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TECHNOLOGY

FCC Chairman Tom Wheeler is expected to circulate new net neutrality rules in the coming weeks, which means attention at start the of the year will be on Hill Republicans as they work to either preempt or respond to Wheeler's move. Republicans, for the most part, want a less restrictive approach to net neutrality — or no net neutrality rules at all. Democrats, on the other hand hope Wheeler decides to reclassify broadband as a utility under Title II of the Communications Act — following the strong urging of President Barack Obama last year. House Energy and Commerce leadership has pledged to bring Wheeler down to the Hill for hearings, and others, including Sen. John Thune (R-S.D.), are working on bills to counter any rules the FCC chairman proposes.

All of the net neutrality debate is happening against the backdrop of Congress' work to overhaul the country's foundational communications law. Reps. Fred Upton (R-Mich.) and Greg Walden (R-Ore.) — chairmen of the House Energy and Commerce Committee and communications subcommittee, respectively — are poised to begin work on a discussion draft, and Thune, the new Senate Commerce Committee chairman, has pledged to take up the effort as well. Any resulting bill, likely to take years to finish, could shake up everything from the broadband industry to the way users watch videos online.

HEALTH CARE

Senate Republicans will have their chance to vote to repeal parts of Obamacare. First up, leadership says, is getting rid of the 30-hour-week threshold for the employer mandate — although it's not clear if that will happen as soon as they hoped because they need to get more Democrats on board. But there is a chance Obama will have to soon break out his veto pen to protect his law. The medical device tax is also on the Senate chopping block.

Because of that veto pen, ACA opponents believed that nothing more than piecemeal changes would be possible for the next two years. The Supreme Court could change that timeline. The uncertainty about how the court will rule in *King v. Burwell* on the legality of health insurance subsidies on the federal marketplace is complicating the GOP internal debate about whether to use the "reconciliation" process to repeal the whole law with a simple majority. And it's adding pressure on Republicans to try to finally coalesce around a replacement plan.

Republicans are also driving the debate in the states. But rather than repeal, they're considering whether to expand Medicaid to people who make up to 138 percent of the federal poverty level. Governors in Tennessee, Wyoming and Utah are trying to push their conservative legislatures to agree to an alternative approach to expansion that still passes muster with the feds. (Montana's Democratic governor and Alaska's new independent executive are also looking for ways to expand.) However, expansion faces a legal challenge in Arizona, and legislatures in Arkansas and Ohio could choose to eliminate their existing expansions this year.

ENERGY

Congress will pass bills in the coming weeks authorizing the Keystone XL pipeline, opening the door in the Senate for what could turn into the biggest energy policy debate there since at least 2007. After the House approves its narrow version of a bill approving TransCanada's project on Friday, senators may offer up scores of amendments over several weeks for their chamber's version of the measure. Even though the White House has already threatened a veto, that open amendment process could set up votes on a diverse range of issues such as EPA regulations, climate change, oil and liquefied natural gas exports and energy efficiency. With pipeline backers lacking the votes for now to overturn a veto, Republicans are threatening to try to tack on Keystone authorization — and perhaps other GOP energy priorities — to must-pass spending bills that come up later in the session.



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TRADE

Last year, leaders of the Senate Finance and House Ways and Means committees proposed a major update of “trade promotion authority” legislation last passed by Congress in 2002, when George W. Bush was president. The effort fell victim to election year politics, but prospects for a revised version of the 2014 bill seem brighter this year following the Republican takeover of the Senate. The first sign of progress could come this month if talks between new Senate Finance Committee Chairman Orrin Hatch, new House Ways and Means Committee Chairman Paul Ryan and Sen. Ron Wyden, the top Democrat on the Finance Committee, result in a new bicameral, bipartisan bill. Obama is expected to give the effort a boost by calling for TPA in his State-of-the-Union speech on Jan. 20. Still, the fight will be tough, especially in the House, where Rep. Sander Levin, the top Democrat on Ways and Means Committee, is unlikely to go along with any bill crafted by Sens. Orrin Hatch and Ron Wyden and Rep. Paul Ryan, and where many other Democrats oppose the legislation.

