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Capital Snapshot

June 2025

This Month's Capital Snapshot Deck Includes:

- Overview of the 119th Congress, including party breakdown of each chamber, the upcoming congressional schedules, and key dates
- An overview of the state of play for FY26 federal appropriations
- A recap of where things stand with the Republicans' reconciliation bill, the One Big Beautiful Bill Act ([H.R. 1](#))
- Legislative and policy updates across a variety of key policy areas
- Economic factors that could impact the future political landscape

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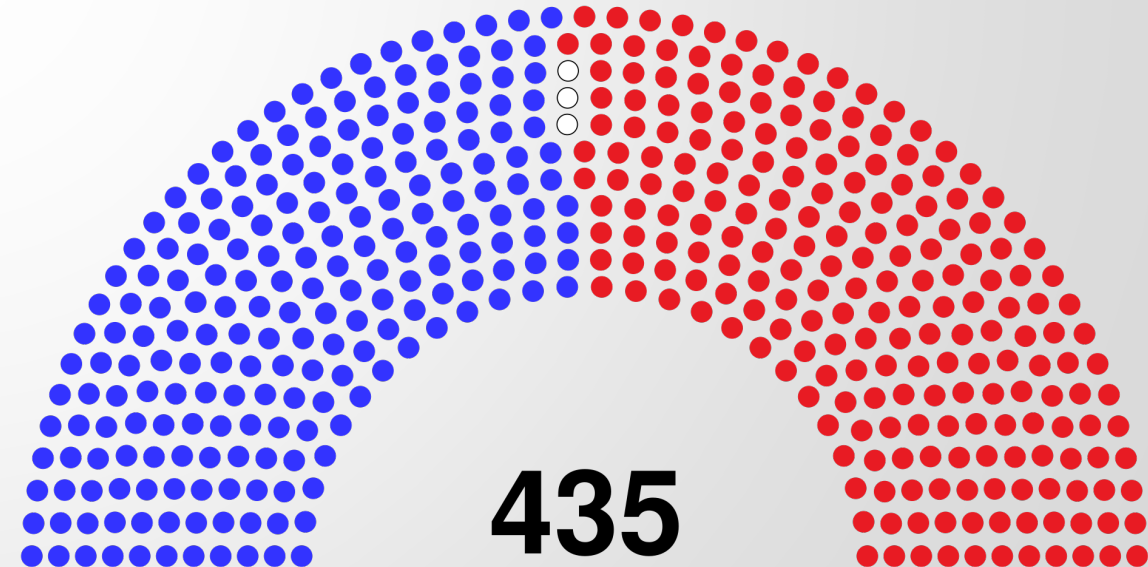
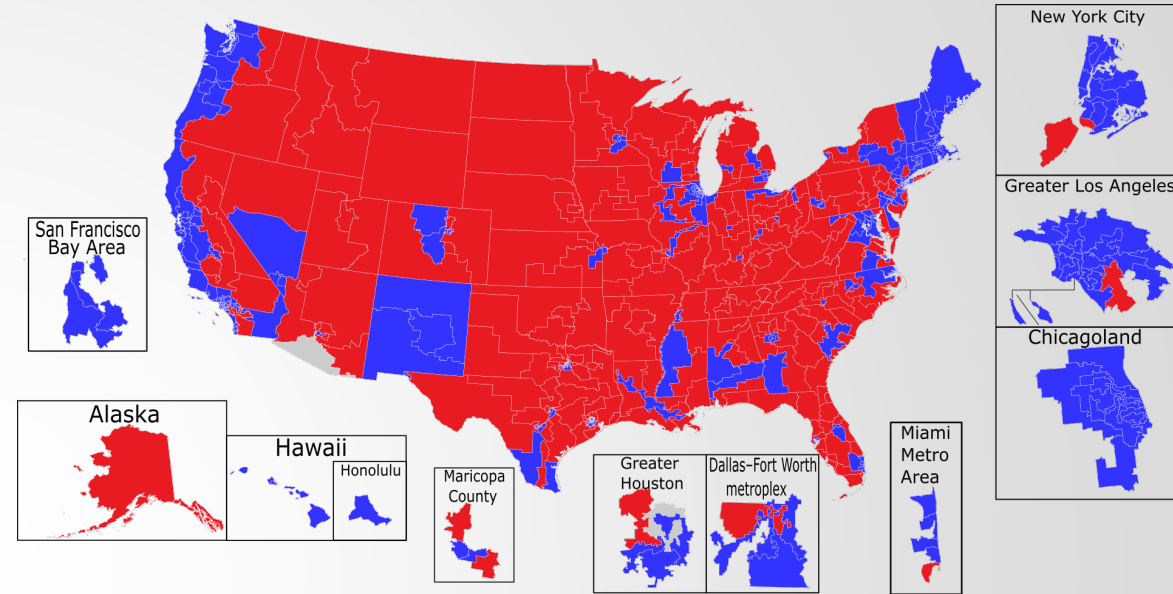
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Current State of Play for the 119th Congress

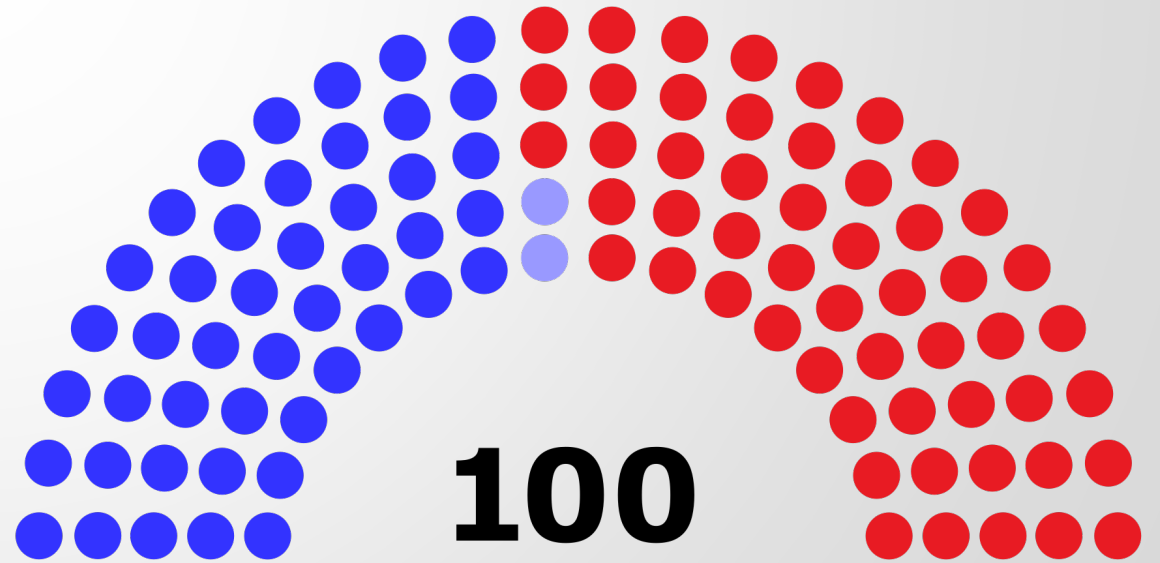
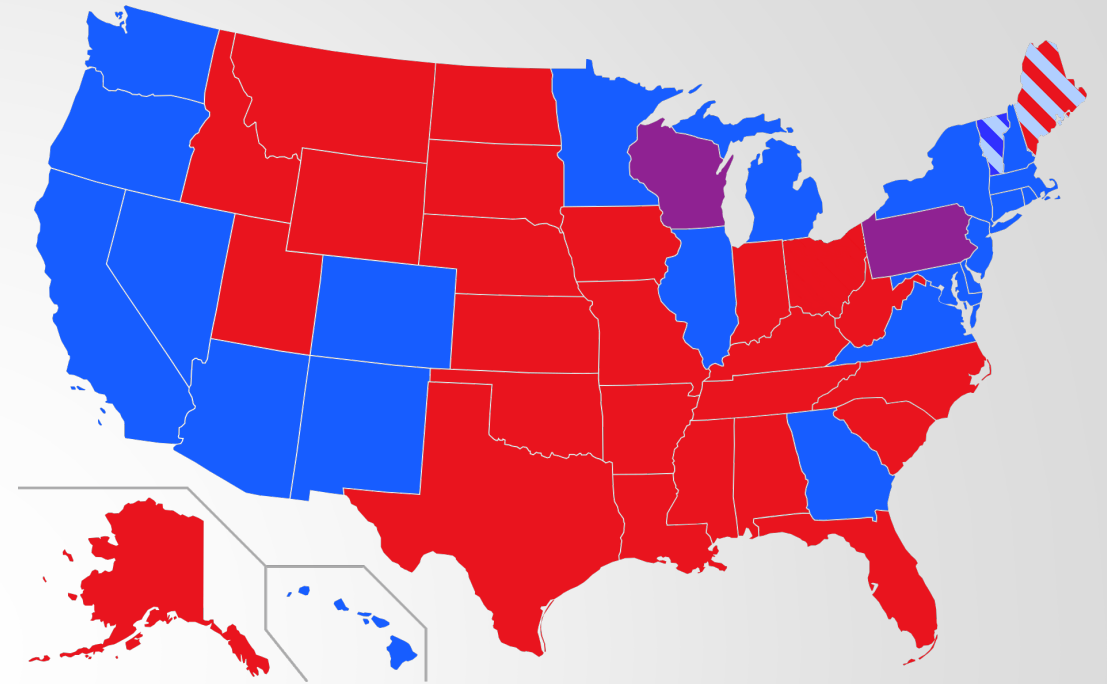
Current House – 119th Congress

- Republicans currently hold a narrow majority (**220 Republicans** - **212 Democrats**), which is just a *three-vote* majority.
- The House currently has three vacancies.
 - Rep. Sylvester Turner (D-TX-18) passed away on March 5, 2025.
 - Special election November 4, 2025 (**Safe D**)
 - Rep. Raúl Grijalva (D-AZ-7) passed away on March 13, 2025.
 - Special election September 23, 2025 (**Safe D**)
 - Rep. Gerry Connolly (D-VA-11) passed away on May 21, 2025.
 - Special election September 9, 2025 (**Safe D**)
- Rep. Mark Green (R-TN-7) announced his retirement from Congress on June 9; his retirement will be effective as soon as the House votes again on the reconciliation package.
 - Special election rating: **Safe R**
- Likely outcome: **220 Republicans** and **215 Democrats**, which would be a *two-vote* GOP majority.



Current Senate – 119th Congress

- Republicans currently hold a 53-47 majority, which is the same majority they held when they last controlled the Senate (January 2021).
- Two independent Senators caucus with Democrats: Senator Angus King (I-ME) and Senator Bernie Sanders (I-VT).
- Vice President J.D. Vance, who also serves as the Senate President, can cast a tie-breaking vote if the final vote on any legislation or nominee is tied at 50-50.
 - Since assuming the office, VP Vance has cast two tie-breaking votes.
 - Former VP Kamala Harris holds the record for most Senate tie-breaking votes, with 33.





119th Congress Calendars

2025 Senate Calendar

- The Senate currently plans to be in session for 37 weeks (179 legislative days), a longer period than each year of the previous Republican Senate majority from 2015 to 2020.
- By comparison, in 2024, the Senate was in session for 29 weeks (102 legislative days).
- The Senate did not have its first recess of 2025 until the week of March 17, largely due to work to confirm President Trump’s cabinet and administration appointees.
- The Senate’s next brief recess period will be on Juneteenth (June 19) and the following day.
- The Senate’s next full week recess will be the week of Independence Day (June 30-July 4).
- The Senate is expected to begin its annual August recess on August 4.

