



ML Strategies Legislative and Regulatory Report

Washington Outlook for 2015

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Happy New Year, and welcome to the 114th Congress!

As Congress returns this month to a changed political landscape with the Republican Party now in control of both the House of Representatives and the Senate, ML Strategies is pleased to continue our tradition of offering an Outlook for the new Congress. In addition to the Congressional legislative agenda, we also discuss the Obama Administration's regulatory plans.

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Introduction

Legislative Agenda

The new political dynamics of the 114th Congress will present some challenges over the next two years, as well as areas of opportunity for bipartisan cooperation on Capitol Hill and with the Obama Administration. The legislative agenda, in particular, will largely be influenced by a series of milestone dates that started with the swearing-in of the new Congress on January 6th and is continuing with a series of political party retreats. The joint House and Senate Republican retreat was held January 15th through the 16th, while Senate Democrats held a retreat January 14th through the 15th. A House Democratic retreat will be held January 28th through the 30th, and a House Progressive Caucus retreat will be held February 6th through the 7th. These retreats give the Republican and Democratic leadership of the House and Senate the opportunity to hear from their members about their goals and vision for the 114th Congress, and allow the leadership to start working to build consensus around policy priorities.

Following on President Obama's delivery of the State of the Union address to a joint session of Congress, his Fiscal Year 2016 Budget Request will be released on February 2nd, providing additional insight into the Obama Administration's goals for the coming year.

Much of the legislative agenda for the coming year will be driven by the need to address issues that have expired or have expiring dates looming on the 2015 calendar, including:

- Tax Extenders package (approximately 60 tax provisions expired on December 31, 2014);
- Department of Homeland Security FY 2015 Appropriations (current funding expires on February 27, 2015);
- Sustainable Growth Rate (SGR) or “Doc Fix” (current extension expires March 31, 2015);
- Highway Trust Fund (the current funding extension expires on May 31, 2015);
- USA Patriot Act (three provisions expire on June 1, 2015);
- Export-Import Bank authorization (current authorization expires on June 30, 2015);
- Federal Aviation Administration reauthorization (the current authorization expires on September 30, 2015);
- Children’s Health Insurance Program (funding expires on September 30, 2015);
- Child Nutrition and WIC Reauthorization Act (covers federal child nutrition programs and expires on September 30, 2015); and
- Internet Tax Moratorium (expires September 30, 2015).

Other measures that are time-sensitive include:

- FY 2016 Budget Resolution (which has a non-binding deadline of April 15);
- Debt Ceiling (the debt ceiling was last addressed in February 2014, when Congress suspended it until March 15, 2015 – although the Treasury Department can likely use certain measures to extend the ceiling through August 2015);
- FY 2016 Appropriations (the next fiscal year begins on October 1, 2015); and
- National Defense Authorization Act (this would be the 54th consecutive annual authorization).

In addition to these legislative measures, two high-profile nomination battles will take place this year for Attorney General and Secretary of Defense, serving as proxies for Republican oversight of President Obama’s executive order on immigration and defense strategy, respectively.

Although the Republicans now maintain majorities in both chambers of Congress, it is clear that Republican leadership will, in some cases, have to rely on Democratic votes to achieve some of their legislative goals since they will likely lose some of their more conservative members on issues like the budget, tax reform, the highway bill, etc.

In the Senate, where 60 votes are needed to end debate on legislation and move to a vote, Republicans will need six Democrats to join their 54-seat majority. In the House of Representatives, bills are passed with a majority vote, which the Republicans will most times secure with their expanded caucus.

Further, with Republicans seeking to pass some measures this Congress that are sure to have the support of their base but also to exact a presidential veto, the GOP will have to rely even more on Democratic votes if they hope to secure the support of two-thirds of all Members of the House or Senate required to override a presidential veto.

Regulatory Agenda

Many of the most visible recent efforts on new regulations stem from implementation of the Affordable Care Act (ACA) and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), while the Administration continues to use more long-standing laws such as the Clean Air Act and Clean Water Act for implementation of its environmental agenda.

The Executive Branch agencies will continue to pursue an aggressive agenda throughout the year, with some specific regulatory items discussed throughout this report. The regulatory agendas for more than 60 Cabinet, Executive, and independent agencies are included in the [Unified Agenda](#), which is published twice a year — in the spring and fall.

Congressional Republicans will seek to limit the Administration's regulatory agenda, and to repeal or revise regulations already in place, either via the appropriations process or other measures. This is discussed in greater detail in the [Regulatory Reform section](#) of this Outlook.

Summary

We have also included, in the [Appendix](#), the [House](#) and [Senate](#) calendars for 2015 and the new [congressional committee assignments](#).

Contact information for all of ML Strategies' [team members](#) is provided at the end of this publication. We would encourage any questions you may have about specific issues covered here, or any other legislative or agency-level opportunities in which you are interested.

Agriculture, Food Safety, and Nutrition

As Senator Pat Roberts (R-KS) takes over as chairman of the Senate Agriculture Committee, he has said that oversight of the Commodity Futures Trading Commission (CFTC) and federal nutrition programs will be his top priorities. The schedule will begin with hearings on farm law implementation and the reauthorization of the CFTC and school meal programs.

Republicans on Capitol Hill will continue their opposition to much of the Administration's expansion of the federal role in school nutrition. Just last month, in the *Cromnibus* appropriations bill that funds the Federal government through the end of the current fiscal year, the GOP included provisions to allow states greater flexibility to exempt schools from the Department of Agriculture's whole-grain standards provided that they can show hardship. The spending bill also included a provision to halt proposed restrictions on sodium.

Major Policy Issues

Commodity Futures Trading Commission (CFTC) Reauthorization

Senate Agriculture Committee Chairman Pat Roberts (R-KS) plans to add oversight of the CFTC to the committee agenda. In June 2013, the House passed a bill that would have reauthorized the CFTC until 2018. However, it did not get past the Senate and the Obama administration's opposition. Democrats opposed the bill because it would have required cost-benefit analysis of agency regulations. Roberts has expressed concerns about the CFTC's implementation of the Dodd-Frank Act. In particular, he argues that some provisions would make commodity trades more difficult for farmers. With a Republican controlled Senate, the bill may be able to get through Congress but could still face a veto from President Obama.

Food Safety

The Food and Drug Administration (FDA) will finalize five of the seven major Food Safety Modernization Act (FSMA) rules by the end of 2015. It will finalize the rules for preventive controls for human food and preventive controls for animal food by August 30th and the rules for produce safety, third-party accreditation, and foreign supplier verification program by October 31st. (The FDA will finalize the other two rules, which pertain to intentional adulteration and sanitary transportation, by May 31, 2016).

Child Nutrition

The Healthy, Hunger-Free Kids Act of 2010, which subsidizes discounted school meals and supplemental nutrition for women, children, and infants, is set to expire on September 30, 2015. The White House would like a robust bill, with incentives for schools to serve fruit and bans on trans-fats in donuts. However, congressional Republicans want to scale back the bill.

In the 113th Congress, Rep. Robert Aderholt (R-AL), Chairman of the House Appropriations Agriculture Subcommittee, and Senator John Hoeven (R-ND), a member of the Senate Appropriations Subcommittee on Agriculture, were the strongest critics of the White House's school lunch initiatives. In the 114th Congress, they will be joined by Rep. John Kline (R-MN), Chairman of the House Education and Workforce Committee, and Senator Pat Roberts (R-KS), Chairman of the Senate Agriculture Committee, both of whom have criticized the Healthy, Hungry-Free Kids Act in the past. Congressional Republicans will try to revise the act by reintroducing various food-related measures.

Rep. Cathy McMorris Rodgers (R-WA) plans to reintroduce the bipartisan [Common Sense Nutrition Disclosure Act](#). The legislation, which she first introduced in March 2013, would repeal some of the FDA's menu labeling rules, which affect chain restaurants, grocery stores, and movie theaters. FDA released two final rules for menu and vending machine labeling on November 25, 2014. The rules stem from provisions in the Affordable Care Act.

Genetically Modified Organisms (GMOs)

Rep. Mike Pompeo (R-KS) intends to reintroduce the Safe and Accurate Food Labeling Act of 2014. This act would limit states' ability to set their own food standards by – among other means – preventing them from mandating the labeling of GMOs. Though his bill's two Democratic co-sponsors, former Reps. Jim Matheson (D-UT) and Mike McIntyre (D-NC), have retired, it received a warm reception from Energy and Commerce Democrats when it was first introduced. Former Rep. Henry Waxman (D-CA), then the committee's ranking member, said GMO labeling could be "inherently misleading," while Rep. G.K. Butterfield (D-NC) said it would impose additional costs onto consumers. These comments bode well for Pompeo's bill, which would need Democratic support to become law.

Appropriations, Budget, and Debt Ceiling

The Congressional Budget Act of 1974 established the congressional budget process, which coordinates the legislative activities on the budget resolution, appropriations bills, reconciliation legislation, revenue measures, and other budgetary legislation.

The Fiscal Year 2016 appropriation process will get underway on February 2nd when President Obama submits his annual budget request to Congress. In recent years, there has been a departure from "regular order" where all 12 annual spending bills work through the committee process and are approved as stand-alone measures prior to the start of the new fiscal year on October 1. Last year, House Committee Appropriations Committee Chairman Hal Rogers (R-KY) and Senator Barbara Mikulski (D-MD), then Chairwoman of the Senate Appropriations Committee and now the Ranking Member, both indicated a desire and commitment to returning the process to regular order, but that was not to be. Instead, as has been the case for the past several years, the process included passage of a Continuing Resolution funding the government for a short-period of time, and then a final Omnibus spending bill – the so-called "Cromnibus" – passed in December, folding 11 of the 12 appropriations measures into a single bill and funding the government for the remainder of the fiscal year. Now, with Republicans in the majority in the Senate and Senator Thad Cochran (R-MS) serving as chairman of the Appropriations Committee, we could see a more streamlined process and perhaps a return to regular order, or something akin to regular order.

But first, we'll be looking for the President's budget priorities when he submits his annual budget request to Congress, and for the spending levels set by the House and Senate Budget Committees through the Budget Resolution, which could this year see the use of the reconciliation process, especially as Republicans seek to pass legislation to repeal or revise the Affordable Care Act (ACA).

Congress must also decide whether the discretionary spending caps, set by the Bipartisan Budget Act (BBA) of 2013, will be raised. The BBA, a bipartisan compromise led by Representative Paul Ryan (R-WI) and Senator Patty Murray (D-WA), increased the spending caps of sequestration for Fiscal Years 2014 and 2015 to \$1.012 trillion and \$1.014 trillion respectively.

Republicans and Democrats have significant differences in their goals for the budget on issues ranging from discretionary spending levels, to entitlements and taxes. Republicans are calling for cuts in spending on non-defense budget items, and parallel increases to defense spending; while the White House would like to see increases in both.

Major Policy Issues

Fiscal Year 2015 Department of Homeland Security Appropriations

With passage of a spending bill funding the federal government through September 30, 2015, Fiscal Year 2015 appropriations were completed – 77 days into the new fiscal year – on December 16, 2014, ending the federal government's reliance on a Continuing Resolution for funding. The exception to this final chapter in the FY 15 appropriations process was the Department of Homeland Security (DHS), which was only funded through February 27, 2015. The Department was singled out for short-term funding in order to provide Republicans a mechanism to potentially challenge President Obama's recent immigration executive order by withholding funds. However, the immigration order is primarily to be carried out by U.S. Citizenship and Immigration Services, which is not funded through the appropriations process, but instead through user fees. DHS is operating under a Continuing Resolution which funds the agency at Fiscal Year 2014 levels. Contemporaneous with the initiation of work on Fiscal Year 2016 appropriations, see below, Congress will need to move quickly to pass another Continuing Resolution for DHS, either for a short term or, more likely, through the end of the fiscal year.

Fiscal Year 2016 Budget Request

President Obama will submit his Fiscal Year 2015 Budget Request to Congress on February 2, launching the appropriations process for the upcoming fiscal year. This will be the first time the budget has been delivered to Congress on time since 2010. The White House has said that they hope to see a return to "regular order" in the appropriations process – with all 12 spending bills approved before the start of FY16 on October 1, 2015. The President may give some indication of what his spending priorities will be for the upcoming fiscal year when he delivers his State of the Union address to both houses of Congress on January 20th.

Fiscal Year 2016 Budget Resolution

In response to the President's budget request, Congress will, in compliance with the Congressional Budget Act of 1974 (CBA), approve a budget resolution, establishing overall budgetary and fiscal policy and covering at least five fiscal years (in this case, the upcoming FY 16, plus the four subsequent fiscal years). Further, the budget resolution will set total budget authority and outlays (i.e., government payments) for each covered year, and will set top line spending levels for each of the 12 appropriations subcommittees of the House and Senate Appropriations Committees. Although the Budget Resolution is a guide and does not become law, the CBA sets a target date of April 15 for concurrent adoption of the resolution.

In practice, largely due to a divided Congress, the failure to pass budget resolutions has been the norm for the past several years. Congress last passed a budget resolution by the April 15 deadline in 2003 for Fiscal Year 2004, and the last time a budget resolution was approved at all was in 2009 for Fiscal Year 2010. In the absence of a budget resolution, the House and Senate can pass a "deeming resolution," which is an ad hoc legislative mechanism whereby House- or Senate-passed budget levels are deemed to be considered enforceable.

Reconciliation

As a part of the budget resolution, it is possible that we will see congressional Republicans utilize the reconciliation process, which allows Congress to change current law in order to bring revenue, spending, and debt-limit levels into conformity with the policies of the budget resolution. Reconciliation instructions, the first of a two-stage process, must be included in the budget resolution, instructing the appropriate committees to develop legislation achieving the desired budgetary outcomes. If the budget resolution instructs more than one committee in a chamber, then the instructed committees submit their legislative recommendations to their respective Budget Committees by the deadline prescribed in the budget resolution. The Budget Committees would then incorporate them into an omnibus budget reconciliation bill without making any substantive revisions.

The reconciliation bill is then taken up, under expedited procedures, by the House and Senate. In the House, there would be a special rule for consideration of the bill that places restrictions on debate time and the offering of amendments. In the Senate, debate on the reconciliation bill would be limited to 20 hours with any amendments required to be germane and to not include extraneous matter. It can be passed with 51 votes, and cannot be filibustered.

The use of reconciliation would be a key part of Republican efforts to pass legislation repealing or revising the ACA. While the reconciliation bill must be signed by the President, he is expected to veto such a measure if it repeals some or all of the ACA. The use of reconciliation on health care, especially the ACA, is discussed in greater detail in the [Health Care section](#).

Fiscal Year 2016 Appropriations

Republicans on Capitol Hill will use their new majorities to influence, and sometimes seek to limit, the Administration's activities through the 12 annual appropriations bills: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies; Commerce, Justice, Science, and Related Agencies; Defense; Energy and Water Development; Financial Services and General Government; Homeland Security; Interior, Environment, and Related Agencies; Labor, Health and Human Services, Education, and Related Agencies; Legislative Branch; Military Construction, Veterans Affairs, and Related Agencies; State, Foreign Operations, and Related Programs; and Transportation, Housing and Urban Development, and Related Agencies. These 12 spending bills provide discretionary funding for numerous activities, as well as general government operations, amounting to 35% to 39% of total federal spending in recent years. The remainder is made up of mandatory spending not subject to the appropriations process, as well as net interest on the public debt. Hearings will be held by the House and Senate Appropriations Committees and their various subcommittees throughout the spring and summer.

Dynamic Scoring

In one of its first actions in the new 114th Congress, on January 6th the House of Representatives approved new rules that adopted "dynamic scoring," which requires the Congressional Budget Office (CBO) and Joint Committee on Taxation (JCT) to incorporate broad economic changes in economic output, employment, capital stock, and other macroeconomic variables when estimating the cost of proposed legislation that is anticipated to have a significant impact on the economy, and how much revenue the measure could generate.

House Republicans believe that dynamic scoring is better for large tax or spending bills than the calculations traditionally used because it takes into account labor markets, inflation and interest rates. Democrats generally opposed the adoption of dynamic scoring, arguing that it increases the potential for lower-than-predicted revenue. The newly adopted rules also require that, at the request of the chairman of the House Budget Committee, dynamic scoring be performed on non-revenue bills.

In the Senate, a bill can be blocked or slowed should a Senator raise a budgetary point of order against legislation that is scored as requiring significant spending or if it would add to the deficit.

Sixty votes are needed to waive points of order. With dynamic scoring integrated into the scores developed by CBO and JCT, the Senate Budget Committee may be able to use the estimates to get around points of order.

Debt Ceiling

After the government shutdown of 2013, there appears to be little to no appetite on Capitol Hill for a replay in 2015, when the current suspension of the ceiling expires on March 15th. Using extraordinary measures, the Treasury Department should be able to continue to meet the government's financial obligations until at least sometime in August, giving congressional Republicans time to focus on other priorities. This time leeway is bolstered by the fact that the suspension ends, fortuitously, during tax season when federal receipts will see an influx of payments. However, after March 15, the debt ceiling level will be restored at a level that reflects all federal debt incurred since the suspension began in February 2014.

House Speaker John Boehner (R-OH) and Senate Majority Leader Mitch McConnell (R-KY) have both said that they will not allow debate on the debt ceiling to threaten default by the U.S. Government on its financial obligations.

Time Table of the Budget Process

Target Dates	Action to Be Completed:
February 2	President submits budget to Congress
February 15	Congressional Budget Office submits economic and budget outlook report to Budget Committees
No later than 6 weeks after the President submits the budget	Committees submit views and estimates to Budget Committees (Frequently, the House Budget Committee sets own date based on Legislative Calendar)

April 1	Senate Budget Committee reports budget resolution
April 15	Congress completes action on Budget Resolution
May 15	Annual appropriation bills may be considered in House, even if action on budget resolution has not been completed
June 10	House Appropriations Committee reports last annual appropriation bill
June 15	Congress completes action on reconciliation legislation (If required by budget resolution)
June 30	House completes action on annual appropriation bills
June 15	President submits mid-session review of his budget to Congress
October 1	Fiscal year begins

Defense and National Security

The 114th Congress will see new leadership at the Department of Defense (DOD). Following the resignation of Secretary of Defense Chuck Hagel on November 24th, the new Congress is expected to quickly consider Ash Carter's nomination to serve as the next Secretary of Defense.

The outcome of the 2014 midterm elections and the looming 2016 presidential contest will also impact dynamics in the new Congress, where Republicans in both chambers are likely to use their majorities to exert greater influence over U.S. national security policy. While Republican-led Congresses have traditionally bolstered the defense industry, and despite the recent election of more than 20 veterans from the wars in Iraq and Afghanistan, the new Republican majorities in the Senate and House may continue to be ideologically divided on federal spending, leaving no clear path forward for alleviating sequestration cuts to defense spending and their broader impacts on defense policy.

Further, due to both retirements and incumbent losses, there will be new leadership on the committees and subcommittees with jurisdiction over defense, resulting in a new agenda of defense priorities. Senator John McCain (R-AZ) will chair the Senate Armed Services Committee and Senator Jack Reed (D-RI) will serve as Ranking Member. The House Armed Services Committee will be chaired by Representative Mac Thornberry (R-TX), while Representative Adam Smith (R-WA) will continue to serve as Ranking Member.

There will also be adjustments to the leadership of the House and Senate intelligence panels. The Senate Select Committee on Intelligence will be chaired by Richard Burr (R-NC). Senator Dianne Feinstein (D-CA) will serve as Ranking Member. The House Permanent Select Committee on Intelligence will be chaired by Representative Devin Nunes (R-CA). Adam Schiff (D-CA) will be the Ranking Member for the Intelligence Committee.

Finally, the Senate and House Veterans Affairs Committees will also see leadership changes. The Senate Committee on Veterans' Affairs will be led by Chairman Johnny Isakson (R-GA) and Ranking Member Richard Blumenthal (D-CT), both veterans. Representative Jeff Miller (R-FL) will continue to chair the House Committee on Veterans' Affairs, while Representative Corinne Brown (D-FL) will assume the role of Ranking Member.

Major Policy Issues

Ash Carter Nomination

Following the announcement of Secretary Hagel's resignation, Ash Carter quickly rose to the top of a short list of possible successors. President Barack Obama nominated Carter to serve as Secretary of Defense on December 5th. While Carter's nomination was not considered in the final days of the 113th Congress, the 114th Congress is expected to take swift action to confirm Carter as Secretary of Defense. Having previously served as Deputy Secretary of Defense, Undersecretary of Defense for Acquisition, Technology, and Logistics, and Assistant Secretary of Defense for Global Strategic Affairs, Carter, also trained as a physicist, has significant Pentagon experience. Although Carter identifies as a Democrat, he is generally viewed as more moderate than many in President Obama's national security circle with a political ideology influenced by his mentor Brent Scowcroft, former National Security Advisor to Presidents Gerald Ford and George H.W. Bush. Known for his extensive expertise in managing DOD procurement of weapons systems, Carter is also believed to be further to the right than the Obama White House on some issues, notably including U.S. policy on Syria and the fight against the Islamic State of Iraq and the Levant (ISIL). This bodes well for a smooth confirmation hearing and noncontroversial floor vote on Carter's nomination in the Republican-controlled Senate, but might make for some contention with Obama loyalists on the national security team at the White House, notably National Security Advisor Susan Rice. Senate Armed Services Committee Chairman John McCain (R-AZ) has said the Committee would be prepared to hold a confirmation hearing for Carter in January. However, Chairman McCain more recently said the confirmation hearing is more likely to be held the first week of February, allowing Carter additional time to recover from back surgery last month. Carter's confirmation hearing slipping to early February would leave Secretary Hagel in the position to present lawmakers with the Pentagon's new budget document, also anticipated the first week of February.

Defense Spending

Budget caps under sequestration are due to kick back in on October 1st. There has been some speculation around whether or not the Republican majorities in both houses could find the votes to pass a budget resolution that increases the \$535 billion cap on defense spending for FY16. While DOD received some relief from sequestration under the 2013 budget deal crafted by then Senate Budget Committee Chairman Patty Murray (D-WA) and then House Budget Committee Chairman Paul Ryan (R-WI), many believe there will be new hurdles to achieving a similar agreement in the 114th Congress. First, the Murray-Ryan deal was bolstered by the high profiles of the members who authored the deal and who have since moved on from the helms of the Senate and House Budget Committees. In addition, the new Chairman of the Senate Budget Committee Mike Enzi (R-WY) has not taken a public position on lifting defense spending caps, but has been very vocal in expressing concern for overall federal spending levels and advocating for deeper spending cuts. Meanwhile, while favoring overall budget caps, the new Chairman of the House Budget Committee Tom Price (R-GA) is mulling proposals that would provide some sequestration relief for defense spending, but could see trouble gaining the necessary support to pass the Senate. Chairman Price is reportedly exploring the possibility of identifying savings in mandatory spending within the 10-year window to offset increases in defense spending, as well as a policy that would eliminate the firewall between defense and the rest of discretionary spending to create more flexibility to address national security needs. While the work of addressing the spending caps will fall primarily to the Budget Committees, both Senate Armed Services Committee Chairman John McCain (R-AZ) and House Armed Services Committee Chairman Mac Thornberry (R-TX) have said alleviating the impacts of sequestration on DOD will be a top priority. Chairman Thornberry has said that he would not rule out tax hikes as part of a deal to avert sequestration and protect defense spending. Another issue related to defense spending will be the level of funding authorized and appropriated for the Overseas Contingency Operations (OCO) account. Congressional aides predict the Pentagon's FY16 budget request will come in approximately \$35 billion over the Budget Control Act (BCA) caps, but also include a significant decline in OCO funding, perhaps as much as a 20% decrease from the \$64 billion approved for FY15. Should there be no deal reached to raise spending levels, Congress may ultimately appropriate more than is requested for the OCO account in order to fund the full base budget request for defense.

