CFPB's leadership from a single director to a five-member bipartisan board or commission, and to bring it under the congressional appropriations process rather than funded directly through the Federal Reserve. The House's Fiscal Year 2017 Financial Services Appropriations bill, for example, contained both of these modifications.

Moreover, the CFPB is facing legal challenges. In October, a federal appeals court ruled that the CFPB's structure is unconstitutional because it gives too much independence to the director. This case is now pending at the U.S. Court of Appeals for the District of Columbia; and the ruling may determine whether President-elect Trump can remove the CFPB's director, Richard Cordray, once he takes office.

### ***Community Banks & Credit Unions***

As Senator Mike Crapo (R-ID) assumes the Chairmanship of the Senate Banking Committee from Senator Richard Shelby (R-AL), one potential place of bipartisan agreement lies in regulatory relief for smaller community banks and credit unions. Should the Democrats have won control of the Senate, Ranking Member Sherrod Brown likely would have used this agenda item that he has openly supported as a way to strike a bipartisan tone within the committee. Shelby introduced reforms supported by each party during his chairmanship; however, they were attached to his larger Dodd-Frank Act repeal bill that could not pass through the Senate. Hensarling's Financial CHOICE Act included many of the community bank and credit union regulatory relief measures that the industry is requesting and would likely be included in a new bill in the next Congress.

The reforms requested and proposed cover regulations affecting the areas of safety and soundness, mortgages, as well as onerous supervision and enforcement requirements. Numerous proposals have been made over the course of the 114<sup>th</sup> Congress seeking to adjust different thresholds for regulations, dependent upon the assets that those banks hold and the activities they perform. For smaller banks with less than \$10 billion in assets, numerous exemptions are sought, including from the Volcker Rule. Regional banks have also been pushing for a change to Dodd-

Frank that requires banks that have more than \$50 billion in assets to be subject to enhanced prudential standards. Other proposals for the easing of regulations on smaller banks range from exemptions from reducing executive bonus payments to expanding safe harbor for qualified mortgage liability protection.

### ***Housing Finance***

Housing policy will continue to be a topic of discussion in the new Congress, including the role of government sponsored enterprises, such as Fannie Mae and Freddie Mac. Chairman Hensarling signaled in the 113<sup>th</sup> and 114<sup>th</sup> Congresses his desire to see overhaul occur through the drafting and introduction of the PATH Act. However, the reform measures still need to gain broader support from the GOP before they can be advanced again to the House floor. The addition of a Trump administration and the continuing control of the Senate by Republicans, however, have increased the odds that housing finance reform will occur. It is unlikely, though, that this will be one of the immediate topics undertaken by the Trump administration and the 115<sup>th</sup> Congress, as Republicans face more pressing regulatory reforms in the areas of healthcare, taxes, trade and banking. The Trump administration will likely pursue administrative actions, seeking to lower regulatory burdens for real estate markets, developers, and rental housing.

### **Cabinet Nominations**

Senate Majority Leader Mitch McConnell (R-KY) has said the Senate will begin to hold confirmation hearings for Trump's cabinet nominees soon after the start of the new session on January 3<sup>rd</sup>. Confirmation votes on cabinet members could come immediately after Trump's swearing-in ceremony. Early action on a large number of nominees will ensure a smooth and quick transition and will better help the new president start his first 100 day agenda. The table below lists the Cabinet and Cabinet-rank positions the Trump administration has announced as of Wednesday, December 21st.

<b>Cabinet Position</b>	<b>Trump's Nomination</b>
Vice President	Governor Mike Pence (R-IN)
Secretary of State*	Rex Tillerson
Secretary of Treasury*	Steven Mnuchin
Secretary of Defense**	General James Mattis
Attorney General*	Senator Jeff Sessions (R-AL)
Secretary of the Interior*	Rep. Ryan Zinke (R-MT)
Secretary of Agriculture*	TBD
Secretary of Commerce*	Wilbur Ross
Secretary of Labor*	Andrew Puzder
Secretary of Health and Human Services*	Rep. Tom Price (R-GA)
Secretary of Housing and Urban Development*	Dr. Ben Carson
Secretary of Transportation*	Former Labor Secretary Elaine Chao
Secretary of Energy*	Former Texas Governor Rick Perry

