Governmental Affairs US

# Washington Weekly

## Under the Dome: The Week in Review

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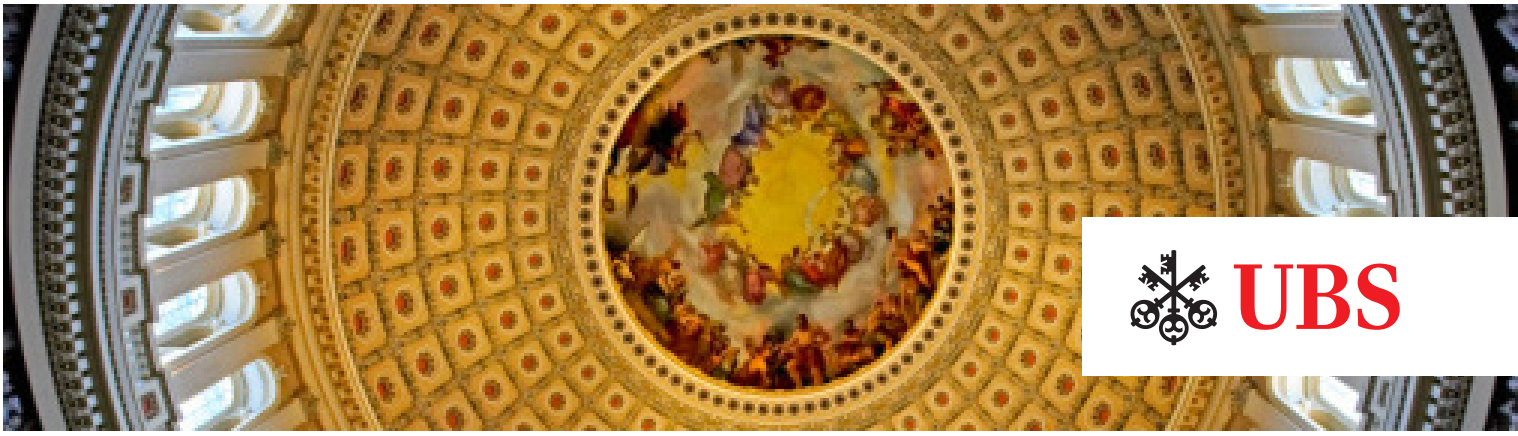


**This Week:** The **Senate** approved Trump administration nominees and failed to advance cryptocurrency market structure legislation (see below). It also passed a procedural vote on name, image, and likeness (NIL) legislation for college student athletes (see below). The **House** passed legislation imposing new sanctions on Russia and extending current sanctions on Iran by five years (see below) and legislation requiring AI data centers to pay for their own energy costs. It also voted to overturn a Biden administration EPA waiver approval for commercial harbor craft emissions standards and passed Justice Department related bills to combat fraud.

**Next Week:** The **Senate** will continue to confirm Trump administration nominees and plans to vote on the college sports bill. It may also consider a bill to ban congressional stock trading. The **House** will be out of session until the week of November 9.

### The Lead

**Final Session Sprint.** Congress returned to Washington this week for a final stretch of legislative work before the November midterm elections. Lawmakers previously had addressed government funding, the most pressing item on their agenda. The Senate passed in August and the House passed earlier this month a continuing resolution that extended government funding through December 11. This week, the House passed bipartisan Russia sanctions legislation and a bill aimed at preventing data centers from passing increased energy infrastructure costs on to consumers. The lower chamber then cut its session short and is not scheduled to return until after the midterm elections. The Senate will be in session three weeks (including this week). It took up a crypto market structure bill and a college sports bill. The Senate Agriculture Committee advanced a five-year farm bill covering agricultural, nutrition, conservation, and rural development programs. *With the legislative calendar rapidly shrinking and no remaining must-pass deadlines before November, many of Congress' unfinished priorities will have to wait until after the election.*

**Crypto Market Fail.** After many months of negotiations, the Senate finally held its floor vote on crypto market structure legislation (CLARITY Act) this week. Before the vote, Senate Republicans and the White House introduced a revised version of the bill. The legislation came well short of the bipartisan support needed to overcome a 60-vote procedural hurdle. Indeed, it didn't even get a simple majority as all Democrats and several Republicans voted against it. The biggest stumbling blocks were concerns from Democrats on the sufficiency of ethics provisions aimed at addressing potential conflicts of interest from the Trump family's and administration officials' crypto ventures. In addition, there were concerns from both sides of the aisle regarding the impact on bank deposits from a loophole in a provision barring the payment of interest on stablecoins (digital assets backed by dollars). While there will be efforts to revive the legislation, the bill is effectively dead in this Congress. Chances are unlikely to improve in the next given the expectation that Democrats will reclaim at least one chamber of Congress. *Despite a lot of time and focus on the bill, the result was a swing and miss.*

### Other Issues

**Russia Sanctions.** Momentum had been building for a bipartisan Russia sanctions bill championed by the late Senator Lindsey Graham (R-SC) and Senator Richard Blumenthal (D-CT). The bill grants the President authority to impose tariffs of up to 100% on goods from countries that are the largest importers of Russian oil. While there were misgivings from some Senators about the bill's provision of additional tariff authorities to the Trump administration, the legislation passed on a strong bipartisan basis in August. The House has its own competing bill that would require new sanctions and export control authorities on Russia and would authorize new spending to arm Ukraine.

