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April 2021 Outlook

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<p>OVERVIEW</p>	<p>The House and Senate return from a two-week recess on the heels of President Biden releasing his infrastructure proposal, “The American Jobs Plan,” and corresponding tax plan, “The Made in America Tax Plan.” In the coming weeks, the President is expected to release the second component of his plan on the “caregiving economy.” There will be continued discussion over the next few months on the process for moving an infrastructure package and while the current discussion is focused on the potential for bipartisan support, we believe all signs currently point toward Democrats ultimately using the budget reconciliation process. And while many of the President’s proposals largely draw from campaign platforms, this will be a much more challenging path forward than previous packages related to the COVID-19 pandemic, and we can expect twists and turns along the way from both parties. In the meantime, we will see activity in both the House and Senate on a number of other issues and robust hearing schedules this month in both the Senate Banking and House Financial Services Committees. Below is a preview of the expected activity in Washington this month, subject as always to external or unexpected events that could disrupt the schedule.</p>
<p>SENATE FLOOR</p>	<p>The Senate starts off a busy month with the consideration of four Biden nominees, including Gary Gensler to Chair the Securities and Exchange Commission (SEC). We expect Gensler to be confirmed by the Senate with some bipartisan support (Note: he cleared the Senate Banking Committee with the support of two Republican Senators, Sens. Rounds (SD) and Lummis (WY)). On a related note, we expect the confirmation of Rohit Chopra as Director of the CFPB will be delayed likely into next month due, in part, to vacancies at the Federal Trade Commission (FTC), where Chopra currently serves as a Commissioner (Chopra’s resignation would leave a 2-1 Republican majority at the FTC). In addition to nominations, we believe the legislative agenda this work period will focus on civil rights, voting rights and economic recovery, as well as on climate, health and gun safety. Below are other key issues expected to be taken up by the Senate this month.</p> <ul style="list-style-type: none"> • The Senate will continue consideration of Polly Trottenberg to be Deputy Secretary of Transportation, Wendy Ruth Sherman to be Deputy Secretary of State, and Brenda Mallory to be a Member of the Council on Environmental Quality. We expect each nominee to be confirmed with bipartisan support. • In addition to nominations, the Senate will consider bills related to COVID-19 Hate Crimes (S. 937/H.R. 1843) and anti-LGBTQ discrimination (H.R. 5), and will begin work on President Biden’s infrastructure and climate plan. We expect the Senate could also potentially take up legislation on expanded gun background checks and the voting rights package (H.R. 1) that passed the House last month. • Majority Leader Schumer (D-NY) will continue leading bipartisan efforts towards a legislative package focused on China and U.S. competitiveness. Senate Committees have been instructed to craft legislation on ensuring American competitiveness as it relates to China, and we will begin to see hearings and markups on potential components for legislation beginning this week. On that front, the Senate Foreign Relations Committee will markup the Strategic Competition Act of 2021, and the Senate Commerce Committee will begin consideration of the Endless Frontier Act, which could come before the full Senate by late April.