National Defense Authorization Act (NDAA)

On December 17th, President Obama signed the [FY15 NDAA](#), making it the 53rd consecutive defense authorization to become law. Consistent with legislative action on the NDAA over the past several years, conventional wisdom is that the FY16 NDAA will pass in the first session of the 114th Congress. While hearings and markups will likely be held this spring and summer, the full vehicle may not pass both houses of Congress until later in the calendar year. With work on the FY16 NDAA slated to begin in the early months of 2015, Senate and House Armed Services Committee leadership have already indicated priority issues for consideration in this year's debate. First, given increased tension and the possibility of U.S. military engagement in multiple theaters around the globe, the foreign policy title of the bill could be elevated to address the scope of various U.S. missions overseas and the provision of lethal military U.S.

assistance to allies such as Ukraine, Iraqi security forces and Kurds, and the moderate Syrian opposition. Second, and consistent with the past two NDAA's, military sexual assault will also likely continue to be a topic of discussion, with Senator Kirsten Gillibrand (D-NY) continuing to lobby for another vote on the [Military Justice Improvement Act](#), which would take sexual assault cases out of the military chain of command. Third, while the Pentagon is expected to yet again propose a new BRAC round in its FY16 budget request, lawmakers will almost certainly use the FY16 NDAA to deny DOD the authority to conduct domestic base closures and, to the extent possible, to prevent consolidations. Finally, the cyber title of the bill is likely to be an area of increased focus, especially given Chairman John McCain's (R-AZ) interest in creating a Senate subcommittee tasked solely with jurisdiction over defense cybersecurity issues. While Senate rules limit the Armed Services Committee to six subcommittees, Chairman McCain has indicated the cybersecurity and counterterrorism portfolios will be officially added to the jurisdiction of the Emerging Threats and Capabilities Subcommittee and given top billing. This subcommittee will be led by Chairman Deb Fischer (R-NE) and Ranking Member Bill Nelson (D-FL). For additional information on cybersecurity in the 114th Congress, please refer to the section on [\[*link\]Telecommunications\[*link\]](#).

Authorization for Use of Military Force (AUMF)/ ISIL

The end of the 113th Congress saw a number of hearings related to the Obama Administration's strategy to degrade and defeat ISIL. While Administration officials testified that the Commander in Chief has legal authority to conduct airstrikes against ISIL strongholds in Iraq and Syria under the 2001 AUMF against Al Qaeda, they have simultaneously welcomed the desire of Congress to pass a new AUMF specific to the ISIL mission. Before adjournment of the 113th Congress, the Senate Foreign Relations Committee passed an AUMF by a party line vote. The [Committee-passed AUMF](#) would prohibit ground combat troops except in certain circumstances, such as rescue missions or the conduction of operations against high-value targets. The AUMF would also last three years with no geographical limitations and would require President Obama to submit a comprehensive strategy within 30 days of passage. While the legislation never saw action on the Senate floor and the House saw no activity on any AUMF proposal, the AUMF that passed the Senate Foreign Relations Committee at the end of the year could be a starting point for debate on a new AUMF in the 114th Congress. On the Democratic side, Senator Tim Kaine (D-VA) will likely continue to be a leading voice in calling for a new AUMF. As for Republicans, Senate Armed Services Committee Chairman John McCain (R-AZ) has already vowed to work with Senate Foreign Relations Committee Chairman Bob Corker (R-TN) on a revised AUMF that does not restrict the President's ability to carry out air strikes and does not place as many limitations on the mission's length and scope. It is also likely that defense and foreign policy leaders, including Chairman McCain and Chairman Corker, will continue to request that the Administration provide lawmakers with draft text of a new AUMF for their consideration, something the Administration is likely to do following a meeting with congressional leadership on January 13th. Controversial issues in the AUMF debate are likely to include the reluctance to put American boots on the ground and, in the context of arming the moderate opposition, the U.S. strategy for addressing the regime of Syrian President Bashar al-Assad. For more information on potential developments in the bilateral relationship with Syria, please see the section on [\[*link\]Foreign Policy\[*link\]](#). Beyond the military approach to defeating ISIL, both the Administration and Congress are expected to continue efforts to stem ISIL's financing and, especially in light of the recent terrorist attacks in Canada, Australia, and France, to stop foreign fighters from joining the ISIL fight.

Military Withdrawal from Afghanistan

In the last days of 2014, the U.S. and NATO marked the end of the U.S. combat mission in Afghanistan and the transition to the U.S.-led International Security Assistance Force (ISAF) with a ceremony at the joint-military headquarters in Kabul. When President Obama first announced the U.S. withdrawal from Afghanistan in May 2014, he pledged to have only 9,800 troops deployed to Iraq by the start of 2015 and roughly half that many by year's end. Since then, the Commander in Chief has opted to keep more military personnel than initially planned in Afghanistan and to allow exceptions that would allow U.S. troops to target remnants of Al Qaeda and to train Afghan security forces. To ensure these capabilities and to fill a void in foreign fighters, nearly 11,000 of 13,500 ISAF soldiers are American. Meanwhile, as one of his first acts upon taking office in September, President of Afghanistan Ashraf Ghani signed bilateral security agreements with the U.S. and NATO to allow for an enduring military presence, which have led to a spike in violence and efforts by the Taliban to destabilize the new Afghanistan Government. Despite the ongoing violence, President Obama recently reaffirmed his commitment to halving the number of U.S. troops in Afghanistan by the close of 2015. However, comments made in early January by President Ghani requesting that the U.S. review its timeline for complete military withdrawal from Afghanistan and consider a greater U.S. presence in an understated manner have caused speculation that President Obama may renege on his withdrawal pledge in order to preserve the gains made over the last 13 years of war. Further, the rise of ISIL in Iraq and Syria following the U.S. withdrawal from Iraq in 2011 could result in greater public support for maintaining a stabilizing U.S. military force in Afghanistan beyond the current

withdrawal timeline. With President Ghani expected to visit Washington early in 2015, the ongoing U.S. military presence in Afghanistan is expected to remain at the top of the bilateral agenda.

Guantanamo Bay Detention Facility (GTMO)

The Obama Administration has long viewed the closure of GTMO as a legacy issue. Meanwhile, Republicans in Congress have repeatedly, including most recently in the FY15 NDAA and the [Consolidated and Further Continuing Appropriations Act of 2015](#), imposed restrictions on the President's authority to close the facility. Following the midterm elections and the shift to a Republican controlled Congress, the Obama Administration ramped up its pace for releasing low-level detainees. With the most recent transfer of four prisoners to Oman and a fifth prisoner to Estonia on January 14th, just 122 prisoners remain at GTMO, including 54 low-risk prisoners who have been deemed eligible for release, many of them Taliban foot soldiers who were never charged with a crime. The recent transfers have brought the Administration closer to its goal of having just 60-80 prisoners held at GTMO. It is at these levels where the Administration believes it will no longer make economic sense to keep the facility open – an argument that might attract some additional support from fiscally conservative lawmakers. It has also been speculated that incoming Secretary Carter would be more supportive than Secretary Hagel of the White House's goal to close GTMO and, similar to the White House, would view the closure of the prison as a legacy issue. While members of Congress have continued to voice opposition to closing GTMO, President Obama focused his [signing statement](#) on the FY15 NDAA exclusively on this issue, urging Members from both sides of the aisle to close the facility in order to mitigate waste, improve relationships with partners and allies, and prevent emboldening violent extremists. Despite this pressure from President Obama, Senators Kelly Ayotte (R-NH), John McCain (R-AZ), Richard Burr (R-NC), and Lindsey Graham (R-SC) have already introduced [legislation](#) on GTMO that would block the transfer of high-risk detainees and transfers to Yemen and impose more stringent certification standards for the transfer of low-risk detainees. Senator Ayotte indicated that Republicans plan to try to attach this legislation to the FY16 NDAA. Following the House Armed Services Committee's organizational meeting on January 14th, Chairman Mac Thornberry (R-TX) suggested his panel may also take up similar legislation.

Torture

At the start of the new Congress, Senate Intelligence Committee Ranking Member Dianne Feinstein (D-CA) unveiled plans to introduce legislation that would prevent the future use of torture by the U.S. Government. Senator Feinstein's bill is expected to drop any day now. The forthcoming legislation will build on the findings of the four-year, \$40 million investigation into the Central Intelligence Agency's (CIA) use of waterboarding and other abusive interrogation techniques on terrorists who were captured overseas during the Bush Administration between 2002 and 2007. The [report](#), issued on December 9th, found that harsh interrogation measures did not yield gains in the collection of intelligence. While the timeline for the introduction of her new legislation remains unclear, insights to the forthcoming bill were revealed in a [letter](#) Senator Feinstein sent to President Obama on January 5th, proposing legislative reforms and administrative improvements to help prevent the use of torture tactics by the CIA. Senator Feinstein's bill is expected to include provisions explicitly prohibiting the use of torture techniques in contrast to interpretation of existing statute, establishing the U.S. Army Field Manual as the exclusive set of interrogation techniques, requiring the U.S. Government to notify the Red Cross and provide timely access to all captured detainees, and to prohibit the authority of the CIA to hold detainees beyond a short-term, transitory basis.

Military Pay and Benefits

Given that proposed reductions in military pay and benefits were the final sticking points in pre-conference negotiations on the FY15 NDAA, it is widely assumed that any additional reductions in military compensation will be highly controversial, especially with the return of sequestration spending caps on the horizon. Creating further additional visibility for military pay and compensation issues, the Military Compensation and Retirement Modernization Commission, which was established by the FY13 NDAA, is expected to issue its report containing a comprehensive study and recommendations to modernize military compensation and retirement systems by February 1st. Senate Armed Services Committee Chairman John McCain (R-AZ) has said he anticipates being able to support a number of changes that need to be made to military pay and benefits, but noted his support would be conditional upon reforms only being applied to troops joining military service in the future. Representative Joe Heck (R-NV), a physician and brigadier general in the Army Reserve who will chair the Military Personnel Subcommittee, has already said he plans to take a close look at the Commission's recommendations and if appropriate, will make it a priority to include some reform proposals in the FY16 NDAA. Over the past few years, Congress has rejected proposals put forward by the Pentagon to generate savings by restructuring some military benefits, so Administration officials are also expected use the Commission's findings to push for congressional action on military compensation reform.

Acquisition and Contracting Reform

This year, both the Senate and House Armed Services Committees are anticipated to increase their oversight of DOD procurement programs. Senate Armed Services Committee Chairman John McCain (R-AZ) has for a long time been a vocal critic of cost overruns in some of the Pentagon's largest acquisition programs, including the F-35 Joint Strike Fighter (JSF) and the USS Ford. House Armed Services Committee Chairman Mac Thornberry (R-TX), who has similar interests in acquisition reform, has pledged to collaborate with Chairman McCain to change how DOD purchases weapons in order to avoid unnecessary costs and delays. For the past year, Chairman Thornberry has led a defense acquisition reform initiative resulting in some recommendations, such as restoring the Pentagon's Office of Net Assessment's independence and requiring defense agencies and military services to work from a standard checklist before they put out bids for the new Congress, that were included in the most recent NDAA. Additional recommendations are expected to be considered as part of the debate on the FY16 NDAA. Furthermore, DOD is planning to make major procurement announcements in 2015 that both Capitol Hill and the defense industry will be watching closely. Not only is it expected that DOD will announce contract awardees for the Air Force's Long Range Strike Bomber and the Army's Joint Tactical Vehicle programs, but the Pentagon is also expected to declare the Marine Corps version of the JSF, the F-35B, battle-ready. Also this year, defense officials are planning to detail a new innovation initiative that is intended to enhance the development of new defense technologies to help the U.S. maintain its military superiority, which could eventually be tied to other procurement reforms.

Department of Defense Health Care Contracts

In the third quarter of this year, the Pentagon is expected to award an \$11 billion, up-to-ten-year contract for the modernization of DOD's military electronic health records system, which covers more than six million veterans and nine million active-duty service members. The awardee will be tasked with revamping DOD's health IT system so that patient records are easily transferable between military treatment locations, the Department of Veterans Affairs (VA), and outside health systems. Defense health IT officials are expected to spend the first part of the year continuing to evaluate bids submitted by a number of IT solutions companies and collaboratives, including IBM and Epic, Leidos, Hewlett-Packard and AllScripts, Cerner and Accenture Federal Services, Computer Sciences Corp. (CSC), PriceWaterhouseCoopers, DSS, and MedSphere and General Dynamics Information Technology. Aside from DOD's health care records modernization effort, the Pentagon is also expected to pick two companies to provide management support under the \$50 billion, multi-year Tricare management contract. The Tricare program currently covers approximately 9.5 million service members and their families. The Defense Health Agency issued a [draft request for proposals](#) in early November and collected comments on the draft through early December. In this round of the acquisition cycle, awards will be made for only two regions as opposed to the three regions competed in the last cycle, sparking intense competition. The current contract holders are UnitedHealthcare, Health Net Federal Services, and Humana Military Healthcare Services.

Veterans' Issues

Veterans' issues were at the forefront of the legislative agenda in the very first week of the 114th Congress. As one of its first actions, the House unanimously passed the [Hire More Heroes Act](#), which was previously introduced in the 113th Congress. In the first [Weekly Republican Address](#) of 2015, the bill's sponsor, Representative Rodney David (R-IL) explained the bill is intended to encourage employers to hire more veterans by excluding veterans already enrolled in health care plans through DOD or the VA from being counted toward the employee limit under the Affordable Care Act (ACA). The focus on this legislation early in the new Congress could indicate that veterans' issues will be a priority. A similar bill was introduced across the Capitol by Senator Roy Blunt (R-MO) in the 113th Congress, but died in the Senate Finance Committee. Senate Veterans' Affairs Committee Ranking Member Richard Blumenthal (D-CT) has also indicated his first legislative priority will be passage of the [Clay Hunt Suicide Prevention for American Veterans Act](#), a bill he cosponsored in the 113th Congress and that was recently reintroduced, to help prevent suicide among the armed forces and service veterans. Similar legislation passed the House on January 12th by a vote of 403-0. The Senate Veterans' Affairs Committee is expected to discuss a path forward for the legislation at its organizational meeting on January 21st.

Education

With the White House and congressional Republicans in agreement on the need to simplify federal financial aid programs covered by the Higher Education Act (HEA), reauthorization of that program will remain a top priority for the Senate Health, Education, Labor, and Pensions (HELP) Committee and the House Education and the Workforce Committee.

HELP Committee Chairman Senator Lamar Alexander (R-TN) has a strong background on education issues, having served as Secretary of Education in the administration of President George H.W. Bush. Further, education was a top priority during his term as Governor of Tennessee. He also served as chair of the Southern Regional Education Board.

Also up for reauthorization is No Child Left Behind (NCLB). However, as previous experience shows, these reauthorization efforts could be multi-year efforts, so activity in the 114th Congress will likely be essentially laying the groundwork for final passage at a later date.

Major Policy Issues

Higher Education Act Reauthorization

The HEA is the cornerstone of the federal government's commitment to post-secondary education. HEA governs the Department of Education's programs on accreditation, international and graduate education, teacher training and, perhaps more importantly, dozens of financial aid programs for students. The HEA was first signed into law in 1965 and has been reauthorized at various times since, most recently in 2008. That reauthorization expired at the end of 2013, but HEA programs are currently operating under an extension that runs through 2015.

Hearings by the Senate HELP Committee and the House Committee on Education and the Workforce began the HEA reauthorization process in the 113th Congress. Additional hearings this year will provide an opportunity for the Administration, Members of Congress, and additional key public and private stakeholders to float new ideas to improve access, completion and affordability.

Last year, House Education and the Workforce Committee Chairman John Kline (R-MN) joined with Rep. Virginia Foxx (R-NC), Chair of the Subcommittee on Higher Education and the Workforce, to release a [white paper](#) titled, "Strengthening America's Higher Education System: Republican Priorities for Reauthorizing the Higher Education Act." This white paper will likely serve as the framework for any House-passed HEA this Congress.

In the Senate, HELP Committee Chairman Lamar Alexander (R-TN) stated last year that he is open to drafting a new HEA "from scratch." Former Chairman Senator Tom Harkin (D-IA), who retired at the end of the 113th Congress, released a comprehensive higher education reauthorization bill late last year that will likely help frame Democrats' priorities for the next reauthorization.

It is important to note that the last reauthorization took five years to complete.

No Child Left Behind

[No Child Left Behind](#) (NCLB) is the primary federal law covering education from kindergarten through high school and was first enacted in 1965 as the Elementary and Secondary Education Act. It has been reauthorized six times, most recently in 2002 during the administration of former president George W. Bush. NCLB requires that states conduct annual testing in reading and math for students in grades 3 – 8 and then once more in high school, with the tests that meet academic standards set by each state. Schools are required to make "adequate yearly progress" (AYP) with [sanctions](#) imposed on those schools that did not meet the AYP requirements. In response to concerns about NCLB, the Obama Administration offered waivers from some NCLB requirements to states that were willing to implement reform measures, such as the standards of the Common Core State Standards Initiative (CCSSI), which is discussed below. While the policy provisions of NCLB do not expire, reauthorization efforts started in 2007 but have proven elusive. Chairman Alexander is said to be negotiating behind the scenes with some Democrats on changes to NCLB, and the 114th Congress will likely work on reauthorization. However, as with the previous enactment of NCLB in 2002, any reauthorization will likely come after several years of work.

In a recent [speech](#) on the 50th anniversary of the enactment of NCLB, Secretary of Education Arne Duncan described the program as "tired" and "prescriptive," and expressed his willingness to work with congressional Republicans to rewrite the law, while stating that a reauthorization should maintain annual testing, public reporting of test results, and the ability for intervention at schools that are not

succeeding. In his speech, Duncan called for Congress to improve access to high-quality preschool in the law. He also announced that President Obama will include an extra \$2.7 billion in his budget proposal for schools, including \$1 billion for schools that serve the most vulnerable children.

Common Core

As the states worked to meet the requirements of NCLB, most adopted the standards of the CCSSI, generally referred to simply as “Common Core.” The standards were developed by the National Governors Association (NGA) and the Council of Chief State School Officers (CCSSO). Covering math and English, the Common Core standards are intended to ensure that students across the nation are measured against the same yardstick. Under NCLB, while all states were mandated to give annual tests, the results could not be compared from state to state because each state was setting its own standards. Supporters of Common Core argue that consistent standards from state to state make it easier to determine student progress, remove any inducements for a state to lower their standards to comply with NCLB, and make it easier for students moving to a new school or state. Opponents of Common Core are mostly conservatives who take issue with an expanding federal role in education. However, some high-profile Republicans, including potential 2016 presidential candidates Jeb Bush and Mike Huckabee, support Common Core. At the end of the previous Congress, Senator David Vitter (R-LA) reversed his previous support for Common Core and introduced [S. 2967](#), the Local Control of Education Act, a bill intended to prohibit the federal government from mandating, incentivizing, or coercing states to adopt the Common Core standards or any other specific academic standards, instructional content, curricula, assessments, or programs of instruction. The bill did not move in the 113th Congress, but Senator Vitter may continue to push the measure this year as he runs for Louisiana governor.

America’s College Promise

President Obama has set a goal of the U.S. reclaiming its position as having the highest proportion of college graduates in the world by 2020. In support of this goal, and in an effort to make two years of community college as universal as high school, the President has unveiled [America’s College Promise](#) – a proposed new program which aims to increase student access to higher education by making two years of community college tuition-free. Under the proposal, students attending one of the nation’s 1,100 community colleges would be entitled to free tuition provided that they are enrolled at least half-time, maintain a grade-point average of at least 2.5, and demonstrate steady progress in their academic studies. According to the Department of Education, federal funds would cover three-quarters of the average cost of community college, and participating states would be expected to contribute the remaining funds. Further, according to the Department, if all 50 states were to implement the proposal, it could save a full-time student on average \$3,800 in tuition per year and benefit roughly nine million students each year. According to the White House, the proposal would cost the federal government \$60 billion over the next decade. However, this proposal is unlikely to move in a Republican-controlled Congress.

Energy and Environment

The 114th Congress and the final two years of the Obama Administration include a full energy and environment agenda.

With some new energy and environment leadership on the relevant Congressional committees, Chairmen and Ranking Members are beginning to lay out their priorities for the next two years.

While the Keystone XL pipeline is the first energy issue out of the gate this Congress, Senate Energy and Natural Resources Committee Chairman Lisa Murkowski (R-AK) has already said that the committee will hold a hearing on the LNG Permitting Certainty and Transparency Act (S. 33) later this month, and that she hopes to find common ground for comprehensive energy legislation this spring. She also hopes to address offshore oil and gas development, an issue she worked on with former Committee Chairman Mary Landrieu (D-LA), but on which she disagrees with new Ranking Member Maria Cantwell (D-WA). Senator Murkowski envisions the broad energy package centering on four main areas: strengthening supply, modernizing infrastructure, supporting efficiency, and ensuring federal accountability. Her other priorities for the committee include crude oil, nuclear waste, public lands, forest management issues, critical minerals and grid security and cybersecurity legislation. Senator Murkowski also hopes to return to the practice of inviting the Secretary of Energy to discuss issues beyond the department’s annual budget.

New Senate Environment and Public Works Chairman James Inhofe (R-OK) has unveiled his priorities for the 2015 committee agenda, which will include a robust, multi-year highway bill; aggressive oversight of Environmental Protection Agency regulations; an examination of the Endangered Species Act; reform of the Toxic Substances Control Act; and reauthorization of the brownfields program. Senator Inhofe said that top oversight targets include the proposed CO2 emission limits for new, modified, and existing power plants; a proposed Clean Water Act jurisdictional rulemaking; proposed revisions to the ozone standard; the Endangered Species Act; the Nuclear Regulatory Commission, including discussion over developing the Yucca Mountain nuclear repository; and potential forthcoming methane emission regulations for the oil and gas industries. He also plans to undertake oversight efforts focused on the science behind climate change.

House and Senate Republicans spent much of the first weeks in session introducing energy and environmental legislation, several of which criticize the Environmental Protection Agency's regulatory authority, and many of which will ultimately serve as messaging bills.

Former Senate Environment and Public Works Ranking Member David Vitter (R-LA) led the way, introducing numerous energy and climate bills, including altering the five-year Outer Continental Shelf lease plan (S. 59); forcing approval of the Keystone XL pipeline; prohibiting the United States from regulating CO2 unless China, Russia, and India have similar regulations (S. 66); reorganizing the Nuclear Regulatory Commission; extending the offshore boundaries of several Mid-Atlantic and Southeastern states to three marine leagues from the coast line; blocking the Environmental Protection Agency from vetoing Clean Water Act permits for dredge-and-fill operations if the Army Corps of Engineers has issued or plans to issue permits (S. 54); and expressing the sense of the Senate that a carbon tax is not in the interest of the United States (S. Con. Res. 1).

House Republicans introduced a broad variety of energy measures, including quite a few that were introduced last Congress as well, such as legislation to repeal the United States ban on crude oil exports (H.R. 156), expedite the natural gas approval process (H.R. 161), and overhaul regulatory procedures for federal rulemakings (H.R. 185).

The Obama Administration has a full environmental and energy agenda for the next two years, from proposing and finalizing a long list of Environmental Protection Agency regulations to addressing fracking at the Department of Interior, moving forward with efficiency standards at the Department of Energy, finalizing solar trade issues at the Department of Commerce, and making preparations for the international climate negotiations in Paris at the end of the year, among other things. If the Obama Administration hopes to achieve its recent goal of reducing greenhouse gas emissions by 28 percent from 2005 levels by 2025, it will need to act quickly to allocate sufficient time and resources to that end.