JOHN BARRASSO **DICK DURBIN**
Majority Whip *Democratic Whip*

UNITED STATES SENATE
119th Congress, 1st Session
2025

TENTATIVE SCHEDULE

| JANUARY | | | | | | | FEBRUARY | | | | | | | MARCH | | | | | | |
|---------------------------------|----|----|----|----|----|----|----------|----|----|----|----|----|----|-----------|----|----|----|----|----|----|
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| 5 | 6 | 7 | 8 | 9 | 10 | 11 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 26 | 27 | 28 | 29 | 30 | 31 | | 23 | 24 | 25 | 26 | 27 | 28 | | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| SENATE CONVENES JANUARY 3, 2025 | | | | | | | | | | | | | | 30 31 | | | | | | |
| APRIL | | | | | | | MAY | | | | | | | JUNE | | | | | | |
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| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 27 | 28 | 29 | 30 | | | | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 29 | 30 | | | | | |
| JULY | | | | | | | AUGUST | | | | | | | SEPTEMBER | | | | | | |
| | | | | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | ① | 2 | 3 | 4 | 5 | 6 | |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 27 | 28 | 29 | 30 | 31 | | | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 28 | 29 | 30 | | | | |
| | | | | | | | 31 | | | | | | | | | | | | | |
| OCTOBER | | | | | | | NOVEMBER | | | | | | | DECEMBER | | | | | | |
| | | | | | | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | 6 | | |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
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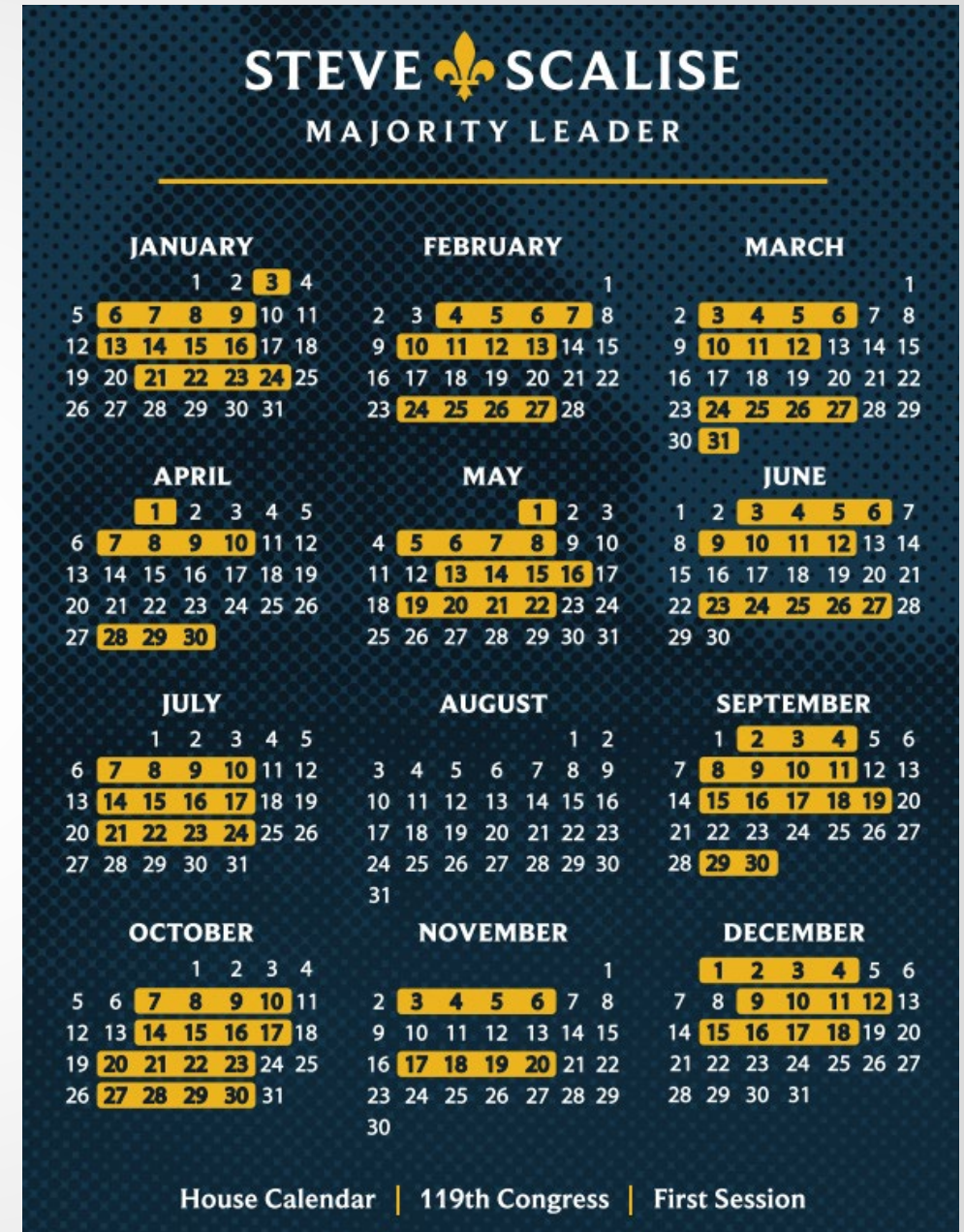
Red dates = Senate not in session
○ = Federal Holiday

1ST SESSION CONVENES—JANUARY 3, 2025
TARGET ADJOURNMENT—DECEMBER 19, 2025

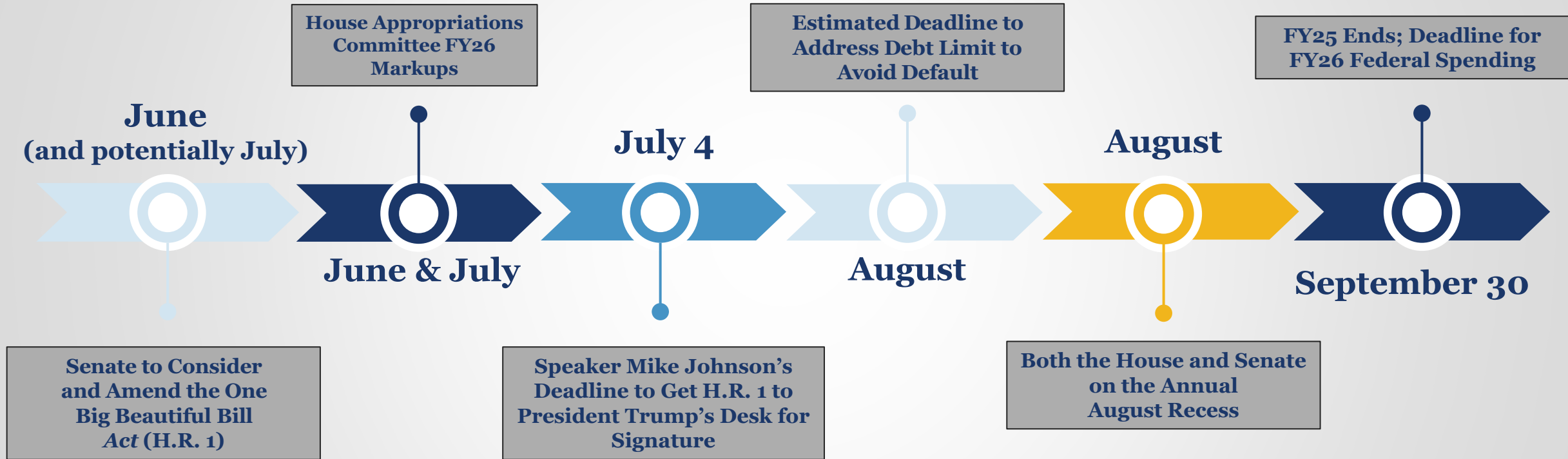
GPO: 2024 57-753 (mact)

2025 House Calendar

- This will continue to be a busy year for the House which expects to be in session for 33 weeks (134 legislative days)
- By comparison, in 2024, the House was in session for 28 weeks (110 legislative days).
- The longest session stretch will come October 7 to November 6, when the House will be in session for five straight weeks.
- The House's next recess period will be the week of Juneteenth (June 16). The House will also be on recess during the week of Independence Day (June 30-July 4).
- The House is expected to start August recess on July 25, though that could get pushed back depending on when the One Big Beautiful Bill Act ([H.R. 1](#)) is ready for final passage.



Congressional Key Dates





Appropriations and Reconciliation

FY26 President's Budget Request



Senate Appropriations Vice Chair Patty Murray (D-WA)
and Chair Susan Collins (R-ME)

- On May 30, 2025, the Trump administration released various “budget in brief” documents providing more details on its FY26 Budget Request. Overall, the budget calls for a 22% reduction in nondefense related spending. Some drastic cuts to agencies include over:
 - \$5 billion at the Department of Agriculture
 - \$12 billion at the Department of Education
 - \$31 billion at the Department of Health and Human Services
- As expected, the administration proposes eliminating several development and international affairs agencies, including the U.S. Agency for International Development (USAID) and includes funds to consolidate USAID into the State Department.
- While these documents provide more information than the [skinny budget](#), some agencies’ congressional justification documents have not been published, but are expected to be released in the coming days.
- Several major agencies, like the Departments of Commerce and Defense, have not released budgets in brief documents. The Department of Defense’s congressional justification documents are expected to be delayed until later in June.

FY26 Appropriations Budget Hearings



Homeland Security Secretary Kristi Noem

- The House and Senate are continuing to hold FY26 budget hearings following the release of the administration's skinny budget. Many of the hearings highlighted the administration's priorities to cut funding across the federal government.
- In May, multiple cabinet officials, including the Secretaries of Education, Agriculture, Health and Human Services, Energy, Interior, Labor, State, and Homeland Security testified before the House and Senate Appropriations Committees and respective authorizing committees.
- During these budget hearings, Democrats sharply criticized the administration's layoffs of the federal workforce, reorganization efforts, and withholding of congressionally appropriated funds.
- While many Republican lawmakers applauded the proposed cuts across non-defense spending, some key Republican appropriators expressed concerns about the budget's proposed elimination of bipartisan programs, including TRIO and Low-Income Home Energy Assistance Program and disagreement regarding the budget's proposed deep cuts to some federal agencies, including the National Institutes of Health and the Cybersecurity and Infrastructure Security Agency.
- Defense hawks also criticized the administration's delay in releasing the full details of the defense budget, which is expected to remain largely flat.

Timeline for FY26 Appropriations



House Budget Chair Jodey Arrington (R-TX)
and Rep. Chip Roy (R-TX)

- The House Appropriations Committee held its first markups on June 5, 2025. House Appropriations Committee Chair Tom Cole (R-OK) outlined a plan to complete all 12 spending bill markups before the end of July. The House [markup schedule](#) is available for review.
- The Senate Appropriations Committee has yet to release its markup schedule.
- On June 3, 2025, the administration submitted to Congress its \$9.4 billion [rescissions package](#), which seeks to rescind FY24 and FY25 funding targeted within the Department of State, foreign aid programs, and the Corporation for Public Broadcasting. House Republicans are expected to vote on the rescissions package the week of June 9. The Senate only needs 50 votes to approve the measure.
- If Republicans pass the rescissions measure, the administration is expected to send additional rescissions packages to the Hill. Republican-led rescissions and reconciliation efforts to reduce federal funding is expected to further complicate bipartisan efforts to pass FY26 spending bills, particularly in the Senate where Democratic votes are needed for annual spending bills.

