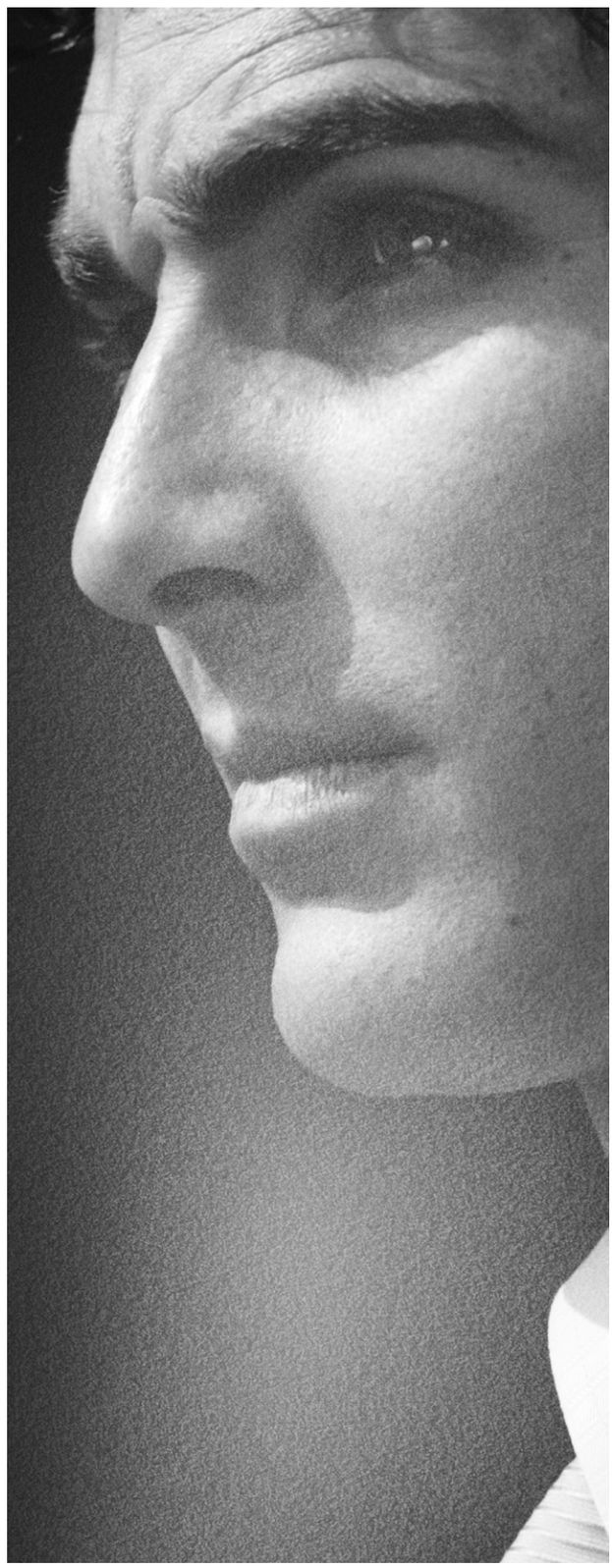
POLITICOPRO

PRO ANALYSIS CONTENT HIGHLIGHTS

POLITICO Pro articles, newsletters, and trackers alert you to the daily and constant change happening in the legislative and regulatory environments that impact your business objectives.

Pro Analysis intel helps you understand the context and conditions in Congress and key state legislatures that influence legislative outcomes and provides tools to inform your next steps for creating those favorable condition.

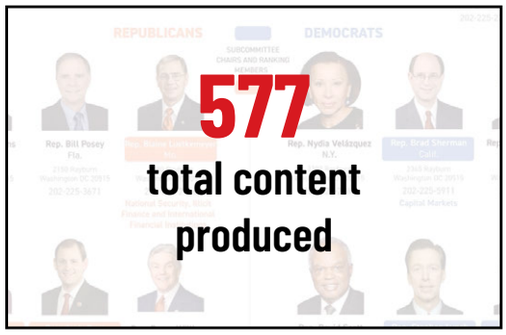
This catalog provides a summary of the 2023 Pro Analysis content and includes exclusive example materials available only to Pro Analysis subscribers.

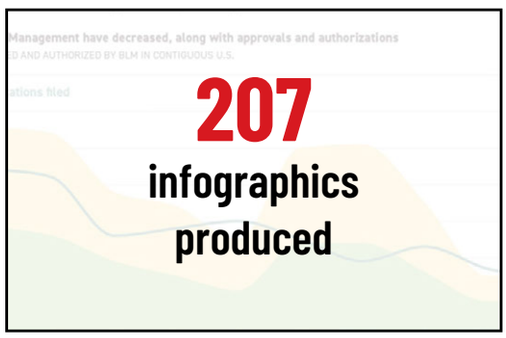


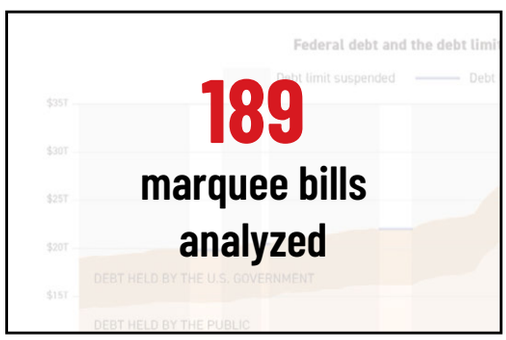
2023 Snapshot

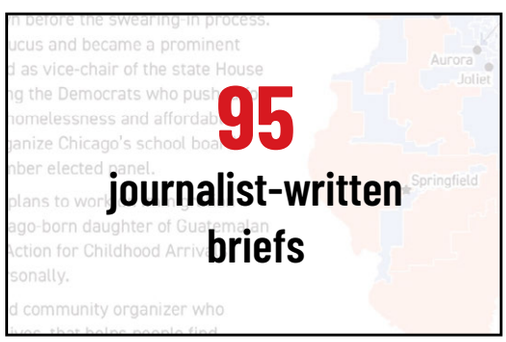
Policy Areas Analyzed

- Government
- Health Care
- Energy
- Defense
- Technology
- Finance
- Education
- Agriculture
- Employment/Immigration
- Transportation
- Trade
- Cannabis
- Tax









