



Advocating for the Signatory Finishing Industry

# LEGISLATIVE UPDATE

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## **This Week in Congress!**

Congress returned to a full agenda this week as the House advanced a wide range of measures on government efficiency, fraud prevention, national security, and labor policy. Central to the week was consideration of the reconciliation package (“Reconciliation 2.0,” S. 2) alongside multiple initiatives to strengthen oversight of federal payments, expand verification requirements, bar certain felons from receiving federal awards, mandate agency fraud-risk assessments, and establish a coordinated anti-fraud framework led by Treasury and OMB.

Foreign affairs and national security also featured prominently, with the House taking up bills to curb illicit drone-component exports to Iran, sanction individuals who incite violence against U.S. and allied leaders, and encourage allied procurement of U.S. defense equipment. Members remained positioned to act on a FISA Section 702 extension pending Senate action. In labor policy, discussions continued on legislation to accelerate first-contract negotiations and provide a pathway to binding arbitration when bargaining stalls.

Across the Capitol, the Senate focused on extending Section 702 surveillance authorities and continued processing Trump Administration nominations.

Looking ahead, reconciliation legislation, federal payment-integrity efforts, national security authorities, and confirmation activity remain at the forefront of the congressional agenda. Additionally, Republican James Gallagher won last week’s special election in California to fill the seat formerly held by Rep. Doug LaMalfa; once sworn in, the House will stand at 219 Republicans and 212 Democrats, giving Republicans a three-vote majority.

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## **Reconciliation 2.0 Advances After Anti-Weaponization Fund Controversy Eases**

As mentioned in last week’s update, Senate consideration of the second reconciliation package stalled in late May amid growing Republican concerns over the Anti-Weaponization Fund established as part of the settlement agreement resolving President Trump’s lawsuit against the Internal Revenue Service (IRS).

Momentum returned last week after the Department of Justice (DOJ) informed the court that it would comply with an order temporarily halting activities related to the Fund while legal questions are reviewed. The DOJ subsequently provided additional assurances, stating that it would not move forward with implementation of the Fund.

With those commitments in hand, Senate Majority Leader Thune (R-SD) moved to restart consideration of a revised Reconciliation 2.0 package. The updated legislation removed funding previously designated for the proposed White House ballroom project while maintaining overall spending levels. The Senate approved the initial procedural motion to begin floor consideration by a largely party-line vote of 53-46.

Floor debate and the subsequent vote-a-rama highlighted growing tensions within the Republican Conference. Several Republican senators broke with party leadership to support amendments targeting the Anti-Weaponization Fund, the White House ballroom project, and actions involving the Acting Director of National

Intelligence. While many of these amendments required a 60-vote threshold and therefore had little chance of adoption, the votes nevertheless served as a public display of concerns among some Republican members.

One amendment requiring only a simple majority vote proved particularly challenging for leadership. Senate leaders kept the vote open for nearly three hours while working to secure the necessary support. Ultimately, Sen. Cassidy (R-LA) changed his vote, allowing several Republican colleagues facing difficult reelection campaigns to support the amendment without jeopardizing its defeat.

The willingness of a broader group of Republican senators to challenge leadership on these votes—including members not typically known for opposing either Senate leadership or the White House—underscored the political pressures facing the conference heading into the election cycle. The episode suggested that maintaining party unity may become increasingly difficult as vulnerable members seek to establish greater independence from an administration facing declining public approval ratings.

Despite the internal divisions, Republican leaders ultimately held their conference together on final passage. The Senate approved the reconciliation package early Friday morning by a vote of 52-47. Sen. Murkowski (R-AK) joined all Democrats in opposing the measure, while Sen. Bennet (D-CO) did not vote.

The House passed the bill on June 10, by a 214–212 vote, without any financial services provisions. The bill now goes to the President for approval.

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### **FISA Section 702 Extension Faces Growing Political Obstacles**

With the expiration of Section 702 surveillance authorities rapidly approaching on June 12, congressional leaders are confronting another high-stakes legislative challenge. Securing passage of a temporary extension of the Foreign Intelligence Surveillance Act (FISA) provision is proving nearly as difficult as advancing the recently approved reconciliation package.

In an effort to build bipartisan support, House and Senate leaders unveiled a compromise proposal last week that modifies the previous extension bill. The revised measure would prohibit the FBI from using information collected under Section 702 in criminal prosecutions involving U.S. persons. The legislation also includes a three-year prohibition on the implementation of a Central Bank Digital Currency (CBDC), a provision sought by many conservative members.