Secretary of Education*	Betsy DeVos
Secretary of Veteran Affairs*	TBD
Secretary of Homeland Security**	General John F. Kelly
<b>Cabinet-Rank Position</b>	<b>Trump's Nomination</b>
White House Chief of Staff	Reince Priebus
Director of the Office of Management and Budget*	Rep. Mick Mulvaney (R-SC)
Administrator of the Environmental Protection Agency*	Attorney General Scott Pruitt (R-OK)
U.S. Trade Representative*	TBD
Ambassador to the United Nations*	Governor Nikki Haley (R-SC)
Chair of the Council of Economic Advisors*	TBD
Administrator of the Small Business Administration*	Linda McMahon

\*Nomination must be confirmed by the Senate by a simple majority vote.

\*\*The Senate must first approve a waiver, requiring 60 votes, allowing Mattis to serve as Defense Secretary and Kelly as Homeland Security Secretary. There is a seven-year waiting period required for active duty personnel before they can take a top civilian post. They will both only need a simple majority to be confirmed once a waiver is granted.

## Congressional Review Act

Congressional Republicans and President-elect Trump foresee the rollback of dozens of Obama's "midnight regulations" in the coming year. The regulations they will likely target impact a wide array of industries from banking and financials, to consumer products, labor, healthcare and education.

Congress may utilize the Congressional Review Act (CRA) to overturn major agency rules and regulations issued in the final months of President Obama's tenure. The rarely used oversight tool, which was successfully used only once to repeal a rule from President Clinton's term, allows Congress to submit a resolution of disapproval to overturn any final rule issued by a federal agency as long as the final rule has been received by Congress within a period of 60 "days-of-continuous-session". In the new Congress, this 60 day period is reset after the 15<sup>th</sup> day of session in the Senate or House. By the start of the 115<sup>th</sup> Congress, this period stretches back to regulations issued on or after June 13, 2016, according to the Congressional Research Service.

A clear plan for using the CRA has not yet been defined. House and Senate parliamentarians will have to determine whether resolutions of disapproval must be submitted for each rule or if multiple rules can be combined into a package for a single vote. The House Freedom Caucus issued a [list](#) of over 200 regulations they want overturned. The Senate Republican Policy Committee released a [list](#) as well. Additionally, the Congressional Research Service put out a [memorandum](#) listing the major rules that Congress may consider using the CRA. However, even

if a certain regulation is not addressed in a CRA, Republicans may still use the normal legislative process or appropriations riders to overturn a rule or block agencies from using funds to implement regulations.

Trump, on the other hand, will have three primary methods at his disposal to halt or eliminate Obama-era policies. First, using executive orders, Trump can immediately revoke, modify, or suspend other executive orders by his predecessor. Second, Trump can utilize discretionary agency directives and guidance documents to implement new policies or to withdraw old ones. One example of an agency directive under President Obama is the Department of Justice's non-enforcement of federal marijuana laws in states that have legalized the drug for medicinal or recreational purposes. Executive orders and agency directives, however, do not require complex procedures and are thus easily changed from administration to administration. Third, an executive agency may issue a repealing rule or regulation. This method is often time consuming because it requires agencies to comply with the proper notice and comment process. Additionally, agency repeals are subject to the same standards of review as new rules. As such, an agency must demonstrate repeal of a rule is not "arbitrary and capricious," and must provide a reasoned analysis for the repeal if the repealing regulation is challenged by an injured party and brought to court.

## **Debt Ceiling**

Addressing the nation's debt ceiling will be the first hard deadline that Congress and the Trump administration face next year. The current debt limit expires on March 16, but the Treasury can use "extraordinary measures" to keep the government afloat until next summer as it did in 2015. The current borrowing authority is capped at \$20.1 trillion.

The last time Congress reached an agreement to raise the debt ceiling was in October of 2015, just before former House Speaker John Boehner resigned from office. Congress will undoubtedly have to raise the limit again to fend off a crisis. Republicans will likely use the opportunity to speak out against unsustainable government spending and the need for immediate budgetary and spending reductions. Intense spending debates preceded the 2011 and 2013 debt limit showdowns as well.