Content By Category

Procedural Intel

Legislative processes, procedures, agendas, and policy priorities capturing the attention of the Hill, Sacramento, and Albany

- Legislative Procedure & Processes
- Legislative Agendas
- Budget & Appropriations

Industry Intel

Legislative actions on marquee bills in major industries, conditions for viability, ad relevant industry dynamics.

- Legislative Actions
- Legislative Push
- Industry Dynamics

People Intel

Congressional members, committees, and the interplay influencing policy debates.

- Member Bios
- Committee Breakdowns
- Interplay

Sample Content

Procedural Intel

Industry Intel

People Intel

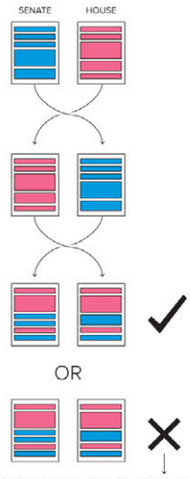
DATAPOINT
ON POLITICS & POLICY

June 13, 2017

How the House and Senate Settle Legislative Differences

Each chamber must approve the same bill before it can be sent to the president. In a majority of cases, the second chamber simply approves the one approved by the first, and it is presented to the president for signature. If there are differences, there are two options for compromise. Historically, most major bills are resolved in conference committee, though the two chambers may also exchange amendments, or both. For example, they might agree to immediately go to conference and then resolve any remaining differences with an amendment exchange. Or they may first attempt to exchange amendments and then decide to go to conference.

To expedite the amendment exchange process, a senator and a representative will initially introduce identical or similar versions of a bill in each chamber. If one passes, the other chamber could act on that bill, but usually considers its own first and then acts on the other, substituting its preferred language into the other chamber's version and sending it back.

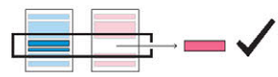


The chambers keep sending it back and forth — called "amendments between the houses," or "amendment exchange," or "pingpong" — until one chamber ultimately approves the other's version. Each chamber may only amend the other's amendments once.

If the chambers don't approve the other's amendments, a conference committee is assembled.

Conferees are appointed from committees in each chamber with jurisdiction over the bill, usually seven to 11 conferees each, or more in the case of appropriations or budget reconciliation measures. Conferees will begin informal negotiations and formal meetings to come to a compromise between the differing proposals.

The committee may not add new line items or remove anything that both chambers have already approved. It may only address sections that one chamber has approved, but the other has not.



The committee can suggest that the House or Senate **recede from some or all amendments**. If no agreement is reached, which rarely happens, the chambers can inititiate an amendment exchange — if they haven't already done so.

If the committee determines its solution will draw majority support in each chamber, it will write out the proposal in a conference report, including a section-by-section explanation of the agreement, that must be signed by a majority of Senate and House conferees.

The conference report is then taken up for a vote in one chamber. It may be considered under each chamber's regular legislative procedure, but may not be amended. If it passes, it is sent to the other chamber for approval.

If neither chamber makes changes to the report, it is sent to the president.

Senate procedure allows striking out portions that are considered under its rules to be "out of scope material" or "new directed spending provisions."

House procedure allows rejecting provisions that would not have been germane to the bill had they originated in the House.

OR

If the conference report passes in both chambers, but excludes some portions according to those rules, the House or Senate can dispose of any remaining amendments where there is not agreement so that both texts are identical.

It is then sent to the president for signature.

Sources: U.S. House of Representatives, U.S. Senate and Congressional Research Service

By Todd Lindeman and Janie Boschma, POLITICO Pro DataPoint

POLITICOPRO

Lummis, Gillibrand release stablecoin bill

By Aubree Eliza Weaver

05/14/2024 05:00 AM EDT

Sens. **Cynthia Lummis** (R-Wyo.) and **Kirsten Gillibrand** (D-N.Y.) released long-awaited stablecoin legislation last month, adding a significant new bill to Congress' debate over digital assets as lawmakers seek out the best way to enact stablecoin bill after unsuccessfully attempting to attach legislation to the FAA reauthorization bill.

Named for the two senators, the Lummis-Gillibrand Payment Stablecoin Act would set up a new structure for regulating stablecoins — or cryptocurrencies that are pegged to other assets like the U.S. dollar — and would require issuers to maintain one-to-one reserves.

WHAT'S IN THE BILL?

This Pro Bill Analysis is based on the text of the bill as introduced on April 17, along with a section-by-section summary released by the sponsors.