FINANCIAL SERVICES

A top issue on the plate of the Senate and House banking committees this year is whether Congress should change the 2010 Dodd-Frank law so that fewer banks are required to face increased regulatory scrutiny from the Federal Reserve. The law says that any bank with \$50 billion or more in assets should be subject to tougher regulation, but over the past year members of both parties as well as regulators have suggested that number should be increased. The point of the tougher rules is to prevent a big bank from failing because its demise could hurt financial markets and the economy. But some regional and mid-sized banks argue the new rules should be reserved for only the biggest banks that engage in a variety of financial activities beyond the basic business of making loans to individuals and businesses. Republicans and Democrats have both said they are open to the idea and Fed Governor Daniel Tarullo has said a threshold of \$100 billion may make more sense. One question, however, is whether size is the best way to measure risk or if the focus should be more on the type of activities conducted by a bank. Regardless, changing the definition of a big bank under Dodd-Frank is one idea that could get bipartisan support in the new Congress.

DEFENSE

With the Senate under Republican control in the new Congress, the confirmation of Ash Carter as the new defense secretary is the first order of business for the Senate Armed Services Committee, now led by Sen. John McCain. The Arizona Republican has pledged a speedy confirmation process — and Carter is well respected by senators on both sides of the aisle — but confirmation hearing itself is expected to be a bumpy ride, with McCain and other Republicans likely to grill Carter on the Obama administration’s strategy in the Middle East, particularly its fight against the Islamic State of Iraq and the Levant in Iraq and Syria. But Defense Secretary Chuck Hagel will be around at least through this month, as Carter asked for a delay on hearings until he’s recovered from back surgery.

In addition to Carter’s confirmation, McCain is likely to make the war against the Islamic State a major issue in the early days of his chairmanship, vowing to play an out-front role in drafting a new war authorization against ISIL that Congress is expected to take up early in the New Year. The Senate Foreign Relations Committee approved an authorization in December, and now the question is whether Republicans will work from that draft or scrap it and fashion their own authorization. The Republican-led Congress is also gearing up to respond to the administration’s 2016 budget request, where the Pentagon’s top line could spark a renewed battle over sequestration, which is set to return in full force in fiscal 2016.

TAX

The collection of some 50 tax breaks known as extenders were renewed for 2014 in December, including the corporate research credit and two for offshore income as well as some for individuals. But don’t expect lawmakers to move quickly to address their 2015 expiration, they are nearly always dealt with at the end of the year with lawmakers facing a deadline. House Republicans pushed through new rules to make it easier to cut taxes, instructing budget score keepers to use so-called dynamic scoring when analyzing certain legislation. All eyes are now on who Republicans will appoint to replace Congressional Budget Office director Doug Elmendorf, who is widely expected to be fired by Republicans now that they control Congress. Potential successors include Chuck Blahous, a former Republican aide and Medicare trustee; Bill Hoagland, a former longtime Republican budget aide; Harvard University economist Katherine Baicker; and Warren Payne, who was policy director for former Ways and Means Committee Chairman Dave Camp.



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TRANSPORTATION

Lawmakers have an unusual confluence of all three major pieces of their jurisdiction, all coming up this year — reauthorization bills for surface transportation programs, the Federal Aviation Administration, and even Amtrak and rail safety policies. The most dire deadline comes in May, when the authority to collect and spend gasoline tax revenues that fuel surface transportation spending will expire without congressional action. Members also will have to enact an FAA reauthorization by the end of the fiscal year, Sept. 2015. And, members are also eager to tackle an Amtrak reauthorization, which has already expired, but which doesn't carry any real consequences for inaction. Lawmakers will spend much of the next month setting out their game plan for tackling these moving parts — and the FAA bill may be first out of the gate.