However, since that bill did not gain traction in the Senate or with President Trump, the House took up and passed the Senate version this week. *A rare bipartisan victory this Congress, the bill's impact on the war in Ukraine will depend in part on how President Trump uses the new authorities.*

**College Sports.** The Senate made progress this week on bipartisan college sports legislation. The bill advanced through procedural steps with broad bipartisan support, setting the stage for a final Senate vote as soon as next week. The legislation would establish federal standards for name, image, and likeness (NIL) compensation, athlete transfers, and eligibility. It would provide targeted antitrust protections for the NCAA and other college sports governing bodies. It also would establish guidelines for schools making direct payments to athletes and create a voluntary revenue-sharing pool for media rights. The bill has undergone revisions since the summer, though there remains opposition from some lawmakers who believe it would provide too much authority to the NCAA or not provide sufficient protections for student-athletes. *The Senate's progress this week gives the legislation momentum, but any final action will have to wait until after the elections and will be competing with a busy lame duck calendar.*

**Fiscal Unease.** With gross federal debt surpassing $40 trillion (more than 120% of GDP) and with 10-year Treasury yields recently surpassing 5% (highest level in almost 20 years), we have been receiving plenty of questions regarding the US fiscal picture. This year's annual deficit is on track to surpass $2 trillion. Large deficits have become structural, with mandatory spending (including Social Security, Medicare, and Medicaid) representing about 60% of total annual spending. Annual interest to service existing debt is about 13% of total spending (and also growing). Treasury Secretary Scott Bessent recently conducted purchases of US Treasuries, but these measures seem to have limited impact on the upward trajectory of bond yields. With budget deficits heavily driven by mandatory spending and annual interest costs, discretionary government spending (about half of which relates to defense) could be squeezed. Despite the worsening fiscal situation, there is little in the way of consensus in Congress on concrete steps to address it. *Next year's need to extend the debt limit could spark debate, but more likely catalysts are impending insolvencies of the Social Security and Medicare trust funds or a disruption in the Treasury market.*

**AI and Data Centers.** With growing concerns about the impact of artificial intelligence (not the least of which being its existential risk to the future of humanity), there is growing pressure on Washington to do something. For its part, the Trump administration has been dismissive of recent concerns and has tied AI development as essential to US competition with China (Trump and Chinese President Xi Jinping will have their second summit this year in Washington next week). In Congress, there have been bipartisan efforts to develop legislation that would establish safeguards for advanced AI models to ensure that developers take steps to prevent potentially serious harm. However, there are disagreements that remain over how models should be tested and how much authority the federal government should have. The House this week also overwhelmingly passed bipartisan legislation that would nudge states towards setting standards that require data centers to cover the costs of the electricity and grid infrastructure needed to serve them rather than shifting those costs to other ratepayers. An effort to quickly pass the bill in the Senate was blocked by Democrats who wanted stronger requirements. *While lawmakers in both parties are increasingly focused on the effects of AI and its infrastructure needs, broader federal action on the technology remains challenging with Congress divided over how far new regulations should go.*

**Lame Duck Looms.** Congress will return after the midterm elections with a long list of unfinished business and only a few weeks to complete it before the end of the year. At the top of the agenda will be government funding, which expires December 11. Another priority is a longer-term reauthorization of the federal highway and transit programs, which was temporarily extended through the same date. Lawmakers also will need to pass the annual defense authorization bill. Other unfinished priorities could include the farm bill, permitting reform, and reauthorization of the now three-month expired foreign surveillance authority (FISA). Finally, Republicans are considering another reconciliation package focused on defense spending and other Republican priorities, potentially including raising the debt limit. The crowded agenda could make it difficult to get more than another short-term extension on government funding. The outcome of the midterm elections and the resulting power dynamics could be determinative in how much agreement is possible during the final weeks of the current Congress. *With a short legislative window, the must-pass measures could serve as the last legislative vehicles leaving the station for lawmakers seeking to advance other outstanding priorities before the new Congress.*

## The Final Word

**Mailing It In.** Earlier this week the Supreme Court blocked the Trump administration from implementing a U.S. Postal Service rule that would have imposed new requirements on mail-in ballots before the 2026 midterm elections. The rule, stemming from a March executive order aimed at tightening mail voting procedures, would have required states to provide voter lists to USPS and use agency-approved ballot envelopes and barcodes. In an unsigned order, the Court said the administration was unlikely to succeed in overturning a lower court injunction and determined that election officials lacked sufficient time to implement the changes before November. The decision preserves existing mail voting procedures for the midterms while litigation over the rule's legality continues. *The future of voting by mail remains in flux, but for this cycle at least it will remain familiar.*

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