



## Washington Agenda for 2026 (119th Congress, 2nd Session)

### Setting the Scene

The new year will be defined by a compressed Congressional calendar, high-stakes deadlines (government funding, health extenders, tax items, surface transportation), and a regulatory/administration-forward posture where executive actions, agency rulemakings, and enforcement shifts carry as much weight as traditional legislating. This dynamic is amplified by tight margins, continued reliance on must-pass vehicles, and midterm election politics. Member turnover, including retirements and other unforeseen vacancies, will complicate leadership’s ability to manage narrow margins, particularly in the House. In short, expect the unexpected with a few key themes that will define the year ahead.

- Must-pass legislation, including appropriations, “extenders,” and the National Defense Authorization Act (NDAA) will be the main vehicles for legislation to move.
- Emboldened Executive: Expect the Administration to continue its aggressive use of executive authority on tariffs, immigration, AI, and energy policy. The recent event in Venezuela illustrates how the Administration is quite comfortable advancing its agenda in a unilateral manner to influence foreign policy, sanctions, trade authority, and energy policy even when Congress may voice opposition from Democrats or muted criticism from Republicans.
- Reconciliation “2.0” remains a live possibility if President Trump and Republican leadership want a second opportunity to pass legislative priorities. Expect this push to intensify if it appears that House Republicans are likely to lose their majority in 2027.

### 2026 Deadline Radar (At-a-Glance)

Date / Period	Event	Why It Matters
January 5	Rep. Marjorie Taylor Green resigns from Congress and death of Rep. LaMalfa bringing the House to a 218-213 divide.	Narrows leadership margin and increases reliance on bipartisan coalitions
Week of January 5	House vote expected on extending ACA enhanced premium tax credits	Early test of floor control and cross-party voting dynamics
January 30	Partial government funding expires	Only 8 overlapping House-Senate days; shutdown risk elevated
March 3	Primaries: TX (runoff 5/26), NC, AR	Primary season begins
April 20	Expiration of FISA Section 702	High-stakes debate over surveillance and executive authority
May 19	Primaries: GA (runoff 6/16), AL, ID, KY, OR, PA	Early indications of 2026 election momentum
August 4	Primaries: MI, AZ, KS, MO, WI	
September 30	End of fiscal year; transportation, Farm Bill programs, EXIM Bank expire	Another must-pass pressure point with potential for riders
Throughout 2026	Agency rules, EOs, and guidance (health, tax, financial services, AI)	Implementation, regulation, and Administration action persist for the entire year

- Courts become the other gavels to watch: Litigation will continue to challenge Administration actions on issues such as artificial intelligence, [agency funding](#) and staffing cuts. SCOTUS decisions on tariffs (potentially as early as [January 9<sup>th</sup>](#)) and birthright citizenship may affect the regulatory and legislative agenda. Texas and California have already passed new congressional maps. Other states, such as Virginia and Florida, are considering enacting new maps. Many of these redistricting moves by states will trigger litigation in their respective state courts, potentially influencing the November elections.

## Government Funding/Government Shutdown

Government funding will continue to dominate January's legislative agenda—both substantively and politically—offering each side leverage. Congress enacted three full-year spending bills when the government reopened in November after the longest shutdown in history. Nine of the 12 annual spending bills are operating under a continuing resolution through Friday, January 30.

Appropriators are focused on resolving differences between House and Senate funding levels. The chairs of both the House and Senate Appropriations Committees have reached an overall agreement on topline numbers, a needed first step toward finalizing bills. [A second appropriations minibuss package](#), comprised of the Commerce, Justice, and Science (CJS), Energy and Water Development (ENW), and Interior and Environment bills, will likely see action on the House Floor the week of January 5. Senate action will follow after a bicameral, bipartisan deal is announced. Beyond that, a plausible outcome to the Fiscal Year 2026 spending cycle may be a combination of final bills and continuing resolutions. More contentious bills—such as Homeland Security and Financial Services and General Government—are currently expected to be placed into a full-year continuing resolution for the second straight year. Congressional appropriators remain bullish that agreements can be found for such bills as Defense, Labor, Health and Human Services, and others. However, shutdown risks remain real as policy and political issues affect general debate in Congress.