The Republican Reconciliation Bill (H.R. 1)

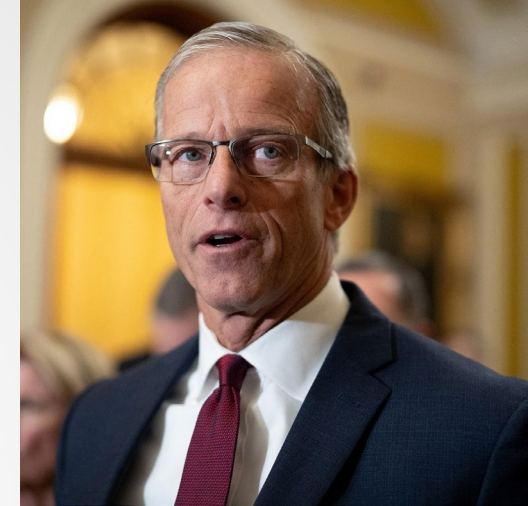
- On May 22, 2025, the House passed the Republicans' party-line reconciliation bill, the One Big Beautiful Bill Act ([H.R. 1](#)), [as amended](#), along a mostly party-line vote of [215-214-1](#).
- The legislation contains provisions across a plethora of policy areas, most notably tax, energy, defense, border security and immigration, and health.
 - Details on some of the major provisions can be found on policy-specific slides later in this Advisory.
- The legislation is projected to add \$2.4 trillion to the federal debt over the next 10 years, according to [new analysis](#) by the Congressional Budget Office (CBO). The House-passed measure cuts spending by \$1.3 trillion on net over 10 years but will decrease federal revenues by \$3.7 trillion.



President Donald Trump signing the Tax Cuts and Jobs Act of 2017 into law, the last Republican-led reconciliation bill to be enacted

The Republican Reconciliation Bill (H.R. 1)

- The Senate has already started amending the House reconciliation package, and it is expected that some provisions will be altered significantly.
- Senate Republicans disagree with House Republicans and the White House on certain tax provisions in the package, which is complicating intra-party negotiations. One of these areas of variance is business tax reform; Senate Finance Committee Republicans want to make permanent a variety of business tax breaks, while the House bill would sunset them after five years.
- Senate Republican leadership is under pressure from deficit hawks to cut additional spending. This could include additional cuts to health care programs, including Medicaid and Medicare Advantage.
- Certain Senate committees released their titles of the reconciliation package last week, though most committees will post their titles during the weeks of June 9 and June 16.
- Republicans are still attempting to send a final version of H.R. 1 to President Trump's desk by July 4, but we have heard from Senate Republican leadership that the timeline could slip to the end of July, as they want to take the time to get the bill right, rather than pass it quickly.



Senate Majority Leader John Thune (R-SD)



Senate Finance Committee Chairman
Mike Crapo (R-ID)



Other Key Legislative and Policy Updates

Trade Update – House-Passed Reconciliation Provisions



House Ways & Means Trade Subcommittee
Chair Adrian Smith (R-NE)

- On May 22, 2025, the House passed reconciliation legislation, which included a few trade-related provisions:
 - ***De Minimis***: Provisions to (1) repeal the de minimis exception for all commercial imports, effective July 2027, and (2) increase civil penalties for violations (Sec. 112030).
 - ***Federal Excise Tax***: Provision that would limit the drawback availability for federal excise taxes paid on tobacco imports, eliminating the so-called “double drawback” loophole (Sec. 112031).

Trade Update – U.S.-UK Agreement Framework

- On May 8, 2025, President Trump and UK Prime Minister Keir Starmer announced a [trade deal in principle](#). “General terms” of the U.S.-UK Economic Prosperity Deal (EDP) are outlined below:
 - **10% Baseline Tariff to Remain:** On May 9, 2025, the White House confirmed that the 10% baseline rates is likely to remain, for all countries seeking deals with the United States, not just for the UK, but for other countries seeking tariff deals with the United States.
 - **Relief From Section 232:** The U.S. will create a tariff rate quota (TRQ) for 100,000 vehicles, which will exempt those imports from the 25% Section 232 duties on passenger vehicles but would subject those vehicles to a 10% tariff rate.
 - **Future Section 232 Relief:** The UK can expect “significantly preferential” treatment with regard to future pharmaceutical Section 232 tariffs, contingent on the UK agreement to supply chain security provisions and improve the environment for pharmaceutical companies in the UK.
 - **Steel and Aluminum Tariffs:** The U.S. and UK intend to create a new “trading union” for steel and aluminum. The details of the “trading union” are not provided, although statements at the press conference implied that the UK would impose its own tariffs on steel and aluminum imports. It is likely that some of the measures may be similar those sought by the Biden administration as part of its negotiations with the EU and others on steel and aluminum tariffs.
 - **Government Procurement:** Both countries commit to “identify mutually beneficial goods, services, investment opportunities and commercial transactions.”
 - **IT Security:** The U.S. and UK intend to strengthen alignment and collaboration on economic security, including third-party countries.
- The Office of the U.S. Trade Representative’s [Fact Sheet](#) also stated, “The United States is disappointed that the UK was unwilling to agree to fully address its discriminatory Digital Services Tax (DST). It is discriminatory, unjustified, and should be removed promptly.”



President Trump and UK Ambassador to the U.S. Peter Mandelson

Trade Update – Tariff Negotiations With Other Countries

- Economic Council Director Kevin Hassett noted that the UK trade deal will serve as a framework for other deals with other countries, but did not specify any particular countries. Reports indicate the administration is planning to negotiate based on framework agreements. In addition, Secretary Lutnick declared that other countries with large trade deficits would likely be required to accept minimum tariffs higher than the 10% baseline applied in the UK deal.
- **India:** On May 9, 2025, Secretary Lutnick [said](#) that India has been “leaning in really hard” and the country was “certainly” a possibility to be among the next countries to reach an agreement. Reports indicate that the two parties are trying to reach a deal by June 25, 2025.
- **EU:** On May 23, 2025, President Donald Trump took to social media to propose a 50% tariff on all goods from the European Union (EU) beginning June 1, 2025, declaring that trade negotiations with the EU were “going nowhere.” The president criticized a range of EU trade practices — including high trade barriers, value-added taxes, corporate penalties, non-monetary restrictions, monetary manipulation, and legal actions against American companies. On May 8, 2025, the EU [announced](#) \$100 billion in planned retaliatory tariffs on certain U.S. goods in the event trade talks do not lead to a satisfactory deal. The proposed tariffs from the EU cover a wide range of products.
- **Vietnam:** Vietnam’s trade minister and lead negotiator, Nguyen Hong Dien, urged Vietnamese companies, particularly in the energy, mining, telecommunications, and aviation sectors, to be “proactive” in bolstering U.S.-Vietnam trade.



National Economic Council Director
Kevin Hassett

Trade Update – Tariff Negotiations With Other Countries

- **Korea:** On May 9, 2025, Secretary Lutnick [said](#) that a trade deal with South Korea could take significantly more time to complete than the framework agreement President Trump announced with the UK.
- **Japan:** Japan has [indicated](#) that it is will likely to seek full removal of Section 232 tariffs on automobiles and may not be willing to accept a partial deal due to political pressure from business leaders. In a statement on May 25, 2025, Prime Minister Ishiba Shigeru suggested that Japan could advance tariff discussions sufficiently to have an announcement during the G7 Summit in Canada on June 13-15, 2025.
- **Brazil:** Brazilian Finance Minister Fernando Haddad [confirmed](#) Brazil is negotiating the terms of an understanding on tariffs with the United States.
- **China:** The U.S. and China continue to have talks following the tariff détente deal in early May. Treasury Secretary Bessent and U.S. Trade Representative Jamieson Greer are leading these talks, but both Secretary Bessent and Ambassador Greer feel as though talks have stalled.



Treasury Secretary Scott Bessent

Trade Update – IEEPA Tariff Update



Commerce Secretary
Howard Lutnick

- On May 28, 2025, the Court of International Trade (CIT) issued a unanimous decision finding both the reciprocal tariffs and the fentanyl-based tariffs imposed pursuant to the International Emergency Economic Powers Act (IEEPA) to be invalid. The CIT found that IEEPA does not grant the president authority to impose “unbounded tariffs” and that the limited tariff authority provided may be exercised to “deal with an unusual and extraordinary threat.” In a separate case, the U.S. District Court of the District of Columbia also issued a decision on the IEEPA tariffs, concurring with the CIT.
- On May 29, 2025, the Trump administration immediately appealed the CIT’s decision to the Court of Appeals for the Federal Circuit (CAFC) and was [granted](#) an immediate administrative stay. The temporary stay means the tariffs will remain in place while the court further considers the Trump administration’s motion to stay enforcement of the CIT judgement. The Trump administration’s reply is due June 9. In practice, this means the tariffs will remain unchanged until at least June 9.
 - Tariffs and ongoing investigations under Section 232 and Section 301 are not impacted by the court decisions on the IEEPA tariffs.
- Trump administration officials have attacked the CIT decision, claiming the judicial system is unfairly targeting the administration. The White House intends to challenge the decision all the way to the Supreme Court.
 - While the outcome of the various motions for stay and the appeals in general is uncertain, we believe it is likely that the CAFC or Supreme Court will issue a stay of the CIT’s permanent injunction pending its decision on appeal.

Trade Update – Section 232 Investigations

- ***Steel and Aluminum Rate Increases:*** On June 3, 2025, President Trump [signed](#) an executive order raising the Section 232 tariffs on steel and aluminum from 25% to 50%, effective June 4, 2025.
- ***Autos:*** On May 20, 2025, the Department of Commerce (DOC) [released](#) procedures for identifying the amount of U.S. content in an imported vehicle. Vehicles imported from Mexico and Canada that qualify for preferential tariff treatment under the United States-Mexico-Canada Agreement are eligible to pay Section 232 autos duties on only the non-U.S. content of the vehicle.
- ***Steel and Aluminum “Inclusions” Process:*** In April 2025, the DOC Bureau of Industry and Security (BIS) [issued](#) an interim final rule that created a process by which U.S. companies can petition to add “additional derivative products” to the lists of products subject to the steel and aluminum Section 232 tariffs. BIS then [released](#) the first set of requests by U.S. companies to include additional products under the new rule. Parties who objected to these inclusion requests filed comments by June 4, 2025.
 - Parties may comment on the inclusions process by June 16, 2025.
- ***Pending Investigations on Other Sectors:*** The public comment periods for seven investigations have closed and comments are available for four. The 232 statute allows BIS 270 days to complete its investigation and make recommendations to the president; the Trump administration has indicated these investigations will be completed more quickly.
 - Copper: [82 comments available](#); recommendation deadline of December 4, 2025.
 - Wood Products/Lumber: [136 comments available](#); recommendation deadline of December 4, 2025.
 - Semiconductors: [154 comments available](#); recommendation deadline of December 27, 2025.
 - Pharmaceuticals: [311 comments available](#); recommendation deadline of December 27, 2025.
 - Heavy Trucks: [3317 comments received](#) but not yet available; recommendation deadline of January 17, 2026.
 - Critical Minerals: [495 comments received](#) but not yet available; recommendation deadline of January 17, 2026.
 - Commercial Aircraft: [204 comments received](#) but not yet available; recommendation deadline of January 26, 2026.



