

Washington Weekly

Under the Dome: The Week in Review

1 May 2026



This Week: The **Senate** confirmed Trump administration nominees and passed a resolution to prohibit Senators from trading on prediction markets. It also passed a 45-day extension of Section 702 of the Foreign Intelligence Surveillance Act (FISA) (see below). The **House** passed the Senate-passed bill to fund all of the Department of Homeland Security except for Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP) (see below), a Senate-passed budget resolution to further progress a reconciliation bill to fund ICE and CBP, the Senate's 45-day FISA extension, and a bill to fund agriculture and food programs (see below).

Next Week: The **Senate** and **House** will be out of session and return the week of May 11.

The Lead

Iran Conflict Cost. The ceasefire between the US and Iran continued, as did the continued blockade by both sides of most traffic in the Strait of Hormuz. Iran put forward a proposal to reopen the Strait, but the Trump administration rejected it because it pushes off complex nuclear issues. It is considering military options to try to reopen the Strait and try to move Iran's negotiating position. Meanwhile, there were verbal fireworks this week in Washington with the testimony of Secretary of Defense Pete Hegseth and other senior officials on Capitol Hill. During hearings with a stated focus on the defense budget, Secretary Hegseth traded barbs with Democratic members on the Iran war. At the hearing, the Pentagon's top comptroller indicated that the war in Iran had cost \$25 billion thus far, though there were doubts among some members whether this number accounted for the full cost of all US operations to date (for example, this estimate does not include the cost of rebuilding American bases that have been bombed). At some point, the Trump administration will need to send a supplemental request for funding that is likely to need bipartisan support in both chambers. Under the War Powers Resolution of 1973, a president

technically is required to terminate unauthorized military operations within 60 days without Congressional approval or a declaration of war. With the conflict now reaching that point, the Senate held another failed vote on Iran war powers. While Republicans mostly continue to show a united front with the Trump administration, many are uneasy with the conflict's economic toll and are interested in a quick resolution. However, further escalation and military action looks at least as likely as a diplomatic breakthrough. *With the blockade continuing to exact an economic toll on both sides and the global economy, it's unclear how long the current stalemate can last.*

DHS Shutdown Ends. The House yesterday relented in passing a bill to fund the Department of Homeland Security (DHS) aside from Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP). The Senate had approved this bill back in March. With Democrats remaining unified in opposing immigration enforcement funding without additional guardrails, Republicans are separately trying to fund ICE and CBP through the budget reconciliation process. As an initial step, both the Senate and House have passed a budget resolution that would provide \$70 billion in funding for ICE and CBP over three years. The Senate will look to move forward with the actual reconciliation bill the week of May 11. President Trump has given Republicans the deadline of June 1 to pass it. *The more than ten week funding lapse had tangible consequences, including the departure of more than 1,100 TSA agents and the pausing of several homeland security initiatives (e.g. preparations for upcoming World Cup matches).*

FISA Fight. With authorization set to lapse for the intelligence-gathering authority under Section 702 of the Foreign Intelligence Surveillance Act (FISA), both the Senate and House passed a 45-day extension (with a new deadline of June 12). The path to this outcome exposed frictions between House Speaker Mike Johnson (R-LA) and Senate Majority Leader John Thune

(R-SD). Speaker Johnson had the House pass a three-year FISA extension that included the addition of a ban on a central bank digital currency (CBDC) to appease Republican hardliners. However, given that this bill was dead on arrival in the Senate, Leader Thune moved forward with a 45-day extension. This effectively forced the House to pass this extension in order to avoid the expiration of these intelligence-gathering activities during the ongoing conflict with Iran. *Privacy hawks on both sides of the aisle will pick up their fight on what the final FISA reauthorization looks like over the next month.*