The Lummis-Gillibrand Payment Stablecoin Act (Sec. 1) would largely prohibit the issuance of payment stablecoins, with the exception of issuers that meet either of the following criteria (Sec. 3):

— A non-depository trust company registered with the Federal Reserve pursuant to section 6 of the legislation and that has outstanding payment stablecoins not exceeding $10 billion

— A depository institution that has been authorized as a national payment stablecoin issuer pursuant to section 7 of the legislation

Payment stablecoins would be defined as crypto assets that are designed to be used as a form of payment, issued by those that are obligated to convert or repurchase for a fixed amount of U.S. dollars and represent that the asset will be relative to the value of a fixed amount of U.S. dollars (Sec. 2).

The measure would further ban issuing, offering or selling payment stablecoins in the U.S. or to someone living in the U.S.; however this would not apply to the selling or offering of such payment coins by a U.S. person who lives in the U.S. (Sec. 3).

The legislation would make it unlawful for any person to issue, crate or originate an algorithmic payment stablecoin (Sec. 3) — defined as crypto assets that maintain a stable value relative to the U.S. dollar and that rely on the use of an algorithm that adjusts the supply of the crypto asset in response to changes in market demand in order to maintain expectations that the asset will keep its value (Sec. 2).

The Federal Reserve would be tasked with creating regulations to provide limited safe harbors for payment stablecoin issuers — which could include options like a pilot program allowing for limited issuing of payment stablecoins by issuers not authorized by the bill, or a safe harbor for payment stablecoin issuers subject to comprehensive regulation and supervision by a foreign financial regulatory authority in jurisdictions with regulatory frameworks similar to those of the U.S. (Sec. 3).

Additionally, it would establish standards for all payment stablecoin issuers, such as requiring that issuers treat a customer's payment stablecoins and cash as if they belong to the customer and take appropriate steps to protect a customer's stablecoins and cash from any claims of the person's creditors.

Payment stablecoin issuers would be allowed to commingle and deposit a customer's payment stablecoins and cash into an account that holds such assets for more than one customer but is separate from the issuer's proprietary assets (Sec. 4).

Payment stablecoin reserves — as required under sections 6 and 7 of the measure — would not be pledged, rehypothecated or reused, except as needed to create liquidity to meet reasonable expectations of requests to redeem payment stablecoins (Sec. 4).

The bill would also impose disclosure requirements on payment stablecoin issuers, such as requiring them each month to publicly disclose the assets backing payment stablecoins and issue a report of all instances in which the stablecoin issuer failed to comply with any requirement under section 6 or 7 of the measure. Additionally, issuers would need to disclose to their customers that a payment stablecoin is not guaranteed by the U.S. government and therefore is not subject to deposit or share insurance by the FDIC or the National Credit Union Administration (Sec. 4).

The legislation would stipulate that issuers may conduct only the following activities (Sec. 4):

— Management of required payment stablecoin reserves

— Custodial services

— Settlement and clearing

— Post-trade services

— Incidental activities regarding the issuance and redemption of payment stablecoins and management of required services

Further, it would specify that the following circumstances apply whenever payment stablecoin issuers or their affiliates rely on contracted services for any activity authorized by the bill (Sec. 4):

— The contractor is subject to regulation and supervision by the Comptroller of the Currency or the state that supervises the issuer

— The contractor is subject to the minimum financial resource requirements established by the Federal Reserve and deemed a financial institution for the purposes of Title V of the Gramm-Leach-Bliley Act

— The payment stablecoin issuer would have to notify the Comptroller or state bank supervisor and the Federal Reserve of the existence of their relationship with the contractor

— The Federal Reserve may conduct examinations of and require reports from such person solely with respect to the limited scope of the performance of services

— The Federal Reserve enforces the requirements of the subsection as if the person providing the services was a payment stablecoin issuer.

Payment stablecoin issuers or persons involved in providing contract services would be treated as financial institutions for the purposes of the Bank Secrecy Act. The Federal Reserve would be tasked with monitoring the use of assets authorized as payment stablecoin reserves, as well as the impact of the use of such assets on collateral availability and the efficient functioning of the capital markets (Sec. 4).

Bank holding companies and insured depository institutions that have chartered a depository institution as a payment stablecoin issuer pursuant to section 7 would be considered a bank under the Bank Holding Company Act of 1965 — with the exception of insured depository institutions that are considered savings associations under section 10(a) of the Home Owners' Loan Act (Sec. 5).

Individuals with controlling interests in depository institutions that are payment stablecoin issuers that are not treated as banks would be subject to disclosure requirements, such as the requirements to submit to the Comptroller of the Currency or state bank supervisor audited financial statements, along with the execution of a tax allocation agreement with the depository institution (Sec. 5).

S. 4155 would also allow the Federal Reserve, along with the Comptroller or a state bank supervisor, to examine a person with controlling interest in a depository institution and require that person to divest itself of or sever its relationship with the depository institution if doing so is necessary to maintain the safety and soundness of the institution (Sec. 5).

In order to have a controlling interest in a payment stablecoin issuer, individuals would be required to be predominantly engaged in financial activities — pursuant to section 102(a)(6) of the Financial Stability Act of 2010. Subsidiaries and affiliates of payment stablecoin issuers that are not subject to that requirement would need to be engaged in activities that are financial in nature, pursuant to section 4(k) of the Bank Holding Company Act of 1956 — except in cases where the subsidiary or affiliate accounts for less than 25 percent of its holding company's revenue (Sec. 5).

The legislation would require the Federal Reserve and the Comptroller or state bank supervisor to approve any mergers and acquisitions of depository institutions that issue payment stablecoins (Sec. 5).

It would establish a process for issuing payment stablecoins by non-depository trust companies — first by establishing that such companies would be authorized to issue up to $10 billion in payment stablecoins. Should that value be exceeded, non-depository trust companies would have to either apply to be converted to a depository institution or implement a plan to limit activities below the threshold.