## **Education**

On the campaign trail, Trump stated that he would drastically reduce the size of the Department of Education and return elementary and secondary education policy control back to the state and local levels. He has also said he would roll back several of the Department's regulations, such as the gainful employment requirement. Additionally, Trump and Republican lawmakers will do what they can to roll back the Department of Labor's overtime rule, which universities and colleges across the country have said is burdensome and will increase costs for students seeking a higher education.

Betsy DeVos, Trump's nominee for Secretary of the Department of Education who currently serves as the Chairwoman for the American Federation for Children, is expected to support that agenda. That national advocacy group works to promote school choice along with the use of school vouchers. While it's clear from her background what DeVos' priorities for primary and secondary education are, it remains to be seen where she stands on higher education issues and if she will completely back Trump's promises of regulatory rollback.

Additionally, lawmakers and institutions of higher education are awaiting a long overdue reauthorization of higher education policy. Senate HELP Committee Chairman Lamar Alexander (R-TN) had hoped to complete a reauthorization of higher education legislation in the 114<sup>th</sup> Congress, but that effort was side-tracked by other legislative priorities. The House and Senate education committees held dozens of hearings throughout the last Congress related to higher education policy. The Senate HELP Committee also released a series of white papers focusing on accreditation, consumer information, and university involvement in lowering student loan burdens. Higher education legislation was last authorized in 2008. Additionally, Virginia Foxx (R-NC) will be the new Chairwoman of the House Education & the Workforce Committee. In the past she has supported amendments to ban the Department of Education from collecting data on individual students. She may support this ban as well as other conservative educational priorities in the future.

## **Energy & Environmental Policy**

Although there was hope for a compromised energy policy bill to pass through in the 114<sup>th</sup> Congress in the lame-duck session, the issue will now be pushed to 2017. House and Senate energy policy negotiators worked on their respective packages for two years. Both chambers finally passed bills in the 114<sup>th</sup> Congress, but conference negotiators were unable to reach an agreement with enough time to get the bill through Congress this year. Although the conference report may be used as a starting block next year, Republicans will likely rewrite portions of the bill to boost support for fossil fuels and limit bill sections dealing with climate change. LNG export language, the Land and Water Conservation Fund, and forest management provisions were also major sticking points according to Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski (R-AK).

Trump is expected to vigorously oppose the energy and environmental policies and regulations put in place by the Obama administration, especially the Clean Power Plan, the EPA's Waters of the U.S. rule, and ozone standards. On the campaign trail, Trump criticized the Paris climate agreement, though he has since softened his stance and may allow the agreement to stay in place. A Trump administration will also likely put an end to the EPA's work on methane regulations for oil and gas companies. Trump has appointed Oklahoma Attorney General Scott Pruitt to become Environmental Protection Agency Administrator. In this post, Pruitt is tapped to oversee the regulatory overhaul of the EPA. Pruitt's Senate confirmation promises to face vocal challenges from environmental organizations, left-leaning groups and Senate Democrats. Pruitt has been a vocal and legal opponent to the Obama administration's environmental agenda. His arguments against the agency's aggressive administrative actions were an underpinning of the Trump-Pence energy

platform as Pruitt often referred to EPA regulations implemented during the Obama years as "unconstitutional, job-killing and costly." Additionally, Trump's pick to lead the Department of Energy, former Texas Governor Rick Perry, highlights an "all-of-the-above" approach to the nation's economic and energy issues, a mantra Trump has echoed in the past.

## **Government Funding**

On December 10th, President Obama signed into law a continuing resolution (CR) to fund the federal government until April 28, 2017. The CR funds the government at the fiscal year 2017 cap of \$1.07 trillion which was set by the Bipartisan Budget Act of 2015. The House and Senate cleared the measure just before adjourning for 2016. Some members of Congress wanted a CR to extend only until March of next year, however, congressional leaders decided on the later date to allow the Senate more time to focus on holding hearings and confirming President-elect Trump's cabinet and agency nominees. The CR will also provide congressional appropriators with more time to reshape FY 2017 spending legislation to reflect the funding and policy priorities of the new administration.

