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Capital Snapshot: A Monthly Overview of the Issues, Events, Timelines, and Polling Data Driving Federal Policy Decisions

August 2022

This Month's Capital Snapshot Deck Includes

- The policy and political timeline for August, and a look at the remaining 2022 Congressional Calendar.
- An overview of top Congressional priorities, including: (1) reconciliation; (2) CHIPS-plus; (3) FY23 appropriations; (4) same-sex marriage codification; (5) PACT Act; (6) approving Finland and Sweden for NATO membership; and (7) police/law enforcement funding.
- An overview of, and insight into, the battle for control of Congress, as well as the 2022 Gubernatorial Elections.
- A look into elections in recession years, and what their trends can tell us about what to potentially expect.

Congressional Schedule and Priorities for August 2022



Remaining Days in Congress

House

- The House is scheduled to be in recess for the entire month of August.
 - In the event of Senate passage of the reconciliation bill, the House will return to vote on that bill.
- 28 legislative days left in 2022.

Senate

- 5 legislative days scheduled for August.
 - Senate Democrats hope to conclude debate and vote on the pending reconciliation package by the end of the first week of August.
- 57 legislative days left in 2022.

Congressional Agenda and Priorities for August/September

Consideration of the *Inflation Reduction Act of 2022* (Reconciliation)

Passage of the *CHIPS & Science Act of 2022* (House: July 28; Senate: July 27)

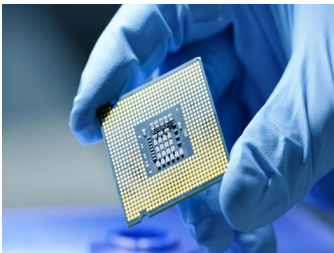
Honoring our PACT Act of 2022

Potential Senate vote on same-sex marriage and contraception codification

Senate vote on FY23 appropriations bills

Potential Senate vote on NATO bill (Finland and Sweden)

Potential House consideration of gun control legislation and a police funding package



Reconciliation – the *Inflation Reduction Act of 2022*

- On July 27, Senate Majority Leader Chuck Schumer (D-NY) and Sen. Joe Manchin (D-WV) [announced](#) they had reached a deal on a reconciliation package covering:
 1. Prescription drug pricing reform (\$288 billion in revenue)
 2. Extension of Affordable Care Act (ACA) premium subsidies (\$64 billion in spending)
 3. Tax changes (\$451 billion in revenue)
 - a) Imposition of a 15% minimum corporate tax
 - b) Increased IRS tax enforcement
 - c) Changes to carried interest provisions
 4. Energy security and climate change investments (\$369 billion in spending)
 5. Deficit reduction (\$306 billion)
- The new reconciliation deal is now referred to as the [Inflation Reduction Act of 2022](#).
 - [Text](#)
 - [Summary](#)
- The legislation is under review by the Senate Parliamentarian, who will determine if its provisions comply with budget reconciliation rules.
- Leader Schumer indicated the full Senate will consider the legislation next week.



Majority Leader Chuck Schumer (D-NY)



Sen. Joe Manchin (D-WV)

Reconciliation – the *Inflation Reduction Act of 2022*

- Leader Schumer seeks to have final passage of the *Inflation Reduction Act of 2022* by the end of the first week of August, this timeline might be optimistic.
 - The Senate Parliamentarian’s review of the final text, known as the “Byrd Bath,” will likely take several days and could require changes.
 - Under that scenario, final passage of the *Inflation Reduction Act of 2022* in the Senate could slip until at least the week of August 8.
- On July 28, Leader Schumer indicated that insulin provisions would be added to the reconciliation bill.
- House Speaker Nancy Pelosi (D-CA) expressed her support for the *Inflation Reduction Act of 2022* in a [Dear Colleague](#) on July 27. Should the Senate pass the bill by August 8, the House will return the 2d week in August for final passage of the legislation.



Majority Leader Chuck Schumer (D-NY)



Sen. Joe Manchin (D-WV)

Inflation Reduction Act of 2022 – What Progressive Democrats Are Saying

- While progressives wanted a larger, more comprehensive reconciliation package such as the [*Build Back Better Act*](#), many progressives have already voiced their support for the skinnier *Inflation Reduction Act of 2022*.
- For instance, Rep. Pramila Jayapal (D-WA), Chair of the Congressional Progressive Caucus (CPC), called the Schumer-Manchin deal “a huge victory for the American people.”
- Sen. Elizabeth Warren (D-MA) also indicated support, saying it is “a good start,” now that climate provisions are in the reconciliation package.