Non-depository trust companies would be required to submit to state bank supervisors an application authorizing them to issue payment stablecoins, which would be evaluated for the following standards (Sec. 6):

— The applicant's ability to maintain required reserves backing the payment stablecoins

— The financial resources, managerial or technical expertise and governance of the applicant

— The benefit to the public, such as innovation and competition

— The stability of the U.S. financial system

After receiving approval, non-depository trust companies would have 180 days to register with the Federal Reserve, which the agency could then extend for an additional 180 days. The agency would be responsible for issuing rules establishing the content of complete registration statements (Sec. 6).

Approved applications would be effective 90 days after applicants submit completed registration statements to the Federal Reserve, unless the Board votes to deny the application. Non-depository trust companies would be prohibited from issuing payment stablecoins before the effective date (Sec. 6).

Additionally, this section would require non-depository trust companies that issue payment stablecoins to maintain reserves of at least 100 percent of the nominal value of all outstanding payment stablecoins issued by the company, as of the end of each business day (Sec. 6). Reserves could be in the form of U.S. coins, currency, or other legal tender; U.S. treasury bills, bonds or notes with a maturity date of 90 days or less from purchase; or repurchase agreements that mature within 7 days and that are backed by Treasury bills that mature within one year of purchase.

The non-depository trust company would be the legal custodian of required payment stablecoin reserves but would be directed to use a depository institution as a subcustodian to provide for safekeeping of the reserves (Sec. 6).

The Federal Reserve would need to adopt rules to implement these provisions, such as a simplified capital treatment for non-depository trust companies; liquidity, interest rate and risk management standards; management practices; and operational compliance and technology risk management (Sec. 6).

Lastly, this section would direct non-depository trust companies to develop a plan to convert to a depository institution — outlined under Section 7 — no later than 180 days after the nominal value of all outstanding payment stablecoins issued by the company first exceeds $9 billion (Sec. 6).

The next section would establish parameters for depository institutions to issue and redeem payment stablecoins, such as requiring depository institutions to charter separate institutions to issue a payment stablecoin (Sec. 7).

Depository institutions would submit their applications for authorization to issue payment stablecoins to the Comptroller or state bank supervisor, as well as the Federal Reserve. The Comptroller or state bank supervisor would then evaluate the application for the same standards as those established for non-depository trust companies (Sec. 7).

The Federal Reserve would be tasked with issuing rules regarding what must be included in a completed application for depository institutions, such as (Sec. 7):

— A tailored recovery and resolution plan

— A draft customer agreement

— A flow of funds explanation

— An informed technology operations and security plan

— All materials required to comply with approval standards

The Federal Reserve would also be directed to make publicly available a copy of each completed application alongside a 60-day comment period — though the latter could be waived if the agency needs to act immediately in order to prevent the failure of a depository institution (Sec. 7).

After receiving the completed materials, the Fed would have 180 days to either approve or deny a depository institution's application. Upon authorization, depository institutions would be subject to prudential supervision and regulation by the Comptroller or state bank supervisor, and the Federal Reserve (Sec. 7).

Depository institutions would be held to the same requirements for reserves as non-depository trust companies — although their reserves could also include balances held at a Federal Reserve bank (Sec. 7).

Further, regulators overseeing depository institutions would be directed to conduct regular examinations of institutions concerning the nature of their operations and financial condition, any safety or stability risks within the institution, and the institution's systems for monitoring and controlling any risks (Sec. 7).

The Federal Reserve would need to adopt rules to implement this section, as well as rules to establish the process by which non-depository trust companies convert to depository trust companies (Sec. 7).

Lastly, this section would dictate that bank holding companies or insured depository institutions can only conduct payment stablecoin activities within a depository institution subsidiary (Sec. 7).

The legislation would amend Section 5169 of the Revised Statutes to allow both non-depository trust companies and depository institutions issuing payment stablecoins to receive certificates of authority to commence banking (Sec. 8).

The measure would establish a framework by which the FDIC could be appointed as conservators or receivers of payment stablecoin issuers (Sec. 9). Under the framework, the FDIC could be appointed a conservator of a payment stablecoin issuer that is a depository institution chartered by the Comptroller and could be appointed receiver for the purposes of liquidation or winding up the affairs of a stablecoin issuer that is a depository institution chartered by the Comptroller.

When acting as a conservator or receiver, the FDIC would not be subject to the direction or supervision of any other department of the U.S. or state, and in these cases, the payment stablecoin issuers would remain subject to the Comptroller's supervision (Sec. 9).

S. 4155 would establish the grounds for payment stablecoin issuers to appoint a conservator or receiver, including under the following conditions (Sec. 9):

— The issuers' assets are less than the issuer's obligations to its creditors and others

— Substantial dissipation of assets or earnings due to violation of any statute of regulation or any unsafe or unsound practice

— An unsafe or unsound condition to transact business

— Any willful violation of a final cease and desist order

— Any concealment of the institution's books, papers, records or assets, or refusal to submit records for inspection

— The issuer is likely unable to pay its obligations or meet its customers' demands in the normal course of business

— The issuer incurred or is likely to incur losses that will deplete all or most of its capital and there is no reasonable prospect for the institution to come into compliance with the bill's provisions

A payment stablecoin issuer's board of directors would not be liable to the issuer's shareholders or creditors for allowing the FDIC to become the conservator or receiver, or in an instance where the FDIC requires the issuer to be acquired or combined with another payment stablecoin issuer (Sec. 9).

