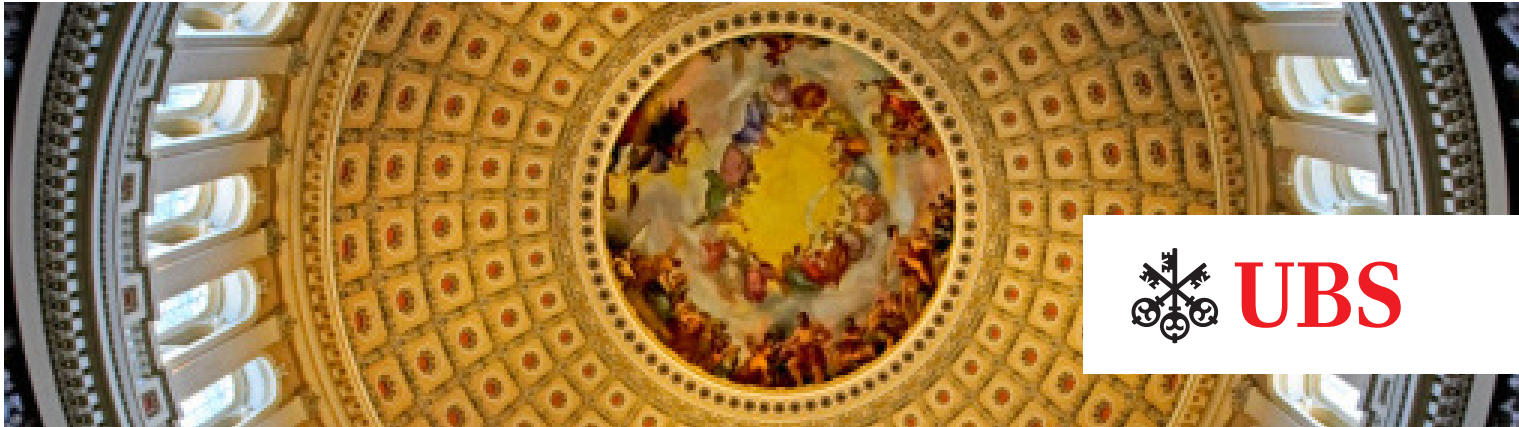


Washington Weekly

Under the Dome: The Week in Review

24 October 2025



This Week: The **Senate** confirmed Trump administration nominees. It also voted twice on, but failed to pass, the House-passed resolution to extend government funding through November 21. It also voted on, but failed to pass, a bill that would pay federal employees (including the military) who have been required to work without pay during the shutdown. The **House** was out of session.

Next Week: The **Senate** will continue to confirm Trump administration nominees and will continue to have votes on competing options for extending government funding. The **House** will be out of session.

The Lead

Government Shutdown Standoff. With the government shutdown in its 24th day (now the second longest in US history and the longest full government shutdown), both sides remain firmly dug in on their side of the fight. The Senate once again had failed votes on the House-passed bill that would extend government funding through November 21. The Senate also voted this week on legislation to pay federal employees who have worked without pay during the shutdown. Most Democrats opposed the measure, arguing that the bill would give the Trump administration too much authority over who to pay (and not pay). Senate Democrats countered with legislation that would pay federal employees but bar further layoffs by the Trump administration. Senate Republicans will try to put pressure on Democrats next week with votes on a bill to pay air traffic controllers. While the Senate holds these competing political messaging votes, the House has been out of session. *The House will be under more pressure to come back to Washington as we get closer to November 21, its proposed extension of government funding.*

Key Dates. With no meaningful negotiations to reopen the government, there will need to be some catalyst that pushes

the two sides to work out an agreement. The following upcoming dates could be pressure points. Today, *October 24*, will be the first paycheck that the majority of federal employees will miss. The next military paycheck is scheduled for *October 31*. It remains unclear whether the administration will be able to find funds to pay service members the way they did earlier this month. Open enrollment for the Affordable Care Act (Obamacare) begins on *November 1*. Many Americans will see significant increases in their healthcare premiums. Additionally, it appears that several states won't pay out Supplemental Nutrition Assistance Program (SNAP) benefits, a key nutrition supplement program for low-income families. Off-year elections will take place on *November 4*. While they don't have direct implications for the government shutdown, they will be an important barometer of the political mood. Virginia's gubernatorial election also will feature a disproportionately high number of voters impacted by the shutdown. *November 21* marks the expiration date for the House-passed government funding bill. It also is the start of Thanksgiving week, a period of heavy air-travel where staffing shortages could impact the experiences of many travelers. *It's unlikely that any one of these events will spur Congress into action, but the culmination of some or all of them will increase pressure for the two sides to work out an end to the shutdown.*

