

Washington Weekly

Under the Dome: The Week in Review

22 May 2026



This Week: The **Senate** confirmed Trump administration nominees and passed legislation to encourage research into esophageal cancer preventative treatments. The **House** approved changes to a Senate-passed housing affordability bill (see below), which will now go back to the Senate. It also passed two Veterans Affairs (VA) related bills to increase VA monthly benefits for veterans with severe service-related disabilities and survivor benefits for veterans who die from service-related injuries and to bar the VA from submitting a veteran's personal information to the National Instant Criminal Background Check System solely because the VA appoints a fiduciary to manage the veteran's federal benefits.

Next Week: The **Senate** and **House** will be on recess to celebrate Memorial Day. Both chambers will return the week of June 1.

The Lead

Iran Conflict Pushback. The uneasy status quo in the Iran conflict (a ceasefire, but also a blockade by both sides of most traffic in the Strait of Hormuz) continued this week. In the domestic context, Congressional Republicans mostly have shown a united front with the Trump administration by voting down various Congressional resolutions to end the war, but some cracks have emerged. This week, the Senate approved a procedural motion that would allow a war powers resolution to be debated and voted on in the coming weeks. Seven previous attempts had failed, but this measure passed in a 50 to 47 vote that included the support of four Republicans, the dissent of one Democrat, and the absence of three other Republicans who had previously voted against the measures. In the House, Republican leaders needed to cancel a similar vote when it became clear that it would pass. With the economic toll of the conflict growing, President Trump would like to declare a quick win. *There has been some chatter of a phased agreement (focus on the reopening of the Strait, with the more contentious issues around*

Iran's nuclear capabilities being pushed off), but there are few signs of any diplomatic breakthrough (to say nothing about the durability of any such breakthrough) in what has become a war of wills between the two sides.

Reconciliation Roadblock. Senate Republicans this week failed to meet a goal of advancing an over \$70 billion reconciliation package before the Memorial Day recess. The bill primarily is focused on funding for Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP). It was derailed this week by two controversial priorities of the Trump administration. The first is \$1 billion of funding for the Secret Service that includes \$220 million for the building of the East Wing ballroom. It likely will need to be stripped from the final package. The other is a \$1.8 billion Anti-Weaponization Fund (see below). The Trump administration's abrupt announcement of the fund left Senate Republicans frustrated and divided. The backlash forced Senator Majority Leader John Thune (R-SD) to try to put restrictions on the fund in the reconciliation bill. The reluctance from Republicans on having votes on politically problematic amendments relating to the fund, along with other procedural delays, led to Republican leaders pushing off further consideration of the bill till after the recess. *While the reconciliation package is still on track to pass, the punt to next month shows how navigating President Trump's funding priorities continues to be complicated.*

Anti-Weaponization Fund. In an irregular settlement between the Justice Department and the IRS to settle President Trump's lawsuit against the latter agency (over the release of his tax returns), there was the announcement of a \$1.8 billion "Anti-Weaponization Fund" that could be used to compensate claimants alleging government "weaponization," to potentially include convicted criminals from the January 6th attack on the Capitol. As part of the agreement, the US government agreed that the government is "forever barred and precluded" from

examining or prosecuting President Trump, his sons, and the Trump organization's current tax issues. The settlement quickly raised serious concerns on both sides of the aisle. There also are questions about whether the executive branch can use appropriated funds for a purpose not specified by Congress. *Regardless of what the courts decide, it's already creating divides on Capitol Hill with several bipartisan efforts afoot to try to kill the fund.*

Other Issues

Competing Housing Bills. In an overwhelming 89 to 10 vote in March, the Senate passed a legislative package to promote the development of greater housing supply. Following that, House leaders vowed not to take up the Senate bill and instead work on advancing their own proposal. There were varied concerns about the Senate bill, but a key one was with regard to a provision pushed by President Trump that would ban institutional investors (generally defined as entities that own and control more than 350 houses) from buying additional single-family homes. Many housing groups voiced concerns about the provision's potential impact on the development of homes to rent. As the House worked on its bipartisan compromise, it softened that provision significantly. This week, it passed that bill in an overwhelming 396 to 13 vote. While some Senators are generally supportive of the House's change on the institutional investor ban, there is concern from Senators on both sides of the aisle regarding Senate priorities that were dropped from the House bill. With the Senate showing little sign of taking the House bill, there likely will need to be negotiations between the two chambers on a final compromise (ongoing efforts in the Senate to develop a compromise on crypto market structure legislation could also be a factor). *There is substantial bipartisan interest in passing a bill to try to lower housing costs, but the clock is ticking with the midterm elections rapidly approaching.*

Crypto Taxes. After months of discussion, a bipartisan bill was introduced in the House this week that would address basic tax issues regarding cryptocurrencies. The bill would apply wash sale rules to the buying and selling of cryptocurrencies. The crypto industry wanted to have smaller crypto purchases excluded from the tax via a de minimis exemption. This exemption was not in the bill, but the lawmakers did instruct Treasury to study such an exemption. The bill will change as it goes through the legislative process. *A revised version has a chance at becoming law before the end of the year.*

No Sure Bets. Congressional scrutiny of prediction markets and sports betting continues to build. A House subcommittee held a hearing examining the rapid growth of the \$165 billion sports betting market and its intersection with prediction markets,

which blur the line between financial contracts and gambling. Lawmakers continue to weigh new restrictions on prediction markets amid concerns about insider trading, youth exposure, and regulatory gaps, though so far efforts to impose bans have stalled. The regulated gaming industry is pushing back on prediction markets aggressively, arguing that prediction market operators are effectively offering sports betting under the guise of "event contracts" and should be subject to the same state-level rules and protections. *While still an emerging issue, the combination of bipartisan concern, industry opposition, and increasing legislative activity suggests this debate will continue to gain momentum and remain a focus on Capitol Hill.*

Data Center Conundrums. There is growing consensus among lawmakers from both parties that the rapid expansion of energy-hungry data centers should not translate into higher electricity bills for individual consumers. This is a rare area of convergence not only across party lines, but also between Congress, the Trump administration, and the companies building and operating data centers themselves, many of which have publicly committed to covering the costs of new generation and grid upgrades needed to serve their facilities. That broad agreement, however, masks the far more difficult work ahead. Lawmakers diverge on where to draw thresholds for "large-load" customers, how to allocate transmission and generation costs, and how prescriptive any federal standard should be given the traditional role of states and utilities in rate-setting. Even with bipartisan goodwill and stakeholder buy-in, reconciling those details into legislation that can clear both chambers remains uncertain. *As with many issues in Washington, consensus on a broad goal does not guarantee a clear path forward.*

The Final Word

It's Still Trump's Party. Recent primary results underscore the extent to which President Trump continues to exert influence within the Republican electorate even as his broader approval ratings drop. In Indiana, Republican voters overwhelmingly backed Trump-endorsed challengers, with all but one of the incumbents who had opposed his redistricting push either retiring or losing their primary. That dynamic carried into Louisiana, where Sen. Bill Cassidy, one of the few remaining Republicans who voted to convict Trump during his impeachment, failed to advance to a runoff in the primary. In this week's Republican primary for Kentucky's 4th Congressional District, seven-term Congressman Thomas Massie lost after facing relentless attacks from Trump and his allies in one of the most expensive House primaries in history. *Trump has control, but these outgoing members of Congress could exercise greater independence in Congress and could cause problems for Trump on his legislative priorities.*

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