Additionally, this section would outline the FDIC's powers and duties as conservators or receivers of payment stablecoin issuers, and would allow a conservator to take necessary action to put the stablecoin issuer in a sound and solvent condition, carry out the business of the issuer and preserve and conserve the issuer's assets (Sec. 9).

The legislation would make conforming amendments to the Title 11 of the U.S. Code and the Federal Deposit Insurance Act to account for the Lummis-Gillibrand Payment Stablecoin Act (Sec. 10)

It would also outline the bill's enforcement mechanisms, including allowing payment stablecoin regulators to bring action in a U.S. District Court to seek enforcement orders or injunctive relief (Sec. 11).

The legislation would prohibit persons who have been convicted of certain criminal offenses — namely those involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism or felony financial fraud — from serving as an executive officer or from holding more than 5 percent of the shares of a payment stablecoin issuer (Sec. 11).

Separately, payment stablecoin regulators would be allowed to bar payment stablecoin issuers from issuing payment stablecoins under a registration if the regulator determines the issuer or affiliated party violated an applicable law or order, violated any condition imposed by a regulator in connection with a written agreement or is operating in an unsafe or unsound manner (Sec. 11).

Further, payment stablecoin regulators would be allowed to remove an institution-affiliated party from their position or office if the party violated the legislation, committed a violation of any provision of Subchapter II of Chapter 53 of Title 31 of the U. S. Code or is otherwise disqualified (Sec. 11).

When enforcing safety and soundness provisions, regulators would be afforded the same authorities and responsibilities as the FDIC with respect to insured depository institutions and institution-affiliated parties under section 12 of the Federal Deposit Insurance Act (Sec. 11).

This section further outlines the procedure by which payment stablecoin regulators could seek enforcement against issuers or institution-affiliated parties accused of violating the bill's provision (Sec. 11).

Additionally, S. 4155 would establish monetary penalties for violations of the bill's provisions, including imposing a $1 million fine on payment stablecoin issuers that fail to obtain the applicable registration or authorization, as well as institution-affiliated parties that knowingly participated in such failure. It would also impose a $100,000 civil penalty for a first violation of the bill or any rule or order issued in connection with the bill, plus an additional $100,000 penalty for each day the violation continues (Sec. 11).

The Federal Reserve would be directed to assess and prescribe standards for payment stablecoin issuers and payment stablecoin service providers in an effort to promote compatibility and interoperability among payment stablecoin systems and between payment stablecoin systems and other systems (Sec. 12).

The measure specifies that nothing in the Lummis-Gillibrand Payment Stablecoin Act would limit the authority of the Federal Reserve, Comptroller, state bank supervisors, the Treasury Department, the CFPB, the SEC or the CFTC under any provision of law with respect to any person subject to the legislation — nor would it preempt state laws, except in cases where such laws directly conflict with the legislation (Sec. 13).

Additionally, S. 4155 is not meant to modify, impair or supersede the operation of federal antitrust laws and it shouldn't be construed as a way to limit the authority of an insured depository institution to engage in activities permissible pursuant to applicable state or federal law — including accepting or receiving deposits and issuing crypto assets that represent deposits. The measure also would not limit the authority of banking agencies to interpret or establish limitations and conditions on such activities (Sec. 13).

Under the measure, crypto assets held in custodial accounts would not be considered assets or liabilities of the custodian and would be maintained on an off-balance sheet basis, including for accounting and capital calculations of the depositor institutions (Sec 14).

The Lummis-Gillibrand Payment Stablecoin Act would take effect the earlier of 540 days after the bill's enactment or 90 days after the Federal Reserve issues final rules to implement the legislation (Sec. 15).

Applications for authorization by a state non-depository trust company or depository institutions that was chartered under state laws before May 1, 2024 would be approved by the Board before applications from other entities filed on or after that date — unless the Board unanimously determines that the institution is unlikely to come into compliance with Section 6 within a year of the bill's enactment (Sec. 15).

The legislation expresses the Congressional finding that, when determining whether an activity is financial in nature according to the Bank Holding Company Act, Congress has authorized the Federal Reserve to take into consideration any changes in marketplace, technology for delivering financial services and the ability of financial companies to compete to deliver services that are financial in nature through technology (Sec. 15).

Congress further finds that lending, exchanging, transferring, investing for others and safeguarding money and crypto assets are analogous to similar activities permissible for banks under the Bank Holding Company Act, and are deemed financial in nature or incidental to a financial institution (Sec. 15).

Finally, the Lummis-Gillibrand Payment Stablecoin Act would require the Federal Reserve to submit to Congress a status update on the development of rulemaking as required by the bill, within 180 days of its effective date (Sec. 15).

WHO ARE THE POWER PLAYERS?

Sens. **Cynthia Lummis** (R-Wyo.) and **Kirsten Gillibrand** (D-N.Y.) are the sole sponsors of S. 4155.

"Together, Senator Gillibrand and I worked to preserve our dual banking system and install guardrails that protect consumers and prevent illicit finance while ensuring we don't derail innovation," Lummis said in a statement. "Passing this bipartisan solution is critical to maintaining the U.S. dollar's dominance and making certain the U.S. remains the world leader in financial innovation."

The two senators have worked together on other cryptocurrency efforts in the past, as well — most notably collaborating on the Lummis-Gillibrand Responsible Financial Innovation Act.

Meanwhile, House Financial Services Chair **Patrick McHenry** (R-N.C.) and ranking member **Maxine Waters** (D-Calif.), say they are close to reaching a deal on their own stablecoin legislation. The lawmakers met with Senate Majority Leader **Chuck Schumer** about attaching their legislation to the FAA reauthorization bill — which Schumer supports.