Congress will soon face the Fiscal Year 2027 funding deadline on September 30. Expect early action in both Appropriations Committees to advance bills ahead of the fall deadline. The midterm elections, the administration's pursuit of further rescissions packages, and threats of impoundment (executive branch action to delay or withhold congressional appropriated funds) will continue to impact spending debates.

## Healthcare

The first session of the 119<sup>th</sup> Congress saw significant policymaking activity and partisan clashes over healthcare policy. In 2025, the Republican Congressional majority and Trump Administration pushed through major changes to the Medicaid program and, to a somewhat lesser extent, the Affordable Care Act in the One Big Beautiful Bill Act ([P.L. 119-21](#)). P.L. 119-21, which passed through the budget reconciliation process on a party-line vote and was signed into law by President Trump on July 4. The law includes more than \$1 trillion in health care spending reductions through initiatives including new federal Medicaid work requirements, more stringent income verification and other limitations on Medicaid and ACA eligibility, and

prohibitions on state financing mechanisms including provider taxes and so-called state directed payments.

At the end of December, ACA enhanced premium credits expired despite Democratic Congressional leadership's efforts to leverage the federal government's fiscal year funding deadline to extend the credits and some last-minute bipartisan attempts at deal-making. Congress returns this month to unfinished health policy business that will undoubtedly have serious political and policy ramifications. Will rising premiums and growing political pressure resulting from the expiration of the enhanced premium tax credit be enough to overcome policy and political differences between Republicans and Democrats, including whether to fund health care accounts, add additional abortion restrictions, make changes to the structure of the tax credit, and include stricter program integrity measures. January will likely bring an answer to this question.

In the meantime, Congress will confront numerous bipartisan—almost consensus—health policy issues. It is very likely that at the end of January, Congress will extend on a bipartisan basis popular expiring Medicare and Medicaid policies, including Medicare telehealth flexibilities, community health center funding, and preventing Medicaid disproportionate share hospital cuts. Beyond those traditional so-called extenders, it is unclear whether the two parties will be able to reach consensus in this hyper-partisan environment over more expensive and/or more intricate reforms such as initiatives to promote greater healthcare transparency, to reform the 340B program, to reform the way physicians are paid under the Medicare program, and to reform the operations of pharmacy benefit managers. In addition, Congress is likely to utilize oversight hearings and investigations to continue the healthcare conversation around fraud, waste, and abuse as a means to address the potent issue of affordability.

Whether or not 2026 brings substantial healthcare legislative changes, the Trump Administration will likely be increasingly active on the regulatory front. There will be new program demonstration models unveiled and implemented by the Centers for Medicare and Medicaid Innovation that speed the adoption of health tech, crack down on fraud and abuse, and promote new models of value-based care to drive down costs. There will be increased limits on the cost of biopharmaceuticals through “most-favored nation” and other policies. Healthcare stakeholders will also have to navigate the impact of the Trump Administration's tariffs on the healthcare supply chain.

### **Trade/Tariffs**

The Trump Administration has imposed an unprecedented tariff regime affecting nearly all aspects of American life. The regime has been remarkably unstable, with the Administration delaying its imposition, threatening to raise certain tariffs further, removing some tariffs, cutting deals on a trading partner-by-trading partner basis, and starting separate investigations that could lead to yet more tariffs being imposed. The Administration has used tariffs as a tool for negotiation leverage, to protect domestic industries, and to address non-related issues like immigration and drug trafficking. There is no reason to believe they will change course in 2026.

The new tariff regime does face threats. One comes from the Supreme Court, which is expected to rule on the legality of many tariffs in the coming months (though the Court could still find ways to avoid making a decision on the merits). A decision to overrule the tariffs could lead to a new round of chaos as the Administration uses other legal mechanisms to reimpose many tariffs. Aside from a court ruling, the Trump Administration has recently signaled strong concerns about prices and affordability, leading it to remove tariffs on some household agricultural products and delay scheduled tariff hikes on furniture. Consumer sentiment, and the economy in general, will play a role in whether the Administration ratchets tariffs down further (or potentially ratchets them up).