Major Policy Issues

Environmental Protection Agency Regulations

The Environmental Protection Agency had a big year in 2014, releasing, among numerous other regulations, the Clean Power Plan in June. Administrator Gina McCarthy and other Administration officials continue to reiterate that they will finalize the rule this summer, despite the facts that there are millions of comments to sort through and an ugly legal battle is already underway. The Administration has also repeatedly asserted that the proposed rule is legally defensible, a statement that is certain to be tested as litigation piles up once the rule is final. In the meantime, the Republican Congress is planning efforts to attack the regulation, and other agency efforts as well, via oversight hearings and the appropriations process. The agency [announced](#) early this year that it will issue its final greenhouse gas regulations for new, existing, and modified plants in a single package this summer, several weeks after the June 1 deadline for modified and existing plants (111(d)), and months past the January 2015 statutory deadline for new plants (111(b)). Following the receipt of nearly four million comments, the agency also announced that it will soon launch a rulemaking to develop a model federal greenhouse gas reduction plan for existing power plants, which states may use as a guideline when crafting their state implementation plans. The agency will implement the model rule in cases in which states fail to submit their own plans to the agency.

In addition to the Clean Power Plan, we expect that Congress is likely to target revisions to the National Ambient Air Quality Standards for ozone and a jurisdictional rule defining the scope of the Clean Water Act. The agency will issue final standards for ground-level ozone pollution in October, revising the current 75 parts per billion (ppb) threshold to a level of 65 ppb or 70 ppb, though they are currently also accepting comments on a 60 ppb standard. The agency will hold three public hearings on the proposed rule January 29 and February 2. The agency is scheduled to release a final rule in April working to define "Waters of the United States" under the Clean Air Act, covering streams and rivers that flow into larger bodies of water already protected under the act. Additionally, the agency will issue later this month methane standards for the oil and gas industry, and the Supreme Court will hear this spring arguments in a suit

challenging the EPA's Mercury and Air Toxics Standards. The agency has a near impeccable success rate in recent high court decisions, but we expect this case to see a lot of focus in the coming weeks and months.

Energy Tax Reform

Just before the end of the year, President Obama and Senate Majority Leader McConnell identified tax reform as one of the areas of potential agreement. Senate Finance Committee Chairman Orrin Hatch (R-UT) intends to pursue broad tax reform before considering another short-term extension of expiring tax provisions, and Ranking Member Ron Wyden (D-OR) plans to work with him to find compromise over which incentives to keep, improve, and discard, while he also hopes to encourage new energy technology via comprehensive tax reform or a continuation of the production tax credit or other renewable energy and energy efficiency tax provisions. Before the negotiations closed last year, there was some discussion of a plan to reinstate the wind production tax credit and institute a plan to phase it out by 2017. The wind industry has previously floated more long-term phase-out plans, but credit opponents are concerned about the hefty price tag. Conservative groups are painting any revival of the PTC as support for President Obama's clean energy agenda, potentially swaying Republican swing votes. Additional information on the extension of specific energy tax provisions can be found in the [Tax section](#).

Keystone XL

New Senate Majority Leader Mitch McConnell (R-KY) vowed late last year to make the Keystone XL pipeline the first order of business for the upper chamber, and his colleagues are already moving quickly on the issue. After the Senate Energy and Natural Resources Committee called off a January 7 hearing to consider legislation approving the Keystone XL pipeline, it approved similar legislation ([S. 1](#)) from Senators John Hoeven (R-ND) and Joe Manchin (D-WV) the following day, setting the stage for the upper chamber to kick off the Keystone debate January 12. Senate Democrats are expected to introduce several amendments to the bill, but only a few will ultimately vote for the measure itself – how many actually remains a question, with many predicting that there are 63 votes for the bill. Debate on amendments alone could last several weeks, and may include, among other amendments, language from Senator Bernie Sanders (I-VT) stating a [sense of Congress](#) that climate change is real and caused by human activities; measures barring the export of oil and refined products from the pipeline; a provision that would tie the project to increased clean energy investment; and energy efficiency language. If the upper chamber does approve the legislation and the president vetoes it, both of which are almost certain to occur, obtaining the necessary congressional votes to override the presidential veto will prove to be the truly difficult battle. The House, which has passed several pro-Keystone measures in the past couple of years, passed January 9 legislation (H.R. 3) to immediately approve the pipeline. President Obama last month expressed skepticism over the project's economic benefits, and the White House issued a formal [veto](#) threat of H.R. 3 immediately after its introduction. The president also said just before the new year that he expects to veto legislation this year that would block or impede his climate and environmental policies. The same day the House passed its Keystone legislation, the Nebraska Supreme Court overturned a lower court ruling, upholding a state law that had allowed Governor Dave Heineman (R-NE) to approve the pipeline's route inside the state. Though the State Department has not confirmed a timeline for releasing a final rule, it will now resume its almost-complete review of the pipeline, which it halted in April amid uncertainty about the Nebraska case. It could take weeks or months for the Administration to determine whether building the pipeline would be in the best interest of the United States.

LNG Exports

Senators John Barrasso (R-WY) and Martin Heinrich (D-NM) introduced legislation ([S. 33](#)) on the first day of the 114th Congress to require the energy secretary to issue a final decision on an LNG export applications within 45 days after an environmental review for the project is published. Senate Energy and Natural Resources Committee Chairman Lisa Murkowski (R-AK) has said that the committee would hold a hearing on the LNG Permitting Certainty and Transparency Act ([S. 33](#)) later this month, and that she hopes to find common ground for a broader energy bill this spring.

In the meantime, the Federal Energy Regulatory Commission announced late last year that it would allow Cheniere Energy Inc. to build a liquefied natural gas export terminal and pipeline in Corpus Christi, Texas. The company was the first developer to receive a permit in decades, and is now authorized to build a second terminal. The Department of Energy will now consider if the project can ship LNG to countries with which the United States does not have a free trade agreement. The company's Sabine Pass terminal in Cameron Parish, Louisiana, is expected to begin operating as early as October 2015.

Representative Mike Pompeo (R-KS) reintroduced legislation to start the 114th Congress that would hasten natural gas pipeline permitting. The Natural Gas Pipeline Permitting Reform Act ([H.R. 161](#)) would give the Federal Energy Regulatory Commission 12

months to make a decision once an application is completed, with other involved agencies getting 90 days once the commission completes its environmental review. The House cleared similar legislation in 2013, but the earlier measure drew a White House veto threat.

International Climate Negotiations

The 20th conference of Parties to the United Nations Framework Convention on Climate Change and the 10th Meeting of Parties to the Kyoto Protocol, also known as the December 2014 Lima climate negotiations, and the United States' and Chinese climate pledges just weeks prior, served as preparatory stages for the main event in Paris this December. Just before the close of 2014, the United Nations reached its \$10 billion goal for the Green Climate Fund, though the United States and others still must make good on their commitments. International climate negotiators will have serious work to do to hammer out a new global climate change accord before the end of 2015, as most of the contentious issues are still unsolved. Issues to watch most closely as negotiators work to kick off the final 12 months of talks toward a global climate accord that would enter into force in 2020 include whether parties can agree on a draft text that distills areas of agreement and disagreement into one document; more specifics on the \$100 billion/year industrialized countries are to provide beginning in 2020 to help developing nations; and a mechanism to strengthen the accord if after 2020 it is insufficient to halt the rise in global temperatures. Coming to an agreement in time for the Paris negotiations will still require significant effort.

Energy Efficiency Legislation and Regulatory Expectations

One area that may afford some amount of bipartisan support is energy efficiency legislation, and Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH) are planning to reintroduce their legislation early this session. Senator Portman announced plans the first week of the 114th Congress to offer a House-passed energy efficiency bill as an amendment to the Senate Keystone XL legislation, following his introduction of the language as its own standalone measure (S. 128) with Senator Shaheen the same day. The language is not the broader Shaheen-Portman energy efficiency package, but four provisions from it. On the regulatory side, the Department of Energy announced 10 energy efficiency standards last year, several of which are still under the comment period and likely to face some congressional opposition, and Secretary Ernest Moniz has indicated that the agency plans to ramp up more efficiency standard announcements in 2015.

Renewable Fuel Standard

The Environmental Protection Agency's decision late last year to delay the 2014 renewable fuel standard was met with criticism from both sides of the congressional aisle. Though calls for a full RFS repeal are unlikely to go far given bipartisan Midwest support, there may be 60 votes in the Senate for some sort of reform effort. House Energy and Commerce Chairman Fred Upton (R-MI) and now-retired Ranking Member Henry Waxman (D-CA) largely agreed on the need to revisit the corn ethanol mandate portion of the standard, and Senator Dianne Feinstein (D-CA) and Representative Peter Welch (D-VT) have previously supported such efforts. Policymakers may begin RFS efforts not long into the new year. To close out 2014, the agency published a preliminary analysis in which it anticipated that biofuels from biomass sorghum could meet the necessary greenhouse gas reductions required to qualify as cellulosic fuel under the renewable fuel standard. The agency is requesting comment by the end of the month on the methodology and results of its preliminary analysis.

Fracking

Following fracking debates in several states over the last year, Interior Secretary Sally Jewell said early this year that she thinks that local and statewide initiatives to stop or prevent fracking create uncertainty for the industry and are often in response to local residents' fears, which are sometimes based on incomplete information. The White House Office of Management and Budget began its review of the agency's final rule last August, and federal regulations on fracking on federal land are expected soon.

Other Issues

New House Energy and Commerce Committee Ranking Member Frank Pallone (D-NJ) said at the beginning of the 114th Congress that while he will defend President Obama's environmental agenda, he sees room for compromise on some issues such as Toxic Substances Control Act reform and funding for brownfields and Superfund cleanup. Previous bipartisan TSCA reform legislation was derailed by now-retired Representative Waxman and Senator Barbara Boxer (D-CA), who, with Senator James Inhofe's (R-OK) move to the chairmanship, has now assumed the ranking member slot on the Senate Environment and Public Works Committee.

Representative Pallone has previously worked well on reform efforts with lead House TSCA reform advocate Representative John Shimkus (R-IL), and Representative Shimkus chairs the House Energy and Commerce Subcommittee on Environment and the Economy, from which post he plans to move TSCA reform efforts in the 114th Congress. Additionally, there was bipartisan support for Representative Pallone's 2002 legislation that increased brownfields cleanup funding, the Small Business Liability Relief and Brownfields Revitalization Act, which passed both chambers and was signed by President George W. Bush.

The Supreme Court may take up the Federal Energy Regulatory Commission's Order No. 745, which appellate judges struck down last year. The Solicitor General is planning an appeal.

Representatives Jared Huffman (D-CA) and Mike Fitzpatrick (R-PA) introduced legislation ([H.R. 239](#)) the first week of the 114th Congress to designate 1.5 million acres in the Arctic National Wildlife Refuge a wilderness area, protecting it from oil and natural gas exploration. The Coastal Plain Area 1002 could hold between 4.3 billion and 11.8 billion barrels of recoverable oil, and including state and Native lands, the estimate increases to between 5.7 billion and 16 billion barrels.

With the recent low price of gas, some in Congress are considering a debate over the gas tax as well. This issue is discussed in greater detail in the [Transportation section](#).

Financial Services

With Republicans controlling both chambers of Congress for the first time in eight years, financial services policymaking will be heavily influenced by changing committee leadership.

Senator Richard Shelby (R-AL), who chaired the Senate Banking Committee from 2003 to 2007, returns to head the committee for his remaining two years of eligibility. On the Democratic side, Senator Sherrod Brown (D-OH) will be Ranking Member. Notably, Chairman Shelby is on the record criticizing Dodd-Frank for not setting strict enough capital requirements for banks and for not doing enough to end the problem of too big to fail. This is a potential opportunity for cooperation between Chairman Shelby and Ranking Member Brown in the coming Congress. As chairman, Shelby's effectiveness will also benefit from his ability to work with moderate Democrats on the committee, such as Senators Manchin, Heitkamp, Warner, and Tester.

Representative Jeb Hensarling (R-TX) remains chairman of the House Financial Services Committee, with the following subcommittee chairs: Representative Scott Garrett (R-NJ) as chairman of the Capital Markets and Government-Sponsored Enterprises Subcommittee; Representative Randy Neugebauer (R-TX) as chairman of the Financial Institutions and Consumer Credit Subcommittee; Representative Blaine Luetkemeyer (R-MO) as chairman of the Housing and Insurance Subcommittee; Representative Bill Huizenga (R-MI) as chairman of the Monetary Policy and Trade Subcommittee; and Representative Sean Duffy (R-WI) as chairman of the Oversight and Investigations Subcommittee.

Representative Maxine Waters (D-CA) will continue to serve as Ranking Member of the House Financial Services Committee with the following subcommittee Ranking Members: Representative Carolyn Maloney (D-NY) at the Subcommittee on Capital Markets, and Government Sponsored Enterprises; Representative Gregory Meeks (D-NY) at the Subcommittee on Financial Institutions and Consumer Credit; Representative Michael Capuano (D-MA) at the Subcommittee on Housing and Insurance, Representative William Lacy Clay (D-MO) at the Subcommittee on Monetary Policy and Trade; and Representative Al Green (D-TX) at the Subcommittee on Oversight and Investigations.

Major Policy Issues

[Terrorism Risk Insurance Act \(TRIA\) Reauthorization](#)

In December, the House passed an amended version of S. 2244 in a 417-7 vote. However, objecting to an amendment added in the House dealing with the National Association of Registered Agents and Brokers (NARAB) Reform Act, now-retired Senator Tom Coburn (R-OK) placed a hold on the legislation. The Senate did not bring the House-passed bill up for a floor vote and, failing to reauthorize the

program before adjourning for the year, Congress has quickly turned its attention to renewing the Terrorism Risk Insurance Act (TRIA) early in the 114th Congress.

Speaking on January 5, Chairman Hensarling directed blame toward the Senate for failing to bring the House's bipartisan bill up for a vote. "The House will once again lead on this issue and bring up the same bipartisan bill that 196 House Democrats voted for less than a month ago," said Hensarling in a statement. The House considered the bill ([H.R. 26](#)) under suspension of the rules on January 7, passing the legislation in a 416 to 5 vote. The Senate passed the bill the following day in a 93 to 4 vote, after defeating an amendment offered by Senator Warren (D-MA) to strip out the Dodd-Frank end-user provisions. While the White House issued a statement strongly opposing the inclusion of the derivatives provisions there was no veto threat and the bill was signed into law on January 12, 2015.

Dodd-Frank Oversight

In a signal of things to come, on their first day in session, House Republicans posted legislation to be considered under suspension of the rules which packaged eleven bills targeted at the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). While the bill did not pass under suspension on the first attempt, House Republicans succeeded in passing the bill in a 271 to 154 [vote](#) on January 14. The [legislation](#) includes provisions to exempt derivatives end-users from Dodd-Frank margin and capital requirements for derivatives trades (a provision also considered as part of the TRIA debate), remove collateralized loan obligations from purview of the Volcker Rule, and ease SEC reporting requirements for emerging growth companies, among other things.

Last Congress, the Democratic-controlled Senate largely rebutted House Republican attempts to make substantial changes to the Dodd-Frank Act and Senate Democrats have been historically opposed to opening up the bill to anything beyond technical fixes for fear of exposing the law to larger amendments. In the 114th Congress, Republicans are likely to take up a number of fixes to the legislation, including changing the threshold at which banks are designated systemically important financial institutions (SIFI) from \$50 billion to \$100 billion, adjusting the Volcker Rule, and changing the definition of points and fees under the Qualified Mortgage Rule (QMR).

In addition to oversight of the financial reform law, Republicans are expected to renew a push to increase legislative scrutiny of the Federal Reserve. The House of Representatives, in a movement championed by retired Representative Ron Paul (R-TX), has long pushed legislation to "audit the Fed." The policy would increase Congressional oversight of the Fed, including enabling review of decisions about monetary policy. While Fed Chair Janet Yellen is opposed to efforts to audit the Fed, and Senate Democrats rebuffed efforts in recent years, Chairman Shelby has been critical of the central bank's interest rate policies and the agency's performance in the years prior to the financial crisis.

Consumer Financial Protection Bureau

In addition to Dodd-Frank legislative fixes, Republicans have long called for changes to the structure and funding of the Consumer Financial Protection Bureau (CFPB). Among the changes championed by conservatives are replacing the CFPB director with a five-person board and subjecting the agency to the annual appropriations process rather than receiving its funding from the Federal Reserve. President Obama is highly unlikely to support any significant changes to the CFPB's governance and funding structure.

GSE Reform

In the 113th Congress both the Senate Banking Committee and the House Financial Services Committee separately put forth proposals to reform the nation's government sponsored entities (GSE), Fannie Mae and Freddie Mac. The House Financial Services Committee passed the Protecting American Taxpayers and Homeowners (PATH) Act ([H.R. 2767](#)) while the Senate Banking Committee developed the Housing Finance Reform and Taxpayer Protection Act ([S. 1217](#)). As the PATH Act differed greatly from the Senate proposal, it is possible we could see greater progress in the coming Congress with Republicans in control of both chambers.

Student Debt

Former Chairman Tim Johnson (D-SD) held a number of hearings in recent years on the issue of the growing student loan debt. With national debt levels growing to \$1.2 trillion, and surpassing mortgage debt, the Senate Banking Committee will likely continue its scrutiny of student debt in coordination with the Treasury, CFPB, and Department of Education. While it is unclear to what extent Chairman Shelby will focus on student debt, the issue will likely come up as part of the discussion over changes to the CFPB — the Bureau has been active in addressing student loan abuses — and Senator Elizabeth Warren (D-MA) has made the issue a priority in the past.

Foreign Policy

2014 saw the emergence of many new conflicts around the globe that were met with U.S. technical assistance in building democratic public institutions, guidance in combatting Al Qaeda-linked terrorists in the Middle East and Africa, and the use of democratic tools, including robust sanctions regimes, to protect territorial sovereignty in Eastern Europe and to promote human rights in Latin America.

While the Obama Administration's foreign policy team has been tasked with addressing political, economic, and security challenges in multiple regions around the world, there has been growing discontent on Capitol Hill with what appears to be a trend: President Barack Obama's reliance on an inner circle of advisors at the White House that is not always inclusive of key political officials at agencies such as the Department of State and the U.S. Agency for International Development (USAID). In the 114th Congress, it is anticipated that members of the Senate Foreign Relations Committee, and especially Republicans who might be weighing 2016 presidential bids, such as Senators Ted Cruz (R-TX), Marco Rubio (R-FL), and Rand Paul (R-KY), will use the new Republican Senate majority to continue to criticize this aspect of President Obama's foreign policy apparatus.

The environment for crafting U.S. foreign policy will also be shaped by some changes within the Administration. While it is believed that Secretary of State John Kerry will serve through the end of President Obama's second term, there will be other changes in senior State Department officials. For example, Deputy Secretary of State Tony Blinken will fully assume his position following a tough confirmation vote in December. Under Secretary of State for Political Affairs Wendy Sherman, who had been serving as Deputy Secretary of State in an acting capacity, could leave the agency. USAID will also welcome a new leader, in light of Administrator Rajiv Shah's announcement that he will step down in mid-February 2015.

The leadership of the congressional committees with jurisdiction over U.S. foreign policy will remain fairly consistent. With the flip in Senate Control, the Foreign Relations Committee will be chaired by Senator Bob Corker (R-TN), while Senator Robert Menendez (D-NJ) will serve as Ranking Member. Chairman Ed Royce (R-CA) and Ranking Member Eliot Engel (D-NY) will continue to lead the House Foreign Affairs Committee. Both committees, however, could see leadership changes at the subcommittee level.

Major Policy Issues

USAID Administrator Nomination

In mid-December, USAID Administrator Rajiv Shah [informed](#) President Barack Obama and Secretary of State John Kerry of his plans to step down as head of the agency. Popular on both sides of the aisle in Washington, Administrator Shah will be remembered for a successful development legacy, which includes the launch of programs such as Feed the Future, Power Africa, and the U.S. Global Development Lab. While Administrator Shah has not spoken publicly about his plans once he departs USAID, it is rumored that President Obama may appoint him to serve as the next U.S. Ambassador to India. As the White House contemplates Administrator Shah's replacement, Deputy USAID Administrator Alfonso Lenhardt is expected to serve in an acting capacity until a new administrator is confirmed. Deputy Administrator Lenhardt has indicated his priorities will include improving management processes and institutionalizing the reforms championed by Administrator Shah. While it may be premature to speculate on who may be Administrator Shah's ultimate successor, it has been suggested the White House will look at high-profile candidates, such as former members of Congress or retired military leaders, who could help elevate USAID's profile around the globe. Potential candidates include former Senate Majority Leader Bill Frist (R-TN), former Representative and Chairman of the House Foreign Affairs Committee Howard Berman (D-CA), and former Representative Jim Kolbe (R-AZ). In addition to considering a nominee to serve as USAID administrator, the Senate will also need to reconsider many ambassadorial nominees who were not confirmed in the 113th Congress.

Russian Sanctions

Pending no extreme developments in Russia's incursion on Ukraine or other former Soviet Union countries in Eastern Europe, the Obama Administration is expected to continue to focus on sanctions as its primary tool in influencing Russia's behavior. Despite enactment of the [Ukraine Freedom Support Act](#), legislation that would allow the U.S. to impose additional economic sanctions on Russia, President Obama has indicated the White House may not necessarily use this new authority. In his [signing statement](#), President Obama noted the administration will continue to work closely with allies and partners in Europe to respond to developments in Ukraine. He also noted the administration will continue to review and calibrate sanctions to respond to Russia's actions while continuing to promote diplomatic solutions. The current sanctions regime, implemented by Executive Order, could be both broadened

and/or deepened if circumstances necessitate. In addition, the White House, the Treasury Department, and the State Department have made clear the administration remains prepared to roll back sanctions. For Russian sanctions to be lifted, the U.S. would require the full withdrawal of Russian forces and equipment from Ukraine, the closing of the border, and the start of joint monitoring. Despite the recent attack launched by pro-Russian separatists against a passenger bus in Ukraine, Ukrainian officials said on January 14 that peace talks with Russia and the Organization for Security and Cooperation in Europe (OSCE) could be held in the coming days.

Ukraine Assistance

Beyond U.S. sanctions policy towards Russia, the [Ukraine Freedom Support Act](#) also included provisions to provide additional assistance to Ukraine. Beyond the language in the statute that authorizes the U.S. to provide Ukraine with up to \$350 million in military assistance for combating pro-Russian separatists, the legislation also directed numerous U.S. Government agencies, including the Department of State, USAID, and the Department of Energy (DOE), to develop plans for expanding nonmilitary assistance to Ukraine this year. These assistance programs are likely to address protection of internally displaced persons (IDPs), short- and long-term energy security, support for Ukrainian civil society, and minimizing defense trade with Russia. Through participation in other multilateral organizations, such as the International Monetary Fund (IMF), the U.S. and other Western donors will also likely consider additional financial assistance to help Ukraine avoid defaulting on its debts. Evident of this strategy for Ukraine Assistance, on January 13th, the Treasury Department [announced](#) plans to provide a \$1billion loan guarantee to the government of Ukraine in the first half of 2015, provided Ukraine remains on-track with the reform program it has agreed to with the IMF. Pending Ukraine's progress, the Treasury Department has indicated the Obama Administration remains open to considering an additional \$1 billion loan guarantee for Ukraine later in 2015.