McHenry has praised Gillibrand and Lummis's efforts, saying the senators have "moved the discourse in the Senate and with the administration in a very good direction."

"I welcome their work, I am grateful for it and I consider them allies in the cause of creating clarity," he said.

WHAT'S HAPPENED SO FAR?

Lawmakers have spent the past two years trying to reach a solution on regulating stablecoins. This effort largely rested in the House, where McHenry and Waters tried to reach a bipartisan agreement on stablecoins.

In July, McHenry pushed ahead with H.R. 4766 — the Clarity for Payment Stablecoins Act of 2023 — which would give bank regulators to oversee stablecoin issuers while also maintaining a role for states.

But the July 27 markup of the legislation fell apart after McHenry and Waters failed to reach an agreement on the bill, with McHenry blaming the White House for the collapse, at the time.

The House Financial Services committee advanced H.R. 4766, and McHenry and Waters have continued negotiations on their agreement since then. McHenry indicated in March that the two were close to a deal, noting that they would be able to secure passage of a deal if they had a legislative vehicle.

Amid the House efforts, Gillibrand teased her and Lummis' stablecoin legislation on April 9, though at the time she indicated that she hadn't seen the House agreement. She said the bill would develop two regulatory paths for stablecoin issuers — one for depository institutions and another for non-banks.

The non-bank pathway "would give the federal government supervisory authority over state non-bank institutions while preserving states as the primary functional regulator," she said, according to prepared remarks.

Later that day, Lummis indicated that the two were waiting to hear that McHenry and Waters had a deal before introducing their bill.

Lummis and Gillibrand unveiled S. 4155 on April 17. Staff for Lummis and Gillibrand were in close contact with the teams of McHenry and Waters about their legislation, according to aides for the senators. They also solicited feedback from the White House and Treasury, along with regulators at the Federal Reserve, FDIC and in individual states, aides said.

The starting point for the Lummis-Gillibrand bill was text drafted by staff for McHenry and Waters last summer before the stablecoin talks collapsed, aides for the senators said. The bill also evolved to add new consumer protections, among other changes.

Talks were still underway to add McHenry's and Waters' compromise to the FAA reauthorization act. But as the Senate struggled to reach an agreement on amendments, non-germane amendments were left out of the measure, including the stablecoin bill.

WHAT'S NEXT?

S. 4155 was referred to the Senate Banking Committee, where it currently awaits further action.

Meanwhile, it's unclear what will happen to McHenry and Waters' stablecoin legislation now that the Senate advanced the FAA bill without the measure.

Waters acknowledged on May 1 that adding the stablecoin bill to the FAA measure was almost "a lost cause," but "it does not eliminate the fact that we can be looking at something else to do. So, we're still working."

Waters declined to comment on what else could be used as a vehicle to advance a bill or what issues are outstanding in negotiations. "The staffs are meeting," she said. "They're talking about a few things."

Sen. Tina Smith (D-Minn.) pointed to the National Defense Authorization Act as another possible vehicle.

One Senate aide, granted anonymity to discuss private conversations, highlighted a yet undetermined package of bills that could move in the post-election lame duck session as the most likely path forward. There's also the chance that McHenry takes legislation to the House floor for a vote alongside other, partisan crypto bills should he and Waters fail to come together.

WHAT ARE SOME STORIES ON THE BILL?

Read POLITICO news on S. 4155.

Jasper Goodman, Eleanor Mueller, Victoria Guida, Zachary Warmbrodt, Oriana Pawlyk and Chris Marquette contributed to this report.

Sample Content

PROANALYSIS

WHAT YOU NEED TO KNOW ABOUT

Energy Policy and 2024

BY BEN LEFEBVRE AND KELSEY TAMBORRINO AND JESSIE BLAESER | 05/15/2024 05:00:00 AM EDT

PRO POINTS

- **Democratic priorities: President Joe Biden and Democrats are seeking to transition the U.S. off** fossil fuels, expand clean energy generation and build a domestic manufacturing base, utilizing the incentives in Biden's premier climate law, the Inflation Reduction Act.
- **Republican priorities: Former President Donald Trump staunchly opposes Biden's efforts, calling for** increased oil and gas development and for gutting tax incentives for electric vehicles and throttling government support for wind power. Republicans in Congress have taken a more nuanced view of IRA's incentives, signaling they could target some of them while leaving others in place.
- **What to watch: A Trump White House would almost certainly reverse Biden administration policies** that have limited how much federal property is available for oil and gas production. A Biden White House could introduce new criteria for approving new natural gas exports under a review it started in 2023.

HOW WE GOT HERE

The Biden administration has navigated a sometimes uneasy balance of seeding clean energy projects while limiting the growth of fossil fuel production on federal land and waters. But the Inflation Reduction Act that Biden signed into law in 2022 marks the largest-ever investment in climate and clean energy. Its lucrative tax credits span traditional clean energy sectors like solar and wind, but also incentivize the use of union labor and the expansion of U.S. manufacturing. Most of the projects and manufacturing facilities spurred by the law are landing in congressional districts represented by Republican lawmakers who did not support the law.