President Donald Trump

Trade Update – Nippon and U.S. Steel Announcement



President Donald Trump and
Commerce Secretary Howard Lutnick

- On May 23, 2025, President Trump announced he approved a deal for Nippon Steel to buy U.S. Steel, reversing a position he took during the 2024 presidential campaign after the Japanese manufacturer agreed to pour more investment into the United States. President Trump said the planned partnership would add billions to the economy and create at least 17,000 jobs over the next 14 months.
- The action runs counter to former President Joe Biden's decision to block the transaction just weeks before leaving office in January. Both leaders had taken the position that the iconic American company should remain U.S.-owned.
- Both Nippon and U.S. Steel applauded President Trump's decision to approve what they and the president referred to as a “partnership,” instead of an acquisition.
- During an event on May 30, 2025 to celebrate this acquisition, President Trump also said he would double tariffs on steel and aluminum imports, from 25% to 50%. These rate increases took effect on June 4, 2025.

Tax Update – Key Corporate Provisions in House-Passed Reconciliation

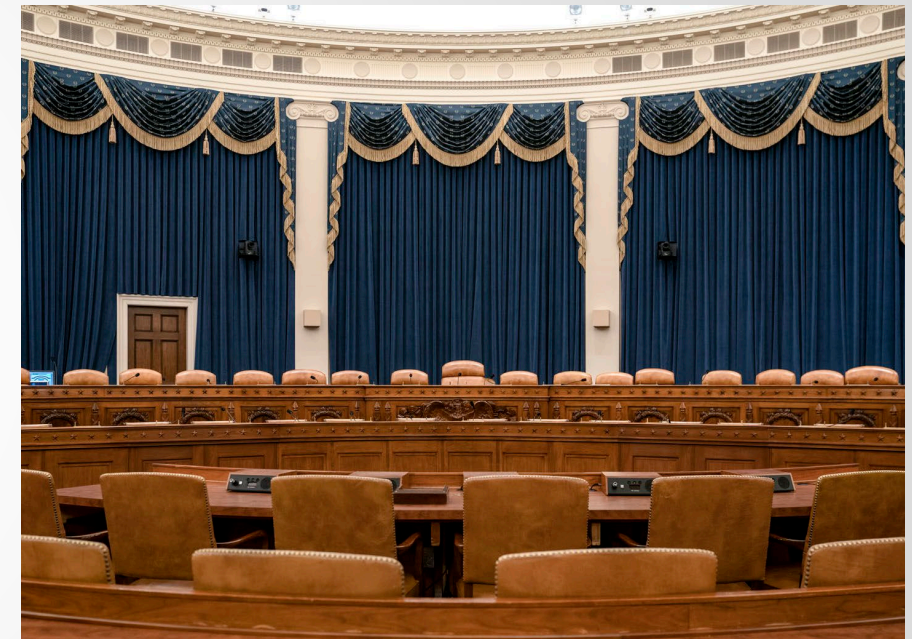
- **Global Intangible Low-Taxed Income (GILTI) and Foreign Derived Intangible Income (FDII)** – Removes the rate increase provisions associated with GILTI and FDII, applicable starting in 2026. This permanently preserves the current effective rates for GILTI at 10.5% and FDII at 13.125% (Sec. 111004).
 - **GILTI in U.S. Virgin Islands** – Permanently exempts income from personal services performed in the Virgin Islands from GILTI, including from closely held U.S. shareholders (Sec. 111110).
- **Base Erosion Alternative Tax (BEAT)** – Increases current BEAT amount of 10% to 10.1% (Sec. 111005).
- **New IRC Sec. 899** – New provision to increase the tax rate for certain taxpayers connected to foreign jurisdictions which are deemed to be imposing “unfair foreign tax[es]” (defined to include taxes associated with OECD *Pillar 1 and 2* on U.S. persons or foreign entities owned by U.S. persons. The increased tax rates, which could apply to foreign persons, foreign corporations, and certain foreign partnerships, would increase in 5% increments until the foreign jurisdiction’s “unfair” tax is repealed, or until the increased rates exceed the relevant statutory rate by 20% (Sec. 112028).



House Ways and Means Committee
Chairman Jason Smith (R-MO)

Tax Update – Key Corporate Provisions in House-Passed Reconciliation

- **Research and Development Deduction** – Reinstates the deduction of 100% of the costs of U.S. *domestic* research and development expenses through 2029 and retains the option to amortize over five years. Foreign research and development expenses are excluded from the 100% deduction and must continue to be amortized over 15 years. (Sec. 111002)
- **Temporarily extends 168(k) Bonus Depreciation** – Adds additional first-year depreciation deduction through 2029 (2030 for longer production period property and certain aircraft) (Sec. 111001).
 - **New Manufacturing Uses 168(n)** – Incorporates a new provision that allows for the deduction of 100% of the adjusted basis of “qualified production property,” which includes property used for the manufacturing, production, or refining of any tangible personal property that was constructed between January 20, 2025 and December 2028 and placed into service before 2033 (Sec. 111101).
- **Inflation Reduction Act (IRA) Tax Credits** – Phases-out several IRA tax credits, including Advanced Manufacturing Production Credit (45X), Clean Electricity Production Credit (45Y), and Clean Electricity Investment Credit (48E), with respect to construction start dates and placed in service dates. Also greatly expands the definition of “Foreign Entity of Concern” to add new concepts of “foreign-influenced entity” and “material assistance” to limit components, subcomponents, and applicable critical minerals or intellectual property from countries of concern (Secs. 11208-112015).



House Ways and Means Committee Hearing Room

Tax Update – Key Individual Provisions in House-Passed Reconciliation

- **Makes 2017 Tax Rates Permanent** – Makes the tax rate schedules from 2017 Tax Cuts and Jobs Act permanent and modify the indexing for inflation by providing one additional year in the cost-of-living adjustment, except for taxpayers in the top tax bracket (Sec. 110001).
- **Increases SALT Deduction Limit** – Raises the current limit of \$10,000 to \$40,000 per household for incomes under \$500,000, with the limit and income threshold set to grow 1% each year (Sec. 112018).
- **Ends IRA Tax Credits** – Accelerates placed-in-service end dates for certain consumer credits from the IRA to December 31, 2025, with limited transition exceptions (Secs. 112001-112007).
 - Home Upgrades: Energy Efficient Home Improvement Credit (25C) and Residential Clean Energy Credit (25D).
 - EVs: Previously-owned Clean Vehicle Credit (25E); New Clean Vehicle Credit (30D); Alternative Fuel Vehicle Refueling Property Credit (30C); and Commercial Clean Vehicle Credit (45W).
 - Transition rule for 30D – Credit continues through December 31, 2026, for manufacturers that have sold 200,000 or less plug-in electric vehicles or clean vehicles after 2009 and before 2026.
 - Transition rule for 45W – Vehicles acquired pursuant to a written binding contract entered into before May 12, 2025, remain eligible if placed in service before January 2033.



House W&M Chairman Jason Smith (R-MO) and Speaker Mike Johnson (R-LA) discuss the reconciliation bill, now H.R. 1

Tax Update – Other Key Provisions in House-Passed Reconciliation

- **Endowment tax for private universities** – Increases the tax rate for private universities on a tiered structure based upon a calculation of “student adjusted endowment” (Sec. 112021).
- **Endowment tax for private foundations** – Increases the tax rate on the net investment income of private foundations with assets of \$50 million or greater at graduated rates up to 10% for foundations with assets of \$5 billion or greater (Sec. 112022).
- **Employer-provided childcare tax credit** – Increases the employer-provided childcare credit (45F) from 25% to 40% of qualified childcare expenditures (and from 25% to 50% for eligible small businesses). The total credit limit would increase from \$150,000 to \$500,000 (\$600,000 for small businesses) per tax year. This would be effective for amounts paid or incurred after December 31, 2025 (Sec. 110105).
- **Increases Child Tax Credit** – Temporarily increases the credit amount from \$2,000 per child to \$2,500 for 2025 to 2028 tax years and permanently indexes the maximum \$2,000 per child amount to inflation beginning in 2029. Further restricts credit such that all taxpayers in the household and qualifying children must have a valid SSN (Sec. 110004).
- **529 Savings Accounts** – Expands eligible uses of 529 accounts for additional elementary, secondary, or home-schooling enrollment or attendance expenses (Sec. 110110). Also permits 529 accounts to be used for other post-secondary credentialing and related expenses for programs listed on the U.S. lists of eligible Workforce Innovation and Opportunity Act offerings (Sec. 110111).



Chairman Jason Smith (R-MO) [center] and Rep. Vern Buchanan (R-FL) [left], the Ways and Means Committee’s top two Republicans, during the Committee’s markup of the reconciliation bill

Tax Update – Possible Changes to Bill in Senate

- Tax Issues Raised by Senators
 - **IRA Credits** – Sens. Lisa Murkowski (R-AK), Jerry Moran (R-KS), John Curtis (R-UT), and Thom Tillis (R-NC) sent a letter to Senate Majority Leader John Thune (R-SD) in April that expressed concerns about termination of IRA tax credits that could lead to investment loss, job loss, and higher energy costs for constituents and have been reiterating those concerns with the House’s bill.
 - **Permanency** – Sen. Steve Daines (R-MT), a member of the Senate Finance Committee, has been advocating for permanency for capital expensing and research and development expensing for months, but the House bill only extended those provisions by a handful of years.
 - **SALT** – The Senate GOP Caucus does not care about fixing the individual SALT deduction limit, but recognizes the need to make some changes to current law to preserve enough votes in the House for its final approval.
- Outstanding Tax Issues From President Trump
 - **Closing the carried-interest loophole** – Carried interest is a type of compensation paid to general partners of investment funds, and interest held more than three years is taxed at the 20% capital gains rate, rather than the 37% income rate for the top tax bracket. Ending that treatment or increasing the time the interest would need to be held to qualify as capital gains would help the Senate raise additional revenue.
 - **Fully eliminating taxes on Social Security** – The House bill does not fully eliminate taxes on Social Security income, but doing so would require the Senate to offset that additional spending (foregone tax revenue).

Financial Services – Securities and Exchange Commission Update

- On June 3, 2025, Securities and Exchange Commission (SEC) Chairman appeared before the Senate Appropriations Subcommittee on Financial Services and General Government to discuss the SEC's FY26 budget [request](#) of \$2.15 billion – a slight reduction of \$50 million from the FY25 enacted level.
 - Subcommittee Chairman Bill Hagerty (R-TN) applauded Chairman Atkins for his embrace of digital assets and efforts to rescind Biden-era regulations. Ranking Member Jack Reed (D-RI) raised concerns about the SEC's ability to carry out its enforcement responsibilities.
- Chair Atkins noted the request is approximately \$100 million more than required. He said the additional funding could be used to support the potential transfer of the Public Company Accounting Oversight Board (PCAOB) functions to the SEC, as directed by the House-passed reconciliation bill.



SEC Chairman Paul Atkins

Financial Services – Stablecoin Legislation Update



House Financial Services Committee Chairman
French Hill (R-AR)

- Efforts to pass bipartisan cryptocurrency legislation remain underway in the House and Senate.
- Senate Republicans and Democrats have filed an array of amendments to the GENIUS Act ([S. 1582](#)), which would establish the first-ever U.S. framework for stablecoins. The bill's bipartisan sponsors – Sens. Hagerty, Cynthia Lummis (R-WY), Tim Scott (R-SC), and Kirsten Gillibrand (D-NY) – are still negotiating final changes and aim to have a final floor vote in the next few weeks.
 - On June 11, 2025, the Senate voted on a motion to invoke cloture on a Hagerty-Gillibrand substitute amendment to S. 1583.
- Meanwhile, the House Financial Services Committee (HFSC) remains focused on advancing digital asset market structure legislation. HFSC plans to hold a markup session on June 10, 2025 of the recently introduced Digital Asset Market Clarity Act ([H.R.3633](#)), despite objections from HFSC Democrats for further negotiations.