It may be best to view tariffs on a trading partner-by-trading partner basis:

- China has been subject to the most volatility during this Administration, but it recently cut a deal that leaves baseline tariffs at 20%. The relationship appears to be at a detente for the moment, though there are so many deep-seated issues that there will inevitably be turbulence in the months ahead.
- Canada and Mexico will take center stage for much of 2026. The USMCA is undergoing a formal review with negotiations expected to begin in earnest early next year. Most are not expecting a full resolution by the July 2026 deadline, so uncertainty with Canada and Mexico could linger well beyond 2026.
- Relations with Europe, the UK, Japan, and South Korea appear to be relatively stable. Each trading partner has cut a deal with the Trump Administration to avoid the worst, though it means their goods are subject to tariffs between 10 and 15% for the foreseeable future.

The Administration is also scheduled to complete industry-specific investigations on semiconductors, pharmaceuticals, and aerospace, among others, each of which could lead to new tariffs. Some trading partners have already cut preferential deals on these sectors in advance of potential tariffs, though China, which is the target of most investigations, has not. If the Trump Administration takes strong action, it will undoubtedly stoke tensions with China.

## **Tax**

### P.L.119-21: Fixes, items “forgotten” and the Lame Duck Window

Despite major tax legislation, via P.L.119-21, passing in 2025, 2026 is shaping up to be a year where tax policy will play an important role in the legislative and regulatory landscape. Technical corrections, implementation guidance, targeted “fixes” to P.L. 119-21, and the potential for tax items to ride along an ACA subsidy package all remain. [Key staff](#) for Democrats in the House have indicate that a deal on the ACA subsidies is a prerequisite before any passing any other bipartisan tax legislation this year.

Several discrete related fixes to P.L.119-21 are already circulating on Capitol Hill. The most prominent is the gambling tax fix, addressing changes that restricted the deductibility of gambling losses. Framing this as a technical correction, not a new tax cut, improves its prospects

in a bipartisan year-end package. In addition, adjustments to the college and university endowment tax remain under discussion, particularly around thresholds and definitional clarity. While politically sensitive, these proposals are being positioned as targeted refinements, rather than repeal, keeping them alive as potential late-year additions. Just as important are provisions that were excluded from P.L. 119-21 altogether, most notably the Work Opportunity Tax Credit (WOTC). With broad bipartisan support and strong backing from employers and workforce advocates, WOTC continues to be viewed by tax staff as a leading candidate for inclusion in a lame duck tax or extenders package, especially if paired with other workforce-focused provisions.

The most realistic tax action in late 2026 is a narrow, fix-oriented package, likely attached to a year-end funding bill, extenders package during a lame duck session. Success will hinge on whether an issue is credibly framed as a technical correction, an omission, or a continuity measure, rather than an expansion of tax policy.

### Crypto Tax

While Crypto market structure resolution remains the priority for the Crypto industry, tax clarity is not far behind. Leaders on Senate Finance (Chairman Crapo (R-ID) and Ranking Member Senator Wyden (D-OR) and Ways and Means (Reps. Max Miller, Kevin Hern and Steven Horsford) are increasingly interested in creating some clarity around reporting, broker definitions, source of income rules for digital asset trading, and more. Draft text of Rep. Miller and Horsford's legislation can be found [here](#).

While P.L. 119-21 did not comprehensively address digital asset taxation, tax writers continue to discuss targeted clarifications rather than sweeping reform, particularly where existing rules are seen as unworkable or misaligned with how digital asset markets function. Any movement is most likely to come through a limited, bipartisan clarifications package, potentially in a lame duck context or attached to a must-pass vehicle, focused on administrability and compliance rather than revenue generation.

### Implementation of "No Tax on Tips, Overtime, and Social Security"

With P.L. 119-21 establishing the framework for excluding tips, overtime pay, and certain Social Security benefits from taxation, provisions that are available for taxpayers in 2025, Treasury has been focused on implementation, guardrails, including definitions, reporting rules, and anti-abuse standards. Treasury and the IRS guidance will determine how broadly these exclusions apply in practice, particularly for tip-heavy sectors such as restaurants, hotels, and other service industries, as well as for employers managing overtime classification and payroll systems. For labor and management alike, compliance clarity will be the key variable shaping cost and workforce decisions.