The majority of new clean energy private investments will be in red districts

Number of new clean energy projects announced since passage of the Inflation Reduction Act, by House of Representatives district party control

Note: Investment announcements with multiple project sites are counted as multiple projects. Data includes announcements through April 2024.
Source: E2
Jessie Blaeser/POLITICO

WHAT'S NEXT

Energy Price Fight

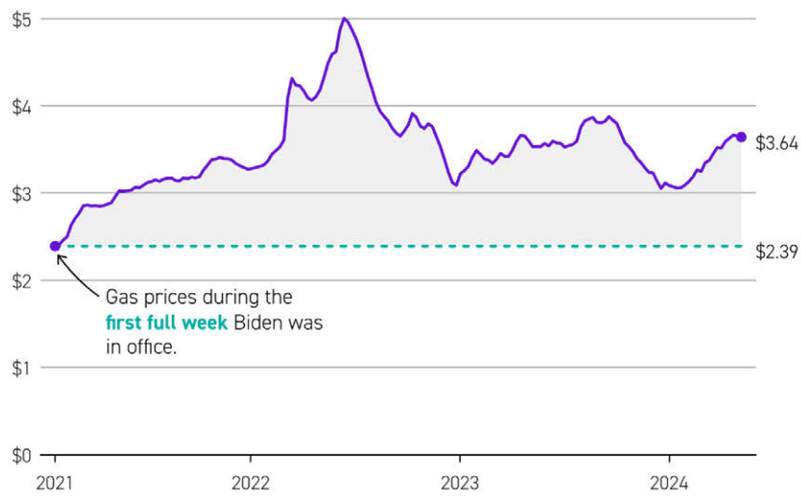
Republicans have hammered Democrats over gasoline prices, which remain higher than when the Biden administration took office, and will continue to do so in their quest to retake the White House and both houses of Congress. Republican candidates believe inflation is one of

the most salient issues in this election, and gasoline prices — for a variety of reasons — are currently well above a dollar higher than they were when Biden took office.

— **Leaders:** Republican Sen. John Barrasso has criticized the Biden administration for its energy policies, arguing that prices are "significantly worse" under Biden.
— **Election prospects:** The oil industry remains wary of what a second Trump term would bring. Fears of Trump's promised tariff hikes and heightened trade tensions with some of the biggest foreign buyers of U. S. oil and gas could temper any benefits from Trump vocally championing the fossil fuel industry.

Gas prices are $1.25 higher than when Biden took office

Weekly U.S. retail gas prices, dollars per gallon



Source: U.S. Energy Information Administration
Jessie Blaeser/POLITICO

Biden has been willing to point to oil companies as the reason gasoline prices remain high, accusing them of enjoying high profits during much of his time in office. This argument recently got a boost from allegations that the head of one of the top oil producers in the U.S. tried to collude with oil cartel OPEC to inflate energy prices.

Trump has also spent months deriding clean energy policies under Biden, with most of his focus dedicated to undoing support for electric vehicles and other green subsidies under the IRA. Trump would need Congress' help to repeal the law and Republican lawmakers have already signaled a willingness to do so in the case of the EV tax credits. But the quantity of projects flowing to their districts, backed by the IRA, makes a wholesale repeal of the IRA a tricky vote for Republicans.

Energy Policy
— **Leaders:** Energy Secretary Jennifer Granholm has emerged as the central voice defending the Biden administration's LNG export freeze.
— **Election prospects:** The pause on new LNG exports could be vulnerable to attacks in Pennsylvania, a swing state that has a large number of people working for the natural gas industry.

Energy Spending
POLITICO recently analyzed implementation of four of the Biden administration's signature energy and infrastructure laws: the 2021 pandemic relief package; the bipartisan infrastructure law passed later that year; the 2022 CHIPS and Science Act; and the Inflation Reduction Act. The review found less than 17 percent of the $1.1 trillion those laws provided for direct investments on climate, energy and infrastructure has been spent as of April.

— **Leaders:** White House climate adviser John Podesta is tasked with implementing the energy provisions under the laws. Treasury Secretary Janet Yellen similarly is overseeing the roll-out of crucial tax credit guidance under the IRA.
— **Election prospects:** Biden would use a second term to build on his clean energy policies and ensure that implementation of its signature laws are left in Democratic hands. But if Trump wins he could use executive powers to pare back or slow implementation of the IRA or energy policies, including slow walking lending for energy projects and rewriting tax guidance for the IRA.

POWER PLAYERS

- **Sen. John Barrasso:** With the Senate expected to flip hands in this election, the Wyoming Republican is vying to become his party's whip, potentially vaulting the fierce opponent of Biden's energy policy to the No. 2 role in the caucus.
- **Raul Grijalva, House Natural Resources ranking member:** While the Senate is expected to move to Republican control, Democrats have a decent chance of regaining the majority in the House if Biden wins a second term. Grijalva, a progressive Arizona Democrat, would likely impede any legislation coming from a GOP Senate meant to roll back Biden's clean energy policies.
- **John Podesta, White House climate advisor:** The Biden administration has repeatedly emphasized the transition to clean power as central to cutting emissions, but also to bringing jobs and economic development across the U.S. — making it a core tenet of Biden's reelection pitch. Podesta, who is charged with implementing the laws and combating climate change on a global stage, is key to the success of that effort.

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Who's Who on the House Rostrum?

With 435 voting members, Congress' lower house is packed, and its complicated parliamentary procedures require a significant staff to assist with its lawmaking process. The officers who perform that important role occupy a three-tiered dais, called a rostrum, the most prominent feature of the House "well," or lowest point in the chamber. Here, an introduction to the individuals seated on it and the work they do.

