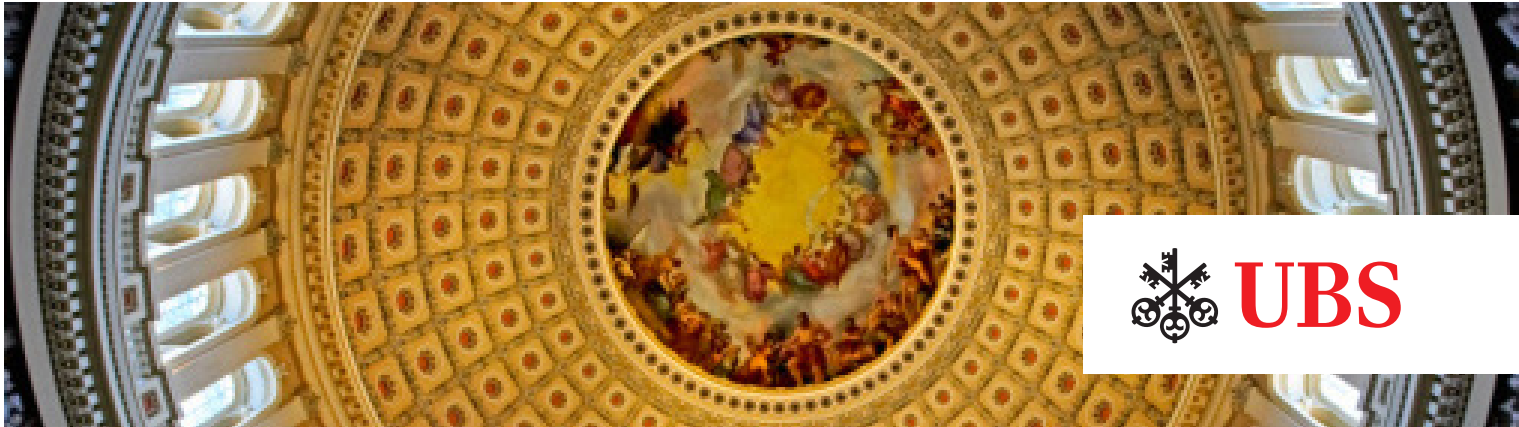


Washington Weekly

Under the Dome: The Week in Review

19 September 2025



This Week: The **Senate** continued negotiations on the National Defense Authorization Act (NDAA) (see below) and confirmed several Trump administration nominees, including Callista Gingrich to serve as US Ambassador to Switzerland and Liechtenstein. The **House** passed a short-term spending bill to fund the government through November 21 (see below) and several bills aimed at combating crime in Washington, DC.

Next Week: The **Senate** and **House** will be out of session and return to Washington the week of September 29.

The Lead

Government Funding. It was another week of drama and positioning around funding government operations for the new fiscal year that starts on October 1. In a party line vote, House Republicans advanced their plan this morning to fund government operations through November 21. This bill is largely “clean,” meaning it does not contain additional funding for pet projects or potentially controversial policy provisions. It does contain \$88 million for additional security for the three branches of government. Democrats continue to stake their opposition to the bill because it does not contain an extension of certain Affordable Care Act (ACA) tax credits that are set to expire at the end of the year. The Senate will also vote on the bill today. However, with strong Democratic opposition, this measure is unlikely to pass. Democrats introduced a shorter funding extension that included a permanent extension of ACA credits and protections from rescissions. This is a non-starter with Republicans. *The standoff makes it increasingly likely that there will be a government shutdown at the end of the month.*

Other Issues

Defense Bill Stalls. The Senate continued its work this week on the annual defense authorization bill for fiscal year 2026 following the House’s passage of its version of the bill last week. While Senate Republican leadership hoped to pass the bill this week, movement was slow with over 800 amendments

that have been offered to the bill. Most amendments won’t make it into the bill. Those that do will need to be bipartisan and generally will need to cover relevant defense and national security issues. There has been significant debate on one amendment that would curb exports of advanced artificial intelligence (AI) chips to China. With limited upcoming floor time remaining for the Senate (recess next week and government funding focus the week after), the defense bill focus will be punted for a few weeks. *The slowdown could force the Senate to take the unusual step of commencing negotiations with the House to work out a final bill without having first passed its own version.*

GAIN AI. As mentioned above, Senate Republicans are debating the removal of a contentious provision (called the GAIN AI Act) from the annual defense bill. The GAIN AI Act would restrict exports of advanced AI chips to certain countries like China by requiring companies to prioritize sales in the US over foreign-owned entities. Proponents argue it would address domestic supply chain shortages and boost US innovation by putting American companies ahead of the rest of the world for purchases of advanced AI chips. However, major tech companies (like Nvidia) are criticizing the amendment as unnecessarily restricting global competition. The Trump administration also has criticized the amendment and pushed for Senate Republicans to soften the language or remove it. The latest debate comes just weeks after the Trump administration agreed to a deal to ease restrictions on chip sales to China that has faced criticism from lawmakers on both sides of the aisle. *The fate of the GAIN AI proposal in the defense bill will show how much strain there is amongst the China hawks and President Trump.*

