



(UBS)

Washington Weekly: Crypto Week Hiccup

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It was another busy week in Washington. It was “crypto week” in the House. Despite a few hiccups, the House passed several bills on digital assets, including one on stablecoins that should be signed into law by President Trump. John Nolan and the Governmental Affairs US team take a look at this and much more in the latest Washington Weekly report.

Crypto Week Hiccup. House Republicans’ “crypto week” hit a few bumps in the road as members on the far right held out on supporting a procedural motion to allow for floor consideration of various crypto bills. They were voicing frustration with having to swallow the Senate’s bipartisan bill (the GENIUS Act) to establish a regulatory framework for stablecoins (digital assets issued by private entities but backed by other assets including fiat currencies like the dollar). Ultimately, they relented after intervention from President Trump. This allowed the House to pass the GENIUS Act, which is to be signed into law by Trump today. The House also separately passed the CLARITY Act, a market structure bill that would set rules for the trading of digital assets and delineate regulatory authority between the SEC (securities) and the CFTC (commodities). Though it passed with bipartisan support in the House, the market structure bill could have challenges at getting the needed support to hurdle the 60-vote threshold applicable to most legislation the Senate. A final bill banning the development of a central bank digital currency (CBDC) was attached to the must-pass defense authorization bill at conservatives’ request, but this provision likely will be stripped out of the Senate version. *In addition to the legislative activity, the Trump administration is expected to issue a major report on digital asset policy as early as next week.*

Rescissions. Both the Senate and House this week narrowly passed a \$9 billion rescissions package, which contains requests from the White House to cancel previously appropriated federal funds. The package included \$7.9 billion in foreign aid cuts (though cuts to an AIDS relief effort were scaled back) and \$1.1 billion in canceled spending for the Corporation for Public Broadcasting. Congress met the deadline of passing the package by today or the federal funds

would have been spent as originally directed. Recissions are privileged motions in the Senate, meaning that they can pass with just a majority vote. It passed 51-48, with two Senate Republicans, Senators Susan Collins (ME) and Lisa Murkowski (AK), joining Democrats in opposing it. While the recissions package is miniscule in terms of the size of overall federal spending, the effort does have important implications. Some Republicans and the Trump administration are interested in having additional recissions packages as a means of effectuating greater spending cuts. However, this comes at a potential cost. Democrats have expressed frustrations that recissions and some of the spending cuts being implemented unilaterally by the Trump administration undermine the Congressional appropriations process. *The drama and tension only will increase as Congress gets closer to a September 30 deadline to extend government funding or risk a government shutdown.*

Big Beautiful Cost. There is plenty of debate about the fiscal impact of the One Big Beautiful Bill (OB BB). Proponents of the OB BB point out that the law cut spending by \$1.5 trillion, which is the largest spending cut in US history. However, opponents point out that any cost savings are overwhelmed by tax cuts and increases in other spending. Indeed, the bill would increase the debt by \$3.3 trillion. They also argue that the cost savings in the bill are driven by large cuts to Medicaid, which could have a negative impact through the loss of health insurance for many Americans. The US did run a \$27 billion budget surplus in June. This was the first monthly surplus since 2017, due to reduced spending at federal agencies (notably from the Department of Education) and increased revenues from tariffs. Nevertheless, the US continues to face long-term fiscal challenges. Notably, net interest payments on the national debt are projected to hit \$1.2 trillion this fiscal year. That's larger than annual defense spending. *These interest payments (already about 17% of total annual spending) will continue to grow and crowd out other aspects of the budget.*

See more in the latest [Washington Weekly](#).

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