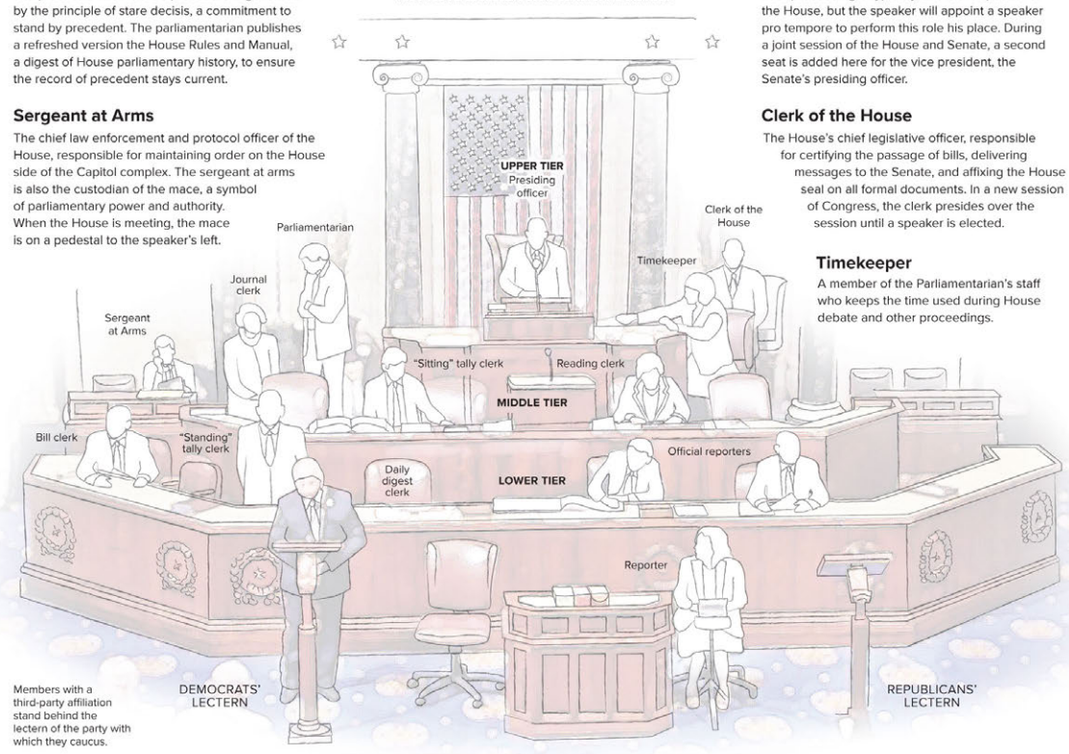
Parliamentarian

Counsels the presiding officer on the House's rules and practices. The House's procedure is governed by the principle of stare decisis, a commitment to stand by precedent. The parliamentarian publishes a refreshed version the House Rules and Manual, a digest of House parliamentary history, to ensure the record of precedent stays current.

Sergeant at Arms

The chief law enforcement and protocol officer of the House, responsible for maintaining order on the House side of the Capitol complex. The sergeant at arms is also the custodian of the mace, a symbol of parliamentary power and authority. When the House is meeting, the mace is on a pedestal to the speaker's left.

The Speaker's Rostrum
The three-tiered structure at the center of the chamber.



WELL OF THE HOUSE
The area directly in front of the rostrum.

Presiding Officer

The administrative head of the House who oversees floor proceedings. Typically, this is the speaker of the House, but the speaker will appoint a speaker pro tempore to perform this role his place. During a joint session of the House and Senate, a second seat is added here for the vice president, the Senate's presiding officer.

Clerk of the House

The House's chief legislative officer, responsible for certifying the passage of bills, delivering messages to the Senate, and affixing the House seal on all formal documents. In a new session of Congress, the clerk presides over the session until a speaker is elected.

Timekeeper

A member of the Parliamentarian's staff who keeps the time used during House debate and other proceedings.

MIDDLE-TIER MEMBERS

Journal Clerk

Compiles the House's daily minutes to that serve as the official record as the Constitution requires. The minutes are published as the House Journal.

Tally Clerk

Oversees the House's electronic voting system, the 47 voting stations House members use to cast their votes. The tally clerk also receives reports of committees and prepares the House's congressional calendar. This tally clerk is sometimes referred to as the "seated" tally clerk — as compared to the second tally clerk, who stands during a vote.

Reading Clerk

Reads aloud communications from the Senate and President, House bills, amendments, members' vote changes and other business. During busy legislative periods, two reading clerks may be present.

LOWER-TIER MEMBERS

Bill Clerk

Receives and processes bills and resolutions, as well as lists of cosponsors, texts of amendments, and communications to the House. The bill clerk sits by the "hopper," the box into which members place measures they wish to introduce.

Daily Digest Clerk

Prepares the Daily Digest section of the Congressional Record. Like the enrolling clerk, the daily digest clerk usually does not sit on the House floor, relying on televised floor proceedings instead.

Enrolling Clerk

Prepares the official engrossed copy of all House-passed measures for messaging to the Senate and the official enrolled copy of all House-originated measures for transmittal to the White House for presidential action. The enrolling clerk does not usually sit on the dais and instead relies on televised floor proceedings.

Official Reporters

Responsible for recording floor activity and receiving text for the Congressional Record. The reporter's table holds a box of "well cards" members use to cast or change votes.

Tally Clerk

Referred to as the "standing" tally clerk, takes "well cards," or paper ballots, from members casting votes or changing votes after the electronic voting stations are locked. Also prepares the yea and nay tally sheets for the presiding officer at each votes' conclusion.

Source: U.S. House of Representatives

By Kara Voght, POLITICO Pro DataPoint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