

Washington

WATCH

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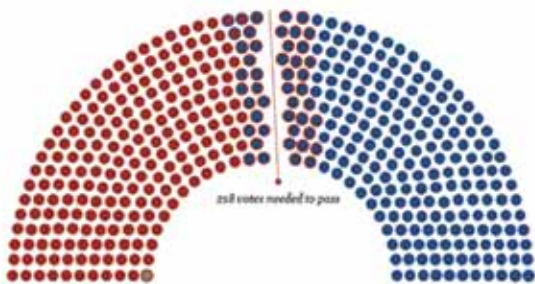
Welcome to Washington: The 116th Congress

Welcome to the 116th Congress! “Season 1” promises to be very engaging, complete with a tug of war between a newly-Democratic House of Representatives and a stalwart, Republican Senate.

For the first time since 2010, Democrats will control the House with a 36-seat majority; while Republicans continue their control over the upper chamber, enjoying a six-seat advantage in the Senate. So, what do the numbers mean? It means that negotiation and political maneuvering will be particularly necessary in the Senate. This is because most legislation in the

Senate requires a 60-vote supermajority to pass, so Democrats must convince 13 Republicans to vote with them, or Republicans must persuade seven Democrats to join their efforts in order to move legislation—a difficult threshold to cross in this partisan environment. The House, on the other hand, can pass bills with only a simple majority (i.e., 218 votes). Given Democratic control over that chamber, the Senate is likely to see an influx of bills on Democratic priorities. Bottom line for fuel marketers: there will be considerable discord between the chambers at least through the 2020 election. ▶

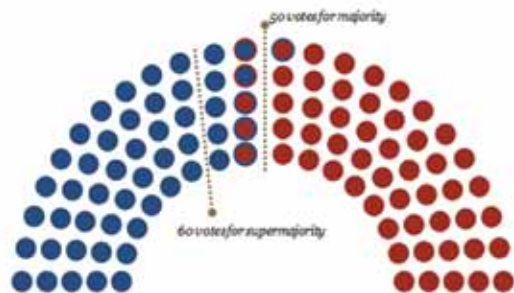
116th House of Representatives



Republicans	199
Democrats	235
Not yet called	1

- Seats flipped R to D (Total: 43)
- Seats flipped D to R (Total: 3)

116th Senate



Republicans	53
Democrats/Independents	47

- Seats flipped R to D (Total: 2)
- Seats flipped D to R (Total: 4)

Source: National Journal

As of December 14, 2018, when this article was drafted, the NC-9 race had not yet been decided.

Senate Environment and Public Works Committee Chairman John Barrasso (R-WY), are opposed. And, Congress may look for alternative ways to capture funding for electric vehicles that do not use liquid fuel. To that end, there remains room for bipartisan work as the country's aging roads, bridges, and other infrastructure need upgrades.

And then there are taxes and trade. Following the negotiation of a new trade agreement with Mexico and Canada (known as the U.S.-Mexico-Canada Agreement or USMCA, it is intended to update and replace the old North American Free Trade Agreement or NAFTA), Congress will be faced with ratifying the new deal. Both chambers are expected to consider legislation to implement USMCA in the 116th Congress with incoming Senate Finance Committee Chairman Chuck Grassley (R-IA) saying it is his top trade priority. On the House side, however, Democrat Richard Neal (D-MA), who will lead the Ways and Means Committee, will have to weigh Democratic priorities. Many Democrats remain concerned that the deal does not do enough to protect labor rights and the environment. It remains to be seen how this battle will play out. Tariffs on Chinese goods and the related Department of Commerce investigations of trade with China, tariffs on aluminum and steel, and the open investigation into auto industry tariffs will also be important trade policy issues in the 116th Congress.

On the tax side, Republicans may look to push tax legislation to follow the 2017 tax bill, which they consider one of their greatest successes of the 115th Congress. While there were efforts to move a tax package at the end of the 115th Congress, those efforts generally were stalled at the time of this writing. As such, in the 116th, Congress will likely have a number of tax proposals to consider. There are several technical corrections from the tax reform bill that businesses want fixed so that certain provisions in the bill will function correctly. But Democrats have some reservations about fixing the Republican tax bill, as they were shut out of the process of drafting the bill. It is likely, however, that the parties will find a compromise to deal with at least some of those problems. Congress also typically passes extensions of certain tax breaks on an annual basis – though in recent years that process has been bogged down so that such a “tax extenders” bill does not happen every year. These extenders have traditionally been bipartisan, though House Republicans would like to do away with many of them. As Democrats have taken over that chamber, however, there could be deal coupling extenders with certain technical corrections. There is also bipartisan support for certain retirement savings incentives and IRS reform initiatives that could make it into a tax package.