It is highly likely that Republicans will want to use the next round of appropriations bills to rollback or defund several regulations promulgated during the Obama administration's final months. Regulations that are not repealed using the Congressional Review Act (see Regulatory Rollback section) early in the year are vulnerable to attack within the annual spending bills.

## **Healthcare Policy**

### ***Affordable Care Act Repeal***

Repealing and replacing President Obama's signature healthcare law has been a top legislative priority for Republicans since it was passed and signed into law in early 2010. Senate Majority Leader Mitch McConnell (R-KY) has said that an Obamacare repeal resolution will be the first item on the Senate's agenda next year.

Republicans will likely pass a Fiscal Year 2017 budget resolution early next year (Congress did not pass one last year) for the sole purpose of including reconciliation instructions to repeal and possibly replace parts of Obamacare. In order to do that, Republicans must first pass a budget resolution in both chambers of Congress containing reconciliation instructions. Then, the Senate or House Committees with jurisdiction over the issues would draft legislation implementing the reconciliation instructions. Finally, the reconciliation bills pass back to the Budget Committee, get combined into a single bill, and then voted on by the full House and Senate. Reconciliation bills are useful because they only require a majority vote to pass in the Senate, thus preventing the opportunity for Democrats to filibuster and stop an Obamacare repeal.

However, reconciliation can only repeal the parts of Obamacare that affect spending and revenue, and thus cannot be used to repeal the entire law. A November [announcement](#) by the

Senate Republican Policy Committee stated that “a starting place for repeal and replace is the reconciliation [package](#) passed by the House and Senate last December, but vetoed by the president”. That package would have repealed the individual and employer mandates, repealed several of the law’s Medicaid expansion provisions, repealed several new taxes that Obamacare imposed on employers, companies and individuals, among dozens of other provisions. President-elect Donald Trump will undoubtedly sign any repeal legislation that can pass through both chambers of Congress. Trump has said that he would call a special session of Congress just to push through repeal legislation.

Furthermore, Trump has nominated Rep. Tom Price (R-GA), a former doctor and strong supporter of repeal legislation in the past, to head the Department of Health and Human Services, the agency will be responsible for implementing any changes to the law that passes through Congress. Price is currently the Chairman of the House Budget Committee and was a key figure in drafting the last Republican reconciliation bill. His experience and knowledge of the issues will greatly influence the next administration’s healthcare policy.

Although the healthcare focus in the next congress will revolve around repeal and replace, the Precision Medicine Initiative, the 21<sup>st</sup> Century Cures Act, and the Cancer Moonshot Initiative are likely to continue to be considered and implemented in the next administration. Members from both parties will look for opportunities to improve upon these advancements as Congress weighs its legislative options.

### ***Children’s Health Insurance Program***

The Children’s Health Insurance Program (CHIP) is a must-address agenda item for congress next year. CHIP funding is set to expire at the end of September 2017, and its entire legislative authority will end in 2019. Despite its popularity, the funding level for the program will still face scrutiny from fiscally conservative member. Obamacare gave states a 23% increase in federal funding for the program that will expire in 2019 without congressional action. In December, the Medicaid and CHIP Payment and Access Commission voted almost unanimously to recommend that congress renew the program through fiscal year 2022.

### ***Medicare & Medicaid Reforms***

Republican lawmakers are also planning an overhaul of Medicare and Medicaid, a process that could be completed using budget reconciliation instructions as well. Many Republicans, including Trump and Price, have called for more flexibility for the states to implement their individual Medicaid programs. Senate Finance Committee Chairman Orrin Hatch (R-UT) is planning to hold a roundtable in January and has invited the Republican Governors Association to provide input and recommendations for potential program changes. Possible changes to the program include distributing federal funds via block grants to states, using per capita payment caps, implementing stricter work requirements or shifting the program back to being a temporary safety net. Vice President-elect Pence has indicated he would prefer the state block grant approach to revising Medicaid.

To help with this process, Trump has nominated Seema Verma to be the administrator for the Centers for Medicare and Medicaid, a crucial agency for implementing changes to the program.