CPC Chair Rep. Pramila Jayapal (D-WA)



Sen. Elizabeth Warren (D-MA)

Inflation Reduction Act of 2022 – What Other Democrats Are Saying

- Sen. Kyrsten Sinema (D-AZ), a key swing vote, has not yet publicly committed to voting for the deal.
- Some Democrats from high tax states, such as Reps. Josh Gottheimer (D-NJ), Tom Suozzi (D-NY), and Mikie Sherill (D-NJ) have suggested they will not support tax legislation unless it includes lifting the State and Local Tax (SALT) caps. The Schumer-Manchin bill includes no changes to SALT.
- Soon after the deal became public, Sen. Bob Menendez (D-NJ) stated there are “issues” with the deal, adding the SALT cap needs to be lifted.

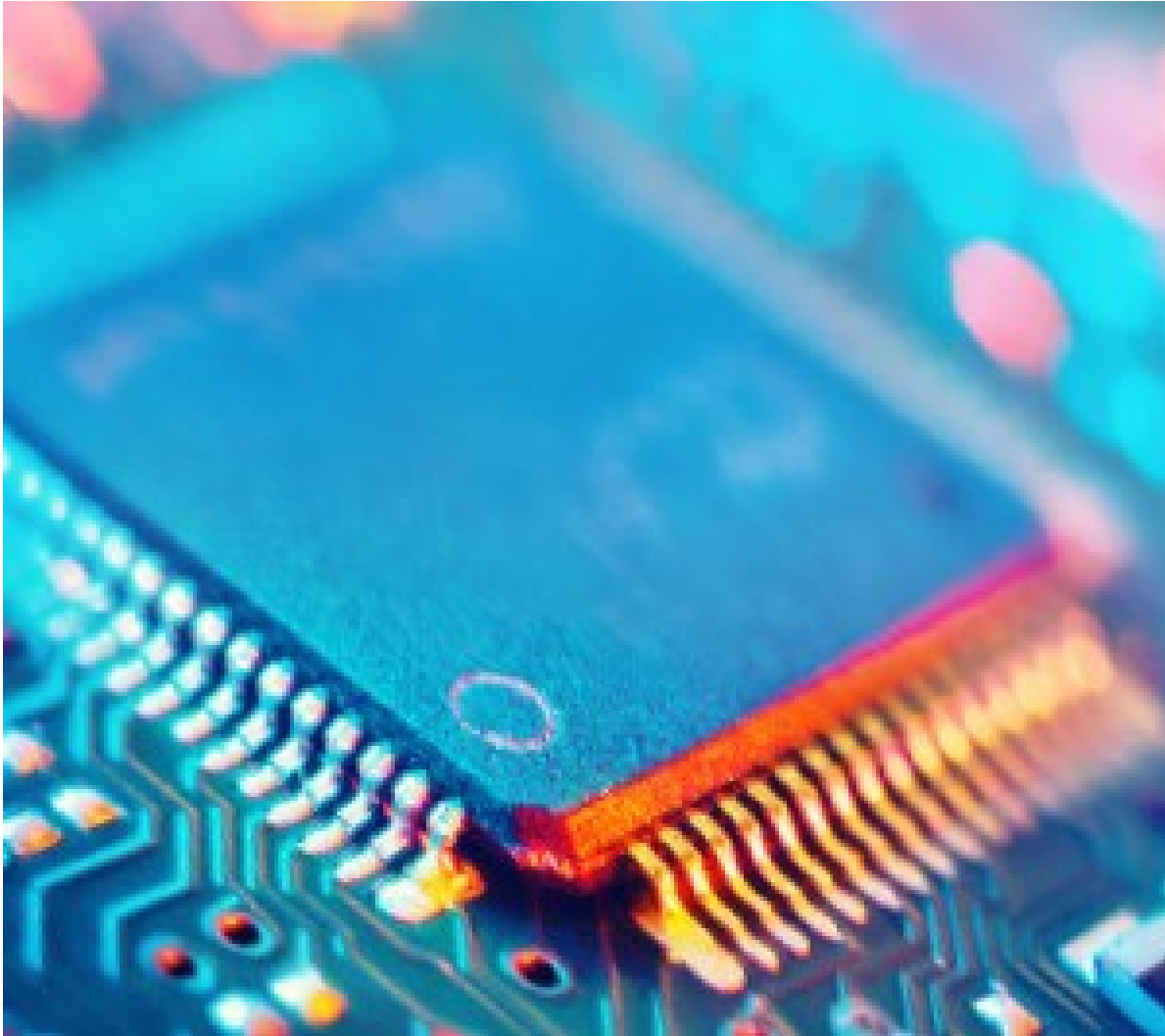


Rep. Josh Gottheimer (D-NJ)



Sen. Kyrsten Sinema (D-AZ)

CHIPS+ (AKA CHIPS and Science) Package Update



- More than a year after the Senate first passed the United States Innovation and Competition Act (S. 1260), Congress passed the CHIPS & Science package ([H.R. 4346](#)). The Senate passed the package by a vote of [64 - 33](#) on July 27 and the House passed the package by a vote of [243 - 187](#) on July 28.
- The \$280 billion package now heads to President Biden's desk for his signature.
- The package includes:
 - \$52 billion in funding for the CHIPS Act
 - A 25% investment tax credit for semiconductor manufacturing/equipment
 - \$200 billion for scientific research focused on artificial intelligence, robotics, quantum computing and other technologies
 - \$10 billion for the Commerce Department to create 20 "regional technology hubs" across the country.