Defense Update – Budget

- Appropriators and members of the House and Senate Armed Services Committees (HASC and SASC) have called on the Trump administration to release its detailed Department of Defense (DOD) FY26 budget request. President Trump's skinny budget outlined a defense topline exceeding \$1 trillion, however the figure includes over \$100 billion in funding expected to come from the reconciliation package, currently under consideration.
 - SASC Chairman Roger Wicker (R-MS), who has advocated for getting military spending to 5% of gross domestic product, stressed the need for an increase to the defense baseline year over year and criticized the proposed \$1 trillion funding level.
- Despite the lack of program level details, Secretary Hegseth will brief the House Appropriations Committee on the Department's budget on June 10, 2025, shortly before it holds its subcommittee markup.
 - The House Appropriations Committee is planning to hold a full committee markup on their FY26 defense appropriations bill on June 13, 2025.
- The budget delay has also impacted the timing for HASC and SASC to develop and markup their annual National Defense Authorization Act (NDAA).
 - SASC will hold its hearing with the Defense Secretary on June 18, 2025.



Secretary of Defense
Pete Hegseth

Defense Update – Reconciliation

- On May 22, 2025, the House passed the One Big Beautiful Bill ([H.R. 1](#)), including the House Armed Services Committee’s provisions which would provide:
 - \$150 billion in mandatory funding for key defense initiatives, including shipbuilding, quality of life initiatives for military personnel, and additional resources to boost munitions production, supply chain resiliency, and nuclear modernization.
- On June 3, 2025, the Senate Armed Services Committee [released](#) their portion of the reconciliation bill, which totals \$156 billion.
- SASC Chairman Roger Wicker called the measure a “landmark down payment towards modernizing of our military and our defense capabilities.” The SASC reconciliation package was developed in coordination with the White House, Pentagon, and Republican leaders in the House.
- The SASC proposal includes:
 - Reduced funding levels for shipbuilding procurement and maritime industrial base by \$6 billion, in comparison to the House-passed version
 - Increases above the proposed funding levels in the House for DOD innovation initiatives, nuclear deterrence programs, deterrence in the Indo-Pacific Region, sentinel land-based nuclear missile program, and enhanced military readiness
 - \$25 billion for President Trump’s Golden Dome missile defense shield project, which was included in the House as well
- The SASC [reconciliation summary](#) is available for review.
- The Senate is aiming to consider the full reconciliation package in the coming weeks.

Artificial Intelligence – Administration Update



Secretary of Commerce Howard Lutnick

- President Trump continued to make artificial intelligence (AI) a priority for his administration by including various AI-related provisions in his budget request. Some notable provisions include:
 - \$19 million increase in the National Science Foundation AI research focused on (1) Fundamental and Translational AI Research; (2) Education and Workforce Development; and (3) Access to Data and Advanced Computing Research Infrastructure and Testing Platforms.
 - A \$500 million cut to the National Institute of Standards and Technology (NIST) while directing the agency to focus on emerging and critical technologies such as AI, quantum information science, biotechnology, and other “industries of the future.”
- On June 2, 2025, the FDA [announced](#) that they have launched the agency-wide AI tool, “Elsa.” The purpose of the tool is to assist with scientific reviews; however, reports indicate that the pilot of the tool was used to help with basic administrative tasks and employees have cast doubt on its ability to speed up the review process.
- On June 3, 2025, Secretary of Commerce Howard Lutnick [announced](#) the renaming of the U.S. AI Safety Institute into the Pro-Innovation, Pro-Science U.S. Center for AI Standards and Innovation. The removal of “safety” in the name signals the administration’s focus on rapid innovation over a more measured approach.

Artificial Intelligence – Congressional Update

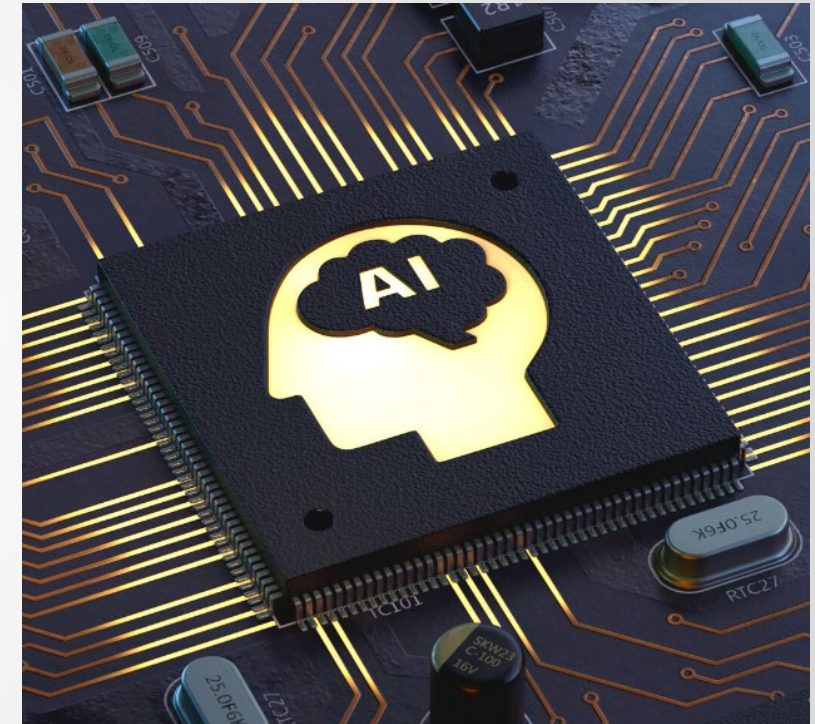


House Speaker Mike Johnson (R-LA)

- On May 22, 2025, the House passed the One Big Beautiful Bill Act ([H.R. 1](#)). Several AI-related provisions were in the bill including:
 - A 10-year moratorium on all state and local AI laws
 - A provision directing U.S. Department of Health and Human Services (HHS) Secretary Robert F. Kennedy Jr. to implement AI-based tools to identify and recover improper payments in federal health programs like Medicare and Medicaid
 - \$500 million to the Department of Commerce to modernize federal information technology (IT) systems through the deployment of commercial AI and automation technologies
- Of note, top Trump ally Rep. Marjorie Taylor Greene (R-GA) [tweeted](#) after the bill's passage that she would not have supported the bill if she were aware of the 10-year moratorium.
- On May 19, 2025, President Trump signed into law the TAKE IT DOWN Act ([Public Law No 119-12](#)). The bill is the first major piece of AI-related legislation passed in the 119th Congress and would criminalize “knowingly publishing” nonconsensual images, including AI-generated images, and require social media companies to remove the material within 48 hours of notice from victims.

Tech Update – Commerce Tightens Export Controls on China

- In May, DOC's Bureau of Industry and Security ceased enforcement of the Biden administration's AI Diffusion Rule and [announced](#) new guidance to protect U.S. AI chips.
 - BIS plans to issue a more industry-friendly replacement rule in the coming months.
- DOC suspended and revoked multiple export licenses for several U.S. companies, with a focus on aviation and semiconductors.
 - The aerospace license suspensions prevent U.S. exports of aircraft engines, flight control systems, wheels, and other component to China's state-backed aircraft manufacturer, Comac.
 - The new licensing requirements limit a range of semiconductor exports to China, semiconductor-grade chemicals, and certain machine tools.
- ***Anticipated Action:*** DOC is reportedly drafting a rule to tighten restrictions on China's tech sector by extending targeted export controls to subsidiaries of sanctioned Chinese firms. This change may help close loopholes allowing Chinese companies to circumvent U.S. export controls by creating new entities.
 - As reported, any company that is at least 50% owned by an entity already listed on either the Entity List or the Military End-User list would also be subject to U.S. licensing requirements.



Tech Update – House-Passed Reconciliation Provisions

The House-passed reconciliation bill includes two key tech-related provisions, both of which may be amended or removed in the Senate.



House Energy and Commerce Subcommittee on Communications and Technology Chair Richard Hudson (R-NC)

- ***Spectrum Auction:*** Under Section 43101, the Federal Communications Commission and the National Telecommunications and Information Administration would have two years to identify 600 megahertz, after which they would have three years to auction off at least 200 megahertz of that spectrum, and all 600 megahertz would have to be auctioned within six years of the bill's passage.
 - Chances of Senate inclusion remain unclear as several Senate Republicans have raised concerns about lacking national security protections.
- ***AI & IT Modernization:*** Sec. 43201 allocates \$500 million for DOC to modernize its legacy business systems, facilitate operational efficiency, and improve federal cybersecurity through the use of commercial AI and automated decision systems.
 - Chances of Senate inclusion of the modernization funding are high, as it aligns with other USG initiatives and the Trump administration's broader AI strategy.

Note: Other AI-related reconciliation provisions are covered in the AI Update section.

Healthcare Updates – Budget Reconciliation

- On May 22, 2025, the House passed the One Big Beautiful Bill Act ([H.R. 1](#)), as amended, along a mostly party-line vote of 215-214-1.
 - [New analysis](#) from the Congressional Budget Office (CBO) projects that H.R. 1 would add \$2.4 trillion to the U.S. deficit by 2034 and increase the number of uninsured people by 10.9 million.
- Notable health provisions in the House-passed reconciliation package include:
 - A ban on spread pricing by pharmacy benefit managers (PBMs) in the Medicaid program
 - A freeze on new or increased provider taxes
 - A ban on PBM compensation based on a drug’s list price (also known as “delinking”) in Medicare, limiting bonafide service fees
 - Work requirements for able-bodied adults without dependents in the Medicaid program
 - An expansion of the Medicare Drug Price Negotiation Program’s orphan drug exemption
- The One Big Beautiful Bill Act now heads to the Senate for consideration, where some GOP senators have voiced concerns about the potential impacts of the bill’s Medicaid cuts, while others have raised alarm bells about increasing the debt limit and insufficient spending cuts.
 - Sens. Josh Hawley (R-MO), Susan Collins (R-ME), Lisa Murkowski (R-AK), Jerry Moran (R-KS), and Jim Justice (R-WV) have all expressed concerns with certain Medicaid provisions, including the moratorium on new or increased provider taxes.
 - Republicans must also navigate the Senate’s “Byrd Rule,” which limits the inclusion of “extraneous” matters in reconciliation legislation, such as the 10-year moratorium on state and local AI laws that were included in the House bill.
- What’s Next? Negotiations on H.R. 1 continue as House and Senate Republicans seek a consensus on the bill’s provisions for final passage. It’s unclear whether Senate Republicans will meet Speaker Mike Johnson’s (R-LA) July 4 deadline to pass the bill.

Healthcare Updates – Appropriations Hearings

- On May 14, 2025, HHS Secretary Robert F. Kennedy Jr. testified on HHS' FY26 budget request [before](#) the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies (L-HHS) and [before](#) the Senate Health, Education, Labor and Pensions (HELP) Committee.
 - Secretary Kennedy discussed the budget's investments in promoting good nutrition, as well as food and drug safety, to address the high rate of chronic diseases in the U.S.
- On May 20, 2025, Secretary Kennedy testified on HHS' FY26 budget request [before](#) the Senate Appropriations Subcommittee on L-HHS.
 - Democrats questioned Secretary Kennedy about his reorganization of the agency, as well as staffing and funding cuts. Republicans asked the Secretary about issues related to mental health and the proposed 15% indirect cost cap for National Institutes of Health (NIH) grants.
- On May 22, 2025, Food and Drug Administration (FDA) Commissioner Marty Makary testified on the FDA's FY26 budget request [before](#) the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies (Ag-FDA).
 - Commissioner Makary announced the agency's \$6.8 billion budget request for the FDA, including \$3.6 billion in user fees.
- What's Next? House Appropriations Committee Chair Tom Cole (R-OK) has outlined an ambitious plan to mark up all spending bills before the end of July, although these deadlines could slip if significant disagreements arise. The L-HHS appropriations bill, typically the most controversial of the spending bills, is last on the docket to be marked up.
 - The Senate Appropriations Committee, which historically writes and marks up bipartisan spending bills, has yet to officially release its markup schedule. They are targeting the period after the July 4 congressional recess to begin marking up their bills.