Verma previously worked with Pence on Medicaid reform and the implementation of Obamacare in Indiana. Verma will undoubtedly play a key role as changes to Medicaid or Medicare are considered, and is expected to work closely with state governors as she has successfully done in the past.

## **Immigration & Border Security**

On the campaign trail, Trump repeatedly emphasized the need to improve the nation's border security and fix the broken immigration system. He has proposed creating a biometric visa tracking system and using more intense vetting techniques for refugees and immigrants from countries with ties to terrorism. His boldest proposal was to build a wall along the country's border with Mexico; a proposal that will likely meet resistance from both sides of the aisle due to its costs.

Trump will likely work with the Department of Homeland Security to tighten border protection and provide border protection forces with more resources. He may also work with congressional Republicans and the Department of Justice to find ways to punish jurisdictions that do not enforce federal immigration laws, known as "sanctuary cities". Trump is also expected to work with the Department of Labor to reshape and investigate abuses within immigrant visa programs. There is concern among some industries that Trump's plans will harm their ability to hire enough workers. For example, on December 14th, Trump held a meeting with top executives from tech companies like Amazon, Tesla, Apple, and Facebook. Those executives highlighted the importance of protecting the visa program (H-1B) that helps fill the high-skilled positions their companies require.

## **Infrastructure Investment**

Trump has said that his infrastructure investment plan would unlock nearly \$1 trillion worth of investment over a period of 10 years. Part of his proposal includes creating a tax break for private investors who lend to state and local governments for infrastructure projects. Approving private sector energy infrastructure projects are also a key part of his plan to boost jobs and economic growth. Trump has also suggested creating an infrastructure bank and providing more flexibility to the states. The Department of Transportation has also suggested creating an infrastructure bank to support public-private partnerships as well as raising the federal fuel tax to fund projects.

A transportation and infrastructure spending package could have broad support from members of both parties in Congress. However, progress on a large spending package will largely depend on finding a "pay-for". One method which has wide support is to use repatriation, the taxing of profits of American companies held overseas, to fund government infrastructure projects. The need to fund domestic infrastructure spending, therefore, could incentivize lawmakers to complete an international tax reform package early next year.

## Military Spending

Trump campaigned on increasing border security, strengthening the U.S. military, and taking a tougher stance on terrorism. To deliver on those objectives, Trump and a unified GOP will likely fight to increase defense and military spending. Republicans have spoken out against the damages that spending caps and sequestration have done to the country's military might for several years. Democrats, as they have done in the past, will likely push back that any increase in defense spending will have to be matched by a similar increase in spending on domestic programs. Current budget caps only permit a slight increase in defense spending for the next fiscal year, though Congress can raise the cap as it has done before.

## Net Neutrality

Overriding the Federal Communications Commission's (FCC) net neutrality rules will be an early priority for the House Energy & Commerce Committee next year according to the committee's vice-chairman, Rep. Marsha Blackburn (R-TN). In February 2015, the FCC passed rules classifying the internet as a "common carrier" or utility and limited how internet service providers can give access to the internet. Blackburn has argued that the FCC's net neutrality rules have stalled investments in broadband. President-elect Trump has also spoken out against net neutrality, calling it a power grab by the Obama administration.

The FCC may roll back its existing net neutrality rules on its own without congressional action during the next administration. If not, Republicans could potentially use a draft bill by Senator John Thune (R-SD) and Rep. Fred Upton (R-MI) from early 2015 as a starting point for new legislation. Senator Bill Nelson (D-FL) and Rep. Frank Pallone (D-NJ) have both expressed openness to working with Republicans on net neutrality legislation. Rep. Greg Walden (R-OR), the new chairman of the House Energy & Commerce Committee for the 115<sup>th</sup> Congress, has strong ties to the cable and telecommunications industries and is openly against net neutrality. Proponents of net neutrality argue that undoing the rules could harm smaller internet content providers.

## Supreme Court Nomination

One of the most significant and enduring decisions President-elect Trump will make during the beginning of his presidency will be his nomination to fill the Supreme Court seat left by the late Antonin Scalia. Trump will likely nominate a conservative Justice, tilting the court back to the right. Earlier this year, Trump released a list of several people he would consider nominating to fill the seat. It is also probable that Trump will be able to nominate an additional Justice, maybe even two, during his tenure, given Justice Ruth Bader Ginsburg and Justice Stephen Breyer's seniority. If that situation becomes a reality, Trump will cement a conservative hold on the Supreme Court for decades to come. There has not been a clear liberal majority on the Supreme Court since the early 1970s.