Normalization of Bilateral Relations with Cuba

Republican foreign policy leaders in Congress have indicated one of their top priorities for 2015 will be to block the administration from implementing the new U.S. policy aimed at re-establishing broken bilateral ties with Cuba. This policy shift first surfaced in connection to a prisoner exchange executed with Cuba in December. On January 12th, the Obama Administration announced that Cuba has completed the release of 53 political prisoners - an important milestone for the normalization of relations between Havana and Washington. Further, On January 15th, the Treasury and Commerce Departments [announced](#) new regulations, effective January 16th, intended to ease travel and trade restrictions with Cuba. In response to these executive actions, both the Senate Foreign Relations Committee and the House Foreign Affairs Committee are expected to hold hearings early in the new Congress related to Cuba's poor human rights record. Because Congress will need to consider legislation to fund the Department of Homeland Security (DHS) before current funding expires on February 27th, it is expected that lawmakers may attempt to use this vehicle to eliminate any funding for executive actions to implement the new Cuba policy. The House has already approved a [DHS spending bill](#). The actions that Congress could take would be to deny funding for reopening a U.S. Embassy in Havana, stall the nomination of a potential U.S. Ambassador to Cuba, and resist passage of the legislation that would be required to more widely open U.S. travel to Cuba and lift the continuing trade embargo. Senators Lindsey Graham (R-SC), John McCain (R-AZ), Marco Rubio (R-FL), and Ted Cruz (R-TX) have vowed to champion some of these proposals, while Foreign Relations Committee Ranking Member Robert Menendez (D-NJ) has also expressed some skepticism of the policy change. Meanwhile, House Foreign Affairs Committee Chairman Ed Royce (R-CA) has called for greater congressional consideration of this policy shift, while House Minority Leader Nancy Pelosi (D-CA) welcomed President Obama's vision. Further, Representative Charlie Rangel (D-NY) had indicated he has already picked up 17 co-sponsors for the reintroduction of his [Free Trade With Cuba Act](#), which would lift the long-standing embargo on trade with Cuba. Pending the congressional calendar, consideration of some of these proposals may align with Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson's travel to Havana January 21st – 22nd for talks on migration and normalization of bilateral relations.

U.S.-Latin America Relations

While much of the 2015 U.S. agenda on Latin America is expected to center on the normalization of bilateral relations with Cuba, progress on this relationship could potentially help open pathways to achieving other U.S. priorities in the region. However, many regional experts predict the dynamics of the new Congress will have a negligible impact on U.S. foreign policy towards Latin America, especially with challenges in other parts of the world likely receiving priority on the U.S. foreign policy agenda. That being said, the U.S. is anticipated to continue to promote a comprehensive hemispheric security policy to combat transnational crimes, notably drug smuggling and arms trafficking. It is likely the congressional subcommittees with jurisdiction over Latin America will seek to provide additional resources to U.S. national security agencies, such as the Coast Guard, that have been tasked with carrying out counter-narcotics missions. Central America and security entities along the U.S.-Mexico border are also expected to continue to be key

stakeholders in ongoing discussions related to the President's desire to tackle immigration reform and protection of Latin American refugees. For additional details, please refer to the [section on Immigration, Law Enforcement, & Judiciary](#). Similar to the U.S. strategy in other parts of the globe, the diplomats are expected to continue to use diplomatic tools, including sanctions, to promote democracy and protection of human rights in the region. This approach would be consistent with the recent enactment of the [Venezuela Defense of Human Rights and Civil Society Act](#), which authorizes the President to freeze assets and deny visas to Venezuelan government officials involved in restricting protestors' rights in demonstrations against crime and economic injustice. U.S. policy towards Latin America is also likely to continue to prioritize crisis recovery in Haiti and stabilization in Columbia. The U.S. will also be closely watching key elections this year in Latin America, including presidential elections in Guatemala and Argentina and midterm elections in Mexico, Venezuela, and Columbia. All of these issues will likely be addressed at the Summit of the Americas, which will be held in Panama in April 2015.

Iran Nuclear Negotiations and Iran Sanctions

Following the failure of P5+1 (the five permanent members of the United Nations (U.N.) Security Council plus Germany) negotiators to reach a comprehensive deal for dismantling Iran's nuclear program by the self-imposed deadline in December, Republicans in Congress vowed to reintroduce legislation to ramp up economic sanctions on Iran. The [Nuclear Weapon Free Iran Act](#), initially drafted by then Foreign Relations Committee Chairman Robert Menendez (D-NJ) and Senator Mark Kirk (R-IL) and introduced in the 113th Congress, would impose sanctions on Iran if it violates the interim nuclear agreement known as the Joint Plan of Action (JPOA). According to the International Atomic Energy Agency (IAEA), Iran remains in compliance with the JPOA. In the last Congress, the bill attracted 16 Democratic cosponsors. However, the bill is now in the process of being updated to include provisions directing the Administration to impose several rounds of escalating sanctions on the Iranian economy, beginning on June 30th, the newest deadline for negotiators to strike a deal, if no agreement is reached. The bill will be marked up on January 29th. The Obama Administration is opposed to new sanctions as negotiations continue around a deal that would curtail Iran's nuclear program in exchange for easing the sanctions that are already in place. Senator Kirk suggested the Senate Banking Committee, which has jurisdiction over sanctions policy, could pass the bill within the next few weeks. A Banking Committee hearing on Iran sanctions has been scheduled for January 27th. As Senate Majority Leader Mitch McConnell (R-KY) has already expressed his support for the Menendez-Kirk bill, it is considered a top contender for floor action. While the bill likely has 60 votes to pass the Senate, it would likely be an uphill lift to collect the 67 votes needed to override a presumptive presidential veto. Also related to the Iran negotiations, Foreign Relations Committee Chairman Bob Corker (R-TN) and Senator Lindsey Graham (R-SC) have indicated they will also reintroduce the [Iran Nuclear Negotiations Act](#), also initially introduced in the 113th Congress, which would require congressional approval of any deal reached with Iran. Senator Graham has predicted this bill will see bipartisan support in the 114th Congress. Chairman Corker predicted floor action on Iran sanctions by late January or early February. Aside from the action in the Senate, House Foreign Affairs Committee Chairman Ed Royce (R-CA) and Ranking Member Eliot Engel (D-NY) are planning to meet the week of January 19th to craft their own Iran sanctions legislation. As this legislation is drafted, negotiators are continuing to work towards a deal that could be signed by June 30th. On January 14th, Secretary of State John Kerry met with Iranian Foreign Minister Mohammad Jawad Zarif to discuss Iran's nuclear program. Broader talks between the P5+1 delegations were due to restart following this meeting.

Middle East Peace Process

At the start of his tenure as secretary of state, many felt that Secretary Kerry believed the U.S. could make significant strides in its role as chief negotiator in a Middle East peace deal during President Obama's second term. With the U.S.-facilitated talks between Israeli Prime Minister Benjamin Netanyahu and Palestinian Authority President Mahmoud Abbas breaking down once again in April 2014, in the near-term, the prospects for Middle East peace will likely be centered on multiple attempted Palestinian statehood bids at the U.N. In 2012, the U.S. voted against Palestine's U.N. bid to attain non-member observer status. The U.S. also played a key role in rejecting a Palestinian statehood bid in December 2014, in part due to pressure from a pro-Israel lobby in Washington that aligned with Israel's opposition. The pro-Israel lobby remains powerful and will continue to generate opposition to any further efforts on Palestine's part to achieve recognition at the U.N. As a result, the U.S. Mission to the U.N. (USUN) can be expected to repeatedly reject Palestine's approach at the U.N., as evidenced earlier this month by U.S. [opposition](#) to Palestine's efforts to accede to the Rome Statute of the International Criminal Court (ICC). While the Obama Administration continues to support a two-state solution in the Middle East, aside from the fact that the U.S. Government attests that Palestine has yet to actually form a state, the U.S. position on such issues will continue to be based on a long-held belief that this can only be achieved through bilateral dialogue between Israel and Palestine, as opposed to any unilateral path to statehood that Palestine might pursue at the U.N. In the longer term, it is possible the State Department may try to reconvene Israeli and Palestinian leaders for peace talks, especially as Secretary Kerry's ability to negotiate a

ceasefire in Gaza earlier this year demonstrates the untarnished ability of the U.S. to bring both parties to the table. The likelihood of such action, however, will be affected by a full foreign policy agenda.

Syrian Regime of Bashar Al-Assad

As noted in the [section on Defense & National Security](#), congressional debate on an Authorization for Use of Military Force (AUMF) specific to the mission to degrade and defeat the Islamic State of Iraq and the Levant (ISIL) may also include a review of the Obama Administration's strategy related to the regime of Bashar al-Assad in Syria. With Republicans in control of Congress, some analysts suggest lawmakers will advocate for the administration to take a more aggressive approach to toppling the Assad regime and to addressing the conundrum of Syrian rebels fighting a two-fronted war against not only Assad, but also ISIL. As a result, Senate Armed Services Committee Chairman John McCain (R-AZ) and Senator Lindsey Graham (R-SC), both stalwart critics of President Obama's Syria policy, are likely to continue to call on the administration to support the Free Syrian Army by setting up safe zones and protected no-fly zones in Syria. Arguing that ISIL cannot be defeated until Assad is removed from power, Senators McCain and Graham will also continue to pressure the administration to engage Middle East allies, such as Turkey, for assistance and to devote more resources to training and arming Kurdish Peshmerga forces with the primary mission of taking down Assad. To date, this is a strategy the White House has been reluctant to pursue. Meanwhile, the U.S. is expected to continue to provide humanitarian assistance for civilians in Syria, as well as to Syrian refugees that have fled to Jordan, Lebanon, Turkey, Iraq, and Egypt.

North Korea Sanctions

On January 2nd, the Treasury Department imposed [sanctions](#) on ten individuals and three entities in North Korea, including the country's primary intelligence organization and its arms dealer, in response to the North Korean cyberattack that aimed to stop Sony's release of "The Interview." While the Federal Bureau of Investigation (FBI) says it has evidence the hack was carried out by the North Korean government, North Korea's National Defense Commission continues to deny the government's involvement and has threatened to wage war on the U.S. if the sanctions are not rolled back. While House Foreign Affairs Committee Chairman Ed Royce (R-CA) commended the administration for challenging the cyberattack, he urged the executive branch officials to go further in implementing harsher sanctions on North Korea. In fact, Chairman Royce suggested that Congress may once again take up the [North Korea Sanctions Enforcement Act](#), legislation he authored that would strengthen the sanctions regime, prohibit North Korea's access to critical resources, and hold North Korean officials accountable for human rights abuses, all without prohibiting humanitarian aid. This bill passed the House last year and was amended by the Senate Foreign Relations Committee, but never considered by the full Senate. Further, Senate Foreign Relations Committee Ranking Member Robert Menendez has also called on the State Department to take further action in response to the recent cyberattack. In a [letter](#) to Secretary Kerry, Ranking Member Menendez urged the State Department to reconsider designating North Korea as a state sponsor of terrorism as part of the 2015 Country Reports on Terrorism. More broadly, the North Korean cyberattack could influence action on cybersecurity legislation to help deter foreign cyberattacks. For additional information on cybersecurity in the 114th Congress, please refer to the [section on Telecommunications](#).

Pivot to the Asia-Pacific

The Obama Administration has also viewed the pivot to the Asia-Pacific region as one of its foreign policy legacies. While conventional wisdom is that the losses for the Democratic Party in the 2014 midterm elections could diminish the influence of the Obama Administration abroad, greater collaboration between President Obama and the Republican-controlled Congress could actually generate positive shifts in U.S. foreign policy towards the Asia-Pacific. First, Republican gains in Congress are expected to bolster progress on the Trans-Pacific Partnership (TPP), a key tenant of the Administration's pivot to Asia. With the new Republican Senate, U.S. bilateral negotiations with Japan are anticipated to pick up pace, furthering the multilateral trade initiative. For additional analysis of the TPP negotiations please consult the [section on Trade](#). As has been the case in the past few years, concerns related to China's military capabilities are likely to remain consistent. Also worth noting, Republican congresses have traditionally favored stronger U.S.-Taiwan relations. While the ability of Congress to dictate a discernible Taiwan policy will be limited, it is expected that Republicans will use their oversight authority to encourage the Administration to revitalize ties with island, especially on issues related to Taiwan's national defense. The Asia-Pacific will also continue to be a region where the Obama Administration strives to promote its strong agenda on human rights, and in particular in Burma and Vietnam. While the Administration largely view its efforts in Burma a success and will be closely watching Burma's 2015 general elections, Republicans in Congress might seek legislation requiring the President to reinstitute sanctions on Burma that are currently suspended. In Vietnam, where the U.S. has recently loosened restrictions on arms exports, this year is likely to see new efforts, both in Congress and at the State Department, to tie future arms sales to human rights benchmarks. Another issue that is expected to enhance U.S. relations with the Asia-Pacific this year is efforts, which will be led by

Senate Committee on Energy and Natural Resources Committee Chairman Lisa Murkowski (R-AK), to loosen restrictions on U.S. energy exports. With U.S. allies in Asia among the world's largest natural gas importers, and with the movement of energy exports through the South China Sea, any action to facilitate an increase in energy exports to Asia could have important economic and strategic implications for U.S. relations with a number of Asian countries, such as Japan, India, and China. For additional information on U.S. energy exports, please see the [section on Energy & Environment](#).

U.S.-Africa Relations

2015 U.S. agenda items for Africa will continue to prioritize efforts to respond to the Ebola outbreak in West Africa, and in particular in Guinea, Liberia, and Sierra Leone where virus transmission remains a challenge. In December, Congress appropriated \$5.4 billion in emergency funding for the Ebola response in the [Consolidated and Further Continuing Appropriations Act of 2015](#). Of the total \$5.4 billion, the Department of Health and Human Services (HHS) received \$2.5 billion to bolster the readiness of U.S. hospitals, accelerate vaccine development, and assist in traveler screenings, USAID received \$2 billion to scale up the U.S. global response, and the Department of State and the Department of Defense (DOD) each received just over \$100 million to support Ebola response activities. Early this year, each of these agencies can be expected to use this new funding to expand existing Ebola response programs. Another leading Africa issue will be the reauthorization of the [African Growth and Opportunity Act](#), which is due to expire on September 30. With the Obama Administration's heightened focus on trade and economic development opportunities on the continent, as evidenced by the success of the first-ever U.S.-Africa Leaders Summit in August, AGOA reauthorization represents an opportunity to strengthen the existing nonreciprocal trade program to both support growing African economies and promote enabling economic and political environments for U.S. investment. Issues expected to be raised as part of the AGOA debate include diversification of trade and product coverage, barriers to U.S. exports to Africa, such as restrictions on U.S. poultry imports, reauthorization of the third country fabric provision, revision and relaxation of rules of origin with respect to the global supply chain, and treatment of middle-income Africa countries vs. least developed countries (LDCs). For additional information on AGOA reauthorization, please view the [section on Trade](#). Also focused on improving the U.S. economic relationship with the continent, the Obama Administration will continue to promote its multiagency Power Africa initiative, which is aimed at doubling the number of people with access to power in sub-Saharan Africa. From a security standpoint, and despite the ability of a joint mission launched to rescue 276 kidnapped schoolgirls to assuage skepticism regarding U.S. engagement in Nigeria, the U.S. is likely to continue to offer assistance to the Government of Nigeria in combatting Islamist militant group Boko Haram. The Boko Haram insurgency will continue to be a high visibility issue leading up to the Nigerian presidential election in February 2015. Finally, the U.S. foreign policy towards Africa will continue its decades-long approach to combating genocide. The U.S. commitment to preventing these atrocities in Africa was recently evidenced by the reopening of the U.S. Embassy in Bangui, Central African Republic (CAR), which was timed with the announcement of an additional \$28 million in U.S. humanitarian funding and coincided with the launch of a new U.N. peacekeeping mission in the country.

U.S. Chairmanship of the Arctic Council

This year, the U.S. takes over the chair of the interstate Arctic Council from Canada. The Arctic Council is a high-level, intergovernmental forum comprised of representatives from Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the U.S. and tasked with addressing environmental protection and sustainable development issues in the Arctic region. U.S. participation in the Arctic Council is led by the Department of State, and primarily U.S. Special Representative for the Arctic Admiral Robert Papp, Jr., while other U.S. Government agencies, including the Department of Interior, Department of Energy (DOE), National Oceanic and Atmospheric Administration (NOAA), Federal Aviation Administration (FAA), Coast Guard, and Environmental Protection Agency (EPA), participate in the Arctic Council's work. Admiral Papp has indicated the U.S. chairmanship of the Arctic Council will focus on economic conditions, climate change, and safety and security in the Arctic region. Further, Admiral Papp has articulated a long-term vision for the Arctic that includes sustainable development, with safe extraction of oil and natural gas with connections to pipelines, as well as the deployment of renewable energy solutions. Despite bilateral tensions between the U.S. and Russia, Admiral Papp has advocated for an approach to U.S. leadership of the Arctic Council in which the U.S. and Russia can work together towards cooperation in the Arctic region.

Embassy Security

Following the September 2012 terrorist attacks on the U.S. diplomatic facility and the Central Intelligence Agency (CIA) in Benghazi, Libya, diplomatic security issues have maintained high visibility, both in Congress and within the Obama Administration. On January 6, the House of Representatives passed a [rules package](#) by a vote of 234-172 that reauthorized the House Select Committee on Benghazi. Democrats on the Committee, including Ranking Member Elijah Cummings (D-MD) and Representatives Adam Smith (D-

WA), Adam Schiff (D-CA), Linda Sanchez (D-CA), and Tammy Duckworth (D-IL), lamented the reauthorization, which set no limit on the Committee's budget or time frame, which means it could last well into the 2016 election cycle. Moving forward, the Committee is expected to continue its investigation into the Benghazi attacks and to perform oversight of the State Department's implementation of the Accountability Review Board's (ARB) recommendations related to the incident in Benghazi. Further elevating diplomatic security issues, the State Department is expected to renew or re-compete a number of contract vehicles it uses to procure security services this year. First, the State Department is anticipated to issue a request for proposals (RFP) under its estimated \$10 billion Worldwide Personal Protective Service (WPPS) contract, used to hire private companies to protect State Department employees overseas, in March 2015, with awards expected as soon as August 2015. The State Department could also issue awards under a new Worldwide Protect Services (WPS) contract, which is used to compete task orders for security of U.S. facilities around the globe, as soon as December 2015. The successor to the current WPS contract will likely incorporate more difficult standards and membership in the International Code of Conduct for Private Security Service Providers (ICoC) as requirements in the bidding process.

Health Care

With Republicans controlling both Chambers of Congress for the first time since passage of the Affordable Care Act (ACA), health care priorities in the 114th Congress will likely reflect this new majority. We predict a focus on changes to the health law — some of which could very well be bipartisan — another run at sustainable growth rate (SGR) reform, the continuation of the 21st Century Cures Initiative, payment and delivery system reform, and telehealth, health IT, and promoting the role of innovative health care technology.

Major Policy Issues

ACA

The 114th Congress, controlled by the GOP, is expected to be marked with attempts, both large and small, to repeal and replace the ACA. This was illustrated in the first days of the new Congressional session with a vote on legislation to lengthen the definition of a fulltime work week from 30 hours to 40 hours. The House approved legislation ([H.R. 30](#)) on January 8th and Majority Leader McConnell has indicated that voting on the measure is at the top of the GOP Senate's priorities. As anticipated, the White House has [signaled](#) a veto of the bill.

Budget Reconciliation: Notably, there has been discussion, including by Majority Leader McConnell, of using the budget process to repeal some or all of the ACA. With a goal of full repeal, the reconciliation strategy has several advantages including that, under the Congressional Budget and Impoundment Control Act of 1974, it is not subject to a filibuster and may pass by a simple majority. While the reconciliation bill must be signed by the President, it could present President Obama with the choice of repealing some or all of the ACA.

One potential problem with the strategy is that the Congressional Budget Office (CBO) has scored the ACA as a cost saving program and the Senate and House have both adopted policies prohibiting passage of any matter that would increase mandatory spending using the reconciliation process. More likely than repealing the ACA outright, Congress could use reconciliation instructions to require the repeal of such sections of the ACA as the medical device tax, elimination of the Independent Payment Advisory Board (IPAB), or raising the definition of the work week from 30 to 40 hours.

Subsidies: Above and beyond any potential changes which Congress may pass to the ACA, the Supreme Court is critically poised to shape the fate of the health care law. The Court agreed to take up *King v. Burwell*, which challenges an IRS rule making subsidies available to all eligible Americans purchasing insurance on the ACA-created health exchanges whether or not the consumer is seeking insurance on the federal or one of the state-run exchanges. At risk are tax subsidies available to the millions of consumers who buy insurance on the federally-run exchanges, according to language in the ACA that only provides those credits, "through an Exchange established by the state."

In the final days of 2014, Republican lawmakers asked the Administration to begin thinking about a response should the exchange subsidies be overturned. Republican Senators John Barrasso (R-WY), Mitch McConnell (R-KY), John Cornyn (R-TX), John Thune (R-

SD), and Roy Blunt (R-MO) recently [wrote](#) to HHS Secretary Burwell and Treasury Secretary Jacob Lew asking about the Administration's plans should the Supreme Court uphold a challenge to ACA subsidies in *King v. Burwell*. Specifically, the letter requests that the Department of Health and Human Services (HHS) and the Treasury Department include information in their 2016 budget requests on how the agencies plan to respond to the Supreme Court striking down ACA subsidies.

ML Strategies and Mintz Levin have described the implications of *King v. Burwell* in greater detail in our alert, [On the Verge of Melt-Down: Core of ACA at Risk and Remedial Options Scant If Supreme Court Rules Against Government in King v. Burwell](#).

Timeline: As Congress attempts to chip away and revise portions of the health care law, agencies will continue to implement the ACA. The chart below provides an overview of key ACA provisions that will go into effect in 2015.

2015 ACA Key Provisions	
Employer Provisions	Employer reporting requirements (provision delayed from January 1, 2014) Employer Mandate (provision delayed from January 1, 2014)
Small Business Health Options Program (SHOP)	Federally-Facilitated SHOP employee choice provisions
State Basic Health Plan Option	States can implement the Basic Health Program starting in 2015.
Insurer Fee	\$11.3 billion insurer fee to fund subsidies
Individual mandate	The penalty for noncompliance increases to \$325 or 2 percent of income.
Medigap	Medigap plans C and F take effect.
Medicare Payment Advisory Board	Beginning January 15, 2015 and every two years, MedPAC will make binding recommendations to reduce Medicare growth and nonbinding recommendations on ways to slow health spending.
Health Insurance Coverage Reporting	ACA section 6055, requiring every provider of minimum essential coverage report coverage information to the IRS.
Administrative Simplification	Possible implementation of requirements stating health plans certify compliance with claims, enrollment, premium payment, claims attachment, and referral standards.
Physician Payments	Effective January 1, 2015 a new provision will tie physician payments to the quality of care they provide.
Federal Children's Health Insurance Program (CHIP) Matching	Effective October 1, 2015 the ACA provides for a 23 percentage point increase in the CHIP match rate up to a cap of 100%.

Sustainable Growth Rate

As in past years, Congress will again have to tackle the Sustainable Growth Rate (SGR), or "Doc Fix." The SGR fix would replace the SGR methodology for physician reimbursement under Medicare. Without reform or a patch, physicians would face a close to 25 percent

cut in payments. The current pay patch expires March 31, 2015 and Congress must find just under \$119 billion over 10 years to fully cover a permanent replacement bill (assuming that physician pay growth is flat).

Although legislators nearly worked out a bipartisan deal before the last deadline in March 2014, subsequent retirements — including then-Chairman Max Baucus and retired Ways and Means Chairman, Dave Camp (R-MI) — mean a new cast of characters at the negotiating table. Further, with the GOP takeover of the Senate, even more changes are forthcoming as Representative Paul Ryan (R-WI) chairs the House Ways and Means Committee and Senator Orrin Hatch (R-UT) takes over the Senate Finance gavel from Senator Ron Wyden (D-OR).

There have been reports that GOP House leadership has started to rewrite the deal negotiated largely between Senate Finance and House Ways and Means in early to mid-2014. This further complicates a delicately laid out deal that offered modest payment increases while pushing providers towards alternative payment models such as patient-centered medical homes and accountable care organizations.

Payment Reform

A multitude of new initiatives designed to reduce health care spending were introduced in the 113th Congress, many of which were rare bi-partisan proposals. Apart from SGR efforts which contain a variety of alternative payment models and other efforts to contain Medicare costs, policymakers focused their efforts on long-term care reform, new episode-based payment approaches, and other quality improvement initiatives.