TikTok Agreement. Animated by national security concerns over ownership of social media company TikTok by a Chinese company (ByteDance), Congress passed a bipartisan law last year that required TikTok to be sold to a US entity or face a nationwide ban. At different points, President Trump has

taken steps to delay that deadline. This week, he once again extended the deadline (this time to December 16) to provide time for a deal to be finalized. The action followed high-level discussions between senior US and Chinese officials that yielded an agreement in principle that would allow TikTok to continue to operate in the US. The company would be under the control of US ownership (though ByteDance would retain a minority interest), with user data stored in the US. The tentative agreement has been viewed skeptically from Congress, with some lawmakers raising concerns about continued influence from ByteDance and reliance on its technology. President Trump and President Xi discussed the TikTok agreement among other issues in a call today. *The discussions on TikTok are a precursor to broader US-China trade negotiations likely to be punctuated by a meeting between the two leaders next month.*

Russia Sanctions. The European Union (EU) delayed its 19th sanctions package against Russia this week after President Trump demanded tougher European measures as a prerequisite for any new US penalties. The EU was set to unveil its proposal Wednesday but is now considering Trump's demands for additional restrictions. The EU's package is expected to target Russia's banking sector with extra restrictions on its energy sector and crypto markets. Trump is calling for all NATO members to halt purchases of Russian oil and gas. While direct purchases of Russian oil by most European nations have stopped, there is a small volume that continues to flow to Hungary and other landlocked countries in eastern Europe (some European nations import and depend on diesel from countries like India and Turkey that refine Russian oil). The Trump administration is also urging the EU to place higher tariffs on India and China. The US has doubled its tariffs on India to 50% over its Russian oil purchases. However, secondary tariffs have not been raised on China. Following action from the EU, Trump said the US also would increase sanctions on Russia. So far, Trump has held off on imposing any further measures against Russia. Congress has held off on any action despite very broad bipartisan support. *The EU's updated sanctions package will be a test of how much weight President Trump has.*

Social Security. We routinely get questions about potential changes to Social Security and the future of the bedrock program. We continue to believe that there are no major changes to Social Security in the near-term and that any reforms are likely to happen close to the insolvency date which is currently projected for 2034. We are intrigued by a proposal from Senator Bill Cassidy (R-LA) and Senator Tim Kaine (D-VA) that

would invest \$1.5 trillion in new money over five years into an investment fund. This money would be invested and held "in escrow for 70 years." Dividends from these investments would help fund Social Security over that period of time. This proposal is catching the interest of lawmakers as it avoids the politically perilous choices of altering the benefit structure and increasing taxes. *Again, we don't expect this idea to advance anytime soon, but it is an interesting idea that is worth following.*

Flight Compensation Rollback. The White House is preparing to dismantle Biden-era rules that require airlines to compensate passengers for flight disruptions caused by the carrier. This is a major shift in policy, though it's one that is in-line with other policy changes from the Trump administration. The current rules are set to take effect later this year and would have mandated automatic refunds and additional compensation for delays and cancellations deemed within the airline's control. These rules are similar to laws in effect in Europe. Industry groups have lobbied aggressively against the regulations, arguing they would impose costly burdens and lead to higher ticket prices. The rollback is expected to be framed as part of a broader deregulatory push aimed at reducing federal oversight of private industry. *The administration has yet to formally announce the reversal, but if you were eagerly awaiting the implementation of the "passenger bill of rights" you shouldn't hold your breath.*

The Final Word

Voter Registration Shift. New data from Democratic analytics firm TargetSmart reveals a notable shift in voter registration trends. Republicans have gained ground in key battleground states such as Pennsylvania, North Carolina, and Florida. While Democrats still hold a registration edge in several states, the narrowing margins in battleground states such as Pennsylvania (where Democrats' lead has shrunk by over 50,000 voters since 2020) are raising alarms within the party. The shift is attributable to a combination of demographic changes, targeted GOP outreach, and voter enthusiasm gaps, especially among younger and minority voters. Voter registration trends do tend to be a lagging indicator. Republican registration in West Virginia didn't surpass Democratic registration until 2021 despite Bill Clinton (1996) being the last Democratic presidential nominee to win the state. However, that will be little comfort for Democrats as they continue to explore why they are losing ground with voters. *Whether this registration momentum is able to counteract the traditional electoral advantage for the party in power remains to be seen, but it will give Republicans a sense of renewed confidence and Democrats yet another reason to worry.*

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