White House Updates – Health-Related Executive Orders

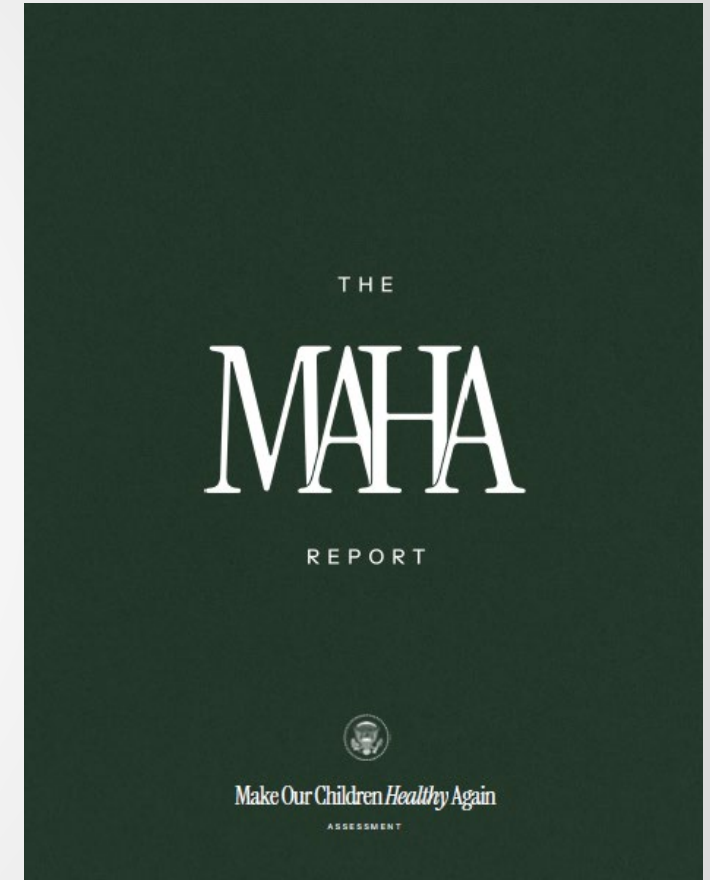
- On May 5, 2025, President Donald Trump signed an executive order (EO) titled [Regulatory Relief to Promote Domestic Production of Critical Medicines](#).
 - The EO includes various directives that are meant to reduce “regulatory barriers” to domestic pharmaceutical manufacturing and to facilitate the “restoration” of a robust domestic manufacturing base for prescription drugs, including key ingredients and materials.
 - Please see Arnold & Porter’s [May 2025 Advisory](#) for additional details.
- On May 12, 2025, President Trump signed an EO titled [Delivering Most-Favored Nation Prescription Drug Pricing to American Patients](#).
 - The EO states that the HHS Secretary must, within 30 days, communicate Most Favored Nation (MFN) price targets to pharmaceutical manufacturers. If “significant progress” (undefined) toward MFN pricing is “not delivered,” then the HHS Secretary shall propose a rulemaking plan to implement MFN pricing, along with exercising other policy levers from HHS and other agencies.
 - On May 20, 2025, HHS and the Centers for Medicare & Medicaid Services issued a [press release](#) with additional details regarding MFN pricing targets: “MFN target price is the lowest price in an OECD country with a GDP per capita of at least 60 percent of the U.S. GDP per capita.”
- On May 21, 2025, FDA [announced](#) enhancements to state drug importation programs in response to Section 10 of President Trump’s April 15 EO titled [Lowering Drug Prices by Once Again Putting Americans First](#).
 - Under Section 804 of the Federal Food, Drug and Cosmetic Act, the FDA will allow states and Indian tribes to import certain prescription drugs from Canada.
- On May 22, 2025, following President Trump’s EO on [Making America Healthy Again by Empowering Patients with Clear, Accurate, and Actionable Healthcare Pricing Information](#), HHS, Department of Labor (DOL), and the Treasury subsequently released an [RFI](#) seeking ideas to “improve prescription drug price transparency.” Public comments are due by July 2, 2025.



President Donald Trump issuing an EO

Health Agency Updates – Deregulation and MAHA

- On May 13, 2025, HHS and the FDA released an [RFI](#) to identify “outdated or unnecessary” federal regulations to eliminate, in accordance with President Trump’s EO on [Unleashing Prosperity Through Deregulation](#).
 - HHS Secretary Kennedy announced new measures to follow President Trump’s EO:
 - **10:1 Rule:** Eliminate at least 10 existing regulations for every new regulation introduced.
 - **Regulatory Cost Cap:** Limit the total cost of all new regulations in FY25 to be “significantly less than zero.”
 - **Expanded Scope to All Regulatory Efforts:** Apply President Trump’s EO to formal regulations, guidance documents, memoranda, policy statements, and similar directives.
 - **Increased Transparency and Accountability:** Publish annual reports detailing estimated regulatory costs and specific rules being offset.
- On May 22, 2025, HHS Secretary Kennedy released the [Make America Healthy Again \(MAHA\) report](#) following President Trump’s [EO](#) creating the MAHA Commission. The report aims to address the prevalence of chronic diseases among Americans, particularly children.
 - The MAHA Commission is now tasked with developing a Make Our Children Healthy Again Strategy to detail how the federal government should respond to the report’s findings. HHS Secretary Kennedy will [reportedly](#) release the strategy within 100 days.



Education – Administration Update: Budget Release

- As part of the Trump administration’s formal FY26 Budget Request, it published a Department of Education (ED) “[budget in brief](#)” on May 30, 2025. The budget proposes \$66.7 billion for the ED, which is a 15% decrease from the FY25 enacted level. The proposal aligns the administration’s efforts to reduce federal involvement in education and shift funding back to the states. Key education highlights include:
 - \$500 million (\$60 million increase) for charter schools
 - Merging 18 competitive and formula grant programs into a single \$2 billion K-12 Simplified Funding Program aimed to streamline elementary and secondary programs
 - Proposed elimination of the following ED programs: Child Care Access Means Parents in School (CCAMPIS), Fund for the Improvement of Postsecondary Education, TRIO and GEAR UP programs, Federal Supplemental Educational Opportunity Grants, English Language Acquisition, Migrant Education, Teacher Quality Partnerships, Education for Homeless Children and Youth, and 21st Century Learning Centers
 - Decreasing federal support for the Office of Civil Rights, Federal Work-Study, and Pell Grants



Speaker Mike Johnson (R-LA)

Education – Administration Update

- Additional Department of Education developments include:
 - Legal Developments
 - On May 6, 2025, U.S. District Court Judge Edgardo Ramos [issued](#) a preliminary injunction stopping ED from enforcing its March 28 directive to halt the final distribution of federal COVID-19 relief funds (ESSER) to states and school districts.
 - On May 22, 2025, U.S. District Judge Myong Joun [ordered](#) ED to reinstate employees who were laid off in March following the reduction in force efforts led by the Department of Government Efficiency (DOGE).
 - On May 29, 2025, the Trump administration escalated actions against international students by halting new student visa interviews and revoking Harvard University’s ability to enroll foreign students (which was [blocked](#) by a federal judge).
 - Regulatory and Grantmaking Developments
 - On May 12, 2025, ED [announced](#) its intention to establish a Negotiated Rulemaking Committee on Student Loans and Affordability to propose regulations for Title IV programs, with nominations closing June 2, 2025.
 - On May 21, 2025, ED [published](#) its proposed supplemental priorities for its discretionary grant programs, including: (1) Promoting Evidence-Based Literacy; (2) Expanding Education Choice; and (3) Returning Education to the States.
 - The Trump administration and congressional Republicans continue to closely monitor institutions of higher education (IHE) and prioritize the student loan collections process. ED issued a [Dear Colleague Letter](#) reminding IHEs of obligations to support struggling borrowers as ED begins involuntary collections that were paused during the pandemic.
 - The Trump administration is revoking visas from Chinese students who are studying “sensitive fields” such as artificial intelligence and aerospace, pausing visa interviews, and encouraging schools to closely monitor their international students.

Education – Congressional Activity

- As part of the House-passed (215-214-1) One Big Beautiful Bill Act ([H.R. 1](#)), the House Ways and Means Committee included provisions to increase the excise tax for certain private university endowments and private foundations, a new tax credit to incentivize charitable donations to support private school tuition, and a tax credit incentivizing employer investments in childcare. (These are in addition to the House Education and Workforce Committee’s provisions reforming student aid programs and establishing a risk-sharing system.)
 - The Senate is expected to make changes to the House-passed package, particularly provisions that do not comply with the “Byrd Rule.”
 - The Senate Health, Education, Labor and Pensions (HELP) Committee text should be released in early June.
- Throughout May, Education Secretary Linda McMahon testified before various committees to defend ED’s FY26 Budget Request. Investments in school choice, block grants, mental health grants, TRIO and GEAR UP elimination, and students with disabilities were among the key topics discussed during the hearings.
- The House Education and Workforce Committee held hearings throughout May on DEI, Antisemitism, and Charter Schools, and we expect similar oversight in June.
- Nomination Developments
 - In recent weeks, the Senate HELP Committee advanced the following ED nominations:
 - Kirsten Baesler to serve as Assistant Secretary for Elementary and Secondary Education;
 - Kevin O’Farrell to serve as Assistant Secretary for Career, Technical, and Adult Education;
 - Nicholas Kent to serve as Under Secretary of Education.
 - Kimberly Richey to serve as Assistant Secretary for Civil Rights
 - Penny Schwinn to serve as Deputy Education Secretary

Energy and Environment – PFAS Actions



Environmental Protection Agency Administrator Lee Zeldin

- On April 28, 2025, Environmental Protection Agency (EPA) Administrator Zeldin [announced](#) several agency actions to combat per- and polyfluoroalkyl substances (PFAS), including the creation of a “polluter pays” framework. It is unclear how this new framework will impact entities that passively handle PFAS.
 - Other actions include selecting a PFAS agency lead, drafting effluent limitations guidelines (ELGs) under the Clean Water Act (CWA), and engaging with Congress and industry on the polluter pays framework.
- On May 14, 2025, the Trump administration [rescinded](#) Biden-era limits on four types of PFAS until the EPA could review the regulations.
 - Administrator Zeldin said the EPA will uphold limits on two notorious PFAS – perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) – however, the EPA plans to grant water utilities two more years to comply. These changes come after trade groups and water utilities pushed back on the Biden-era regulations as being too expensive and impossible to meet.