But all the action won't be on the Hill. There will also be a flurry of activity out of the Department of Transportation. DOT and its subagencies are under the gun to release several important rules early in the year, chief among them a rule that would set up a structure for allowing small commercial drones to operate legally, as well as a major rule intended to strengthen the safety of trains that carry crude oil cross-country, often in the form of "unit trains" that carry dozens of tankers stuffed with volatile crude extracted from shale oil regions. Both rules are expected to be released early this year — possibly this month. The DOT is also still battling with another controversial rule that could continue the prohibition against using cell phones for voice calls in-flight.

EDUCATION

Congress plans to revisit No Child Left Behind reauthorization this month for the first time in a year and a half. Education leaders are expected to hold a couple of quick hearings to visit hot-button issues like testing before plowing ahead with legislation. But the 114th Congress will also be testing out new, altered dynamics between Democrats and Republicans in January and new Democratic leaders on both the House and Senate education committees are just stepping into their roles as ranking members. Both transitions could throw sand in the gears of NCLB progress.

But the Education Department will be busy, too. Comments will flood the agency this month on the department's proposed rules for teacher preparation programs. The proposed regulations attempt to shift federal money away from programs that do a poor job of training prospective teachers and towards those who do. Critics say, however, that the proposed rules reflect an unauthorized expansion of federal power. Comments are due to the agency Feb. 2.

CYBERSECURITY

The cyberattack on Sony Pictures Entertainment six weeks ago has set the stage for possibly some new legislation in the 114th Congress. The Obama administration's response so far, sanctioning the most isolated country on earth, will likely get pulled apart and second guessed in unfriendly hearings. And not just by Republicans. Sen. Robert Menendez (D-N.J.), the ranking member on the Senate Foreign Relations Committee, has already called for Pyongyang to be added back to the U.S. list of state terror-sponsors; something the State Department bureaucracy opposes. And, the headlines mean that backers of information sharing legislation have a new chance to resurrect their bills.

AGRICULTURE

China will continue to be a focus for the agriculture industry in January as the administration appears poised to make major headway on opening up more trade with the country. Officials with USDA's Animal Plant and Health Inspection Service are headed to San Francisco on Jan. 22 to meet with officials from China's food safety agency. They'll be talking about expanding exponentially an earlier agreement that reopened China's borders to red and golden delicious apples from Washington state. China also looks ready to open its massive market to U.S. rice. This after a Joint Commission on Commerce and Trade meeting, in Chicago last month, produced a promise from China to work with the U.S. on Chinese acceptance of genetically modified crops. China already is the largest buyer of U.S. soybeans and poised to be a massive corn importer, but China's erratic and unreliable approval process for new biotech traits has been a major stumbling block.

LABOR

The Labor Department is expected to propose a rule that will likely broaden who qualifies as a pension plan fiduciary. Under the Employee Retirement Income Security Act, a plan fiduciary advising private-sector employees is required to act solely in the plan participant's best interest and has a duty to act prudently. To qualify as a plan fiduciary,



NEWS

an individual must provide investment advice on a regular basis that must serve as a primary basis for the individual's decisions and that is individualized to particular plans. These requirements narrow who qualifies as a plan fiduciary and were written during a time when most pension plans were primarily defined-benefit plans and professionally managed.

Today, most investment decisions are made by individuals, who have their retirement savings either in 401ks or Individual Retirement Accounts. Often, individuals will rely on advice from a broker-dealer and other investment advisers. Under the current law, advisers to IRAs are not considered fiduciaries. Proponents of the law say it is much needed, since a broker-dealer or an investment adviser to an IRA could advise an individual on investments that may not be in the interest of the individual, but may be in the interest of the adviser who could be receiving a commission. The finance community, however, remains concerned about the new law. Some say the law would cause a chilling effect and would discourage broker-dealers and other investment advisers from providing advice, since they could face more legal consequences if the advice turned out to be unsound.



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