



Advocating for the Signatory Finishing Industry

LEGISLATIVE UPDATE

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This Week in Congress

Both chambers of Congress were in session this week. The House voted on two bills to repeal energy efficiency programs as well as a series of governance-focused measures aimed at strengthening aviation safety, improving federal rulemaking, expanding NASA's capabilities in wildfire response and commercial Earth-data use, supporting small businesses with NIST-developed AI resources, and removing unnecessary educational barriers for government contractors.

Also in the House, Rep. Khanna (D-CA) forced a vote on a War Powers resolution (H. Con. Res. 38), which would end the use of U.S. forces against the Iranian government or military, unless explicitly authorized by a declaration of war or authorization for military force.

The Senate held votes on Department of Homeland Security (DHS) funding, along with votes to confirm administration nominees and President Trump appeared before a joint session of Congress on Tuesday to give his State of the Union speech.

Supporting Apprenticeship Colleges Act

FCA International supports the Supporting Apprenticeship Colleges Act (S. 2028/H.R. 4588), which is aimed at expanding and strengthening apprenticeship programs by integrating them more closely with higher education. The legislation seeks to create a more flexible, affordable, and accessible pathway for students to gain valuable workforce skills while earning a college degree or certification. The legislation aims to increase the availability of apprenticeship programs, particularly in high-demand sectors like manufacturing, healthcare, technology, and construction and it encourages partnerships between community colleges, universities, and employers, allowing students to gain hands-on experience while earning academic credit.

The legislation would create apprenticeship programs that count toward a college degree, enabling students to pursue both academic education and practical training simultaneously. The legislation would provide a framework for college-credit recognition for apprenticeship programs, making it easier for students to transition between education and the workforce. Additionally, the legislation includes incentives for businesses to participate in apprenticeship programs, such as tax credits or grants, to encourage more employers to offer apprenticeship opportunities and invest in workforce training and it allocates funding to expand and improve workforce development initiatives, particularly those that integrate apprenticeships with higher education.

This legislation is supported by various education, workforce development, and business groups, including community colleges, trade unions, and employers in industries that require skilled labor.

SCOTUS's Decision on Tariffs Imposed Under IEEPA

On Friday, February 20, 2026, the U.S. Supreme Court ruled on tariffs imposed under the International Emergency Economic Powers Act (IEEPA):

- In a 6-3 decision, the Supreme Court declared that tariffs imposed under the IEEPA are unlawful.
- However, the majority opinion did not address whether or how refunds would be issued, nor did it clarify the impact on U.S. trade agreements made in the past year, such as with the European Union and Japan.
- The ruling does not affect tariffs imposed under Section 232 (e.g., steel, aluminum, and autos) or Section 301 (e.g., China).
- Ultimately, this decision only strikes down a specific subset of tariffs, not the entire administration's tariff strategy.

Impact of the Ruling: The decision invalidates tariffs that President Trump imposed last year under national emergency declarations. This includes tariffs on imports from Canada, China, and Mexico, based on claims that those countries failed to address the fentanyl crisis and trade imbalances. The ruling also affects reciprocal tariffs imposed in response to trade deficits with various countries.

However, the ruling does not affect tariffs imposed under Section 232 of the Trade Expansion Act of 1962, which are meant to protect U.S. national security by restricting imports critical to defense, such as steel and aluminum. Similarly, Section 301 tariffs, enacted under the Trade Act of 1974, target unfair trade practices like intellectual property theft and were notably applied to Chinese imports.

Presidential Response: In light of the court's decision, President Trump issued a presidential proclamation imposing a 10% global tariff under Section 122 of the Trade Act of 1974. This allows for temporary tariffs of up to 15% for up to 150 days to address balance-of-payments deficits. The administration argues that large trade deficits and the risk of a sharp depreciation of the U.S. dollar qualify as urgent international financial issues.

The proclamation exempts certain products from these new tariffs, including agricultural goods, electronics, vehicles, and items covered by trade agreements like the USMCA and CAFTA-DR (Central America Free Trade Agreement – Dominican Republic). These tariffs will apply to goods imported from February 24 to July 23, 2026, at which point they will automatically expire unless Congress votes to extend them.

Uncertainties and Legal Challenges: No previous administration has invoked Section 122 to impose tariffs, so the statute's limits have never been tested in court. This raises questions about whether current trade deficits are enough to justify these tariffs and whether the President could extend them after they expire by declaring another balance-of-payments emergency.