### International Tax Issues to Watch

On January 5, [the Organisation for Economic Co-operation and Development \(OECD\)](#) announced an agreement on Pillar Two side-by-side package. The agreement allows for continued coordinated operation of Pillar Two Global minimum tax arrangements.

The package emphasizes simplification measures to reduce compliance burdens for companies calculating global minimum tax rules, new safe harbors, and targeted substance-based incentive relief, alongside reaffirming the central role of qualified domestic minimum top-up taxes (QDMTTs) in protecting local tax bases, particularly for developing countries. Congressional leaders, such as [Rep. Ron Estes](#), released statements of support for the agreement, stating that it will allow U.S. companies to be governed by U.S. tax law. Statements of support like that diminish the likelihood that Congress moves forward with retaliatory taxes, such as the proposed 899 ‘revenge’ tax proposal.

On the regulatory front, Treasury/IRS remains actively engaged in implementing international tax provisions of P.L. 119-21, with three key notices ([2025-75](#), [2025-77](#), and [2025-78](#)) issued in December 2025 that will drive compliance and planning well into 2026. These notices address: (1) the transition rule for CFC dividends and how Subpart F/GILTI inclusion rules apply for years straddling the end of 2025; (2) changes to the deemed-paid foreign tax credit regime, including a new 10% disallowance tied to PTEP distributions; and (3) new rules for calculating deduction eligible income in the §250 regime that exclude income from dispositions of certain property. Taxpayers may rely on the notices before final regulations, but comments are due February 2, 2026, signaling that Treasury will play a key role issuing regulatory guidance that impact multi-national companies.

## **Financial Services and Banking**

### Housing Affordability

Rising home prices, limited supply, and higher financing costs have elevated housing affordability as a bipartisan issue, prompting both Senate and House Committees to act on bipartisan housing-related measures aimed at credit availability, supply constraints, streamlining regulatory requirements and updating existing housing programs. The Senate Banking Committee passed housing legislation last summer, and the House Financial Services Committee approved a broad slate of housing bills in December. There are notable differences between these housing packages such that when Senate Republicans and Democrats tried to include them in the NDAA legislation, House Republicans objected to that move on policy and process grounds but then crafted their own bills that captured broad Democratic support and will likely gain full House approval in early 2026. A summary of the Senate passed ROAD to Housing Act of 2025 can be found [here](#). A summary of the House Financial Services Committee passed Housing for 21<sup>st</sup> Century Act can be found [here](#) and bill text [here](#).

These bills signal where momentum may build, particularly through oversight, incremental legislation, and agency posture at the banking and housing regulators. This makes housing affordability, among other areas, an issue that will potentially see activity in the financial services landscape.

Committee action also included related measures such as the *Respect State Housing Laws Act* and pieces aimed at community bank representation—underscoring the linkage policymakers are drawing between housing finance, credit access, and local economic growth.

These votes signal two important themes for 2026: (1) housing affordability is a bipartisan priority with a focus on supply, financing, and regulatory relief, and (2) policy momentum may come through committee and floor action on discrete bills as a divided Congress where alignment with Senate positions (e.g., the *ROAD to Housing Act* passed earlier in the Senate) remains a work in progress.

### Crypto Market Structure

Negotiations between Senate Democrats and Republicans over crypto market structure are set to intensify in early 2026, as lawmakers continue to sort out which federal agencies will have primary jurisdiction over digital asset markets. Chairman of the Senate Banking Committee, Senator Tim Scott (R-SC), has publicly indicated that a markup of Senate market structure legislation is expected on January 15, 2026. Additionally, on Dec. 19, 2025, Senator Lummis (R-WY) [announced she will not seek reelection](#) to the Senate next year further increasing the likelihood that she will work with a sense of urgency to try to get these reforms enacted this year before she retires.