Other Issues

Farm Bill. The House also passed a bill to reauthorize agricultural, nutrition, conservation, and forestry programs through 2031. Commonly referred to as the “farm bill,” it passed largely along party lines (with 14 Democrats joining Republicans). This marked the farthest a farm bill has advanced since the last reauthorization in 2018. That law technically expired in 2023. While the farm bill typically provides for five-year reauthorizations, lawmakers have had to settle for multiple one-year extensions. The House-passed package would update and extend policies governing crop subsidies, nutrition assistance, rural development, and conservation programs. Late-stage amendments removed controversial pesticide liability language and made targeted changes to nutrition assistance. Despite clearing the House, the bill faces a challenging path in the Senate. There are disagreements over nutrition spending levels (including prior cuts to SNAP, an important food assistance program), animal welfare standards tied to California’s Proposition 12, and ethanol policy (specifically, year-round nationwide sales of E15 fuel). The Senate Agriculture Committee is expected to release its own farm bill in the coming weeks. *With farmers representing a critical voting bloc ahead of the midterm elections, Republican leadership is eager to keep the bill moving, even as its ultimate fate remains uncertain.*

Fed Chair. The Department of Justice indicated late last week that it is dropping a criminal investigation into Federal Reserve Chairman Jerome Powell in connection with his testimony last year on the Fed’s renovation of its facilities. This step has paved the way for the Senate to clear Kevin Warsh (President Trump’s choice to replace Powell) by the end of Powell’s term in mid-May. The Senate Banking Committee last week held his nomination hearing and this week approved his nomination in a partisan 13-11 vote. Senator Thom Tillis (R-NC) was the critical vote and had for weeks said that he would not clear any Fed nominees until the threat of the DOJ’s investigation was lifted. The Senate is on recess next week, but Warsh’s nomination will be approved by the Senate when it is back in session the following week. *Chairman Powell this week indicated that he would stay on the Federal Reserve Board as a governor at a time when the Supreme Court has a pending case on the president’s authority to remove Federal Reserve governors.*

Crypto Tax. The window of opportunity for Congress to pass significant tax bills is rapidly closing. There is bipartisan interest in expanding the childcare tax credit, but other tax proposals are more narrow and unlikely to garner wide support. Adding a few basic tax rules of the road for digital assets is another area of potential bipartisan interest. Notably, wash sale rules do not exist for digital assets. *We expect this summer to bring about real conversations about how to tax digital assets, which may lead to action in the second half of the year, especially during the lame duck period after the elections.*

Electric Vehicle Fee. The current highway bill expires at the end of September, five months from now. The bill historically has been bipartisan with lawmakers from both parties seeking to bolster local priorities such as highways, bridges, and public transit. A key challenge has been funding. The gas tax does not adequately fund the highway trust fund, especially as cars become more fuel efficient and as hybrid/electric vehicles proliferate. About 22% of light-duty vehicles sold last year (2025) were hybrid, battery electric or a plug-in hybrid. It is estimated that 42 million of these cars will be on US roads by the end of this decade. How do lawmakers fill the funding gap this time? Republicans are interested in putting a fee on these cars. *We are interested to see how this is received by Democrats, but our instinct is that an electric vehicle fee won’t become law, at least for this year.*

The Final Word

Louisiana v. Callais. In a consequential 6–3 ruling, the Supreme Court sharply narrowed the reach of Section 2 of the Voting Rights Act, raising the legal bar for racial discrimination claims in redistricting and effectively ending the requirement that states draw majority-minority congressional districts absent proof of explicit discriminatory intent. The decision immediately puts Rep. Cleo Fields’ (D-LA) seat at risk and opens the door for GOP-led legislatures to revisit maps across the South. This could net Republicans a handful of pickups, though logistical hurdles and inevitable litigation may limit the impact this election cycle. The larger effects are likely to be felt over the 2028 cycle and beyond, as states reassess old court-ordered maps and partisan gerrymandering becomes even more legally secure than race-based line-drawing. At the same time, the ruling could significantly reduce minority representation in Congress, while intensifying pressure on Democrats in blue states to respond in kind. This will increase the prospect of having redistricting efforts entering a more openly partisan and legally uncharted phase, rather than winding down. *The true impact of this ruling will take years to be felt, but it seems clear that redistricting wars will continue to escalate.*

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