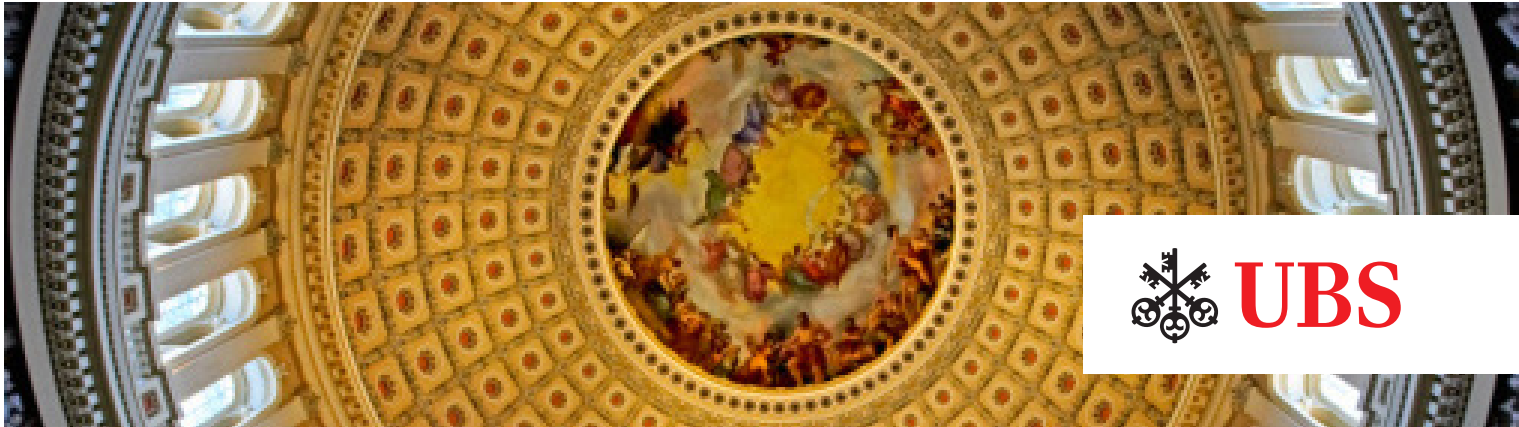


Washington Weekly

Under the Dome: The Week in Review

6 February 2026



This Week: The **Senate** confirmed Trump administration nominees. The **House** passed a Senate-passed fiscal year 2026 government funding package (see below) and a bill to accelerate the approval of mining and mineral production on federal land, codifying executive orders by President Trump. It also passed a bill to repeal a Washington, DC law that separates local taxes from the federal tax code changed by last year's tax law.

Next Week: The **Senate** will continue to confirm Trump administration nominees. The **House** will vote on another bill to increase the federal permitting process for critical mineral projects, a bill to prohibit certain permitting requirements for fiber optic cable projects in protected coastal waters, and a bill to modernize federal firearms laws to account for advancements in technology and less-than-lethal weapons.

The Lead

Temporary Shutdown Ends. Congress was able to put an end to a short partial government shutdown this week. Last week, the Trump administration and Senate Democrats reached an agreement for the Senate to pass a five-bill government funding package and a two-week funding extension for the Department of Homeland Security (DHS). The short-term punt on DHS funding is intended to provide some time for further negotiations over reforms to immigration enforcement. The Senate passed those bills on Friday, but a partial shutdown still went into effect on Saturday since the House had to vote on the new Senate agreement. When the House returned this week, Speaker Mike Johnson (R-LA) had to tamp down opposition from some on his right flank who agitated for an election bill that is a non-starter in the Senate (see below). With little room for error, he was able to convince many of those Republicans to vote for a procedural measure to advance the package. He then relied on 21 Democratic votes for final passage of the government funding package (21 Republicans voted against the package, in part over the separation of the DHS funding bill). *With a razor-thin majority and an unruly caucus, there are few easy votes for Speaker Johnson.*

DHS Deal in Limbo. With the vast majority (96%) of the federal government funded for the remainder of the fiscal year, the focus now turns to the DHS funding and immigration enforcement reforms. The DHS bill provides temporary funding for agencies that handle border security (CBP) and immigration enforcement (ICE), disaster relief (FEMA), transportation security (TSA), cybersecurity (CISA), and maritime security (the Coast Guard). Democratic leadership this week released a list of demands on reforms including mandatory use of body cameras, a ban on masks, requirements for judicial warrants for entering private property, new use-of-force standards, standardized uniforms and equipment, and no enforcement at medical facilities, schools, churches, courts, and polling places. Democrats are also calling for the removal of Homeland Security Secretary Kristi Noem. While many of these demands are non-starters for Republicans, Democrats are hoping that demands prompt negotiations with President Trump. However, with temporary funding set to expire a week from today, there will need to be quick progress. Already, there are questions about the need for another temporary funding extension, which would be difficult to pass in either chamber. If funding lapses, FEMA, TSA, CISA, and the Coast Guard will be more affected than border security and immigration enforcement (CBP and ICE), since the latter received additional funding in last year's Republican tax bill. *With both parties at odds, a temporary shutdown for the DHS is likely.*