A central issue to resolve will be what bank advocates describe as a loophole left unresolved in the GENIUS stablecoin law. While the statute prohibits stablecoin issuers from paying interest, it does not explicitly bar exchanges or affiliated platforms from offering yield-like incentives on stablecoins, raising concerns that deposits could migrate out of the traditional banking system through indirect mechanisms. Bank groups argue that without a clear prohibition applying to exchanges and affiliates acting as distribution channels, the law's intent can be easily circumvented.

This issue was deliberately deferred during stablecoin negotiations, with Republican lawmakers assuring banking groups that market structure legislation would address the problem once stablecoin rules were enacted quickly. As a result, the debate has re-emerged with greater intensity, with bank CEOs and crypto company leaders actively lobbying both parties, and major bank trade associations ramping up political engagement ahead of 2026. Another key issue will be how lawmakers address how DeFi should be treated under federal law, including if certain DeFi protocols need a new regulatory regime. The mark-up will likely include how digital assets will be treated and whether the SEC or the CFTC will have primary jurisdiction, issues around investor protections, and combating illicit finance. Finally, the issue of Presidential and other elected officials profiting from crypto businesses may end up being one of the last issues resolved and possibly not before floor activity.

### Fair Access and “Debanking”

The fair access debate in 2026 will focus on whether federal law should limit both regulators and banks from denying services to lawful customers based on non-business considerations, an issue that continues to draw significant attention on Capitol Hill. Senate Banking Financial Institutions

Subcommittee Chairman Tillis (R-NC) has circulated a discussion draft of the *Ensuring Fair Access to Banking Act*, which would establish a federal standard prohibiting banks with more than \$100 billion in assets from denying services based on factors such as lawful business type or constitutionally protected activity, while also directing regulators to enforce compliance. During recent hearings, Senator Tillis and Senator Cramer (R-ND) emphasized that responsibility for debanking lies with both regulators and financial institutions, not regulators alone. Although Senator Tillis will leave Congress at the end of 2026, Republican lawmakers, drawing in part on prior proposals from Chairman Scott, are expected to keep the issue alive, particularly as fair access arguments increasingly resonate in broader national political debates.

### Banning Stock Trading by Members of Congress

Momentum to prohibit members of Congress from trading individual stocks is expected to persist in 2026, driven by bipartisan public support and continued scrutiny of lawmakers' financial disclosures. Multiple proposals would go beyond the existing STOCK Act framework by requiring members (and in some cases spouses) to divest individual equities or place assets into qualified blind trusts, with varying enforcement mechanisms and penalties. While leadership has historically been cautious about floor action, the issue continues to resonate politically and is increasingly framed as a credibility and ethics reform.

### Regulatory Rightsizing and Capital Formation Priorities

Republicans in both chambers will continue to advance an agenda focused on regulatory rightsizing, strengthening community banks, improving access to capital, broadening investment opportunities for retail investors, and reforming proxy advisory practices. At the same time, early efforts to reauthorize the Export-Import Bank are expected to take shape, particularly as its current authorization approaches expiration.

## **AI and Technology**

### Artificial Intelligence

AI will remain a hot topic of conversation in 2026. Following unsuccessful attempts in Congress to pass an AI moratorium, President Trump issued an Executive Order in December 2025 to promote a national AI policy framework. Among other things, the EO directs the Special Advisor for AI and Crypto and the Assistant to the President for Science and Technology to prepare legislative recommendations for Congress that preempts conflicting state laws (with some limited exemptions).

Republicans in Congress are likely to continue to look for opportunities to enact such preemptive legislation. There is now a growing divide among Republicans about whether such legislation should be "light-touch" to allow this nascent technology to continue to flourish, or more comprehensive. Regardless, Congressional Democrats remain largely opposed to preemption of state AI laws in the absence of a strong, consumer and user protective regulation. Expect preemption to be the contentious topic of discussion at any tech-focused committee hearings in 2026. The House Energy & Commerce and Senate Commerce Committees, along with House

and Senate Judiciary and Homeland Security committees, will continue to hold hearings on AI and tech-related topics throughout 2026.

