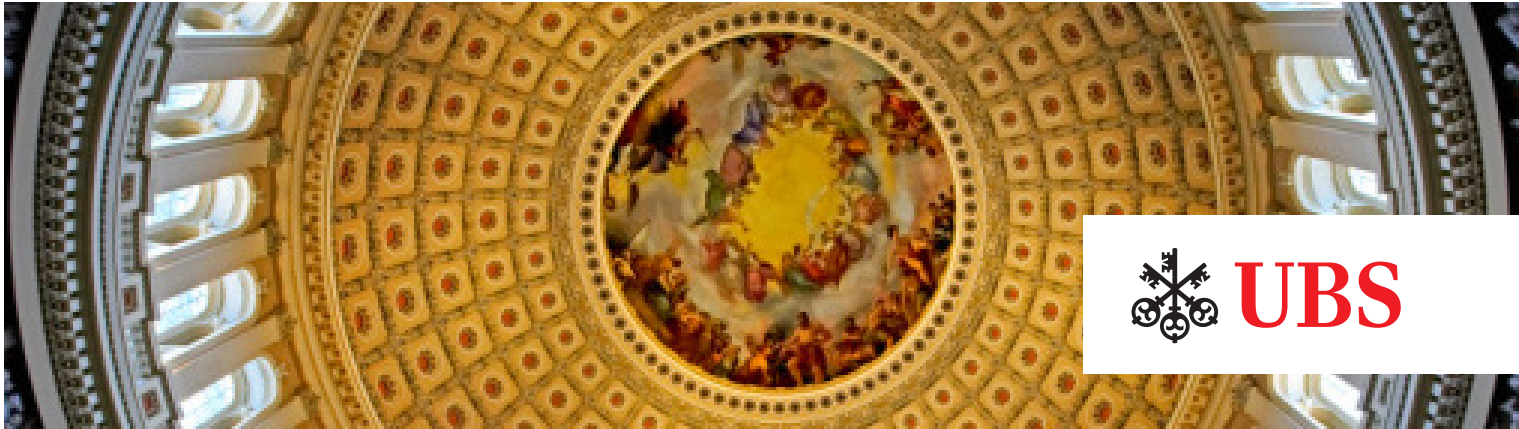


# Washington Weekly

Under the Dome: The Week in Review

16 January 2026



**This Week:** The **Senate** approved Trump administration nominees and passed a government spending package (see below). It failed to advance a war powers resolution on Venezuela. The **House** passed two government spending bills and a bill to amend the Employee Retirement Income Security Act to require that managers of employer-sponsored retirement plans must make decisions purely based on financial considerations.

**Next Week:** The **Senate** will be out of session. The **House** will vote on two bills that would support organizations promoting alternatives to abortion, as well as a resolution to overturn a Biden-era Interior Department order to ban mining on federal forest lands in Minnesota.

## The Lead

**Government Funding.** With Senate approval this week of three spending bills (Energy-Water, Interior-Environment, and Commerce-Justice-Science), Congress now has passed six of 12 fiscal year 2026 funding bills. The House also passed two more funding bills (Financial Services and National Security-State), which the Senate will vote on during the last week of January. With a looming January 30 deadline, that leaves four remaining bills (Defense, Homeland Security, Labor-Health-Education, and Transportation). Among the more controversial and large spending bills, they collectively make up the majority of all federal discretionary spending. Following the shooting of a woman in Minnesota by an Immigrations and Customs Enforcement (ICE) agent last week, Democrats pushed for tougher rules for ICE officers in the Homeland Security bill. The House hopes to tee up another package of funding bills next week, but it's uncertain whether a final agreement on Homeland Security will be part of that (it was originally a part of the package of spending bills that passed the House this week). Even if the House passes all of these bills next week, they still will need to be passed by the Senate the following week. *With only a short time remaining, another short-term extension for some of the remaining spending bills seems likely.*

**Health Care Stalemate.** Lawmakers remain at loggerheads over whether to revive expired federal health care subsidies and reverse a surge in premiums for more than 20 million Americans. The House last week passed a bill (with 17 Republicans joining Democrats) to renew Affordable Care Act (ACA) subsidies for three years. A bipartisan group of Senators have been working on an alternative (a short-term extension with income caps and other restrictions), but those efforts have stalled. A major sticking point is abortion coverage restrictions. Republicans have sought to expand these restrictions, which is a non-starter for Democrats. The Trump administration this week released its own proposal on health care, which would provide funds through Health Savings Accounts instead of the ACA subsidies, but this does not have a realistic pathway in Congress. *The chance of a bipartisan breakthrough on health care continues to fade.*

## Other Issues

**Populist Proposals.** With the calendar turning to a midterm election year, President Trump has announced a parade of populist economic/financial proposals, particularly focusing on housing and credit cards. Expect more to come. We discuss these proposals and their prospects below.