In the House, the agenda will be set by the Democratic Speaker, Nancy Pelosi (D-CA). January 2019 will not be the first time Pelosi has held the position: she was elected as the first female Speaker of the House in 2007, a position she held until 2011. But getting a second crack to serve in the powerful position has not been easy. Several members of the Democratic caucus—both returning members and freshman—pushed against Pelosi as Speaker. Instead of folding, however, Pelosi spent several months successfully convincing her colleagues to support her bid.

Under Pelosi's leadership, in addition to infrastructure, the House is likely to consider a number of issues of interest to Democrats including: climate change, immigration, and privacy. House committees will also spend significant time on oversight investigations of the Trump Administration and its conduct. On climate change, Democrats are considering reinstating a special committee to examine the issue and look at possible solutions. That said, there is a divide within the Democratic Caucus as to whether it makes sense to advance a regulatory proposal on climate change. Many believe the time is not right for that and that such legislation was part of the Democrats losing their majority in 2010. There is, however, broad agreement on what Democrats are referring to as a “Green New Deal.” That would involve incentives to innovate environmentally productive ways to address climate change – and those ideas might garner more bipartisan support than regulating or limiting U.S. industry.

Now that Democrats have control of committees on the House side, there are also likely to be a number of hearings on oversight and investigation. These hearings could focus on: the President's tax returns; Russia's election interference; Trump inauguration contributions; campaign finance compliance, the 2020 census; Trump's travel ban; family separations at the southern border; and many other topics.

With approximately 130 joint session days scheduled in 2019, it will be a packed schedule to accomplish the items outlined above. And the 2020 election cycle will loom in the background of everything the 116th Congress does – especially for the many Democratic Senators who are considering running for the Presidency. ★

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Having a divided Congress, however, could provide opportunities for bipartisan legislation to advance. In recent years, many vital bills have passed on a bipartisan basis, including government funding and disaster relief bills. In the 116th Congress, legislators will look not only to fund the government, but will also seek to move bills on specific issues, such as infrastructure. For many in Congress, these issues and processes will be familiar, but there are new members who will be bringing their voices to Congress in 2019.

The Freshman Class

By January 3, 2019, more than 100 new members will arrive in Washington D.C. to kick off the 116th Congress. Notably, the addition of these new members will make the 116th Congress the most racially diverse and gender-representative Congress to date.

Of the new members, 42 are women—37 in the House and five in the Senate. Women led the charge for Democrats in the midterm elections: of the seats flipped by Democrats, more than 60 percent were won by women. And, of the 42 women recently elected to Congress, 38 are Democrats.

Freshman Women in the 116th Congress



The freshman class diversity goes beyond gender as well. New members include the first Native American congresswomen, Sharice Davids (D-KS) and Debra Haaland (D-NM), as well as the first Muslim congresswomen—Ilhan Omar (D-MN) and Rashida Tlaib (D-MI). Andy Kim (D-NJ) is the first Korean-American to be elected to Congress in the past 20 years and Rashida Tlaib (D-MI) is the first Palestinian-American ever elected to Congress. Ayanna Pressley (D-MA) and Jahana Hayes (D-CT) also became the first people of color to be elected to Congress by their states. Overall, at least 23 of the freshman members identify as people of color.

The Agenda in the 116th Congress

Once they are sworn-in in early January, these new members will have to learn the ropes. They will take a crash course in congressional procedure, learn how to get from their offices to the Capitol building to vote, and learn the ins-and-outs of being a Member of Congress. On top of that, they will face decisions on a slew of policy issues, from tax and trade to immigration and infrastructure.

In the Senate, Republicans will control the agenda and are likely to continue pursuing policy initiatives of importance to the Party and the President, including infrastructure. The two parties traditionally have approached this issue differently with Republicans looking to spur private investment in public infrastructure and Democrats trying to increase government spending. Of special interest to fuel marketers, Congress will work to decide its approach to funding the Highway Trust Fund in the 116th Congress. Democrats, like House Transportation and Infrastructure Chairman Pete DeFazio (D-OR), generally support increasing the federal fuel tax, while Republicans, like