Additionally, President Trump announced new Section 301 investigations into unfair trade practices but did not specify which countries would be targeted. Unlike the IEEPA tariffs, tariffs under Section 301, Section 232, and Section 201 require agency investigations and public comment, processes that take more time.

Congressional Reaction: The Supreme Court's ruling has created uncertainty regarding trade deals negotiated under IEEPA authority, such as those with the European Union, UK, and Japan.

- Senate Majority Leader Thune (R-SD) and House Speaker Johnson (R-LA) previously blocked efforts to end IEEPA tariffs, with Speaker Johnson restricting House consideration of such measures.

- Last September, the House passed a rule preventing votes on the tariffs through January 2026, narrowly passing with Republican support. Speaker Johnson later attempted to extend the legislative block until July, but it failed by 214-217.
- House Democrats then pushed for a resolution (H.J. Res. 72) to overturn the IEEPA tariffs on Canada. President Trump threatened election consequences for Republicans voting in favor, but the measure passed 219-211, with six Republicans voting in favor.

Similarly, in the Senate, three resolutions passed to disapprove of national emergencies tied to tariffs on imports from Brazil, Canada, and other nations, with five Republicans voting in favor.

Future Legislative Action: We anticipate increased legislative activity in response to the Supreme Court decision. Some bills may focus on simplifying the tariff refund process or providing relief for smaller businesses, potentially earning bipartisan support.

Republicans might also attempt to codify IEEPA tariffs using budget reconciliation, though this could face significant hurdles given the slim Republican majority and the number of Republican tariff skeptics. Given the complexity of the issue, it remains unclear how Congress will ultimately respond to the ongoing uncertainty surrounding the tariff refund process and its economic impact.

Impact of the Department of Homeland Security's Shutdown

The Department of Homeland Security (DHS) shut down on February 14 after a failed attempt to push for Senate votes on the House-passed DHS appropriations bill. A separate resolution aimed at maintaining Homeland Security activities and programs at FY 2025 levels for two more weeks also failed.

Despite ongoing negotiations between the White House and congressional leaders, a resolution remains elusive. Democrats argue that their demands to limit immigration enforcement resonate with the public. They have framed the debate as a values-driven issue, making it difficult for them to support any spending measure that doesn't address at least some of these demands.

Meanwhile, the Trump administration has scaled back its immigration enforcement surge, which has led Republicans to believe they are regaining a political advantage on this issue. However, more conservative members of the party are adamant that they will not accept Democratic immigration demands and are urging leadership to advance their own priorities, including measures that would limit sanctuary city policies.

Over the weekend, DHS announced the suspension of TSA PreCheck and Global Entry services, effective the evening of February 15. This action was expected to escalate pressure on lawmakers to reach a deal. However, the suspension was rescinded within 24 hours.

While it may take weeks for the general public to feel the effects of the shutdown, most DHS employees are classified as essential and will continue working despite the lapse in funding. Due to funding from last year's One Big Beautiful Bill Act, FEMA, U.S. Customs and Border Protection, ICE, and the Secret Service can maintain their operations. Additionally, DHS will continue paying active-duty Coast Guard members for at least a couple of months, and TSA screeners will receive their full paycheck in mid-March.

Congress's Attempts to Address Biofuels

Under a deal reached in January, the House Rural Domestic Energy Council has until February 25 to introduce and bring to the floor a bill aimed at expanding the sales of E15, an ethanol-based biofuel. The Council's Co-Chairs have circulated a discussion draft and plan to release a formal proposal by Wednesday.

Mid-size oil refiners are advocating for the inclusion of language that would broaden the number of refiners eligible for exemptions to renewable fuel standards. This provision would benefit the oil industry by limiting the market for higher ethanol blends.

Sunny Outlook Does Not Extend to "Other" Contractors

According to Sage Economics' Construction Confidence Index, contractors are extraordinarily upbeat about the near-term outlook with just 13% of survey participants expecting their sales to decline over the next six months which is a three-year low and a massive improvement from October 2025, when 23% of contractors expected their sales to decline. Contractors are far less optimistic about their competitors, with just 46% thinking other contractors' sales will be lower six months from now.

Optimistically, contractors are more informed about their own operations and have good reason to be upbeat about the near-term outlook. Pessimistically, it may be difficult to think clearly about your own operations as no business owner wants to acknowledge that their sales are going to drop, but they may take a more clear-eyed view of how market conditions will affect others. [Read more here.](#)