Stakeholders are anticipating that an updated version of the bipartisan and bicameral “Better Care, Lower Cost” Act to be introduced. In the 113th Congress, Senators Johnny Isakson (R-GA) and Ron Wyden (D-OR) along with Representatives Erik Paulsen (R-MN) and Peter Welch (D-VT) were the original authors of the legislation that would create new provider-led organizations that would comprehensively manage health care for Medicare beneficiaries with multiple chronic conditions.

Other notable legislative proposals from the 113th Congress that will likely be reintroduced include:

- H.R. 4673, the Bundling and Coordinating Post-Acute Care (BACPAC) Act of 2014, introduced by Representatives Price (R-GA) and McKinley (R-WI), which would require a single bundled payment for all post-acute care services under Medicare Parts A and B
- An effort by Senators Grassley (R-IA) and Casey (D-PA) to create a new demonstration project that would combine Program of All-inclusive Care for the Elderly (PACE) with Continuing Care Retirement Communities to test a capitated payment system for elder care.

Payment reform efforts could increase dramatically as the new GOP-led Congress attempts to find cost-savings with the Medicare system in order to pay for a variety of legislative initiatives, ranging from entitlement reform to other programs that must be paid for to stay budget-neutral or even produce savings for the federal budget.

Telehealth, Health IT, and mHealth

The [health care and life sciences team at ML Strategies](#) has been very active in the telehealth, health IT, and mHealth policy spaces and has produced a comprehensive alert titled, [Telehealth, Health IT, and mHealth Policy: Considerations for Stakeholders](#). A summary of this document is below.

In the 113th Congress there was a proliferation of policy and industry attention on telehealth, health IT, and mHealth as lawmakers and stakeholders alike have recognized the cost, quality, and accessibility benefits of telehealth and momentum for implementation of telehealth are growing. For example, at least [57 bills](#) that relate to telehealth were introduced last Congress. Representative Fred Upton, Chairman of the House Energy and Commerce Committee, embarked on a “21st Century Cures Initiative,” and convened a series of hearings and roundtables with the ultimate goal of developing bipartisan legislation to promote innovation in the health care space.

In the 114th Congress, there is reason to believe the momentum for policy to address telehealth will only continue, if not increase in pace. With the current Medicare Sustainable Growth Rate (SGR), or “Doc Fix,” set to expire in March 2015, lawmakers are expected to once again turn their attention to SGR reform early in 2015. This focus on overhauling the physician payment formula, and more broadly payment reform, will likely also drive continued attention to telehealth reimbursement challenges.

Reimbursement: Current federal law is extremely restrictive on how telehealth is paid for — resulting in a disincentive to provider adoption. Social Security Act Section 1834(m) defines the conditions for payment for telehealth services under Medicare. The statute requires that a patient must present at a rural, clinical originating site in order to receive care via telehealth. Thus, Medicare reimbursement for telehealth is only available at clinical sites in rural areas and patients seeking care in metropolitan areas are unable to access these services. These restrictions have led to extremely low Medicare reimbursement for telehealth encounters, with only a reported \$11.8 million for calendar year 2013 (Center for Telehealth and e-Health Law (CTeL). “CMS Medicare Reimburses Nearly \$11.8 Million for Telemedicine in 2013.” April 28, 2014).

In the first weeks of the new Congress, eight members of the House Energy and Commerce Committee — Representatives Gregg Harper (R-MS), Peter Welch (D-VT), Bob Latta (R-OH), Greg Walden (D-OR), Doris Matsui (D-CA), Bill Johnson (R-OH), and Chairman Fred Upton (R-MI) and Ranking Member Frank Pallone (D-NJ) — floated a discussion draft of legislation, Advancing Telehealth Opportunities in Medicare. The bill would ease Medicare restrictions on telemedicine payments as long as the services meet certain requirements, such as servicing unmet needs or reducing costs.

Definition: Currently, there is no federal standard for clinical guidelines in telehealth; medical boards and state regulatory boards across the country are each responsible for setting the standards for the appropriate practice of medicine via telehealth in their state. Efforts in Congress to modernize the regulatory treatment for telehealth will likely address the issue of how to actually define telehealth. One option might be for Congress to defer this authority to the Administration to create a definition through a public, multi-stakeholder process — for instance, either a notice and comment rulemaking or a sub-regulatory guidance document. Republicans, however, given their distrust of the current Administration, might not be inclined to provide HHS this authority. Other alternatives for a telehealth definition could include:

- Utilizing the existing Public Health Service Act (PHSA) Definition
- Building on efforts made by the Federation of State Medical Board (FSMB)
- Reintroduction of the Telehealth Modernization Act (H.R. 3750)

Licensure: As with clinical permissibility, licensure is set on a state-by-state basis by state medical boards — and a provider typically must be licensed in the state in which a patient is located when receiving the treatment. There have been several solutions floated to address the problem of licensure. For example, the FSMB is also attempting to tackle licensure, with its Interstate Licensure Compact. As with other aspects of telehealth policy, legislation has already been introduced in Congress to address the issue of licensure. For example, H.R. 3077, introduced in the 113th Congress, the Telemedicine for Medicare (TELE-MED) Act, would allow treatment under Medicare via telehealth across state lines. There is significant support for the measure, demonstrated by an industry letter with 66 stakeholder signatories; however, concerns remain regarding professional accountability and cross-state practices.

Health IT: Since the passage of the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009, the proliferation of the health information technology (HIT) industry and regulations governing it have exploded. As stakeholders await finalization of the Meaningful Use 2 guidelines in addition to regulation over mHealth devices and clinical decision support applications, there is still a great deal of activity anticipated through the Office of the National Coordinator for Health Information Technology (ONC), the lead office in the Obama Administration for HIT matters, and also the Food and Drug Administration (FDA) among other agencies and offices outside the Department of Health and Human Services (HHS), including the FCC and the FTC.

mHealth: Health IT and medical software, especially those utilizing mobile technology such as tablets, smartphones, and wearables, known as mHealth, have seen tremendous growth in the past few years. Last year, industry stakeholders including medical device manufacturers, software developers, the communications/wireless industry, electronic health record companies, patient groups, and many others were intensely focused on the initial framework for FDA oversight and regulation of mHealth technology.

On the regulatory side, in September 2013, the FDA published final guidance outlining a “tailored approach” that instituted nonbinding recommendations for mobile medical apps that meet the definition of “device” under the Federal Food, Drug, and Cosmetic Act and are intended to be used as an accessory to a regulated medical device, or to transform a mobile platform into a regulated medical device. In April 2014, the three federal agencies charged with regulating health information technology — the FDA, ONC, and the FCC — issued a long-awaited [Proposed Strategy and Recommendations for a Risk-Based Framework](#) report. The report proposed a strategy and recommendations for regulation of health IT that focused on the potential risks while promoting innovation, protecting patient safety, and avoiding regulatory duplication.

Congress introduced several measures dealing with mHealth in the previous Congress. Senators Michael Bennet (D-CO) and Orin Hatch (R-UT) introduced bipartisan legislation that would exempt low-risk medical software and mobile apps from FDA regulation. The Medical Electronic Data Technology Enhancement for Consumers' Health (MEDTECH) Act clarifies that FDA would regulate clinical decision support software only if it automates the clinician's decision rather than just providing guidance. Senators Deb Fischer (R-NE) and Angus King (I-ME) on the Senate side and Representative Marsha Blackburn (R-TN) on the House side introduced the Preventing Regulatory Overreach To Enhance Care Technology ("PROTECT") Act aimed at offering a regulatory framework for health IT innovation, while balancing patient safety protection

The landscape for mHealth regulation will likely grow in complexity as the sophistication and application of new technologies continues to expand to areas previously unthinkable by regulators. As wearables become implantables and as technology further bridges health care providers and suppliers with individuals in their homes and work, innovation will continue to outpace regulation.

21st Century Cures

As mentioned above, the House Energy and Commerce Committee began a bipartisan effort — led by Chairman Upton (R-MI) and Representative Diana DeGette (D-CO) — in the 113th Congress called the 21st Century Cures Initiative. The Committee, given the past pace of health care innovation, began the initiative to examine the full arc of the health care continuum — “from the discovery of clues in basic science, to streamlining the drug and device development process, to unleashing the power of digital medicine and social media at the treatment delivery phase.”

In the 113th Congress, the House Energy and Commerce Committee held twelve hearings and roundtables on the initiative and released a series of white papers, soliciting comments from stakeholders.

At the close of 2014, House Energy and Commerce Committee Chairman Fred Upton (R-MI) reiterated his intent to push for a bipartisan 21st Century Cures bill in early 2015. Chairman Upton remarked that he hopes the bill(s) would be on the House floor for a vote before Memorial Day and on the President's desk by the end of this year. Upton's timeline included outreach to the Senate in December and a discussion draft introduced as early as January in the new Congress. Foreshadowing components of the legislation, Upton said the bill could contain additional research funding for the National Institutes of Health (NIH), provisions to further drug and device development, and structural changes for the FDA.

CHIP Funding

One of the final hearings of the 113th Congress was a House Energy and Commerce Subcommittee on Health examination of the State Children's Health Insurance Program (CHIP). While the ACA provided for an extension of CHIP through 2019, the law only authorized appropriations through fiscal year 2015. Thus, Congress must act before September 30, 2015 to provide additional funding to continue the program.

In addition, the ACA increased the CHIP federal matching rate by 23 percentage points, bringing the average federal matching rate for CHIP to 93 percent. Above and beyond simply funding the program, lawmakers will likely debate ways in which to pay for the more expensive price tag.

FDA Priorities

In a departure from previous years, to begin 2015 the FDA released a list of final and draft guidance priorities that the agency will pursue in 2015. The FDA said that the list is intended to reflect “a variety of quantitative and qualitative goals intended to help get safe and effective medical devices to market more quickly.” The list is divided into priority items (list A) and items to be completed if time and resources permit (list B). Among the list A final guidance topics, the FDA intends to address:

- Applying Human Factors & Usability Engineering to Optimize Medical Device Design
- Expedited Access for Premarket Approval of Medical Devices Intended for Unmet Need for Life Threatening or Irreversibly Debilitating Diseases or Conditions
- Framework for Regulatory Oversight of Laboratory Developed Tests
- Submission and Review of Sterility Information in 510(k) Submissions for Devices Labeled as Sterile

Among list A draft guidance topics, the FDA intends to tackle:

- General Wellness Products
- Medical Device Accessories
- Medical Device Decision Support Software
- Unique Device Identifier (UDI) direct marketing

The full list of all priorities is [available here](#).

Immigration and Judiciary

While comprehensive reform of the nation's immigration laws is not likely to occur, incremental efforts to address border security are a clear priority for House and Senate Republicans, now in the majority. Patent reform continues to be a priority across many industries and with various stakeholders, and appears to be one issue that Democrats and Republicans agree can be resolved. Although the change in control of the Senate means challenges for supporters of surveillance reform, the June 1, 2015 expiration of the Patriot Act will provide an important platform for debate.

Major Policy Issues

Immigration

After spending the 113th Congress in the spotlight, the issue of immigration reform will again be front and center in the 114th Congress. Following Senate passage of the Border Security, Economic Opportunity and Immigration Modernization Act ([S. 744](#)) in June of 2013, Republican leaders in the House made it clear that comprehensive immigration reform would not be moving through the House. With the change in leadership in the Senate from Democrat to Republican, the chances of comprehensive immigration reform legislation moving in 2015 are minimal. Following the 2014 midterms, President Obama announced that he would issue an executive order to bar the deportation of four million immigrants. In criticizing the President's move, congressional Republicans said it would dash any remaining hope of passing immigration reform.

Conservatives plan to pressure the President to reverse the order by withholding funding, at least temporarily, for the Department of Homeland Security, which is responsible for implementing the order and whose funding expires February 27th. The issue is made complicated by the fact that U.S. Citizenship and Immigration Services (USCIS), the arm of Department of Homeland Security (DHS) responsible for implementing the President's Executive Order, is largely self-funded. The House of Representatives acted on DHS appropriations early in the new Congress, but it remains to be seen what amendments will be adopted during Senate consideration, and how those amendments will fare with Senate Democrats, who have the power to bring down an unpalatable bill.

Overall, it is no secret that congressional Republicans will seek to pass legislation that strengthens border security, and Democrats will prioritize a pathway to citizenship, but Senate Republicans have signaled that they prefer the House to act first on any tweaks to immigration law. House Homeland Security Chairman Michael McCaul (R-TX) is expected to move border security legislation out of his committee in 2015.

Patent Reform

Pundits have noted with much sarcasm that Democrats and Republicans agree on one thing: the possibility of getting patent reform done this Congress. After clearing the [House](#) in 2013 by a lopsided 325-91 margin, opponents of patent reform scored a decisive victory in holding the bill up in the Senate. Now that Republicans have taken control, and Senator Chuck Grassley (R-IA) is running the Judiciary Committee, no such delay is expected. It is not yet clear whether the President would be willing to sign legislation containing this controversial provision.

Legislation will likely contain a “loser-pay” provision aimed at lawsuits deemed as frivolous, which Republicans have identified as their “big get” in reform legislation. Consumer groups strongly opposed the “loser-pay” provision when the legislation was considered in the previous Congress, and is often cited as the reason the bill was shelved by Majority Leader Reid. It is not yet clear whether the President would be willing to sign legislation containing this controversial provision.

Surveillance

The Republican takeover of the Senate lowered the odds of surveillance reform passing in the 114th Congress. The USA Freedom Act ([H.R. 3361](#)), which, among other things, would end the bulk collection of Americans’ metadata, passed the House, 303-121. But it died in the Senate, where it could not overcome a filibuster. The bill is unlikely to get a second chance as Senator Chuck Grassley — who now chairs the Judiciary Committee, which has jurisdiction over the matter — opposes the legislation.

However, two important laws are set to expire in the relative future, the PATRIOT Act (June 2015) and the FISA Amendments Act (2017). Both reauthorizations will provide opportunity for ample debate on the subject. Moreover, surveillance reform enjoys bipartisan support from mostly liberal Democrats and libertarian-leaning Republicans. This group will likely back the Secure Data Act ([H.R. 5800](#)), which Reps. Zoe Lofgren (D-CA) and Thomas Massie (R-KY) plan to reintroduce this Congress.

Copyright review

Chairman Goodlatte announced a comprehensive review of the nation’s copyright laws when he assumed the Judiciary Committee chairmanship in 2013. The stated goal of the hearings is to “determine whether the copyright laws are still working in the digital age to reward creativity and innovation.”

Since then, the committee has convened 18 hearings, and the Chairman has indicated he intends to complete this review in 2015, at which time the committee will determine whether legislation is warranted. ML Strategies is closely monitoring the committee’s activities on copyright reform. House Republican leadership has indicated to us that the completion of the copyright review, and any subsequent legislation, would be an important component of the 2015 legislative calendar.

Postal Reform

The U.S. Postal Service (USPS) is seeking reform to help alleviate financial, structural and technological pressures. House Oversight Chairman Jason Chaffetz (R-UT) has said he wants to put postal reform on his agenda. A deal would likely come in the form of financial relief for the USPS in exchange for structural reform. However, the exact reforms remain to be seen and will likely involve conflict with unions such as the American Postal Workers Union over issues such as pensions, schedules and workforce numbers. There is hope for bipartisan agreement based on a bill introduced last Congress by Senators Tom Carper (D-DE) and Tom Coburn (R-OK) gaining approval from the Homeland Security and Governmental Affairs Committee last year. With Senator Coburn’s retirement last year, Senator Carper will need to find another Republican Senator to lead the effort with him this Congress. The biggest obstacle to postal reform will be interest-groups, not partisan politics.

Major Policy Issues

New Postmaster General

Current Postmaster General Patrick Donahue will retire on February 1. Megan Brennan, current Chief Operating Officer, will take his place. Because of Donahue and Brennan’s close relationship, she is expected to carry out similar policies and cutbacks as her predecessor. These policies were not always popular, however, and in a recent speech Donahue chided “myopic” labor unions for their “narrow interests” and desire to preserve the status quo rather than face tough changes to improve the USPS’ long-term viability. Brennan has worked for the Postal Service for 27 years, and her previous roles include letter carrier and Vice President of Eastern Area Operations. She will be the first female Postmaster General. Although Congressional approval is not needed for a new Postmaster General, Senator Tom Carper (D-DE) questioned whether the USPS Board conducted a thorough recruiting search for their new head

when they picked Brennan. In their announcement, the Board signaled that they trust Brennan will maintain high delivery performance in the face of a workforce and resource reduction.

Saturday Delivery

USPS would like the ability to end Saturday letter delivery, though this idea has previously gotten considerable pushback in Congress. As the former House Oversight Committee Chairman, Darrell Issa (R-CA) supported the Postal Service's wish to scale back to a five-day letter delivery service in July 2014. The schedule change could save an average of approximately \$2 billion a year. President Obama also called for a change to five-day delivery in his 2015 budget. However, Republicans from rural districts, Democrats and postal unions did not support the change and it was never implemented. The issue of Saturday delivery could become one of the most high profile fights of postal reform should it be considered again as a way to cut costs.

Health Benefits and Pensions

In further efforts to cut costs, the Postal Service wants to remove the requirement that they prefund 75 years of retiree health benefits in only 10 years, which would add up to \$5.6 billion a year in savings. The USPS would like to require its eligible retirees to use Medicare instead of their Postal Service health insurance. If not for these retiree health benefits, the Postal Service would have turned a profit in 2014. Last February, the Senate Homeland Security Committee approved a bill by Senators Tom Carper (D-DE) and Tom Coburn (R-OK) that lowered the USPS's health-benefit payment. However, this change was to come in exchange for eliminating Saturday delivery and thus faced pushback. Financial relief in exchange for structural reform is still the supported outline of a deal, though it remains to be seen what reform will be needed to win the agency relief from these payments.

USPS would also like to change their pension system. Outgoing Postmaster General Donahue said he wants the agency to move to a defined contribution or 401(k) style plan instead of a defined pension.

Data Security and IT Modernization

Security and technology could also be a part of postal reform. A USPS data breach last fall compromised the information of employees and customers. The House Oversight Committee held a hearing in November in which members criticized USPS's failure to act in a timely manner once the breach became apparent.

USPS is hoping to continue to modernize its IT infrastructure. It has invested hundreds of millions of dollars in its IT infrastructure to expand its capabilities. Tools such as letter tracking, data collection and sorting technologies have helped expand the Postal Service's business opportunities. Outgoing Postmaster General Donahue credits these new technologies with allowing the agency to stabilize mail revenue in some of its product lines. USPS is hoping to be able to expand these modernization efforts.

Cutbacks

USPS wants authorization to shrink its workforce to 400,000 career employees in order to save money. This would be down from about 480,000 currently. The agency has already shrunk by 320,000 employees since fiscal year 2000. The Postal Service also wants to close around 80 mail-sorting centers. These cutbacks would likely face pushback from interest groups despite the agency and other reformers saying they are financially necessary.

Regulatory Reform

The stakes are often high for industries and sectors impacted by Federal rules and regulations. While the detrimental effects of regulations to certain business sectors tend to receive the lion's share of attention, there are many industries that benefit from increased regulatory activity. Detractors point to the cost of implementing a new regulation and its downstream impact, which can often run into the hundreds of millions of dollars — while supporters of regulatory efforts argue that the benefits of a new regulation can result in new business.

Over the next two years, the Obama Administration can be expected to vigorously exercise its regulatory agenda for the final leg of President Obama's term in office. We expect to see continued activity on an array of regulatory matters, including health care, financial services, and the environment, as a result of the Affordable Care Act, the Dodd-Frank Wall Street Reform Act, and the decades-old Clean Air and Clean Water Acts.

In response, House Speaker John Boehner (R-OH) has indicated that regulatory reform is a key component of his "[5 Points for Resetting America's Economic Foundations](#)," in addition to reform of the tax code, addressing spending, reforming the legal system, and improving education. With Republicans now in control of both the House and Senate, opposition to the President's regulatory agenda will likely see an uptick in the number of oversight hearings, with the GOP also seeking to use its new congressional majority to block some regulatory actions, either through the legislative process or by withholding funds. One other aspect to keep an eye on is the Congressional Review Act (CRA), which became law in 1996 and empowers Congress to review new regulations through an expedited process and to overrule a regulation via passage of a Joint Resolution of Congress.

While the regulatory reform bills discussed below have the potential to check the Administration's regulatory goals, the real challenge for the Administration's regulatory agenda could be in the appropriations process, where Republicans can use their majorities to withhold funds from the implementation of a particular rule of which they disapprove.

Major Policy Issues

Regulatory Accountability Act

Approved in the 113th Congress as part of a larger regulator reform bill that was not taken up by the Senate, in the 114th Congress Rep. Robert Goodlatte (R-VA) has reintroduced the Regulatory Accountability Act, aimed at cutting government red tape. The measure would require federal agencies to choose the lowest cost rulemaking alternative that meets statutory objectives; improve agency fact-gathering, fact-finding and identification of regulatory alternatives; require advance notice of proposed major rulemakings to increase public input before agency positions are proposed; and fortify judicial review of new agency regulations. The House approved the bill, [H.R. 185](#), on January 13th, along with an amendment offered by Rep. David McKinley (R-WV) that requires Federal agencies to consider the impact on low-income populations when developing new regulations. The White House has indicated that the President would veto the measure if it were sent to him for signature.

Previously Introduced Regulatory Reform Legislation

In the previous Congress, several bills aimed at regulatory reform were introduced in the House of Representatives, and are discussed in detail below. Some saw House passage, although none of those measures were approved in the then-Democratic-controlled Senate. The GOP will likely seek to reintroduce and pass these bills, and other regulatory reform measures, sending them to the President for signature or veto.

Regulations from the Executive in Need of Scrutiny (REINS) Act

Last Congress, the Regulations from the Executive in Need of Scrutiny (REINS) Act was introduced in the House of Representatives by Rep. Todd Young (R-IN) with 164 Republican cosponsors. A companion bill was introduced in the Senate by Senator Rand Paul (R-KY) with 29 cosponsors. The only Democrat to cosponsor the Senate legislation was Senator Joe Manchin (D-WV). The REINS Act would make approval of any new federal regulation contingent upon an up-or-down vote in the House and Senate. The bill was passed by the House last year but never gained traction in the Senate. Now, with the GOP in control of the Senate and looking for opportunities to challenge President Obama's regulatory agenda, Republicans will continue to pursue the REINS Act, as they seek to highlight what they view as an undue burden placed on businesses and job creation by Federal regulations.

Electricity Security and Affordability Act

Approved by the House of Representatives in March 2014, the Electricity Security and Affordability Act was introduced by Rep. Ed Whitfield (R-KY) in response to the Administration's regulatory actions on greenhouse gases. The bill would prohibit the Environmental Protection Agency (EPA) from issuing, implementing, or enforcing any proposed or final rule under the Clean Air Act that establishes a performance standard for greenhouse gas emissions from any source that is a fossil fuel-fired utility generating unit unless the rule meets specific requirements established by the legislation. Seven of the bill's 87 cosponsors last Congress were Democrats.

SEC Regulatory Accountability Act

Introduced by Rep. Scott Garrett (R-NJ), the SEC Regulatory and Accountability Act was approved by the House of Representatives but was not taken up by the Senate. The measure would amend the Securities Exchange Act of 1934 to direct the Securities and Exchange Commission (SEC), before issuing a regulation under the securities laws, to: (1) identify the nature and source of the problem that the proposed regulation is designed to address in order to assess whether any new regulation is warranted; (2) use the SEC Chief Economist to assess the costs and benefits of the intended regulation and adopt it only upon a reasoned determination that its benefits justify the costs; (3) identify and assess the available alternatives that were considered; and (4) ensure that any regulation is accessible, consistent, written in plain language, and easy to understand.