Other Issues

Fed Nomination. Late last week, President Trump made his long-awaited announcement of his choice of Kevin Warsh to serve as the next chair of the Federal Reserve (current Chairman Jerome Powell's term expires in May). Warsh is well-known in Washington, having served on the Fed's board of governors from 2006 to 2011 (he also was widely rumored as a top contender for the job in President Trump's first term). Warsh has been viewed as somewhat of a hawk on monetary policy given his focus on inflation risk and past criticism of quantitative easing

(using bond purchases to inject liquidity into the system), though he has downplayed inflation fears more recently. The news of his nomination received widespread support from Congressional Republicans. However, Warsh's Senate confirmation process is complicated by concerns about the impact of attacks on the Fed's independence, in particular a criminal investigation by the Justice Department in connection with Powell's testimony last year on the Fed's renovation of its facilities. Senator Thom Tillis (R-NC) generally supports Warsh's nomination, but he has been steadfast in his position that he will not clear any Fed nominees until the threat of the DOJ's investigation is lifted. Senator Tillis's support within the Senate Banking Committee is crucial assuming all Democrats oppose Warsh's nomination. *Warsh has a path forward, but he needs this roadblock cleared.*

Crypto Discussions. After months of efforts and negotiations, legislation to establish rules for the trading of crypto assets remains stuck in the Senate. Last month, the Senate Banking Committee needed to pull the plug on a planned mark-up, while the Senate Agriculture Committee moved ahead with its consideration of the bill, but did so on a party-line basis. The White House this week tried to revive discussions by convening a meeting among representatives of the crypto and banking industries. It focused on a key remaining sticking point - whether interest can be paid on payment stablecoins (digital assets backed by dollars or other fiat currencies). A stablecoin bill signed into law last year has a nominal prohibition, but it does not prohibit payment of interest or other rewards programs paid by affiliates and partners. Banks would like to tighten this restriction because of the loophole's potential implications for bank deposits. This week's meetings provided an exchange of views, but no breakthroughs. A more politically contentious issue concerns ethics provisions aimed at addressing potential conflicts of interest from the Trump family's and administration officials' crypto ventures. The Banking Committee would like to return to market structure legislation in March, but it remains to be seen whether there will be much progress made in negotiations in the meantime. *Despite bipartisan interest in getting a deal, efforts to pass a crypto market structure bill continue to face stiff headwinds in a short legislative calendar.*

Tax Extenders. About a dozen tax provisions expired last year and another half dozen will expire this year. These include the Work Opportunity Tax Credit (WOTC) and incentives for clean energy. In the past, Congress passed bipartisan tax extender bills on a nearly annual basis. Over the last decade or so, that practice has fallen by the wayside. This trend is attributable to both increasingly partisan politics and a narrower list of tax extenders (which makes them less top of mind for lawmakers). Efforts are underway to generate bipartisan interest in a tax extenders bill. The WOTC could be the glue that pulls this together since it provides companies with a tax credit for hiring underemployed individuals. *There is a long road ahead for Congress to pass a tax extenders bill later this year, but we are encouraged by bipartisan conversations that are taking place now.*

SAVE Act. This week saw renewed interest in the Safeguard American Voter Eligibility (SAVE) Act. As mentioned, several House Republicans wanted to attach it to the government funding bill in the hopes that this would get the bill across the finish line in the Senate. While awareness for the bill hit a peak this week, the bill actually was introduced at the start of this Congress. It passed the House in April before stalling in the Senate since it doesn't have the necessary 60 votes to advance. The SAVE Act would establish proof of citizenship (a birth certificate, passport or a naturalization certificate) as a requirement for voting. Republicans believe that these measures are necessary to ensure the integrity of federal elections, while Democrats argue that the bill is needlessly restrictive (only half the country has a passport, and many don't have easy access to their birth certificate). *This will continue to be an important issue politically, but it's unlikely to advance legislatively.*

Mergers Under the Microscope. This week's Senate Judiciary antitrust hearing put a spotlight on Netflix's proposed \$72 billion acquisition of Warner Bros. It exposed early fault lines, with lawmakers from both parties making their concerns known about how this consolidation might negatively impact consumers. The criticisms for the deal spanned a wide range of topics, but two key themes were emphasized. One was that the merger could consolidate too much power in the hands of one company. Another was that it eventually would lead to a weakening of the labor market in the industry. While a skepticism of mergers and acquisitions has been a mainstay for Democrats, the bipartisan nature of these concerns highlights the growing populist streak in both parties and complicates the path forward both for this acquisition and others. *Despite the pessimistic views on the Hill, at the end of the day, the decision on the approval of this acquisition is up to regulators.*

The Final Word

2030 Reapportionment. Mid-decade redistricting is still alive and ongoing, but the census bureau's new state population estimations have provided early projections for 2030 reapportionment. So far, signs point to a political map that continues to shift away from traditionally Democratic states, with population growth concentrated in the South and Mountain West. States like Texas and Florida are poised to gain multiple seats while California, New York, and Illinois are expected to lose representation. If these projections become reality, they could hurt Democrats' odds in the House and have even more of a consequential impact in the Electoral College. The changes wouldn't guarantee a win for the Republican presidential candidate in 2032, but it would provide a pathway for them to win the 270 electoral college votes for the White House without winning any Rust Belt states. Democrats by contrast would need to win the Rust Belt and make inroads in the Sun Belt. *Mid-decade reapportionment projections often aren't precise, but the general trends tend to stick and both parties will begin taking them into account.*

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