The Trump Factor. President Trump has been relatively hands off throughout the shutdown fight, letting Senate Majority Leader John Thune (R-SD) and House Speaker Mike Johnson (R-LA) take the lead for Republicans. The administration has diverted unused funds to pay active-duty military service members and is looking for additional funds for SNAP benefits (but that becomes increasingly harder to accomplish as the shutdown drags on). President Trump has shown little interest in negotiating with Democrats. He has turned his focus to other matters (particularly trade and foreign affairs) and embarks today on his second foreign trip since the shutdown began. Democrats

are still holding out that Trump may force Republicans to make some sort of compromise around the expiring healthcare subsidies (such as a year-long extension). *Trump has stayed firm, but he may get impatient if there is increasing public frustration with the shutdown and with increases in health insurance premiums.*

The Fight. Most government shutdowns in our nation's history have taken place over the past thirty years. In a hyper-partisan political environment, it has become important for political leaders to demonstrate that they are willing to take on the other side and fight for their principles. Recent polling shows that Democratic voters have shifted to supporting a shutdown in support of their principles. This had been the case for Republican voters for a few years already. *For many, the fight has become more important than results.*

Other Issues

Focus on Foreign Affairs. As the shutdown continues, the Trump administration has been focused on foreign affairs. Vice President JD Vance was in Israel this week to reinforce the fragile ceasefire deal between Israel and Hamas. Reflecting its growing frustrations with Moscow, the Trump administration imposed substantial new sanctions on Russia's two largest oil companies. President Trump will head to Asia today for a multi-country trip. President Trump is scheduled to meet with Chinese President Xi next Thursday, the first in-person meeting during Trump's second term. The meeting comes amidst growing tensions between the two countries, with China imposing export restrictions on critical minerals and the US threatening new tariffs. *While the meeting is unlikely to result in a major breakthrough agreement, both sides have an interest in taking the temperature down.*

Tariffs Case. In less than two weeks, the Supreme Court will have oral arguments on the Trump administration's use of emergency powers to apply broad-based "reciprocal" tariffs on US trading partners. The tariffs remain in place while the Supreme Court considers the cases on an expedited basis (a final decision could come as soon as early next year). Key questions include whether the law authorizes the use of tariffs, whether the criteria for a national emergency were met, and whether such broad-based tariffs (rather than more targeted measures) are allowed. While this Supreme Court generally has a broad view of executive power, lower courts already have ruled against the administration. If the Supreme Court decides against it, the administration would rely even more on sectoral tariffs that rest on a stronger legal foundation. However, the composition of industries, products, and countries affected by tariffs would look different. *Such a decision also would impact the US fiscal situation, with reciprocal tariffs having become a notable source of government revenue.*

Crypto and Taxes. Passing a bipartisan crypto tax bill remains a priority for many lawmakers. Senator Cynthia Lummis (R-WY) has been leading the charge and introduced a bill earlier in the summer. This proposal would establish a de minimis rule for

digital assets by exempting small transactions of less than \$300. It also would extend 30-day wash sale rules to digital assets. As the year winds down, this bill, or a version of it, remains in play. The first question is obviously what happens with the current shutdown. The next question is will there be enough bipartisanship at the end of the year to come together and get this proposal over the finish line? *Given the current state of DC, we are pessimistic, but not to the point that we are completely ruling out a crypto tax bill moving forward.*

Wealth Tax. Proponents of a wealth tax have been sidelined with other priorities over the past few months, but that doesn't mean they have given up on pursuing proposals to tax unrealized gains. Last month, Senator Ron Wyden (D-OR) and Congressman Steve Cohen (D-TN) introduced a bill with dozens of other Democratic lawmakers that would require annual taxes on certain financial assets, regardless of whether or not they are sold. Taxing unrealized gains is becoming a more popular concept among Democrats. However, it does not have sufficient support from Republicans, let alone a clear majority of elected Democrats. *These proposals continue to gain attention, but as of now there is no path for a wealth tax to become law.*

Proposition 50. While most of the political attention is focused on the November 4 gubernatorial contests in New Jersey and Virginia, a quieter but potentially more consequential vote is unfolding in California. Proposition 50, a special election ballot measure, would allow California to redraw its Congressional maps before the 2026 mid-term elections. With Missouri, North Carolina, and Texas drawing new maps that will provide additional GOP seats next year, Democrats are desperate for a redistricting win that will help counteract potential losses in these states. Early indicators are that voters will pass the ballot measure, but if it fails Democrats face a significantly steeper climb to reclaim the House next year. *The fate of Prop 50 may be the most impactful outcome on election night.*

The Final Word

Democrats Narrow GOP Cash Edge. With just over a year until the midterms, Democrats are closing the fundraising gap in key House battlegrounds. In the third quarter, Democratic incumbents in competitive districts raised an average of \$720K, just shy of Republicans' \$770K, and the House Democratic campaign committee outpaced their Republican counterpart in July and August, reversing a six-month deficit. Notably, Democratic challengers outraised vulnerable GOP incumbents in several marquee races in traditionally swing seats. Republicans still hold a cash-on-hand advantage, but Democrats' small-dollar momentum is increasing after a slow start to the year. Strong challenger candidates are providing a much-needed boost for Democrats who haven't had much reason for optimism so far this year. *Money doesn't win elections, but a lack of funds can certainly lose them.*

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