Responsibly and Professionally Invigorating Development (RAPID) Act

The Responsibly and Professionally Invigorating Development (RAPID) Act was introduced by Rep. Tom Marino (R-PA) and would establish procedures to streamline, increase the efficiency of, and enhance coordination of agency administration of the regulatory review, environmental decision making, and permitting process for major actions that are construction activities undertaken, reviewed, or funded by federal agencies. Two of the bill's 10 cosponsors were Democrats. Last Congress, the RAPID Act was approved by the House but not taken up by the Senate.

All Economic Regulations are Transparent Act

Introduced by Rep. George Holding (R-NC), the All Economic Regulations are Transparent Act would require timelier, detailed information and greater transparency regarding proposed regulations.

Regulatory Flexibility Improvements Act

Introduced by Rep. Spencer Bachus (R-AL), who retired at the end of the last Congress, the Regulatory Flexibility Improvements Act would require federal agencies to consider and lower adverse impacts on small businesses before issuing new regulations. The issue of targeted regulatory reform for small businesses, including revisions to the Regulatory Flexibility Improvements Act, is likely to be a top priority for Rep. Steve Chabot (R-OH who has assumed the chairmanship of the House Small Business Committee.

Sunshine for Regulatory Decrees and Settlements Act

Introduced by Congressman Doug Collins (R-GA), the Sunshine for Regulatory Decrees and Settlements Act would prevent undisclosed settlement agreements between federal agencies and pro-regulatory plaintiffs that result in new federal regulations.

Congressional Review Act

While seemingly powerful in scope, the Congressional Review Act (CRA) has only been used successfully one time when Congress overruled a Labor Department rulemaking related to ergonomics in 2001. The CRA could become even more enticing to Republicans in the next Congress, should a Republican win the presidency in 2016, giving them the opportunity to overturn regulations finalized during the closing days of the Obama Administration.

Tax Policy

If the 114th Congress is to enact any comprehensive tax reform measure, it will need to do so quickly and take action this year before the 2016 election cycle begins. However, with a tax code that exceeds 4,000 pages and last saw major reform in 1986, comprehensive tax reform is a complicated issue and could possibly take multiple Congresses to achieve.

Work on tax reform began in the previous Congress, laying the groundwork for further efforts in the 114th Congress. While the timeline for tax reform — and whether any reform effort is focused on individual, business, or international tax issues, or a combination of all

three — is difficult to predict, what is certain is that the new Republican majority in Congress will use the next two years to at least frame the discussion about how to revamp the nation's tax code, while aiming for enactment this year.

Also at issue, as part of comprehensive tax reform or as a stand-alone issue should comprehensive reform not move this year, are approximately 50 non-permanent tax provisions that are popular with voters and will need to be renewed for the 2015 tax season next year. Discussed in detail below, some of the major tax extenders are the deduction for state and local sales taxes, the deduction for higher education expenses, a deduction for school teachers for supplies, parity for employer-provided mass transit and parking benefits, the discharge of residential mortgage indebtedness from gross income, the deduction for mortgage insurance premiums, the energy-efficient home improvements tax credit, tax-free distributions from Individual Retirement Accounts for charitable purposes, and enhancements to rules for the donation of real property for conservation purposes.

Finally, the Senate will likely once again seek to pass several tax treaties that have previously been held up by financial privacy concerns.

Major Policy Issues

Tax Reform

Senate Finance Committee Chairman Orrin Hatch (R-UT) released an "in-depth analysis" titled [Comprehensive Tax Reform for 2015 and Beyond](#) last December, which outlines his priorities for individual, business, and international tax reform.

In a [speech](#) delivered last December, Chairman Hatch laid out his seven principles for tax reform: Economic Growth, Fairness, Simplicity, Permanence, Competitiveness, Promotion of Savings and Investment, and Revenue Neutrality. More recently, Chairman Hatch has announced that he is creating a series of bipartisan working groups on tax reform. The groups will be: individual income tax, co-chaired by Senators Chuck Grassley (R-IA), Mike Enzi (R-WY) and Debbie Stabenow (D-MI); business income tax, co-chaired by Senators John Thune (R-SD) and Ben Cardin (D-MD); savings and investment, co-chaired by Senators Mike Crapo (R-ID) and Sherrod Brown (D-OH); international tax, co-chaired by Senators Rob Portman (R-OH) and Charles Schumer (D-NY); and community development and infrastructure, co-chaired by Senators Dean Heller (R-NV) and Michael Bennet (D-CO).

In late 2013, Senator Max Baucus (D-MT), who was at the time Chairman of the Senate Finance Committee but later resigned from Congress to become the U.S. Ambassador to China, issued a series of [staff discussion drafts](#) on tax reform covering international taxes, tax administration, cost recovery and accounting, and energy tax reform.

Senator Ron Wyden (D-OR), Ranking Member of the Finance Committee, has previously worked on a bipartisan basis to introduce a comprehensive tax reform [proposal](#), first with former Senator Judd Gregg (R-NH), and more recently with Senator Dan Coats (R-IN). The Wyden-Coats reform proposal would have reduced the corporate tax rate from 35% to 24%.

Also last December, Rep. Dave Camp (R-MI), then-Chairman of the House Ways and Means Committee but now retired from Congress, released his long-awaited tax reform [proposal](#). Although Mr. Camp is no longer in Congress, his bill, the Tax Reform Act of 2014, can serve as a starting point for House Republicans as they set out their priorities for tax reform in the 114th Congress.

Based on analysis by the independent, non-partisan Joint Committee on Taxation (JCT), the *Tax Reform Act of 2014* would create up to 1.8 million new private sector jobs; allow roughly 95 percent of filers to get the lowest possible tax rate by simply claiming the standard deduction (without having to itemize and track receipts); and strengthen the economy and increase Gross Domestic Product (GDP) by up to \$3.4 trillion (the equivalent of twenty percent of today's economy) — all while not increasing the budget deficit.

Rep. Paul Ryan (D-WI), the new Chairman of the Ways and Means Committee, is said to be planning a committee retreat in late January, and has asked committee members to come prepared to share any tax proposals they may be considering.

Rep. Sander Levin (D-MI) is returning as Ranking Member of the Ways and Means Committee, and will continue to press his priorities for tax reform that are laid out in a [speech](#) he delivered in 2011 titled "Eyes Wide Open: The Implications and Opportunities of the Current Tax Reform Debate." In laying out his vision for tax reform, Ranking Member Levin stated that any tax reform effort should protect working families; it should encourage economic growth and job creation in the United States; and it should be fiscally responsible.

In broad terms, the debate over tax reform, both corporate and personal, will be between two competing views: the Democratic priority of achieving fairness and middle class tax relief, and the Republican goal of lowering corporate rates while keeping tax reform revenue neutral.

As discussions on tax reform continue this year, leading to more serious consideration in the next Congress, big-ticket items that are likely to be addressed are the corporate tax rate, the territorial tax, special deductions (such as the mortgage interest deduction), the R&D tax credit, bonus depreciation, LIFO (last-in, first-out accounting), capital gains, private equity, and municipal bonds.

Tax Extenders

Last December, in one of its final acts, the 113th Congress passed, and President Obama signed, [H.R. 5771](#), The Tax Increase Prevention Act, which extended through December 31, 2014 more than 50 tax provisions that had expired at the end of 2013. The retroactive and short-lived tax extender bill enables taxpayers to use the previously expired tax provisions when filing their 2014 taxes. Congress has, for the past several years, shown a tendency to provide one- or two-year of non-permanent tax provisions. In this most recent extension, the provisions were extended retroactively. If these provisions are not included in any tax reform measure approved this year, then we look for another end-of-year extension at the end of 2015.

Individual tax extenders that will need renewal this year include:

- the tax deduction of expenses of elementary and secondary teachers;
- the tax exclusion of imputed income from the discharge of indebtedness for a principal residence;
- the equalization of the tax exclusion for employer-provided commuter transit and parking benefits;
- the tax deduction of mortgage insurance premiums;
- the tax deduction of contributions of real property interests for conservation purposes;
- the tax deduction of qualified tuition and related expenses; and
- the tax exemption of distributions from individual retirement accounts for charitable purposes.

Business tax extenders that will need renewal this year include:

- the tax credit for increasing research activities;
- the low-income housing tax credit rate for newly constructed non-federally subsidized buildings;
- the Indian employment tax credit;
- the new markets tax credit;
- the tax credit for qualified railroad track maintenance expenditures;
- the tax credit for mine rescue team training expenses;
- the tax credit for differential wage payments to employees who are active duty members of the Uniformed Services;
- the work opportunity tax credit;
- authority for issuance of qualified zone academy bonds;
- the classification of race horses as three-year property for depreciation purposes;
- accelerated depreciation of qualified leasehold improvement, restaurant, and retail improvement property, of motorsports entertainment complexes, and of business property on Indian reservations;
- accelerated depreciation of certain business property (bonus depreciation);
- the special rule allowing a tax deduction for charitable contributions of food inventory by taxpayers other than C corporations;
- the increased expensing allowance for business assets, computer software, and qualified real property (i.e., leasehold improvement, restaurant, and retail improvement property);

- the election to expense advanced mine safety equipment expenditures;
- the expensing allowance for film and television production costs and costs of live theatrical productions;
- the tax deduction for income attributable to domestic production activities in Puerto Rico;
- tax rules relating to payments between related foreign corporations and dividends of regulated investment companies;
- the treatment of regulated investment companies as qualified investment entities for purposes of the Foreign Investment in Real Property Tax Act (FIRPTA);
- the subpart F income exemption for income derived in the active conduct of a banking, financing, or insurance business;
- the tax rule exempting dividends, interest, rents, and royalties received or accrued from certain controlled foreign corporations by a related entity from treatment as foreign holding company income;
- the 100% exclusion from gross income of gain from the sale of small business stock;
- the basis adjustment rule for stock of an S corporation making charitable contributions of property;
- the reduction of the recognition period for the built-in gains of S corporations;
- tax incentives for investment in empowerment zones;
- the increased level of distilled spirit excise tax payments into the treasuries of Puerto Rico and the Virgin Islands; and
- the tax credit for American Samoa economic development expenditures.

Energy tax extenders that will need renewal this year include:

- the tax credit for residential energy efficiency improvements;
- the tax credit for second generation biofuel production;
- the income and excise tax credits for biodiesel and renewable diesel fuel mixtures;
- the tax credit for producing electricity using Indian coal facilities placed in service before 2009;
- the tax credit for producing electricity using wind, biomass, geothermal, landfill gas, trash, hydropower, and marine and hydrokinetic renewable energy facilities;
- the tax credit for energy efficient new homes;
- the special depreciation allowance for second generation biofuel plant property;
- the tax deduction for energy efficient commercial buildings;
- tax deferral rules for sales or dispositions of qualified electric utilities; and
- the excise tax credit for alternative fuels and fuels involving liquefied hydrogen.

Tax Treaties

The U.S. currently has tax treaties with more than 60 nations, many of which limit double taxation. Although the Senate traditionally approves them without controversy, no new tax treaties have approved since 2010, primarily due to objections by Senator Rand Paul (R-KY) over his concerns that such treaties infringe upon the privacy of Americans by making it easier for governments to share financial information about American citizens. Last year, the Senate Committee on Foreign Relations approved tax treaties with Chile, Hungary, Switzerland, Luxembourg, Poland, Spain, and the Organisation for Economic Cooperation and Economic Development, an

international organization comprised of 34 nations and focused on economic progress and trade. The treaties are supported by the business community and most Republicans, so there will likely be a push by the new Republican majority in the Senate to approve them under their watch, although Senator Paul could continue to block them if he so chooses.

Miscellaneous Tariff Bill

See the [Trade section](#) for more on the Miscellaneous Tariff Bill.

Telecommunications

There are a number of hot button telecommunications issues for lawmakers to contend with in the 114th Congress. Specifically, the House Energy & Commerce Committee will continue the effort to update the Communications Act and the Senate Commerce Committee may take up the cause later this year. Furthermore, committees of jurisdiction in both chambers will continue oversight over the activities of the Federal Communications Commission regarding spectrum and net neutrality. In addition to hearings, we will likely see legislation addressing net neutrality before official FCC action, which is expected at the end of February. The Commission also must decide on two proposed mergers that could impact competition in the video and broadband marketplaces. We expect to see decisions from the FCC in both mergers this spring, along with hearings on the issue in the House and Senate Commerce and Judiciary Committees.

Privacy, data security, and cybersecurity continue to be priority issues for the White House and Capitol Hill. We expect to see legislative proposals and hearings addressing these issues throughout the year. As connected devices become more of a part of everyday life, we expect lawmakers and regulators to closely examine the policy concerns, including privacy, around the so-called "Internet of Things." In addition, Internet taxation issues will remain a priority for lawmakers in the 114th Congress.

Major Policy Issues

Communications Act Update

The House Energy & Commerce Committee will continue its effort to update the Communications Act. Over the course of the past year, the Committee released six white papers examining and requesting comment on key issues facing the telecommunications industry – including many that did not exist when the Act was written in 1934 or last updated in 1996. These issues include spectrum policy, competition, network interconnection, universal service, and video content distribution. The Committee complemented the white papers with a series of hearings. We expect to see at least two more white papers from E&C in 2015, including one addressing public safety, as well as additional hearings on the #CommActUpdate. In addition, Senator Thune has expressed interest in bringing the #CommActUpdate discussion to the Senate Commerce Committee under his leadership in the 114th Congress. However, other issues will likely take priority the first few months of the session.

Spectrum

Spectrum continues to be a priority issue in the 114th Congress. As the Federal Communications Commission (FCC) moves forward with the AWS-3 auction, which began on November 13 and will continue until the bidding on the spectrum ends, possibly as early as January 15, both private and public sector stakeholders have been pleased with the results. Wireless carriers are eager to acquire valuable spectrum bands with which they can improve their wireless broadband networks, and the government is pleased by the revenue being raised in the process. FirstNet, which is the nationwide public safety broadband network established by the Middle Class Tax Relief and Job Creation Act of 2012, is funded, in part, by the revenue raised.

The FCC is working on rules for the broadcast incentive auction, which is set to take place in 2016. Beginning January 15, the FCC is holding a series of workshops for stakeholders who plan to participate in the incentive auction. The Senate Commerce Committee and House E&C will both likely continue to hold oversight hearings as the incentive auction process moves forward throughout 2015. In addition, these committees will also examine policy issues surrounding unlicensed spectrum as well as efficient use of government spectrum.

Net Neutrality

Net neutrality will continue to be a priority on Capitol Hill and at the Federal Communications Commission in 2015. The issue was in both the policy and pop culture lime lights last year, beginning with the DC Circuit's decision in the Verizon case in January 2014, and continuing with the FCC's proceeding, as well a number of hearings on Capitol Hill. After a record breaking number of comments were filed in the FCC's net neutrality docket in 2014, the Commission is expected to vote on net neutrality rules at the February Open Meeting, which is scheduled for February 26. It is widely expected that the FCC will reclassify broadband as a Title II common carrier service under the Communications Act, and "forbear" from applying certain Title II provisions to broadband service — but which provisions the FCC will forbear from applying is not yet clear.

Capitol Hill will be closely monitoring FCC action on net neutrality. The Senate Commerce and House Energy and Commerce Committees have scheduled net neutrality hearings for January 21st with testimony from industry representatives, and lawmakers are expected to introduce legislation prior to FCC action.

Internet of Things

As connected devices become more of a part of everyday life, lawmakers and regulators are paying more attention to the policy concerns surrounding the so-called "Internet of Things." Specifically, a bipartisan group of senators — including Deb Fischer (R-NE), Cory Booker (D-NJ), Kelly Ayotte (R-NH), and Brian Schatz (D-HI) — called for the Senate Commerce Committee to hold a hearing on the policy concerns surrounding Internet of Things at the end of 2014. The Committee is expected to take up this request in 2015, especially with Senator Schatz as Ranking Member of the Communications & Technology Subcommittee. On the House side, Chairman Burgess of the E&C Subcommittee on Commerce, Manufacturing and Trade is also planning to examine the issue. In addition, FTC officials have stated that the agency is interested in examining the privacy implications of the issue over the coming year.

Competition

Examination of high profile mergers in the communications space will continue to be a priority in 2015, specifically, the proposed mergers of AT&T with DirecTV and Comcast with Time Warner Cable. These transactions are currently under review by the FCC and expected to be decided in April. However, it is possible that the Commission will pause the timeclock again in either or both transactions, as they have in the past, in order to gather more information from the involved companies. The Department of Justice (DOJ) must also approve the transactions before the involved parties can move forward. Both proposed transactions pose questions about competition in the video and broadband marketplaces, which were explored in hearings before the House and Senate Commerce and Judiciary Committees last year. We expect to see more hearings this year, especially as the timeline for the FCC and DOJ decisions draw closer.

Internet Tax Moratorium

At the end of 2014, a short term extension of the Internet Tax Moratorium, which is set to expire in September, was included in the comprehensive government funding package. On January 9, a bipartisan group of House members — including Reps. Bob Goodlatte (R-VA), Anna Eshoo (D-CA), Tom Marino (R-PA), Steve Chabot (R-OH), and Steve Cohen (D-TN) — introduced a measure to make permanent the ban on Internet access tax, [H.R. 235](#), the Permanent Internet Tax Freedom Act (PITFA). The proposal is expected to receive substantial industry and consumer support, like a similar measure that passed the House last year only to be held up in the Senate because of an effort to combine it with the more controversial online sales tax proposal. Senators Thune (R-SD) and Wyden (D-OR) have both voiced support for the proposal and said they will work to move the legislation through the Senate. If the Permanent Internet Tax Freedom Act remains a stand-alone measure, it has a good chance of passing this year.

Privacy

While President Obama pushes more action on cybersecurity, his Administration is also taking steps to safeguard privacy and civil liberties. The President is proposing legislation to codify a Consumer Privacy Bill of Rights developed by the Commerce Department. The bill would set forth baseline privacy protections that would govern the treatment and use of data collected online. The Administration is expected to release this legislation within the next 45 days, and we expect to see Department of Commerce action in February. In addition, President Obama also announced new measures to protect student data. He proposed The Student Digital Privacy Act to ensure that data collected in an educational context is used only for educational purposes. The Federal Trade Commission (FTC) has also expressed interest in examining the privacy implications of Internet-connected devices this year.

Data Security

After last year's high profile data breaches at popular retailers, we expect to see legislation addressing data breach notification in 2015. President Obama recently announced new initiatives to protect consumer and company data against cyber threats. The President put forth The Personal Data Notification & Protection Act to clarify and strengthen the obligations companies have to notify customers when their personal information has been exposed. Senator John Thune (R-SD), Chairman of the Commerce Committee, signaled he was willing to work with Obama on the legislation. In addition, Ranking Member Nelson is also working on a data breach bill that would satisfy President Obama's call for the requirement that companies that have suffered data breaches notify consumers within 30 days. The Nelson proposal would also require companies to report data breaches of a certain size or of certain information to the federal government. On the House side, Chairman Burgess of the Commerce, Manufacturing, and Trade Subcommittee has indicated that data breach legislation is a priority so we will likely see hearings and perhaps legislation.

Cybersecurity

Cybersecurity will continue to be a priority in the 114th Congress. Recent high profile cyber incidents perpetrated by North Korea and the Islamic State against the public and private sectors — i.e. Sony and U.S. Central Command (CENTCOM) — are causing some lawmakers and government officials to start to look at different types of incidents in different ways. For example, Senator John McCain (R-AZ) referred to the Sony hacking incident as an "act of war," while Pentagon officials characterize the CENTCOM incident as "cyber vandalism." No matter how these events are characterized, there is a continued effort by the Administration and lawmakers to develop legislation and programs to prevent cyber-attacks. This year, we will likely once again see support for information sharing legislation as well as proposals aimed at improving the cybersecurity resources in the federal government. More specifically, on January 13, President Obama outlined the Administration's proposal on information sharing. In addition to potential executive action on information sharing, the Administration would like to see legislation passed this year. On February 13, 2015, the White House will host a Summit on Cybersecurity and Consumer Protection at Stanford University to help shape efforts to protect consumers and companies from growing threats to networks. Also, Rep. Dutch Ruppersburger (D-MD) recently introduced [H.R. 234](#), another version of the Cyber Intelligence Sharing and Protection Act (CISPA) which has failed to pass in previous congresses. CISPA would build closer information sharing bonds between law enforcement and companies in the event of a suspected cyberattack. While there are doubts as to whether previous forms of CISPA could pass, enactment of some sort of cybersecurity legislation could gain momentum following the Sony attack. In addition, Vice President Biden recently announced that the Department of Energy will fund grants to help support a cybersecurity education consortium of 13 historically black colleges and universities.

Online Sales Tax

The issue of whether online retailers must collect and remit sales taxes for states in which they do not have a physical presence will likely be revived in the 114th Congress. While the Marketplace Fairness Act, which passed the Senate in 2013 but failed to gain traction in the House, may serve as a blueprint for a new Senate bill, the House leaders on the issue are working on their own proposals. Chairman Bob Goodlatte (R-VA) of the House Judiciary Committee, which has jurisdiction over the issue, is currently circulating a discussion draft of online sales tax legislation. This proposal would direct online retailers to collect and remit sales taxes to the retailer's state, based on that state's sales tax rate regardless of where the customer is located. In addition, Congressman Jason Chaffetz (R-UT) is working on a proposal that would address concerns about whether online sales tax rules would place an undue burden on small businesses.

Trade Policy

Although on many issues the new dynamics of a Republican-controlled Congress could make for a difficult two years for the Obama Administration, on trade policy the president may find that his agenda will fare better under divided government. Senate Majority Leader Mitch McConnell (R-KY) has identified trade as an area where he believes Republicans and President Obama can work together.

Major Policy Issues

Trade Promotion Authority

Congress last approved Trade Promotion Authority (TPA) in 2002, giving then-President George W. Bush “fast track authority” to negotiate free trade agreements that would be sent to the Senate for an up-or-down vote with no amendments. That TPA agreement expired in 2007 (though it stayed in effect for agreements then under negotiation until 2011) and has not been renewed. Legislation to grant President Obama fast-track authority was introduced early last year by Senator Orrin Hatch (R-UT), who was then Ranking Member of the Senate Finance Committee and is now serving as Chairman; Representative Dave Camp (R-MI), who was the Chairman of the House Ways and Means Committee but retired at the end of the last Congress; and then-Senator Max Baucus (D-MT), who was at the time Chairman of the Finance Committee before resigning from Congress to become the U.S. Ambassador to China. Notably, Ways and Means Committee Ranking Member Sandy Levin (D-MI) did not join in introducing the TPA legislation, stating that he did not view the legislation as meeting the needs of a rapidly globalizing economy. Many Democrats have concerns about labor and environmental protections and want to see them addressed in TPA. The 113th Congress did not renew TPA, and trade advocates will be watching this year to see whether TPA, crucial to passage of the Free Trade Agreements discussed below, will pass. While the support of Senator Hatch, now Chairman of the Senate Finance Committee, is assumed, at question is how Senator Ron Wyden (D-OR), the committee’s Ranking Member, will approach the issue. He has stated that he supports “smart track” authority for the President, with a TPA bill that addresses Democratic concerns about transparency in negotiations, human rights, and other issues. Representative Paul Ryan (R-WI), the new Chairman of the Ways and Means Committee and former vice presidential candidate, supports TPA.

Free Trade Agreements

The Obama Administration continues to negotiate the Trans-Pacific Partnership (TPP), a free trade agreement between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. The Obama Administration had hoped to conclude negotiations on TPP last year, but without fast track authority, was unable to do so. It is expected that once Congress passes TPA legislation, there will be a move toward swift conclusion of TPP.