## Tax Reform

Another top priority for Republicans, particularly for Speaker Paul Ryan (R-WI), in the next Congress will be to rewrite the tax code. House Ways and Means Committee Chairman, Kevin Brady (R-TX), held multiple meetings with House leadership and members in December to begin discussing tax proposals. Brady has also indicated that his committee will have a bill ready for Trump within his first 100 days in office. Furthermore, Brady has also signaled that tax reform would be based in principle on the House GOP's "Better Way" proposal, released earlier this year. That plan, for example, would establish a 20% corporate tax rate, a 25% rate for pass-through businesses, and individual rates of 12%, 25%, and 33%. A reform package will also likely address dozens of tax breaks, or "tax extenders" that will expire at the end of 2016.

Trump has also proposed a revised and simplified tax code. His plan eliminates the income tax for singles who earn less than \$25,000 and for married couples who jointly earn less than \$50,000. All other incomes are taxed at a 10%, 20%, or 25% rate. Trump's plan also states that "no business of any size" will pay more than 15% of their business income in taxes and it includes a one-time repatriation of cash held overseas by U.S. companies at a rate of 10%. Additionally, his plan eliminates the death tax.

Senate Majority Leader Mitch McConnell and incoming White House Chief of Staff Reince Priebus have both indicated that Republicans will use a basic Fiscal Year 2017 budget resolution to repeal parts of Obamacare early in 2017, and then use a more detailed Fiscal Year 2018 budget resolution to pass reconciliation instructions on tax reform later in the year. However, it is possible congressional tax writers attempt to draw up reform legislation that has bipartisan support in both chambers and can pass using the normal legislative process.

A major part of tax reform discussions will include the need to fund infrastructure spending. If a tax reform package restructuring the domestic tax code fails, there is agreement on both sides of the aisle to change the international system. To fund infrastructure projects, lawmakers may revamp the international tax code and tax profits held overseas by U.S. companies. Under current law, companies do not pay taxes on offshore earnings until it is brought back into the United States, a process commonly known as repatriation.

## Trade

A large part of Trump's campaign rhetoric focused on the negative aspects of President Obama's signature trade deal, the Trans Pacific Partnership (TPP), and the harm that the North American Free Trade Agreement (NAFTA) has caused American workers and the economy. Trump pledged to immediately withdraw the U.S. from the TPP and to begin renegotiating NAFTA with Canada and Mexico upon taking office. Although there was speculation the TPP could get a vote in the lame duck, it never came up and it is now obvious that the 12-nation pact will not get a vote in the next congress or a signature from Trump without significant changes. Going forward, the Trump administration will likely pursue trade agreements on a bilateral basis, as opposed to the multi-nation agreement route the Obama administration took with the TPP.

Trump's intentions with NAFTA are less clear. Complete withdrawal from the trade agreement would require Congress to pass a bill repealing the legislation that put NAFTA in place to begin with; an undertaking for which there appears to be little appetite. If Trump intends to put tariffs on Canadian and Mexican products, both countries will undoubtedly retaliate. Increase tariffs would likely be detrimental to all parties involved. A renegotiation would likely produce limited results, since a large portion of trade between the three partners already qualifies for duty free rates.

Other Trump trade priorities include a proposal to reorganize all trade related aspects of federal agencies into one "American Desk" within the Department of Commerce. That would also include the office of the United States Trade Representative, whom Trump has yet to nominate. Trump has also said he would instruct the Treasury Department to label China a currency manipulator, impose high tariffs on Chinese imports and direct the Commerce Department to bring trade cases against China under both American and international trade law.

