



*Week of 10-9-23
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Congressional Overview

The Senate was not in session this week, but the House returned to elect a new Speaker. The House also debated the one-person motion to vacate rule that led to former Speaker Kevin McCarthy's ouster, but the chamber ultimately voted to keep it. House Republicans held a closed-door meeting on Tuesday and nominated Rep. Steve Scalise (R-LA) for speaker over Rep. Jim Jordan (R-OH).

However, Scalise did not have the votes to get confirmed in the whole chamber as some Republican holdouts said they would still vote for Jordan (who was endorsed by former President Donald Trump). Scalise ultimately dropped out of the Speaker race on Thursday evening, and Rep. Austin Scott (R-CO) entered the race on Friday morning. Jim Jordan secured the Republican nomination for speakership on Friday afternoon, but he still must secure 217 votes if he is to be elected Speaker on the House floor.

Additionally, a surprise attack by Hamas militants this past Saturday in Israel forced world leaders to prepare for a Middle East war as the death toll climbs and Israeli forces continue to pound Hamas targets, including houses and apartment buildings, in Gaza. U.S. leaders and political candidates are backing Israel during a crisis that could scramble regional and global imperatives. Members of Congress lobbied Republican colleagues to resolve their leadership struggle and select a Speaker so that they can aid Israel, if needed. Rep. Patrick McHenry (R-NC) has limited abilities in his role as Speaker Pro Tempore, which he took on following last week's historic vote ousting former Speaker McCarthy (R-CA), but House Republicans could vote to amend the chamber's rules and give McHenry more power.

Finally, Pro-Ukraine Senators from both parties, unnerved by the upheaval in the House, say they want to move quickly to pass a yearlong aid package that far exceeds the amount of aid requested by President Biden in August and would last through the 2024 election.

FY 24 Appropriation Bills Update

Time is quickly ticking towards Nov. 17, when the previously passed continuing resolution (CR) that is currently funding the federal government expires, giving members of Congress less than 40 days to either pass all FY 24 appropriation bills or another CR. Twenty Republican Senators sent a letter to Senate Majority Leader Chuck Schumer (D-NY) this week demanding that the Senate act on all FY 24 appropriation bills before taking up any other legislation.

With the House currently without a Speaker, all legislation has ground to a halt, and concerns are beginning to emerge regarding a government shutdown once the CR expires next month. Some House Republicans are urging Speaker Pro Tempore Henry to kick-start appropriation talks with the Senate. Rep. Garret Graves (R-LA) said,

"I think we need to be very thoughtful about the roles and the authority that [Speaker Pro Tempore Henry] can exercise in that position. I would love to...be in a situation where we can move forward on appropriation bills and other things right now, and at least have some informal conversations with the Senate, where we don't find ourselves set behind a month, maybe just a few days. However, with no historical precedent for McHenry's role, it is not yet clear what authorities he will be able to exercise."

Finally, the fate of assistance for Ukraine's efforts to hold off Russia's invasion now rests in large part on the next Speaker, who will have to navigate a party sharply divided on the issue. Aid to Ukraine still enjoys broad support in Congress. President Biden said he's planning a "major speech" on the need for additional aid for Ukraine and said he fears disarray in the House is threatening further aid. Sens. Patty Murray (D-WA) and Susan Collins (R-ME) said they are working in a bipartisan manner on helping Ukraine.

The Corporate Transparency Act (CTA)'s Impact on Small Business

Starting on Jan. 1, 2024, the Corporate Transparency Act (CTA) would impose new reporting requirements on certain small businesses (specifically corporations and limited liability companies with 20 or fewer employees). The legislation will require companies to disclose their beneficial owners to prevent bad actors from using shell companies to break the law or hide illicit activity.

The CTA was enacted in 2020 with the stated goal of combating money laundering, terrorist financing and other illicit activities. The statute requires the submission of regular reports to the federal government that include "personal identifiers" of the owners and senior employees and/or advisors of covered entities.

The CTA applies only to businesses with under \$5 million in annual revenues and fewer than 20 employees. The Treasury Department estimates the CTA will cover over 32 million existing entities and an additional 5 million newly created entities every year. These companies and other legal entities will likely be subjected to increased paperwork, privacy risks, and potentially devastating fines and prison terms.

The Treasury Department's Financial Crimes Enforcement Network (FinCEN) is still crafting their implementation and administrative responsibilities regarding CTA's enforcement. To date, the agency is behind in promulgating the key rules necessary to implement the CTA and despite a looming effective date of Jan. 1, 2024, federal regulators have yet to finalize the "Access Rule," which specifies who can access the database and for what purposes, as well as an updated "Customer Due Diligence Rule" which applies to financial institutions.

House Financial Services Chairman Patrick McHenry (R-NC) has introduced the Protecting Small Business Information Act, which would delay the CTA's effective date. By delaying the reporting requirements from taking effect until the Treasury Department finalizes its rulemaking process, this legislation would provide the certainty needed to comply with the new statute, along with giving Congress more time to rethink this whole approach.

CDC to No Longer Distribute COVID-19 Vaccination Cards

Last week, the Centers for Disease Control and Prevention (CDC) said it will no longer distribute COVID-19 vaccination cards. Instead, the CDC recommends individuals contact the state health department's immunization information system (IIS) to record new vaccinations. Per their website, "your state's IIS cannot issue you a vaccination card, but they can provide a digital or paper copy of your full vaccination record, including your COVID-19 vaccinations."