National Defense Authorization Act (NDAA): House Progress

Background: The NDAA is an annual bill that sets the budget and priorities of the Department of Defense (DoD). The bill has passed annually for nearly six decades and is considered the last real “must-pass” bill by many in Congress, leading to a bipartisan, bicameral process to ensure the package is passed each year.

House Floor Markup: On July 14, the House passed their version of the Fiscal Year (FY) 2023 National Defense Authorization Act (H.R.7900) by a vote of 329-101. Overall, the bill provides \$839 billion for the DoD, keeping with the HASC-approved \$37 billion increase over the president’s budget request which Chairman Smith (D-WA) argued against. The bill also includes a 4.6 percent pay raise for troops.

Notable floor amendments adopted:

- Cannabis banking legislation;
- Restricting sales of F-16 fighters to Turkey; and
- Maintaining nuclear cruise missile plans the Biden Administration opposes.



National Defense Authorization Act (NDAA): Senate Progress

Senate Markup: The Senate Armed Services Committee (SASC) marked up their bill on June 15 and text was released July 18. The committee reported out a bill that provides \$857 billion for the DoD in FY 2023, a \$45 billion increase over the White House's original proposal and \$8 billion more than the House version. Additionally, the bill matches the House pay raise for troops at 4.6 percent.

Next Steps: The Senate is expected to consider its version on the floor in early September. Following a final vote, the conference process to negotiate the differences between the two bills will occur throughout the fall. Given the later timeline, we expect final passage of the NDAA to occur after the November elections this year.



SASC Chairman Jack Reed (D-RI) and Ranking Member Jim Inhofe (R-OK)

US Response to Russia's Invasion of Ukraine

- The House and the Senate have included assistance to Ukraine via the Ukraine Security Assistance Initiative (USAI) in the NDAA. The final number will have to be negotiated during conference this fall:
 - Senate: authorizes \$800 million
 - House: authorizes \$1 billion
- On July 22, the White House approved another \$270 million in security assistance for Ukraine including ammunition, four high mobility rocket systems, and tactical drones. Many believe the next step will be providing fighter jets to the country, but the planes may come from a third country.
- Ukraine recently switched requests from Patriot systems and drones to longer-range missiles such as the Army Tactical Missile System in its fight against Russia. The country is also requesting more National Advanced Surface to Air Missiles (NASAMS).



Status of FY 2023 Appropriations

- On July 28, Senate Appropriations Committee Chairman Patrick Leahy (D-VT) [released](#) 12 Fiscal Year (FY) 2023 Senate appropriations bills, including accompanying committee explanatory statements.
- The Senate's FY 2023 appropriations package totals nearly \$1.7 trillion.
 - Non-defense discretionary spending: \$653 billion
 - Defense discretionary spending: \$850 billion
 - VA medical care: \$118.7 billion
 - COVID emergency supplemental: \$21 billion
- This appropriations package only represents an agreement among Senate Democrats, as lead Republican appropriations leaders in both chambers have not agreed to topline appropriations numbers yet.
- On July 20, the House advanced a [minibus package](#) of six of its own appropriations bills by a straight party-line vote of [220 - 207](#).
 - The House is likely to take up one or more of its remaining appropriations bills after the August recess.



Gas Prices Are Beginning to Trend Lower



- Gas prices have been trending lower for the last month, and are expected to fall below \$4 a gallon, according to Amos Hochstein, the special presidential coordinator for international energy affairs
- Some 25,000 gas stations are at \$3.99 or less, according to GasBuddy.
- Analysts say average prices may have peaked in June at \$5.01 a gallon but there is a risk of a pre-election rise in prices in October for a variety of macro-economic and political conditions
- Energy analysts say American consumers are spending \$140 million less on gasoline daily than they were a month ago
- Prices vary widely across the country with drivers in South Carolina, Texas, Georgia, Mississippi and Louisiana paying the lowest prices (below \$4.10 a gallon) and drivers in California, Hawaii, Alaska, Oregon, and Nevada paying the highest prices (above \$5 a gallon)

Sources: The New York Times & CNBC

Thank you



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