- **Housing.** President Trump has weighed in with support for different proposals aimed at lowering the cost of housing and is expected soon to issue an executive order. Most notably, Trump has called for a ban on large institutional investors from buying single-family homes. That would require legislation, but it is unlikely to gain traction because it is opposed by most Republicans. He also has a plan to give home buyers greater ability to access retirement funds for a down payment (that also would require legislation). Finally, he has directed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities. This can be done through executive powers, but there are questions about how effective and meaningful these actions would be in bringing down rates. More broadly, there are bipartisan efforts in

Congress on housing, but it remains to be seen whether there is sufficient time and inclination to reach an agreement. *The bigger issue is that state and local governments (not the federal government) have the primary policy levers on housing supply since they have authority on zoning, permitting, and other rules.*

- **Credit Cards.** President Trump has called for a 10% cap on credit card interest rates and expressed support for legislation on credit card interchange fees. The rate cap proposal has no realistic pathway forward in Congress because it is opposed by many Republicans. The banking industry has long decried rate cap proposals for negatively impacting access to credit. The more politically problematic proposal for the banking and credit card industries on Capitol Hill could be the interchange fee bill. Called the Credit Card Competition Act (CCCA), the bill would give retail companies greater choice regarding what routing network is used for credit card transactions. Banks and card companies argue that it would undermine consumer data privacy and security and curb rewards programs. Though not necessarily a supporter of the legislation, Senate Banking Chairman Tim Scott (R-SC) committed to giving the bill a hearing. Supporters of the CCCA will try to attach the bill to other legislation on the Senate floor. *While it is unlikely the CCCA has enough support to pass the Senate, opponents would like to keep it off the menu and most Senators would like to avoid having to choose a side between banks and the retail industry.*

**Fed Fight.** On Sunday night, Federal Reserve Chairman Jerome Powell revealed that the Fed had received criminal subpoenas from the Justice Department in connection with his testimony last year on the Fed's renovation of its facilities. Chairman Powell described the concerns about his testimony and about cost overruns on the renovation as pretexts for this legal threat, with the underlying motivation being concerns about the Fed's independent setting of interest rate policy. President Trump distanced himself from the subpoenas, but he doubled down on his attacks on Powell. Members of Congress, financial leaders, and former Fed Chairs (among others) expressed alarm about the actions (and its impact on Fed independence). They also defended Chairman Powell and his reputation of integrity. Later this month, President Trump is expected to name his choice to replace Powell as Fed Chair (Powell's term as chair expires in May). The unprecedented actions could complicate the Trump administration's efforts to get Senate approval of its choice. Notably, Senator Thom Tillis (R-NC), who sits on a relevant committee, indicated that he wouldn't approve any Fed nominee until this matter is resolved. Additionally, this legal threat may backfire in another way. It is customary for the Fed Chair to leave the board when a new chair is approved, but Powell's term on the board extends to early 2028. *This imbroglio has made it more likely that Powell will stay on the board beyond his chairmanship.*

**Crypto Bill.** A key priority for Congress has been the development of a crypto 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).

The House passed its version of the bill last summer. Progress in the Senate has been slower, but, after months of negotiations and build-up, this was supposed to be the week the Senate Banking Committee would pass its bill, albeit on a potentially party-line basis. At the start of the week, differences remained on key issues, including rules around conflicts of interest and payment of interest on stablecoins. There were ongoing efforts to tweak the language going into the Thursday mark-up, but it was cancelled after a major crypto exchange pulled its support for the bill. The committee likely will take another try at having a mark-up, potentially early next month. *However, this latest breakdown reflects the challenges and stiff headwinds a crypto market structure bill continues to face.*

**More Saber Rattling.** Relations between the US and Iran have been tense since the US bombing of Iranian nuclear facilities in June. President Trump this week threatened US intervention in response to violent crackdowns by the Iranian government against widespread protests in the country. He also threatened to impose a 25% tariff on any country doing business with Iran (this would include China and India). However, tensions between the two countries eased later in the week when Iranian officials pledged to not execute protestors. The threats of US action towards Iran come on the heels of the removal of Venezuelan leader Nicolás Maduro. Many lawmakers have questioned the president's authority to make such actions without approval from Congress. The administration had a win this week when the Senate failed to pass a war powers resolution to prohibit any new military action in Venezuela without congressional authority. Two Republicans changed their position on the resolution after Secretary of State Marco Rubio provided assurances that there were no US troops currently in Venezuela. *Congress seems unlikely to act as a significant check on further saber rattling from the White House.*

### The Final Word

**Trump's Populist Push.** President Trump appears to be doubling down on the populism that helped him win last year. In private conversations and public remarks, he has emphasized that swing state voters responded most strongly to his attacks on corporate power, immigration, and Washington elites. The result is a renewed push to position Trump as the champion of the working class against corporations. Beyond the aforementioned proposals on housing and credit cards, Trump has taken aim at defense contractors, threatening to cut contracts for companies that can't speed up production and deny bonuses to executives. While some within the party have embraced these messages, many Hill Republicans worry that his sharpened rhetoric on trade, taxes, and corporate conduct could alienate traditional GOP constituencies and complicate their messaging in competitive races. *It remains to be seen how effective President Trump's efforts at populist messaging will be when Republicans control all of the levers in power in Washington.*

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