Energy and Environment – NEPA Updates

- On May 29, 2025, the Supreme Court, in *Seven County Infrastructure Coalition v. Eagle County, Colorado*, unanimously [reversed](#) a D.C. Circuit Court of Appeals ruling requiring agencies to evaluate the “downstream” environmental impacts of a project.
- Justice Kavanaugh, writing for a five Justice majority, described the National Environmental Policy Act (NEPA) as a “procedural cross-check, not a substantive roadblock.” In a narrowing of NEPA, agencies should only consider the environmental impact of the project at hand and not address the “downstream” effects of separate projects.
- This ruling advances the Trump administration’s [Unleashing American Energy](#) EO and may allow oil and gas projects and liquefied natural gas export terminals to be fast tracked. Relatedly, energy projects may be moving with speed, for example, on May 23, the Interior Department approved a uranium mine project after an 11-day NEPA.



Supreme Court Justice Brett Kavanaugh

Energy and Environment – Nuclear Executive Orders



President Trump signs executive orders to support domestic nuclear industry

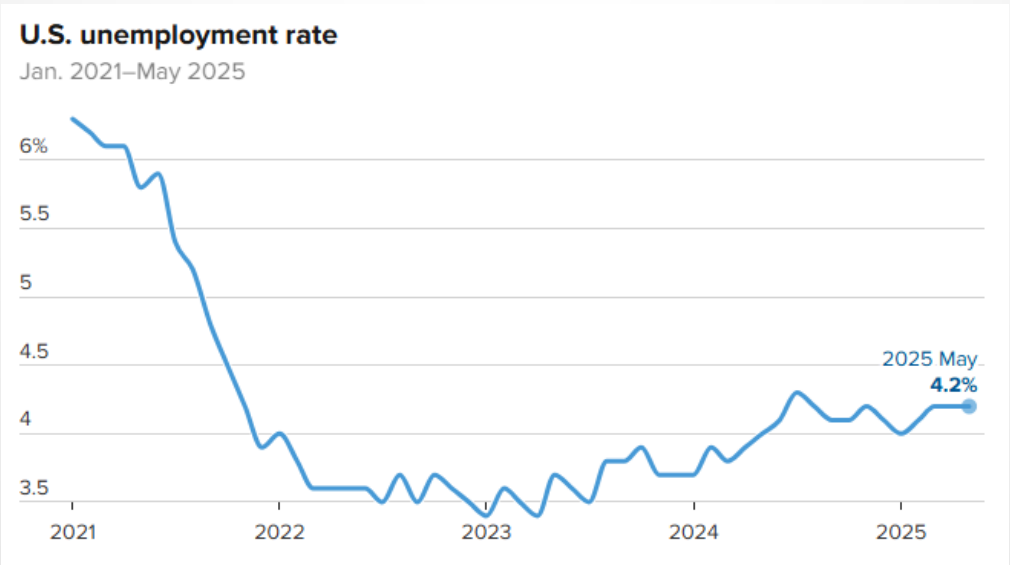
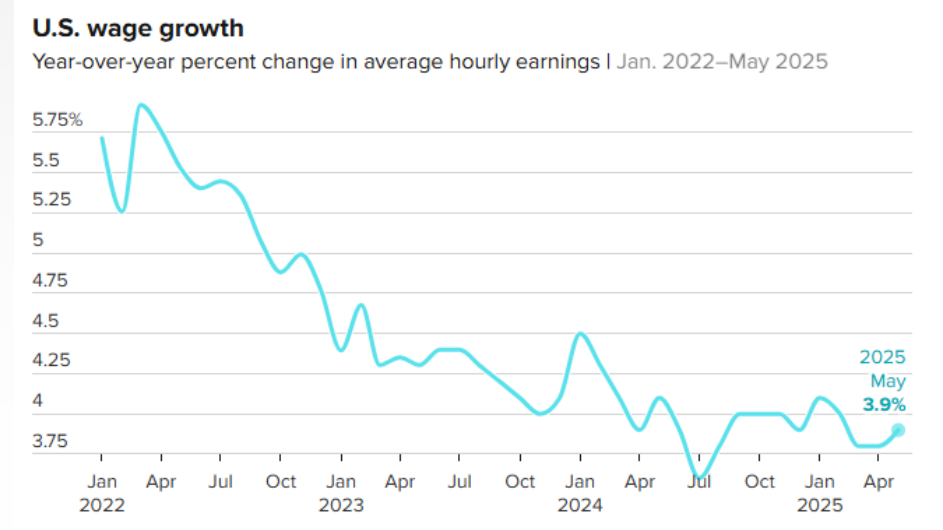
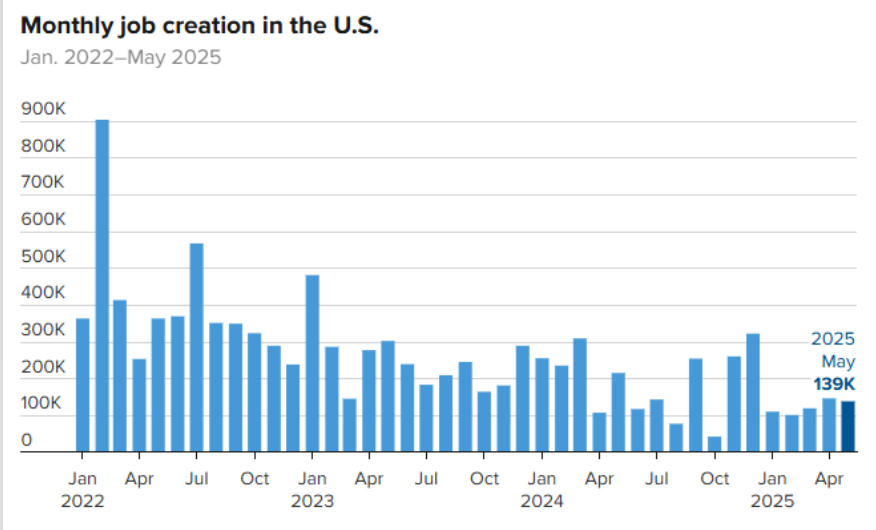
- On May 23, 2025, President Trump signed four EOs to facilitate the buildout of the domestic nuclear industry and nuclear fuel supply chains:
 - **Reinvigorating the Nuclear Industrial Base (EO 14302)**. This order focuses on policies that will increase domestic nuclear fuel production, particularly high-assay low-enriched uranium (HALEU) needed for advanced reactors.
 - **Reforming Nuclear Reactor Testing at the Department of Energy (EO 14301)**. This order directs the DOE to accelerate the review process for reactors under its jurisdiction, including those developed through its national laboratories, and instructs the department to launch a pilot program for reactor development beyond the national lab system.
 - **Ordering the Reform of the Nuclear Regulatory Commission (EO 14300)**. This order directs the Nuclear Regulatory Commission (NRC) to streamline its licensing process for new reactors.
 - **Deploying Advanced Nuclear Reactor Technologies for National Security (EO 14299)**. This order requires DOE designate sites and establish advanced nuclear reactors, including small modular reactors (SMRs) and microreactors, for both national security and to power AI infrastructure. It also sets a target to have an advanced reactor operational at a U.S. military base by September 30, 2028.

Economic Factors That Could Impact the Future Political Landscape

May 2025 Jobs Report Comes in Above Expectations

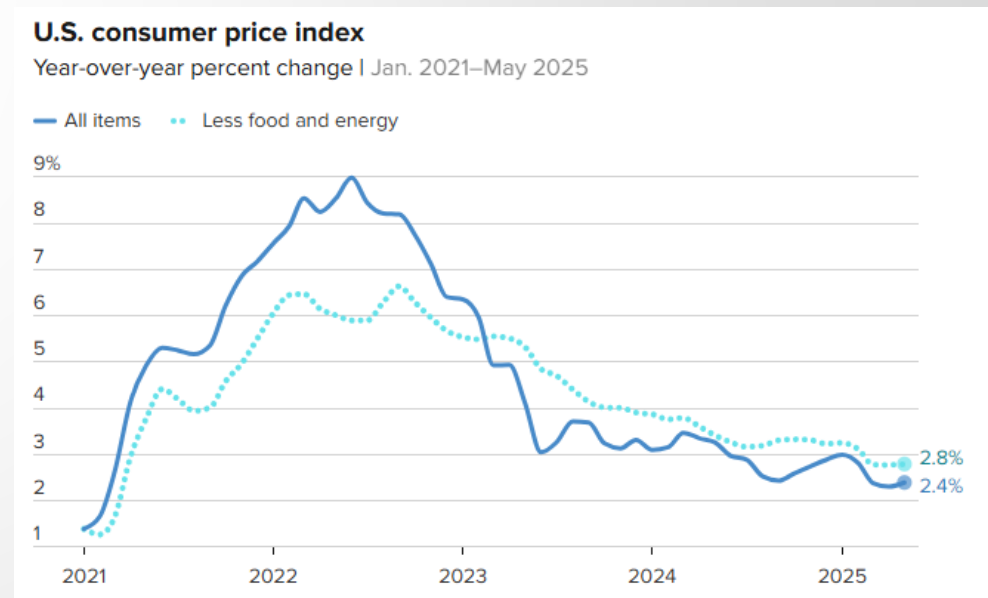
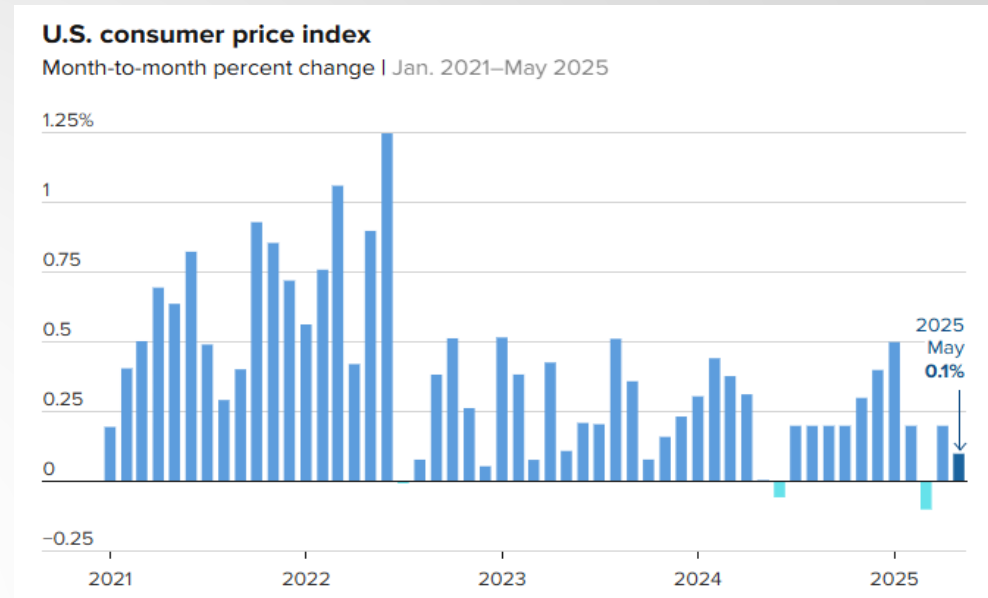
- On June 6, 2025, the Department of Labor's Bureau of Labor Statistics [announced](#) (1) total nonfarm payroll employment increased by 139,000 in May 2025, the fourth full month of the second Trump administration, and that (2) the unemployment rate remained the same, at 4.2%.
 - Economists had expected an increase of about 125,000 for the month.
 - The unemployment rate has been at or above 4% since May 2024. The unemployment rate was below 4% for 27 consecutive months before May 2024.
- Healthcare was the leading industry in job creation, with a net gain of 62,000 new jobs (nearly half of the month's job increases). The leisure and hospitality sector was the next leading industry, with a net gain of 48,000 new jobs, followed by social assistance with 16,000.
- The government saw a decrease of 22,000 jobs in May (and are down about 50,000 since January). This does not even count employees that are furloughed but are still receiving severance.
- Average hourly earnings for all employees rose by 0.4% in April, slightly above the 0.3% projection. Over the last 12 months, average hourly earnings have increased by 3.9%, which was 0.2% above expectations.
- An alternate measure of unemployment that includes “discouraged workers” and “those holding part-time jobs for economic reasons” was unchanged, at 7.8%.
- The March 2025 jobs report was revised down by 65,000, from +185,000 to +120,000. Additionally, the April 2025 report was revised down by 30,000, from +177,000 to +147,000. Thus, employment from these two months combined is *-95,000 lower* than previously reported.