Notably absent from the compromise, however, is the warrant requirement demanded by privacy-focused lawmakers in both parties. Despite that omission, congressional leaders initially believed the revised proposal could attract enough Democratic support to move through both chambers.

Those prospects changed dramatically following President Trump's unexpected announcement that Bill Pulte would serve as Acting Director of National Intelligence while continuing his duties as Director of the Federal Housing Finance Agency. In response, Senate and House Democrats—including several members typically open to bipartisan negotiations—have indicated they will oppose any Section 702 extension unless the Administration either removes Pulte from the acting role or nominates a qualified permanent candidate to lead the intelligence community.

The Democratic position has significantly complicated the path forward. Congressional leaders likely need support from a dozen or more Senate Democrats, along with an even larger number of House Democrats, to offset opposition from conservative Republicans who remain skeptical of surveillance authorities. As a result, the minority party now possesses substantial leverage over the outcome of the debate.

Senate Majority Leader Thune (R-SD) tested that leverage last week when he brought forward a motion to proceed to consideration of the FISA extension measure. The effort fell short after seven Republicans—Sens. Hawley (R-MO), Kennedy (R-LA), Lee (R-UT), Paul (R-KY), Schmitt (R-MO), Scott (R-FL), and Tuberville (R-AL)—joined nearly every Senate Democrat in opposition. Sen. Fetterman (D-PA) was the lone Democrat to support the procedural motion.

With the June 12 deadline fast approaching, lawmakers face mounting pressure to reach a compromise. Whether congressional leaders can bridge the divide between national security advocates, privacy hawks, conservative skeptics, and Democrats demanding changes at the top of the intelligence community will determine whether Congress can avoid a lapse in one of the government's most significant surveillance authorities.

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### **FCA's Legislative Fly-in to Washington D.C. - July 14 & 15**

FCA takes to Capitol Hill July 14 & 15 to meet with congressional representatives and staff. FCA's Legislative Director Mike Oscar will lead the delegation through the halls of Congress ensuring lawmakers understand the issues important to signatory finishing contractors and their industry. You do not need to be a policy expert to attend - you just need to talk about your company and FCA will take care of the rest. [Click here to learn more and register for the event.](#)

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### **White House Faces Setback on Key Foreign Policy Votes**

Last week, the House of Representatives delivered a notable rebuke to the White House on two high-profile foreign policy measures, highlighting fractures within the Republican Conference.

The chamber approved an Iran War Powers resolution by a vote of 215-208, with four Republicans breaking ranks to join Democrats: Reps. Barrett (R-MI), Davidson (R-OH), Fitzpatrick (R-PA), and Massie (R-KY).

In a separate vote, the House advanced a bill providing aid to Ukraine and imposing sanctions on Russia. Six Republicans initially crossed party lines to adopt a motion to discharge the measure from committee, and an additional twelve GOP members joined them in supporting the final bill.

While any such legislation would likely face a presidential veto given President Trump's stated opposition to constraints on his foreign policy authority, the votes reveal growing dissent among Republican lawmakers. Observers note that these defections signal increasing tension within the party over the President's foreign policy priorities, particularly in the run-up to the next election cycle.

The developments underscore a key political dynamic: even as the White House retains significant influence over Republican lawmakers, members are increasingly willing to publicly diverge on high-stakes foreign policy issues.

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### **Immigration Enforcement is a Workforce Issue**

GOP lawmakers were at the White House on Wednesday, as President Trump signed into law a funding package for ICE and the Border Patrol. It gave Republicans the chance to hit Democrats repeatedly on illegal immigration.

The \$70 billion funding package President Trump signed (formally the Secure America Act) is a multi-year immigration enforcement funding bill that fully finances ICE and Customs and Border Protection (CBP)/Border Patrol through the end of his term. It represents one of the largest single infusions of

immigration-enforcement funding ever enacted and was passed via budget reconciliation, allowing Republicans to approve it on party-line votes in both chambers. The administration has framed this as essential to meeting its goal of deporting up to 1 million people per year.

A number of GOP lawmakers want to do even more on illegal immigration. Members of the House Freedom Caucus are calling for a vote on plans to change various federal laws dealing with illegal immigration as this week they pressed House Speaker Mike Johnson to bring up a bill on that before July 4.