Also undergoing negotiation by the U.S. Trade Representative (USTR) is the Transatlantic Trade and Investment Partnership (TTIP), a proposed free trade agreement between the U.S. and the European Union (E.U.). In 2011, the Obama Administration worked with European leaders to establish a working group to identify policies and measures to increase trade and investments between the U.S. and the E.U. Negotiations on TTIP began in 2013, with final negotiations not expected until 2016 or even later in the next presidential administration.

United States Trade Representative Michael Froman has said that congressional approval of Trade Promotion Authority (TPA) is not imperative to a successful conclusion of TPP and TTIP negotiations. However, his international negotiating partners, particularly in the Asia-Pacific region, have argued that they cannot bring their best offer to the table without TPA.

Miscellaneous Tariff Bill

The last Miscellaneous Tariff Bill (MTB), which provides duty relief on manufacturing inputs that are not domestically available, expired at the end of 2012 when the previous Congress did not pass a renewal. Although former House Ways and Means Committee Chairman Camp introduced an MTB in July 2013, the measure did not move forward. In the 114th Congress, the House Ways and Means Committee and Senate Finance Committee will need to restart the MTB process, vetting duty suspensions for thousands of imported products.

Generalized System of Preferences Reauthorization

The Generalized System of Preferences (GSP) provides non-reciprocal, duty-free tariff treatment to certain products from designated developing and least-developed beneficiary countries. First authorized in 1974 and last renewed in 2011, the GSP expired in July 2013. With certain obstacles now cleared, such as the opposition of now-retired Senator Tom Coburn (R-OK) and the termination of Russia’s participation in the program by President Obama, there is increased optimism that the program will be renewed in the 114th Congress.

African Growth and Opportunity Act Reauthorization

The African Growth and Opportunity Act (AGOA) will expire on September 30, 2015, making reauthorization a likely priority for action this year. AGOA is a non-reciprocal trade preference program offering duty-free treatment to U.S. imports of certain products from sub-Saharan African countries.

Low-Value Duty Threshold

Legislation to increase the low-value (*de minimis*) threshold for duties on shipments entering the U.S. from the current \$200 to a new threshold of \$800 was introduced in the House and Senate last Congress, although neither measure made it out of committee. The Senate measure was introduced by Senator Wyden and Senator John Thune (R-SD), the new Chairman of the Senate Commerce Committee in the 114th Congress, likely giving this issue new life in the 114th Congress.

Trade Adjustment Assistance

The current Trade Adjustment Assistance (TAA) program, providing job training to workers facing job displacement as a result of foreign trade, expired on December 31, 2014. Legislation has been introduced in both the House and Senate but did not move. Renewal of TAA is thought by many to be a likely candidate for inclusion in TPA legislation.

Customs Reauthorization

Legislation to reauthorize and modernize U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement was introduced in the Senate in 2013, but the measure never moved out of committee. Although noncontroversial, reauthorization has not become a priority issue, but it could present an opportunity for the Republican majority and the White House to find common ground.

Transportation Policy

Transportation policy is another area where there are opportunities for bipartisan cooperation on Capitol Hill and between Congress and the Administration. This has been an area where the two political parties have collaborated in the past, and there is a good chance that the new Congress will see a similar approach. Issues that are likely to be addressed in the 114th Congress are funding for the Highway Trust Fund (the current funding extension expires on May 31, 2015); reauthorization of the Federal Aviation Administration, Amtrak, and the Surface Transportation Board; legislation related to oversight of the Federal Railroad Administration; reauthorization of the National Highway Traffic Safety Administration; drones; vehicle-to-vehicle communication; and rail congestion and safety.

Transportation Secretary Anthony Foxx will soon unveil the Department's "30-Year National Transportation Policy Framework for the Future." Foxx has said that the goal of the plan is to steer the country away from a 1950's transportation model, which revolved around the Highway Trust Fund to build and maintain highways, to a 21st Century one which leverages rail and public transportation.

Major Policy Issues

Highway Trust Fund

Congress last dealt with the Highway Trust Fund (HTF) in June 2014 when it passed a stopgap measure that expires in May 2015, making the HTF a top priority for the new congress. The question is whether Congress will pass another short-term extension or a long-term fix.

Four Senate committees have jurisdiction over the HTF: the Environment and Public Works (EPW), Banking, Commerce, and Finance Committees. Of the four, EPW has the biggest interest in addressing reauthorization.

EPW Committee Chairman Senator Jim Inhofe (R-OK) and Ranking Member Barbara Boxer (D-CA), have both supported robust transportation projects in the past. Their successful collaboration on reauthorization of the most recent multi-year surface transportation bill, the Moving Ahead for Progress in the 21st Century (MAP-21) Act, which passed the committee unanimously, appears to bode well

for the trust fund's reauthorization in the 114th Congress. The Commerce and Banking Committees will likely follow EPW's lead. Commerce Committee Chairman John Thune (R-SD) has said he is open to all pay-fors for a HTF extension, potentially including an increase in the gas tax.

The big hurdle for reauthorization is financing. In the Senate, responsibility for funding of the HTF lies with the Finance Committee, where Chairman Orrin Hatch (R-UT) is on record saying he wants to repair the HTF. He recently stated that an increase in the gas tax is a "small price to pay for the best highway system in the world."

In the House of Representatives, the HTF does not appear to be a top priority. The two committees that have jurisdiction over the trust fund, Transportation & Infrastructure (T&I) and Ways & Means, have indicated a desire to first act on reauthorization of the Federal Aviation Administration (see below) and tax reform, respectively. Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) and Ways and Means Committee Chairman Paul Ryan (R-WI) have expressed little interest in replenishing the fund, and Chairman Shuster has stated his opposition to an increase in the gas tax. Transportation and Infrastructure Committee Ranking Member Peter DeFazio (D-OR) has proposed replacing the gas tax with a per-barrel oil fee. Speaker Boehner has indicated that he does not believe there are enough votes in the House to pass an increase in the tax.

In the past, the Obama Administration has proposed closing corporate "loopholes" and other tax reform measures that would be revenue raisers for the HTF. White House Press Secretary Josh Earnest recently stated that the Administration would consider bipartisan proposals to increase the gas tax, including a proposal from Senators Bob Corker (R-TN) and Chris Murphy (D-CT) to increase the tax by 12 cents.

In addition to an increase in the gas tax, other revenue-raising proposals include: replacing the existing gas tax with a national sales tax on gas or a national tax levied at the refinery level; imposing a charge based on vehicle miles travelled (VMT) instead of or in addition to the gas tax; imposing various other taxes relate to surface transportation, including a freight container tax, a sales tax on automobiles, a federal vehicle registration fee, or import duties; directing revenues from new energy leasing and production offshore and on Federal lands to the HTF; and directing revenues produced through comprehensive tax reform to the HTF. The latter option, related to tax reform, includes a proposed one-time tax "holiday" allowing multinational corporations to repatriate overseas profits, with the revenue windfall used for transportation and infrastructure needs.

Federal Aviation Administration Reauthorization

House T&I Chairman Shuster has told the aviation industry that he wants a "transformational" reauthorization bill. Expect him to seek fee reductions and regulatory relief, which will please industry, which wants to overhaul labor regulations and nix the Environmental Protection Agency's proposed tax on carbon emissions. The big unknown is infrastructure investment. Industry says it needs more money, but it may incur more cuts due to concerns by some in Congress about the NextGen Air Transportation System. The system, which would make America's air traffic control system satellite-based, has the potential to curb air traffic. However, because its implementation has been slow, Congress likely won't invest the money needed for the system to have an impact anytime soon.

The deadline for FAA Reauthorization is September 2015, but Chairman Shuster has indicated that he would like a bill passed before then. To gauge the bill's prospects, watch Representatives Frank LoBiondo (R-NJ) and Sam Graves (R-MO). LoBiondo is Chairman Shuster's liaison to labor and Chairman of the Aviation Subcommittee. If he gets labor on board, the reauthorization bill will likely have enough Democratic support to pass. Graves is a member of the Aviation Subcommittee, and a pilot, giving him a certain amount of clout within the industry.

Amtrak Reauthorization

The Amtrak Reauthorization bill stalled in the previous Congress, despite passing the House unanimously by a voice vote last September. The bill originated in the Transportation and Infrastructure Committee, where Democrats and Republicans struck a compromise in which Amtrak would lose forty percent of its funding but incur no cuts to existing routes. It also satisfied both urban and rural members. Urban members secured funding to make the Northeast Corridor high-speed, connecting Washington, DC and Boston via New York, while rural members staved off cuts to long-distance lines that stop in small towns unserved by major airlines. Despite these compromises, the Senate did not act.

Surface Transportation Board Reauthorization

Last year, the outgoing Chairman of Senate Commerce Committee, then-Senator Jay Rockefeller (D-WV), and current Chairman Senator Thune, introduced the Surface Transportation Board (STB) Reauthorization Act of 2014. The bill, which was not approved, sought to reduce freight rail delays and backlogs, which have threatened business in rural states such as West Virginia and South Dakota; increase the STB's investigative authority to enable the board to conduct investigations before it receives a complaint; and improve alternative dispute resolution practices and fast-tracks important proceedings.

Federal Railroad Administration

The Federal Railroad Administration (FRA) is the chief safety regulator for the passenger and freight rail industries. On January 12th, Transportation Secretary Foxx announced that U.S. Department of Transportation (DOT) Chief of Staff Sarah Feinberg will serve as Acting Administrator of the FRA. Senators Charles Schumer (D-NY), Richard Blumenthal (D-CT), and Chris Murphy (D-CT) have accused the FRA of negligence, with Senator Blumenthal calling it a "lawless" and "rogue" agency. They contend that it should have done more to secure the Metro-North Line, which travels through New York and Connecticut and which had five accidents between May 2013 and March 2014. The Senators plan to introduce legislation to force the FRA to toughen its oversight of the nation's rail lines.

National Highway Traffic Safety Administration (NHTSA)

In the previous Congress, a six-year NHTSA reauthorization bill was introduced by Senator Claire McCaskill (D-MO), but that legislation did not move forward. Senate Commerce Committee Chairman Thune has hinted that he intends to pursue NHTSA reauthorization legislation in the current congress. Senator Bill Nelson (D-FL) will serve as Ranking Member of the Committee in the 114th Congress, and he and Chairman Thune have worked together on legislation related to auto recall and safety issues, perhaps setting the stage for cooperation on a NHTSA reauthorization bill this year. House Energy and Commerce Committee Chairman Fred Upton (R-MI) has not yet indicated whether he will take up reauthorization, but he does plan to introduce auto safety legislation this Congress.

Drones

Drones, now a staple of many industries such as agriculture, entertainment, and rail, have captured the attention of the DOT. The Department's general counsel Kathryn Thomson has stated that there will be a rule on drones, but has provided no details on its content or time of release. The FAA is expected to issue a rule on commercial drones that will address the classification and registration of small unmanned aircraft systems (UAS), the certification and training of pilots and visual observers, and operational limitations. Although the DOT has started the rule-making process, it may not finalize a rule on drones until 2017.

Vehicle-to-Vehicle Communication

NHTSA has proposed a rule requiring vehicle-to-vehicle (V2V) communication in cars and light trucks by 2019. That communication will have to meet minimum performance requirements, as judged by the quality of V2V devices and messages. Although the rule was just recently announced, progress is already underway. Eight automakers — Ford, General Motors, Honda, Hyundai, Daimler, Nissan, Toyota, and Volkswagen — have started collaborating with the government to develop V2V technology. Though expensive (costing around \$341 to \$350 per vehicle), the government and industry believe V2V technology will save lives.

Rail Congestion and Safety

With grain and coal supplies stranded all over the Midwest, Senators Tammy Baldwin (D-WI), Al Franken (D-MN), and David Vitter (R-LA) urged the Surface Transportation Board last year to initiate a rulemaking process on "competitive switching," which allows the STB to order a railroad to switch their customer's freight to a competitor when the lines become crowded. The STB held a hearing on this issue in March 2014, but there has not been any action since. On a related note, Senators Thune and Amy Klobuchar (D-MN) requested a Department of Agriculture economic study on rail backlog in the Upper Midwest. They claim that farmers have lost \$100 million between March and May over the past year due to backlog in the rail system. Senators Maria Cantwell (D-WA) and Heidi Heitkamp (D-ND) requested last year that the Senate Appropriations Committee invest in a Safe Transportation of Energy Products Fund, citing the accidents that occurred since the Bakken oil boom. Expect the issue of crude-by-rail safety to play into the Keystone XL pipeline politics.

114th CONGRESS LEADERSHIP

UNITED STATES HOUSE OF REPRESENTATIVES

Speaker of the House John Boehner (R-OH)

Republican Leadership

Rep. Kevin McCarthy (R-CA)
Majority Leader

Rep. Steve Scalise (R-LA)
Majority Whip

Rep. Cathy McMorris Rodgers (R-WA)
Republican Conference Chairman

Rep. Luke Messer (R-IN)
Republican Policy Committee Chairman

Democratic Leadership

Rep. Nancy Pelosi (D-CA)
Democratic Leader

Rep. Steny Hoyer (D-MD)
Democratic Whip

Rep. James Clyburn (D-SC)
Assistant Democratic Leader

Rep. Xavier Becerra (D-CA)
Democratic Caucus Chairman

UNITED STATES SENATE

Constitutionally Mandated Officers

Vice President Joe Biden

Senator Orrin Hatch (R-UT)
President Pro Tempore

Republican Leadership

Senator Mitch McConnell (R-KY)
Majority Leader

Senator John Cornyn (R-TX)
Majority Whip

Senator John Thune (R-SD)
Republican Conference Chair

Senator John Barrasso (R-WY)
Republican Policy Committee Chair

Senator Roy Blunt (R-MO)
Republican Conference Vice Chair

Democratic Leadership

Senator Harry Reid (D-NV)
Minority Leader and Democratic
Conference Committee Chair

Senator Richard Durbin (D-IL)
Minority Whip

Senator Charles Schumer (D-NY)
Democratic Conference Committee Vice
Chair and Policy Committee Chair

Senator Patty Murray (D-WA)
Democratic Conference Secretary

HOUSE COMMITTEE ASSIGNMENTS

Leadership is highlighted in yellow, while new members to the committee are in bold.
Democratic committee membership is still not finalized, but the following is our best assessment of the likely roster.

Agriculture

Majority

Frank Lucas, Oklahoma
Bob Goodlatte, Virginia
Steve King, Iowa
Randy Neugebauer, Texas
Mike Conaway, CHAIRMAN, Texas
Glenn Thompson, Pennsylvania
Bob Gibbs, Ohio
Austin Scott, Georgia
Scott Tipton, Colorado
Rick Crawford, Arkansas
Martha Roby, Alabama
Scott DesJarlais, Tennessee
Chris Gibson, New York
Vicky Hartzler, Missouri
Dan Benishek, Michigan
Jeff Denham, California
Doug LaMalfa, California
Rodney Davis, Illinois
Ted Yoho, Florida
Mike Rogers, Alabama
Jackie Walorski, Indiana
Ralph Abraham, Louisiana
Rick Allen, Georgia
Mike Bost, Illinois
Tom Emmer, Minnesota
John Moolenaar, Michigan
Dan Newhouse, Washington
David Rouzer, North Carolina

Minority

Collin Peterson, RANKING, Minnesota
David Scott, Georgia
Jim Costa, California
Timothy Walz, Minnesota
Kurt Schrader, Oregon
Marcia Fudge, Ohio
James McGovern, Massachusetts
Suzan DelBene, Washington
Filemon Vela, Texas
Michelle Lujan Grisham, New Mexico
Ann Kuster, New Hampshire
Richard Nolan, Minnesota
Juan Vargas, California
Cheri Bustos, Illinois
Sean Patrick Maloney, New York
Joe Courtney, Connecticut
John Garamendi, California
Ann Kirkpatrick, Arizona
Pete Aguilar, California
Stacey Plaskett, Virgin Islands

Appropriations

Majority

Hal Rogers, CHAIRMAN, Kentucky

Rodney Frelinghuysen, New Jersey

Robert Aderholt, Alabama

Kay Granger, Texas

Mike Simpson, Idaho

John Culberson, Texas

Ander Crenshaw, Florida

John Carter, Texas

Ken Calvert, California

Tom Cole, Oklahoma

Mario Diaz-Balart, Florida

Charlie Dent, Pennsylvania

Tom Graves, Georgia

Kevin Yoder, Kansas

Steve Womack, Arkansas

Alan Nunnelee, Mississippi

Jeff Fortenberry, Nebraska^[5]

Thomas Rooney, Florida

Chuck Fleischmann, Tennessee

Jaime Herrera Beutler, Washington

David Joyce, Ohio

David Valadao, California

Andy Harris, Maryland

Martha Roby, Alabama

Mark Amodei, Nevada

Chris Stewart, Utah

Scott Rigell, Virginia

David Jolly, Florida

Evan Jenkins, West Virginia

David Young, Iowa

Minority

Nita Lowey, RANKING, New York

Marcy Kaptur, Ohio

Pete Visclosky, Indiana

José Serrano, New York

Rosa DeLauro, Connecticut

David Price, North Carolina

Lucille Roybal-Allard, California

Sam Farr, California

Chaka Fattah, Pennsylvania

Sanford Bishop, Georgia

Barbara Lee, California

Mike Honda, California

Betty McCollum, Minnesota

Steve Israel, New York

Tim Ryan, Ohio

Dutch Ruppersberger, Maryland

Debbie Wasserman Schultz, Florida

Henry Cuellar, Texas

Chellie Pingree, Maine

Mike Quigley, Illinois

Derek Kilmer, Washington

Armed Services

Majority

Mac Thornberry, CHAIRMAN, Texas

Walter B. Jones, North Carolina
Randy Forbes, Virginia
Jeff Miller, Florida
Joe Wilson, South Carolina
Frank LoBiondo, New Jersey
Rob Bishop of Utah
Mike Turner, Ohio
John Kline, Minnesota
Trent Franks, Arizona
Bill Shuster, Pennsylvania
Mike Conaway, Texas
Doug Lamborn, Colorado
Rob Wittman, Virginia
Duncan D. Hunter, California
John C. Fleming, Louisiana
Mike Coffman, Colorado
Scott Rigell, Virginia
Chris Gibson, New York
Vicky Hartzler, Missouri
Joe Heck, Nevada
Austin Scott, Georgia
Steven Palazzo, Mississippi
Martha Roby, Alabama
Mo Brooks, Alabama
Rich Nugent, Florida
Kristi Noem, South Dakota
Paul Cook, California
Jim Bridenstine, Oklahoma
Brad Wenstrup, Ohio
Jackie Walorski, Indiana

Sam Graves, Missouri

Ryan Zinke, Montana

(cont'd)

Minority

Adam Smith, RANKING, Washington

Loretta Sanchez, California
Bob Brady, Pennsylvania
Susan A. Davis, California
James R. Langevin, Rhode Island
Rick Larsen, Washington
Jim Cooper, Tennessee
Madeleine Bordallo, Guam
Joe Courtney, Connecticut
David Loebsack, Iowa
Niki Tsongas, Massachusetts
John Garamendi, California
Hank Johnson, Georgia
Jackie Speier, California
André Carson, Indiana
Derek Kilmer, Washington
Joaquín Castro, Texas
Tammy Duckworth, Illinois
Scott Peters, California
Marc Veasey, Texas
Tulsi Gabbard, Hawaii

Seth Moulton, Massachusetts

Tim Walz, Minnesota

Beto O'Rourke, Texas

Don Norcross, New Jersey

Ruben Gallego, Arizona

Mark Takai, Hawaii

Gwen Graham, Florida

Brad Ashford, Nebraska

Elise Stefanik, New York
Steve Knight, California
Tom MacArthur, New Jersey
Martha McSally, Arizona

Budget

Majority

Paul Ryan, Wisconsin
Tom Price, CHAIRMAN, Georgia
Todd Rokita, Indiana
Scott Garrett, New Jersey
Ken Calvert, California
Tom Cole, Oklahoma
Tom McClintock, California
Diane Black, Tennessee
Rob Woodall, Georgia
Marsha Blackburn, Tennessee
Vicky Hartzler, Missouri
Alan Nunnelee, Mississippi
Tom Rice, South Carolina
Marlin Stutzman, Indiana
Aaron Schock, Illinois
Mark Sanford, South Carolina
Dave Brat, Virginia
Rod Blum, Iowa
Glenn Grothman, Wisconsin
John Moolenaar, Michigan
Alex Mooney, West Virginia
Gary Palmer, Alabama
Bruce Westerman, Arkansas

Minority

Chris Van Hollen, RANKING, Maryland
John Yarmuth, Kentucky
Bill Pascrell, New Jersey
Tim Ryan, Ohio
Gwen Moore, Wisconsin
Kathy Castor, Florida
Jim McDermott, Washington
Barbara Lee, California
Hakeem Jeffries, New York
Mark Pocan, Wisconsin
Michelle Lujan Grisham, New Mexico
Jared Huffman, California
Tony Cárdenas, California
Earl Blumenauer, Oregon
Kurt Schrader, Oregon
Lloyd Doggett, Texas
Dan Kildee, Michigan
Debbie Dingell, Michigan
Ted Lieu, California

Education and the Workforce

Majority

John Kline, CHAIRMAN, Minnesota

Joe Wilson, South Carolina
Virginia Foxx, North Carolina
Duncan Hunter, California
Phil Roe, Tennessee
Glenn "GT" Thompson, Pennsylvania
Tim Walberg, Michigan
Matt Salmon, Arizona
Brett Guthrie, Kentucky
Todd Rokita, Indiana
Bradley Byrne, Alabama
Joe Heck, Nevada

Lou Barletta, Pennsylvania

Luke Messer, Indiana

Dave Brat, Virginia

Buddy Carter, Georgia

Mike Bishop, Michigan

Glenn Grothman, Wisconsin

Steve Russell, Oklahoma

Carlos Curbelo, Florida

Elise Stefanik, New York

Rick Allen, Georgia

Minority

Bobby Scott, RANKING, Virginia

Rubén Hinojosa, Texas
Susan Davis, California
Raúl Grijalva, Arizona
David Loebsack, Iowa
Joe Courtney, Connecticut
Marcia Fudge, Ohio
Jared Polis, Colorado
Gregorio Sablan, Northern Mariana Islands
Frederica Wilson, Florida
Suzanne Bonamici, Oregon
Mark Pocan, Wisconsin
Mark Takano, California
Hakeem Jeffries, New York
Katherine Clark, Massachusetts
Alma Adams, North Carolina
Mark DeSaulnier, California

Energy and Commerce

Majority

Fred Upton, CHAIRMAN, Michigan

Joe Barton, Texas
Ed Whitfield, Kentucky
John Shimkus, Illinois
Joseph R. Pitts, Pennsylvania
Greg Walden, Oregon
Tim Murphy, Pennsylvania
Michael C. Burgess, Texas
Marsha Blackburn, Tennessee
Steve Scalise, Louisiana
Bob Latta, Ohio
Cathy McMorris Rodgers, Washington
Gregg Harper, Mississippi
Leonard Lance, New Jersey
Brett Guthrie, Kentucky
Pete Olson, Texas
David McKinley, West Virginia
Mike Pompeo, Kansas
Adam Kinzinger, Illinois
Morgan Griffith, Virginia
Gus Bilirakis, Florida
Bill Johnson, Ohio
Billy Long, Missouri
Renee Ellmers, North Carolina
Susan Brooks, Indiana
Larry Bucshon, Indiana
Chris Collins, New York
Kevin Cramer, North Dakota
Bill Flores, Texas
Richard Hudson, North Carolina
Markwayne Mullin, Oklahoma