May 2025 Jobs Report – Key Data and Trends



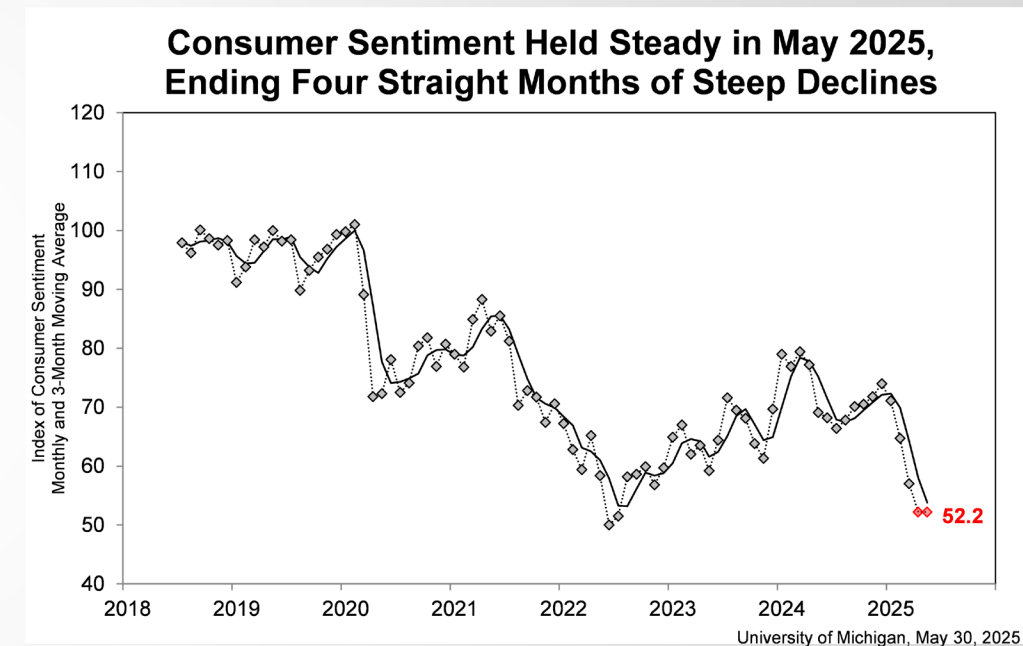
May 2025 Inflation Report

- On June 11, 2025, the U.S. Bureau of Labor Statistics announced the Consumer Price Index (CPI) increased +0.1% in May 2025 on a seasonally adjusted basis.
 - This increase was slightly less than experts had predicted (+0.2%).
 - This CPI figure was higher than the March 2025 reading (-0.1%), but slightly lower than the April 2025 reading (+0.2%).
- The Bureau of Labor Statistics also reported that the CPI increased by 2.4% from May 2024.
 - This 2.4% CPI annual gain is slightly up from the April 2025 level (2.3%).
 - This figure was in line with economists' forecasts.
- “Core CPI,” which excludes food and energy prices, rose by 0.1% in May 2025 and 2.8% on an annual basis from May 2024.
 - Economists had projected that the annual core CPI figure would be 2.9%.
- While the annual inflation rate (2.4%) is lower than its peak in summer 2022 (9%), the Federal Reserve aims for a 2% annual inflation rate over the long term.
- The CPI report for June 2025 will be released on July 15.



Consumer Sentiment Report

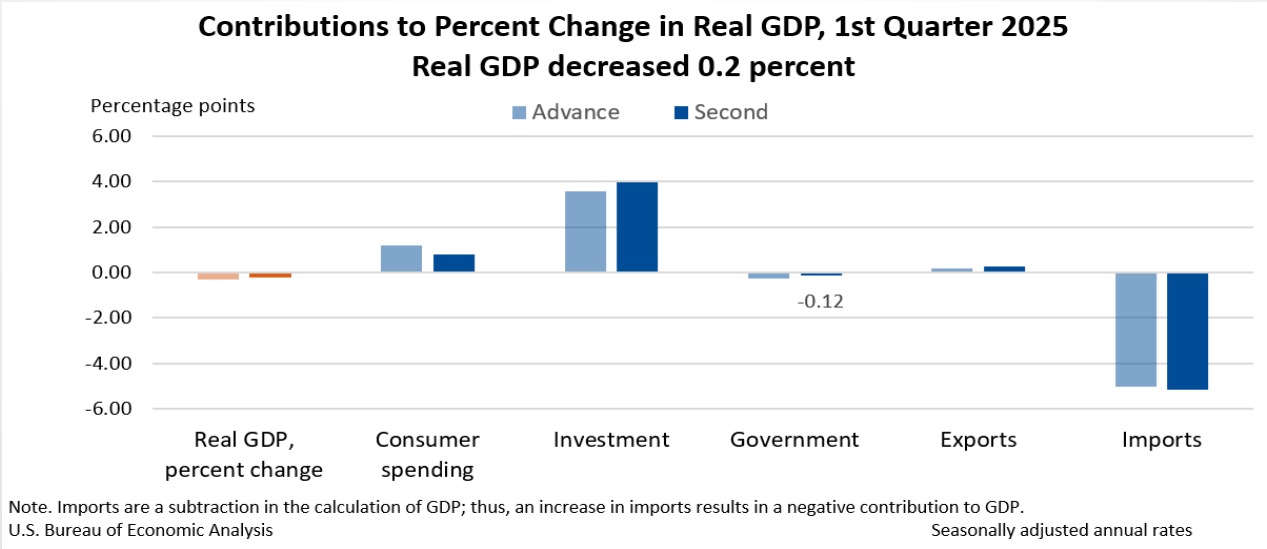
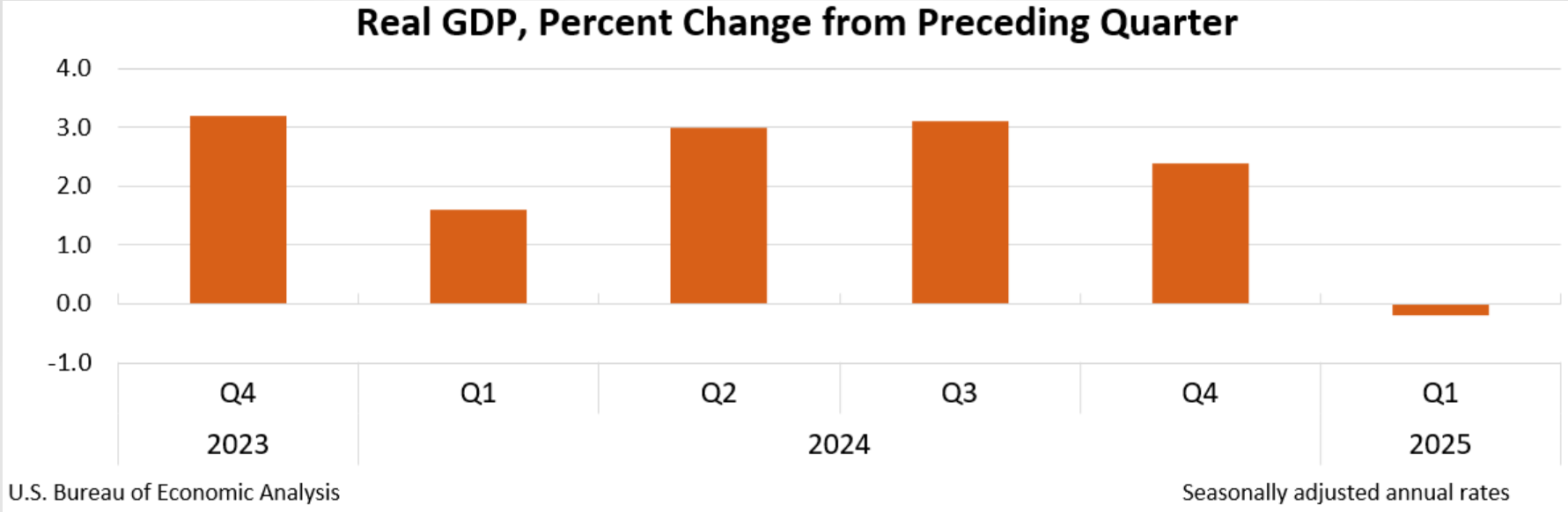
- Consumer sentiment for May 2025 remained the same as it was in April 2025, at 52.2.
 - This is an annual *decrease* of 24.5% from May 2024 (69.1), though.
 - This remains a sharp decline from the fall and winter – consumer sentiment had been above 70 for each month from September 2024 to January 2025.
- The Index of Consumer Sentiment varies by political party.
 - 35.2 among Democrats
 - 50.2 among Independents
 - 87.9 among Republicans
- Expectations for personal finances, labor markets, inflation, and business conditions.
 - Year-ahead inflation expectations slightly increased 6.6% for May, which is the highest level since 1981, though it halts a four-month streak of large increases in the short-run expectations.
 - Additionally, long-run inflation expectations slightly fell from 4.4% in April to 4.2% in May; this is the first decrease since December 2024 and ends four straight months of increases.
 - Expected business conditions improved halfway through the month, partially due to the pause of some tariffs.



GDP Reports and Economic Outlook

- On May 29, 2025, the Department of Commerce's Bureau of Economic Analysis (BEA) [released](#) its “second estimate” of U.S. real gross domestic product (GDP) for the first quarter (Q1) of 2025. The BEA reported that real GDP *decreased* at an annual rate of -0.2% in Q1 2025 (adjusted for seasonality and inflation); real GDP was revised up by 0.1% from the “[advance estimate](#).”
 - Economists had expected an *increase* of 0.4% in Q1, so the Q1 2025 GDP report came in below expectations and estimates. This was the first quarter of negative growth since Q1 of 2022.
 - The U.S. economy had grown in all four quarters of 2024, including by over 3% in Q3 2024.
- The price index for gross domestic purchases increased by 3.3% in Q1 (revised down 0.1%); the increase in Q4 2024 was 2.2%.
- Personal consumption expenditures, which reflects consumer activity, increased by just 1.2% in Q1 2025 (revised down 0.6%), down from a 4% increase in Q4 2024. This is the slowest quarterly gain for this metric since Q2 2023.
- The personal consumption expenditures price index, which is a key inflation variable for the Federal Reserve, increased at a 3.6% annualized pace for Q1 2025 (no change from the “advance estimate”). This is higher than the 2.4% figure from Q4 2024.
- The personal savings rate in Q1 2025 was 4.3% (revised up 0.3%), up from 3.8% in Q4 2024.
- Some economists contend that the primary reason for the -0.2% contraction of the U.S. economy in the first three months of 2025 is due to an import surge amid fears that President Trump would issue tariffs. The president did ultimately implement tariffs, but not until the first week of Q2 2025, in April 2025 (though some of these tariffs have been temporarily paused). U.S. imports in Q1 2025 increased by 41.3%; imports *subtract* from a country's GDP.

Real GDP Growth Over the Last Six Quarters



Thank you



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