	<ul style="list-style-type: none"> • Despite calls from the Biden Administration and Senate Democrats to address issues at the border, we do not expect significant legislative action this month in terms of broader immigration reform. <p>Majority Leader Schumer and Senate Democrats will begin to assess the path forward on infrastructure and President Biden’s American Jobs Plan, particularly following the Senate Parliamentarian’s initial ruling last week allowing for another budget reconciliation bill for FY2021. That said, while we expect conversations around infrastructure reform and the associated tax pay-fors to ramp up in Committees, we do not expect floor action this month and believe that the House will act first in this area.</p>
HOUSE FLOOR	<p>The House will consider a number of proposals in April under a new reduced voting period (from 45 minutes to 30 minutes per vote). The change was announced by Majority Leader Hoyer (D-MD) last week and marks another step towards pre-pandemic voting procedures.</p> <ul style="list-style-type: none"> • First on the docket for consideration is the Paycheck Fairness Act to address the gender pay gap, and the Workplace Violence Prevention for Health Care & Social Workers Act - each are expected to pass out of the House with bipartisan support. • Additionally, a DC statehood bill is expected to be on the House Floor the week of April 19th following a markup on the measure this week in the House Oversight Committee. Later in the month, we anticipate the House to take up measures to address COVID-19 hate crimes and to prohibit travel bans against Muslim countries. <p>On infrastructure, we expect this month to mark the start of policy discussions in the House - setting the stage for a long road ahead towards passage.</p> <ul style="list-style-type: none"> • We expect Committees will begin debate on infrastructure-related topics and begin to schedule hearings focused on issues under their respective committees' jurisdictions (i.e. housing, clean energy, broadband). We again anticipate the House to move before the Senate in efforts towards broader legislation. • Speaker Pelosi (D-CA) has set July 4th as the goal for the chamber to pass an infrastructure bill, and we believe September 30th marks the deadline for final passage (September 30th is the expiration date for the highway and transportation funding bill and for FY2021 government funding).
SENATE BANKING COMMITTEE	<p>The Senate Banking Committee’s (SBC) hearing agenda remains somewhat in flux with three hearings officially announced and others potentially on the docket. The SBC will hold hearings on Tuesday focused on the student debt crisis and on racial discrimination in the housing market, and an infrastructure-related hearing later this week on the Committee’s transit reauthorization priorities. We expect additional hearings to be scheduled, which could focus on broader agenda items, such as climate, leading into the April 22nd Leaders Summit on Climate.</p> <ul style="list-style-type: none"> • The student debt hearing will be held in the Economic Policy Subcommittee, which is chaired by Sen. Warren (D-MA), and will likely focus on debt forgiveness proposals from Congress and the Administration and on student loans servicing issues. We believe Warren will use the hearing to frame student debt as a national crisis and emphasize its harmful impacts to the economy, such as limiting an individual’s ability to buy a house, start a business, etc. Witnesses for the hearing include the CEOs of student loan servicers Navient and PHEEA, Massachusetts Attorney General Maura Healey, Rep. Ayanna Pressley (D-MA), and a consumer witness. • The full committee will hold a hearing the same day entitled, “Separate and Unequal: The Legacy of Racial Discrimination in Housing.” We expect Chair Brown (D-OH) to use the hearing to further emphasize his priority of addressing racial and wealth disparities in the financial sector, including the housing market, and on expanding access to homeownership. Issues that could arise include mortgage and rental assistance, appraisal bias, fair lending and the Community Reinvestment Act.