## 115<sup>th</sup> Senate & House Leadership

### **Senate**

- Ø Senate President – Vice President Mike Pence
- Ø Senate President Pro Tempore – Senator Orrin Hatch (R-UT)
- Ø Senate Majority Leader – Senator Mitch McConnell (R-KY)
- Ø Senate Majority Whip – Senator John Cornyn (R-TX)
- Ø Senate Republican Conference Chairman – Senator John Thune (R-SD)
- Ø Senate Republican Policy Committee Chairman – Senator John Barrasso (R-WY)
- Ø National Republican Senatorial Committee Chairman – Senator Cory Gardner (R-CO)
  
- Ø Senate Minority Leader – Senator Charles Schumer (D-NY)
- Ø Senate Minority Whip – Senator Dick Durbin (D-IL)
- Ø Senate Democratic Caucus Vice Chairs – Senators Mark Warner (D-VA) & Elizabeth Warren (D-MA)
- Ø Senate Democratic Policy Committee Chairwoman – Senator Debbie Stabenow (D-MI)
- Ø Democratic Senatorial Campaign Committee Chairman – Senator John Tester (D-MT)

### **House of Representatives**

- Ø Speaker of the House – Rep. Paul Ryan (R-WI)
- Ø House Majority Leader – Rep. Kevin McCarthy (R-CA)
- Ø House Majority Whip – Rep. Steve Scalise (R-LA)
- Ø House Republican Conference Chairwoman – Rep. Cathy McMorris Rodgers (R-WA)
- Ø House Republican Conference Vice-Chair – Rep. Doug Collins (R-GA)
  
- Ø House Minority Leader – Rep. Nancy Pelosi (D-CA)
- Ø House Minority Whip – Rep. Steny Hoyer (D-MD)
- Ø House Assistant Minority Leader – Rep. Jim Clyburn (D-SC)
- Ø House Democratic Caucus Chairman – Rep. Joe Crowley (D-NY)
- Ø House Democratic Caucus Vice-Chair – Rep. Linda Sanchez (D-CA)

## 2017 CQ Congressional Calendar



# 2017 Congressional Calendar



- Both chambers in session
- Both chambers in recess
- Senate only in session
- House only in session

### January

M	T	W	T	F
2 <small>New Year's Day (Observed)</small>	3 <small>9th Congress Commencement</small>	4	5	6
8	10	11	12	13
16 <small>M.L.K. Jr. Day</small>	17	18	19	20 <small>Inauguration Day</small>
23	24	25	26	27
30	31			

### February

M	T	W	T	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20 <small>Presidents' Day</small>	21	22	23	24
27	28			

### March

M	T	W	T	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	31

### April

M	T	W	T	F
3	4	5	6	7
10	11	12	13	14 <small>Good Friday</small>
17	18	19	20	21
24	25	26	27	28

### May

M	T	W	T	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29 <small>Memorial Day</small>	30	31		

### June

M	T	W	T	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

### July

M	T	W	T	F
3	4 <small>Independence Day</small>	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31				

### August

M	T	W	T	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30	31	

### September

M	T	W	T	F
				1
4 <small>Labor Day</small>	5	6	7	8
11	12	13	14	15
18	19	20	21 <small>Sept. Recess</small>	22
25	26	27	28	29 <small>Non-Paper Ingress</small>

### October

M	T	W	T	F
2	3	4	5	6
9 <small> Columbus Day</small>	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31			

### November

M	T	W	T	F
		1	2	3
6	7	8	9	10 <small> Veterans Day (Observed)</small>
13	14	15	16	17
20	21	22	23 <small> Thanksgiving</small>	24
27	28	29	30	

### December

M	T	W	T	F
				1
4	5	6	7	8
11	12	13 <small> Hanukkah Begins</small>	14	15
18	19	20 <small> Hanukkah ends</small>	21	22
25 <small> Christmas</small>	26	27	28	29

## **Troutman Sanders Strategies**

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Troutman Sanders law firm recognized the evolving complexities in the interface between business and government; and clients were bringing issues before the firm that required interaction with government beyond legal representation. As demands increased and the client list grew, the firm formed a dedicated team of specialists who could concentrate exclusively on government matters. Our government affairs practice has expanded from a single-office operation into a comprehensive, national issue and project management firm. Today, with offices in [California](#), [Georgia](#), [North Carolina](#), [Virginia](#) and [Washington, D.C.](#), Troutman Sanders Strategies serves clients all across the country.

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