Federal agencies will also be working on implementing the preemption EO as well as the AI Action Plan and the Genesis Mission. The FTC is expected to remain aggressive on AI-related consumer protection and competition issues, while the Department of Commerce, OMB, and FCC may issue guidance, studies, and rulemakings tied to AI standards, reporting, and federal funding conditions.

### Children's Online Safety and Privacy

The Energy & Commerce Committee will continue its work on children's online safety and privacy in the first quarter of 2026. Some smaller, bipartisan bills are likely to pass easily through Committee and could even pass the House on suspension. But the more controversial Bilirakis-led Kids' Online Safety Act, COPPA 2.0, and the competing app store bills (Parents Over Platforms and the App Store Accountability Act) face an uncertain path forward. House action on these bills may spur action in the Senate to again pass the Blackburn-Blumenthal-led Kids Online Safety Act (KOSA). But strong disagreements between the House and the Senate—including on issues such as the duty of care—and partisan disagreement on preemption continue to be major obstacles to either version (or some negotiated version) of KOSA becoming law this year.

### Comprehensive Consumer Privacy

The Energy & Commerce Committee's Republican Privacy Working Group is continuing its work towards a comprehensive privacy framework. They are expected to release such a framework—as either a policy paper or draft legislation—in the first quarter of 2026, which is then intended to begin negotiations with E&C Democrats. However, given the lack of action on privacy in the Senate and the ongoing tension over preemption in this and other areas of tech policy, prospects for a bipartisan consumer privacy bill remain low this Congress.

### Quantum Computing

Senators Young and Cantwell are planning to reintroduce the National Quantum Initiative Reauthorization Act this week, reinvigorating the discussion around the need for promoting and investing in quantum for the US to continue to lead in tech advancement. The goal is to mark-up the legislation in the Senate Commerce Committee before the end of the year. Additionally, the administration is working on post-quantum cryptography migration across the federal government.

## **Energy**

As was the case in 2025, most of the action around energy policy will come out of the administration's deregulatory agency. Many of the rules that were rewritten in 2025, including reconsideration of the endangerment finding and greenhouse gas requirements for vehicles, changes to vehicle requirements for model years 2022-2031, updated clean water act

requirements for waters of the United States, and outer continental shelf drilling, are set to be finalized in 2026. We also expect the Federal Energy Regulatory Commission to continue to be active around transmission rules to support the buildout of AI. In Congress, we are sure to see a robust energy agenda with more hearings, legislation, draft text, and mark-ups throughout 2026.

Permitting reform remains a hopeful area for a bipartisan push toward some deal. Both chambers want to speed up federal reviews, improve interagency coordination, and move major energy, manufacturing, and infrastructure projects more efficiently. The Trump administration has made winning the AI race a priority while electricity demand, grid reliability concerns, and data center and AI-related load growth has increasingly become part of the affordability conversations. After years of failed attempts on both sides of the aisle and the prospects for a comprehensive permitting bill remain challenging, targeted reforms—particularly around transmission, timelines for environmental reviews, and judicial review—could move sometime this year but will require significant compromise on both sides.

On the tax front, despite many energy tax credits having been repealed or set to expire faster than originally planned under P.L. 119-21, Treasury/IRS implementation guidance will still play a role, particularly for clean [electricity](#) credits and the mechanics of credit expiration and qualification. IRS-issued guidance in 2025, clarified how wind and solar developers may establish that a project has “begun construction” to qualify for the technology-neutral clean electricity investment and production tax credits (Sections 45Y and 48E), with a critical compliance deadline of July 4, 2026. That guidance, and further refinements, will shape whether projects can secure credit eligibility under the new timelines created by P.L. 119-21. Treasury is also set to finalize updated implementation guidance on the use of 45Z, the Clean Fuel Production Credit. The guidance is expected to include the calculation of emissions factors for transportation fuel, the determination of clean fuel production credits, and producer registration.

[Treasury/IRS have already issued FAQs](#) related to the accelerated expiration of numerous energy credits (e.g., clean energy and efficiency credits under Sections 25C/25D/45L/179D), and more interpretive guidance is expected to help taxpayers understand how the phase-outs and termination dates apply.