Minority

Frank Pallone, RANKING, New Jersey

Bobby Rush, Illinois
Anna Eshoo, California
Eliot Engel, New York
Gene Green, Texas
Diana DeGette, Colorado
Lois Capps, California
Michael F. Doyle, Pennsylvania
Jan Schakowsky, Illinois
G. K. Butterfield, North Carolina
Doris Matsui, California
Kathy Castor, Florida
John Sarbanes, Maryland
Jerry McNerney, California
Peter Welch, Vermont
Ben R. Luján, New Mexico
Paul Tonko, New York
John Yarmuth, Kentucky
Yvette Clarke, New York
Joe Kennedy, Massachusetts
David Loebsack, Iowa
Tony Cardenas, California
Kurt Schrader, Oregon

Ethics

Majority

Mike Conaway, CHAIRMAN, Texas

Charlie Dent, Pennsylvania

Pat Meehan, Pennsylvania

Trey Gowdy, South Carolina

Susan Brooks, Indiana

Minority

Linda Sanchez, RANKING, California

Pedro Pierluisi, Puerto Rico

Mike Capuano, Massachusetts

Yvette Clarke, New York

Ted Deutch, Florida

Financial Services

Majority

Jeb Hensarling, CHAIRMAN, Texas

Peter T. King, New York

Ed Royce, California

Frank Lucas, Oklahoma

Scott Garrett, New Jersey

Randy Neugebauer, Texas

Patrick McHenry, North Carolina

Steve Pearce, New Mexico

Bill Posey, Florida

Mike Fitzpatrick, Pennsylvania

Lynn Westmoreland, Georgia

Blaine Luetkemeyer, Missouri

Bill Huizenga, Michigan

Sean Duffy, Wisconsin

Jim Renacci, Ohio

Robert Hurt, Virginia

Steve Stivers, Ohio

Stephen Fincher, Tennessee

Minority

Maxine Waters, RANKING, California

Carolyn B. Maloney, New York

Nydia Velázquez, New York

Brad Sherman, California

Gregory W. Meeks, New York

Michael Capuano, Massachusetts

Ruben Hinojosa, Texas

William Clay, Jr., Missouri

Stephen Lynch, Massachusetts

David Scott, Georgia

Al Green, Texas

Emanuel Cleaver, Missouri

Gwen Moore, Wisconsin

Keith Ellison, Minnesota

Ed Perlmutter, Colorado

Jim Himes, Connecticut

John Carney, Delaware

Terri Sewell, Alabama

Marlin Stutzman, Indiana
Mick Mulvaney, South Carolina
Randy Hultgren, Illinois
Dennis A. Ross, Florida
Robert Pittenger, North Carolina
Ann Wagner, Missouri
Andy Barr, Kentucky
Keith Rothfus, Pennsylvania
Luke Messer, Indiana

David Schweikert, Arizona

Scott Tipton, Colorado

Roger Williams, Texas

Bob Dold, Illinois

Frank Guinta, New Hampshire

French Hill, Arkansas

Mia Love, Utah

Bruce Poliquin, Maine

Bill Foster, Illinois
Dan Kildee, Michigan
Patrick Murphy, Florida
John Delaney, Maryland
Kyrsten Sinema, Arizona
Joyce Beatty, Ohio
Denny Heck, Washington

Foreign Affairs

Majority

Ed Royce, CHAIRMAN, California

Chris Smith, New Jersey
Ileana Ros-Lehtinen, Florida
Dana Rohrabacher, California
Steve Chabot, Ohio
Joe Wilson, South Carolina
Michael McCaul, Texas
Ted Poe, Texas
Matt Salmon, Arizona
Tom Marino, Pennsylvania
Jeff Duncan, South Carolina
Mo Brooks, Alabama
Paul Cook, California
(cont'd)

Minority

Eliot Engel, RANKING, New York

Brad Sherman, California
Gregory Meeks, New York
Albio Sires, New Jersey
Gerry Connolly, Virginia
Ted Deutch, Florida
Brian Higgins, New York
Karen Bass, California
William R. Keating, Massachusetts
David Cicilline, Rhode Island
Alan Grayson, Florida
Juan Vargas, California
Ami Bera, California
(cont'd)

George Holding, North Carolina
Randy Weber, Texas
Scott Perry, Pennsylvania
Ron DeSantis, Florida
Mark Meadows, North Carolina
Ted Yoho, Florida
Darrell Issa, California
Curt Clawson, Florida
Scott DesJarlais, Tennessee
Reid Ribble, Wisconsin
David Trott, Michigan
Lee Zeldin, New York
Tom Emmer, Minnesota

Alan Lowenthal, California
Grace Meng, New York
Lois Frankel, Florida
Tulsi Gabbard, Hawaii
Joaquin Castro, Texas
Robin Kelly, Illinois
Brendan Boyle, Pennsylvania

Homeland Security

Majority

Michael McCaul, CHAIRMAN, Texas
Lamar S. Smith, Texas
Peter T. King, New York
Mike Rogers, Alabama
Candice Miller, Michigan
Jeff Duncan, South Carolina
Tom Marino, Pennsylvania
Steven Palazzo, Mississippi
Lou Barletta, Pennsylvania
Scott Perry, Pennsylvania
John Katko, New York
Curtis Clawson, Florida
Will Hurd, Texas
Earl "Buddy" Carter, Georgia
Mark Walker, North Carolina
Barry Loudermilk, Georgia
Martha McSally, Arizona
John Ratcliffe, Texas

Minority

Bennie Thompson, RANKING, Mississippi
Loretta Sanchez, California
Sheila Jackson Lee, Texas
Yvette Clarke, New York
Brian Higgins, New York
Cedric Richmond, Louisiana
William R. Keating, Massachusetts
Janice Hahn, California
Donald Payne, Jr., New Jersey
Beto O'Rourke, Texas
Tulsi Gabbard, Hawaii
Filemon Vela, Jr., Texas
Eric Swalwell, California
Bonnie Watson Coleman, New Jersey
Kathleen Rice, New York
Norma Torres, California

House Administration

Majority

Candice Miller, CHAIRMAN, Michigan

Gregg Harper, Mississippi

Aaron Schock, Illinois

Rich Nugent, Florida

Rodney Davis, Illinois

Barbara Comstock, Virginia

Minority

Bob Brady, RANKING, Pennsylvania

Zoe Lofgren, California

Juan Vargas, California

Judiciary

Majority

Bob Goodlatte, CHAIRMAN, Virginia

Jim Sensenbrenner, Wisconsin

Lamar S. Smith, Texas

Steve Chabot, Ohio

Darrell Issa, California

Randy Forbes, Virginia

Steve King, Iowa

Trent Franks, Arizona

Louie Gohmert, Texas

Jim Jordan, Ohio

Ted Poe, Texas

Jason Chaffetz, Utah

Tom Marino, Pennsylvania

Trey Gowdy, South Carolina

Raúl Labrador, Idaho

Blake Farenthold, Texas

Doug Collins, Georgia

Ron DeSantis, Florida

Minority

John Conyers, RANKING, Michigan

Jerrold Nadler, New York

Bobby Scott, Virginia

Zoe Lofgren, California

Sheila Jackson-Lee, Texas

Steve Cohen, Tennessee

Hank Johnson, Georgia

Pedro Pierluisi, Puerto Rico

Judy Chu, California

Ted Deutch, Florida

Luis Guterrez, Illinois

Karen Bass, California

Cedric Richmond, Louisiana

Suzan DelBene, Washington

Hakeem Jeffries, New York

David Cicilline, Rhode Island

Scott Peters, California

Natural Resources

Majority

Don Young, Alaska
Louie Gohmert, Texas
Rob Bishop, CHAIRMAN, Utah
Doug Lamborn, Colorado
Rob Wittman, Virginia
John Fleming, Louisiana
Tom McClintock, California
Glenn "G.T." Thompson, Pennsylvania
Cynthia Lummis, Wyoming
Jeff Duncan, South Carolina
Scott Tipton, Colorado
Paul Gosar, Arizona
Raúl Labrador, Idaho
Bill Flores, Texas
Markwayne Mullin, Oklahoma
Kevin Cramer, North Dakota
Doug LaMalfa, California
Jason T. Smith, Missouri
Bradley Byrne, Alabama
Dan Benishek, Michigan
Jason Smith, Missouri
Dan Newhouse, Washington

Minority

Peter DeFazio, RANKING, Oregon
Frank Pallone, Jr., New Jersey
Grace Napolitano, California
Raúl Grijalva, Arizona
Madeleine Bordallo, Guam
Jim Costa, California
Gregorio Sablan, Northern Mariana Islands
Niki Tsongas, Massachusetts
Pedro Pierluisi, Puerto Rico
Tony Cardenas, California
Jared Huffman, California
Raul Ruiz, California
Alan Lowenthal, California
Matt Cartwright, Pennsylvania
Katherine Clark, Massachusetts
Don Beyer, Virginia

Oversight and Government Reform

Majority

John Mica, Florida
Mike Turner, Ohio
John Duncan, Tennessee
Jim Jordan, Ohio
Jason Chaffetz, CHAIRMAN, Utah
Tim Walberg, Michigan
Justin Amash, Michigan
Paul Gosar, Arizona
Scott DesJarlais, Tennessee
Trey Gowdy, South Carolina
Blake Farenthold, Texas
Cynthia Lummis, Wyoming
Thomas Massie, Kentucky
Mark Meadows, North Carolina
Ron DeSantis, Florida
Buddy Carter, Georgia
Gary Palmer, Alabama
Glenn Grothman, Wisconsin
Jody Hice, Georgia
Ken Buck, Colorado
Mark Walker, North Carolina
Mick Mulvaney, South Carolina
Rod Blum, Iowa
Steve Russell, Oklahoma
William Hurd, Texas

Minority

Elijah Cummings, RANKING, Maryland
Carolyn Maloney, New York
Eleanor Holmes Norton, District of Columbia
William Lacy Clay, Jr., Missouri
Stephen Lynch, Massachusetts
Jim Cooper, Tennessee
Gerry Connolly, Virginia
Jackie Speier, California
Matt Cartwright, Pennsylvania
Tammy Duckworth, Illinois
Danny K. Davis, Illinois
Peter Welch, Vermont
Tony Cardenas, California
Michelle Lujan Grisham, New Mexico
Robin Kelly, Illinois
Brenda Lawrence, Michigan

Rules

Majority

Pete Sessions, CHAIRMAN, Texas

Virginia Foxx, North Carolina, *Vice Chair*

Tom Cole, Oklahoma

Rob Woodall, Georgia

Michael C. Burgess, Texas

Steve Stivers, Ohio

Doug Collins, Georgia

Minority

Louise Slaughter, RANKING, New York

James P. McGovern, Massachusetts

Alcee Hastings, Florida

Jared Polis, Colorado

Science, Space and Technology

Majority

Lamar S. Smith, CHAIRMAN, Texas

Jim Sensenbrenner, Wisconsin

Dana Rohrabacher, California

Frank Lucas, Oklahoma

Randy Neugebauer, Texas

Michael McCaul, Texas

Steven Palazzo, Mississippi

Mo Brooks, Alabama

Randy Hultgren, Illinois

Larry Bucshon, Indiana

Bill Posey, Florida

Cynthia Lummis, Wyoming

David Schweikert, Arizona

Thomas Massie, Kentucky

Kevin Cramer, North Dakota

Jim Bridenstine, Oklahoma

Randy Weber, Texas

(cont'd)

Minority

Eddie Bernice Johnson, RANKING, Texas

Zoe Lofgren, California

Dan Lipinski, Illinois

Donna Edwards, Maryland

Frederica Wilson, Florida

Suzanne Bonamici, Oregon

Eric Swalwell, California

Alan Grayson, Florida

Joseph Kennedy III, Massachusetts

Scott Peters, California

Derek Kilmer, Washington

Ami Bera, California

Elizabeth Esty, Connecticut

Marc Veasey, Texas

Julia Brownley, California

Robin Kelly, Illinois

Katherine Clark, Massachusetts

Chris Collins, New York

Bill Johnson, Ohio

Barbara Comstock, Virginia

Dan Newhouse, Washington

Small Business

Majority

Sam Graves, CHAIRMAN, Missouri

Steven Chabot, Ohio

Steve King, Iowa

Mike Coffman, Colorado

Blaine Luetkemeyer, Missouri

Mick Mulvaney, South Carolina

Scott Tipton, Colorado

Jaime Herrera Beutler, Washington

Richard Hanna, New York

Tim Huelskamp, Kansas

David Schweikert, Arizona

Chris Collins, New York

Tom Rice, South Carolina

Minority

Nydia Velázquez, RANKING, New York

Kurt Schrader, Oregon

Yvette Clarke, New York

Judy Chu, California

Janice Hahn, California

Donald Payne, Jr., New Jersey

Grace Meng, New York

Ann McLane Kuster, New Hampshire

Patrick Murphy, Florida

Transportation and Infrastructure

Majority

Bill Shuster, CHAIRMAN, Pennsylvania

Don Young, Alaska
Jimmy Duncan, Tennessee
John Mica, Florida
Frank LoBiondo, New Jersey
Sam Graves, Missouri
Candice Miller, Michigan
Duncan D. Hunter, California
Rick Crawford, Arkansas
Lou Barletta, Pennsylvania
Blake Farenthold, Texas
Bob Gibbs, Ohio
Richard L. Hanna, New York
Daniel Webster, Florida
Jeff Denham, California
Reid Ribble, Wisconsin
Thomas Massie, Kentucky
Tom Rice, South Carolina
Mark Meadows, North Carolina
Scott Perry, Pennsylvania
Rodney L. Davis, Illinois
Mark Sanford, South Carolina
Rob Woodall, Georgia
Todd Rokita, Indiana
John Katko, New York
Brian Babin, Texas
Crescent Hardy, Nevada
Ryan Costello, Pennsylvania
Garret Graves, Louisiana
Mimi Walters, California
Barbara Comstock, Virginia
Carlos Curbelo, Florida
David Rouzer, North Carolina
Lee Zeldin, New York

Minority

Peter DeFazio, RANKING, Oregon

Eleanor Holmes Norton, District of Columbia
Jerrold Nadler, New York
Corrine Brown, Florida
Eddie Bernice Johnson, Texas
Elijah Cummings, Maryland
Rick Larsen, Washington
Mike Capuano, Massachusetts
Grace Napolitano, California
Daniel Lipinski, Illinois
Tim Walz, Minnesota
Steve Cohen, Tennessee
Albio Sires, New Jersey
Donna Edwards, Maryland
John Garamendi, California
Andre Carson, Indiana
Janice Hahn, California
Rick Nolan, Minnesota
Ann Kirkpatrick, Arizona
Dina Titus, Nevada
Sean Patrick Maloney, New York
Elizabeth Esty, Connecticut
Lois Frankel, Florida
Cheri Bustos, Illinois
Jared Huffman, California
Julia Brownley, California

Veterans' Affairs

Majority

Jeff Miller, CHAIRMAN, Florida

Doug Lamborn, Colorado

Gus Bilirakis, Florida

Phil Roe, Tennessee

Dan Benishek, Michigan

Tim Huelskamp, Kansas

Mike Coffman, Colorado

Brad Wenstrup, Ohio

Jackie Walorski, Indiana

Ralph Abraham, Louisiana

Lee Zeldin, New York

Ryan Costello, Pennsylvania

Amata Radewagen, American Samoa

Mike Bost, Illinois

Minority

Corrine Brown, RANKING, Florida

Mark Takano, California

Julia Brownley, California

Dina Titus, Nevada

Raul Ruiz, California

Ann Kuster, New Hampshire

Beto O'Rourke, Texas

Ways and Means

Majority

Sam Johnson, Texas

Kevin Brady, Texas

Paul Ryan, CHAIRMAN, Wisconsin

Devin Nunes, California

Pat Tiberi, Ohio

Dave Reichert, Washington

Charles Boustany, Louisiana

Peter Roskam, Illinois

(cont'd)

Minority

Sander Levin, RANKING, Michigan,

Charles B. Rangel, New York

Jim McDermott, Washington

John Lewis, Georgia

Richard Neal, Massachusetts

Xavier Becerra, California

Lloyd Doggett, Texas

Mike Thompson, California

(cont'd)

Tom Price, Georgia
Vern Buchanan, Florida
Adrian Smith, Nebraska
Aaron Schock, Illinois
Lynn Jenkins, Kansas
Erik Paulsen, Minnesota
Kenny Marchant, Texas
Diane Black, Tennessee
Tom Reed, New York
Todd Young, Indiana
Mike Kelly, Pennsylvania
Jim Renacci, Ohio
Kristi Noem, South Dakota
Pat Meehan, Pennsylvania
George Holding, North Carolina
Jason Smith, Missouri

John Larson, Connecticut
Earl Blumenauer, Oregon
Ron Kind, Wisconsin
Bill Pascrell, New Jersey
Joseph Crowley, New York
Danny K. Davis, Illinois
Linda Sánchez, California

Permanent Select Committee on Intelligence

Majority

Mac Thornberry, Texas
Jeff Miller, Florida
Mike Conaway, Texas
Peter King, New York
Frank LoBiondo, New Jersey
Devin Nunes, CHAIRMAN, California
Lynn Westmoreland, Georgia
Tom Rooney, Florida
Joe Heck, Nevada
Mike Pompeo, Kansas
Ileana Ros-Lehtinen, Florida
Michael Turner, Ohio
Brad Wenstrup, Ohio
Chris Stewart, Utah

Minority

Adam Schiff, RANKING, California
Luis Gutiérrez, Illinois
Jim Himes, Connecticut
Terri Sewell, Alabama
Andre Carson, Indiana
Jackie Speier, California
Mike Quigley, Illinois
Eric Swalwell, California
Patrick Murphy, Florida

SENATE COMMITTEE ASSIGNMENTS

Leadership is highlighted in yellow, while new members to the committee are in bold.

Agriculture, Nutrition and Forestry

Majority

Pat Roberts, CHAIRMAN, Kansas

Thad Cochran, Mississippi

Mitch McConnell, Kentucky

John Boozman, Arkansas

John Hoeven, North Dakota

Chuck Grassley, Iowa

John Thune, South Dakota

David Perdue, Georgia

Joni Ernst, Iowa

Thom Tillis, North Carolina

Ben Sasse, Nebraska

Minority

Patrick Leahy, Vermont

Debbie Stabenow, RANKING, Michigan

Sherrod Brown, Ohio

Amy Klobuchar, Minnesota

Michael Bennet, Colorado

Kirsten Gillibrand, New York

Joe Donnelly, Indiana

Heidi Heitkamp, North Dakota

Bob Casey, Pennsylvania

Appropriations

Majority

Thad Cochran, CHAIRMAN, Mississippi

Mitch McConnell, Kentucky

Richard Shelby, Alabama

Lamar Alexander, Tennessee

(cont'd)

Minority

Patrick Leahy, Vermont

Barbara Mikulski, RANKING, Maryland

Patty Murray, Washington

Dianne Feinstein, California

(cont'd)

Susan Collins, Maine
Lisa Murkowski, Alaska
Lindsey Graham, South Carolina
Mark Kirk, Illinois
Roy Blunt, Missouri
Jerry Moran, Kansas
John Hoeven, North Dakota
John Boozman, Arkansas
Shelley Moore Capito, West Virginia
Bill Cassidy, Louisiana
James Lankford, Oklahoma
Steve Daines, Montana

Dick Durbin, Illinois
Jack Reed, Rhode Island
Jon Tester, Montana
Tom Udall, New Mexico
Jeanne Shaheen, New Hampshire
Jeff Merkley, Oregon
Chris Coons, Delaware
Brian Schatz, Hawaii
Tammy Baldwin, Wisconsin
Chris Murphy, Connecticut

Armed Services

Majority

John McCain, CHAIRMAN, Arizona
James Inhofe, Oklahoma
Jeff Sessions, Alabama
Roger Wicker, Mississippi
Kelly Ayotte, New Hampshire
Deb Fischer, Nebraska
Lindsey Graham, South Carolina
Ted Cruz, Texas
Tom Cotton, Arkansas
Mike Rounds, South Dakota
Joni Ernst, Iowa

(cont'd)

Minority

Jack Reed, RANKING, Rhode Island
Bill Nelson, Florida
Claire McCaskill, Missouri
Joe Manchin, West Virginia
Jeanne Shaheen, New Hampshire
Kirsten Gillibrand, New York
Richard Blumenthal, Connecticut
Joe Donnelly, Indiana
Mazie Hirono, Hawaii
Tim Kaine, Virginia
Angus King, Maine
Martin Heinrich, New Mexico

Thom Tillis, North Carolina

Dan Sullivan, Alaska

Mike Lee, Utah

Banking, Housing, and Urban Affairs

Majority

Richard Shelby, CHAIRMAN, Alabama

Mike Crapo, Idaho

Bob Corker, Tennessee

David Vitter, Louisiana

Pat Toomey, Pennsylvania

Mark Kirk, Illinois

Jerry Moran, Kansas

Dean Heller, Nevada

Tim Scott, South Carolina

Tom Cotton, Arkansas

Mike Rounds, South Dakota

Ben Sasse, Nebraska

Minority

Jack Reed, Rhode Island

Chuck Schumer, New York

Bob Menendez, New Jersey

Sherrod Brown, RANKING, Ohio

Jon Tester, Montana

Mark Warner, Virginia

Jeff Merkley, Oregon

Elizabeth Warren, Massachusetts

Heidi Heitkamp, North Dakota

Joe Donnelly, Indiana

Budget

Majority

Chuck Grassley, Iowa
Mike Enzi, CHAIRMAN, Wyoming
Jeff Sessions, Alabama
Mike Crapo, Idaho
Lindsey Graham, South Carolina
Rob Portman, Ohio
Pat Toomey, Pennsylvania
Ron Johnson, Wisconsin
Kelly Ayotte, New Hampshire
Roger Wicker, Mississippi
Bob Corker, Tennessee
David Perdue, Georgia

Minority

Patty Murray, Washington
Ron Wyden, Oregon
Debbie Stabenow, Michigan
Bernie Sanders, RANKING, Vermont
Sherrod Whitehouse, Rhode Island
Mark Warner, Virginia
Jeff Merkley, Oregon
Tammy Baldwin, Wisconsin
Tim Kaine, Virginia
Angus King, Maine

Commerce, Science, and Transportation

Majority

John Thune, CHAIRMAN, South Dakota
Roger Wicker, Mississippi
Roy Blunt, Missouri
Marco Rubio, Florida
Kelly Ayotte, New Hampshire
(cont'd)

Minority

Bill Nelson, RANKING, Florida
Maria Cantwell, Washington
Claire McCaskill, Missouri
Amy Klobuchar, Minnesota
Richard Blumenthal, Connecticut
(cont'd)

Dean Heller, Nevada
Ted Cruz, Texas
Deb Fischer, Nebraska
Ron Johnson, Wisconsin
Dan Sullivan, Alaska
Jerry Moran, Kansas
Cory Gardner, Colorado
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Mike Lee, Utah
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Rob Portman, Ohio
John Hoeven, North Dakota
Lamar Alexander, Tennessee
Bill Cassidy, Louisiana
Cory Gardner, Colorado
Steve Daines, Montana
Shelley Moore Capito, West Virginia

Minority

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Maria Cantwell, RANKING, Washington
Bernie Sanders, Vermont
Debbie Stabenow, Michigan
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Joe Manchin, West Virginia
Martin Heinrich, New Mexico
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Mike Crapo, Idaho

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Chuck Grassley, Iowa

Mike Crapo, Idaho

Pat Roberts, Kansas

Mike Enzi, Wyoming

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John Thune, South Dakota

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Chuck Schumer, New York

Debbie Stabenow, Michigan

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Bill Nelson, Florida

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Tim Scott, South Carolina

Sherrod Brown, Ohio
Michael Bennet, Colorado
Bob Casey, Pennsylvania
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Tammy Baldwin, Wisconsin

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Minority

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Minority

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Brian Schatz, Hawaii

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Kelly Ayotte, New Hampshire

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Ed Markey, Massachusetts

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Mazie Hirono, Hawaii

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Sherrod Brown, Ohio

Jon Tester, Montana

Richard Blumenthal, RANKING, Connecticut

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