<p>HOUSE FINANCIAL SERVICES COMMITTEE</p>	<p>The House Financial Services Committee (HFSC) has another busy schedule this month with hearings focused on housing and infrastructure, LIBOR, bank charters, the municipal bond market, as well as a hearing on addressing the racial and gender wealth gap more broadly. Notably not on the agenda for April is a third hearing on the stock market events related to GameStop, which we expect Chair Waters (D-CA) has delayed until incoming SEC Chair Gensler is in office and able to testify.</p> <ul style="list-style-type: none"> • The first hearing of the month will focus on investments in housing and infrastructure, including financial services-related items in Biden’s proposal. We expect this hearing to highlight Chair Waters’ legislative priorities for inclusion in a broader infrastructure bill. Also this week is a hearing focused on banking innovation, in which we expect to see a significant focus on ILCs, fintech/payments charters and the True Lender rule. We understand the LIBOR hearing on Thursday will include government witnesses from the Fed, Treasury, OCC, SEC and FHFA and will focus on Rep. Sherman’s (D-CA) legislation to address legacy LIBOR contracts. The municipal bond markets hearing later this month will have a specific focus on the cost of issuing bonds for historically black colleges and universities (HBCUs). • The HFSC will hold its first markup of the 117th Congress later this month in which we expect a focus on budget views and estimates and for the Committee to reauthorize the FinTech and Artificial Intelligence Task Forces. We believe additional consumer protection-focused bills noticed in March hearings, including fair housing and debt collection-related proposals, are also contenders to be included. It is also possible that the Committee could include infrastructure-related proposals in the markup. <p>The full slate of HFSC hearings for the month is as follows:</p> <ul style="list-style-type: none"> • April 14th - Full Committee hearing entitled, “Building Back Better: Examining the Need for Investments in America’s Housing and Financial Infrastructure.” • April 15th - Subcommittee on Consumer Protection and Financial Institutions hearing entitled, “Banking Innovation or Regulatory Evasion? Exploring Trends in Financial Institution Charters.” • April 15th - Subcommittee on Investor Protection, Entrepreneurship and Capital Markets hearing entitled, “The End of LIBOR: Transitioning to an Alternative Interest Rate Calculation for Mortgages, Student Loans, Business Borrowing, and Other Financial Products.” • April 20th - Full Committee Markup • April 27th - Full Committee Member Day Hearing • April 28th - Subcommittee on Oversight & Investigations hearing entitled, “Examining the Role of Municipal Bond Markets in Advancing – and Undermining – Economic, Racial and Social Justice.” • April 29th - Subcommittee on Diversity & Inclusion hearing entitled, “Closing the Racial and Gender Wealth Gap Through Compensation Equity.”
<p>BIDEN ADMINISTRATION</p>	<p>Despite the ongoing pandemic and primary focus on economic recovery and vaccine distribution, President Biden will continue to work this month on a number of his Administration’s other legislative priorities and campaign promises including the aforementioned infrastructure package, as well as climate, tax and cyber issues. Additionally, we will see a continued focus on nominations, including expected announcements for judicial nominees, the administrator of the General Services Administration (GSA), and key roles within the Departments of Transportation, Interior, Veterans Affairs and Defense. Biden is also expected to make additional announcements on gun control this week following his initial set of executive actions unveiled late last week.</p> <ul style="list-style-type: none"> • Infrastructure: The Biden Administration’s comprehensive \$2.2T infrastructure plan (the American Jobs Plan) will remain at the forefront of conversations in Washington. As previously mentioned, Biden’s plan, which includes \$621B for transportation-related spending, \$400B for home care, \$360B for government buildings, \$300B for manufacturing development, \$180B for R&D, \$111B for water system development, \$100B for workforce development, \$100B for power grid development, and \$100B for

broadband, will serve as a basis for committee hearings and discussions beginning this month despite immediate pushback from Republicans on the scope of the bill. We expect President Biden will continue campaigning this month for passage of an infrastructure package, and beginning this week, will start to meet with bipartisan members of the House and Senate to discuss the bill and each parties' visions for a broader package.

- **Climate:** Climate change remains at the forefront of all discussions within the White House and across all departments and agencies, and we expect this will ramp up this month as we approach the US-led virtual climate summit on April 22nd. President Biden is expected to unveil his Administration's updated Paris Climate Agreement contributions in advance of the meeting, and use the summit to push foreign leaders, including Russia and China, to strengthen global carbon reduction pledges in alignment with the US's 2050 net-zero emissions goal. Additionally, we expect the Biden Administration to issue an executive order on climate disclosure in the coming weeks, or even days. The scope of the EO is unclear at this point, although we understand this will likely have limited legal reach as independent agencies are not legally bound to comply.
- **Tax Plan:** The Biden Administration released the Made in America Tax plan, which would change the corporate tax code and generate revenue for the American Jobs Plan. Key provisions of the plan include raising the corporate tax rate back to 28% and imposing a global minimum tax. We expect Treasury Secretary Yellen to continue pushing for a global minimum tax on corporate profits, as laid out last week during her meetings with finance ministers of the G20, and for Biden to incorporate the tax proposals into his discussions with Members on a broader infrastructure package although we expect heavy pushback from GOP members.
- **Cybersecurity:** The Biden Administration completed its comprehensive review of Russia related to a number of issues including election interference, SolarWinds, and Nalvany and is set to announce executive orders this month related to the SolarWinds hack to ensure US companies in business with the federal government meet sufficient cybersecurity standards and reporting requirements. They are also expected to announce other actions as a result of this review in the coming weeks.