NORTHEAST DAIRY FARMERS COOPERATIVES
Representing dairy farm families in New York and New England

Michael T. Oscar
Policy Advisor
(202) 527-9910 o
(215) 528-0268 c
Mike@NortheastDairyFarmerCoops.com

300 New Jersey Avenue, NW
Suite 900
Washington, D.C. 20001
www.NortheastDairyFarmerCoops.com

This Week in Congress

Last Friday, the House re-elected Rep. Johnson (R-LA) as Speaker and the 119th Congress was sworn into office. Now, the House and Senate will prepare for the 2025 congressional session scheduled to start later this month. On Monday, January 6th, Congress made Donald Trump's Electoral College victory official and no Democratic lawmakers rose to challenge any state's electoral results during the joint session of the Senate and House, meaning President-elect Trump and Vice President-elect JD Vance are set to be sworn in on January 20, 2025. The number of the electors is 538 with the majority being 270 and Donald Trump received 312 votes. On Tuesday, former President James Earl Carter lied in state at the U.S. Capitol prior to his national funeral on Thursday at the Washington National Cathedral.

Ahead of the speaker vote, the Republican Conference published its proposed rules for the 119th Congress. The most notable change: A motion to vacate the speaker's chair must have the backing of nine members from the majority party in order to move to floor vote. The package also eliminates the House's diversity and inclusion office and adds a number of provisions relating to spending, appropriations, and deficits.

In an interview last Friday, Senate Majority Leader John Thune (R-SD) reiterated his promise to preserve the filibuster. More specifically, with respect to the budget reconciliation process, he said that he would oppose efforts to overrule the Senate parliamentarian on rulings that exclude certain provisions as inconsistent with budget reconciliation process rules.

This week, the House voted on two measures: (1) the Laken Riley Act (H.R. 29), which would require the Secretary of Homeland Security to detain individuals in the country illegally who are charged with theft, and (2) the Illegitimate Court Counteraction Act (H.R. 23), which would impose sanctions and block any funds from going to the International Criminal Court if it engages in any effort to investigate, arrest, detain, or prosecute people from the U.S. and its allies.

118th Congress and Looking Ahead to Unified Government

The 118th Congress had a historically lackluster performance**,** delivering just 158 pieces of legislation to be signed by the president; less than half of the previous Congress's total. With unified government secured, it tends to equal results. The most productive Congresses under Presidents George W. Bush, Obama, Trump, and Biden came when they had both chambers on their side. Any conflict squabbling will only delay the work of legislating.

They know the clock is ticking**,** because unified government rarely lasts. Single-party control is somewhat common at the outset of a new administration. But since 1970, only once has it lasted beyond the first midterm (that was during Jimmy Carter's presidency). Given their tiny majority, House Republican leaders know they likely have only a two-year window. So any time they spend with their eye off the legislative ball is a gift to Democrats. Candidly, the counterpoint to all this is that the current Republican majority is not a group in which cooler heads always prevail.

Unexpected Turn of Events in the Lawsuit Regarding the Corporate Transparency Act (CTA)

On December 26, 2024, the Fifth Circuit merits panel reinstituted the preliminary injunction against the enforcement of the Corporate Transparency Act (CTA); thereby, <u>there is no requirement or deadline to file a company Beneficial Ownership Information (BOI) report pursuant to the CTA.</u>

Companies may still voluntarily file their BOI reports with U.S. Treasury's FinCEN (financial crimes) Division. However, for the time being, they are not required to comply with the CTA reporting deadlines (neither the original January 1 deadline, nor the revised deadline of January 13). The ruling, however, is still not a final determination of the CTA's constitutionality. Instead, it only temporarily halts deadlines while the case continues to proceed. This could potentially be appealed to the Supreme Court and further action is still required within the lower courts. All of which could once again change the deadlines and requirements in the future. Businesses should remain cautious and continue to understand that this recent pause may still only be temporary.

In December, the following has occurred:

- December 03, 2024: District Court in Texas suspends the deadlines for the CTA BOI reports.
- December 23, 2024: 5th Circuit Court of Appeals reinstates the January 1 deadline.
- December 23, 2024: FinCEN announces a new deadline of January 13 for the CTA BOI reports.
- December 26, 2024: 5th Circuit Court of Appeals, on second thought, decides that the suspension of the deadlines is the best course as the lawsuit continues to be litigated.

We continue to recognize this is very frustrating and likely confusing to all small businesses. We will continue to do our best to update you in real time so that you have the most current information.

Preliminary List of Legislative Priorities for the 119th Congress

<u>Debt Ceiling</u>: In December 2021, Congress voted to increase the debt limit, the maximum amount of money that the U.S. can borrow to meet its legal obligations, to $31.4 trillion. The Treasury hit that limit in early 2023. The bipartisan Fiscal Responsibility Act, passed by Congress in June 2023, suspended the debt limit through January 1, 2025. So as of the 1st of this year, the Treasury Department will begin paying government obligations by drawing down on its stockpile of cash, and it also will start to deploy "extraordinary measures" to extend the duration of that cash buffer. In the spring, Treasury will get some relief in this endeavor when it receives a big influx of cash from individual tax payments. It is estimated that the "X-date," the point at which Treasury is no longer able to meet its obligations, will arrive sometime mid-year. Congress will have to increase or suspend the debt limit by that date in order to prevent default.

President-elect Trump had pushed hard for Congress to increase the debt ceiling, or terminate the limit entirely, before he assumes office. Republicans resisted President Trump's demand to include such provision in the government spending bill passed just before Congress recessed in December, and it is difficult to imagine any scenario where the debt ceiling will be increased before January 20th.

Congress has two options to enact the increase:

1. One way would be via a party-line vote using the budget reconciliation process. A number of congressional Republicans would resist that approach unless it is paired with huge spending cuts. Speaker Johnson has suggested that in exchange for increasing the debt ceiling by $1.5 trillion, he will look for $2.5 trillion in cuts to mandatory spending, which includes money for Social Security, Medicaid, and Medicare. However, President Trump has ruled out any cuts to Social Security and Medicare, the two largest components of mandatory spending. Compounding the political difficulty of this approach, any reconciliation bill would be expected to include spending on other items, potentially including things like border security and taxes that also would require some revenue offsets.
2. Alternatively, leadership could negotiate a bipartisan bill to increase the debt ceiling, but that approach would require concessions to Democrats that could threaten the survival of the Speaker.

FY 2025 Government Funding: Before recessing in December, Congress passed a continuing resolution to continue funding the federal government through March 14. Congress must pass a measure by that date to continue funding the government for another temporary period or through the end of the fiscal year (September 30), or the government will shut down.

FY 2025 Budget Resolution: Republicans have two shots at enacting tax and spending bills via the budget reconciliation process, which allows a measure to pass the Senate by a simple majority vote, rather than the 60 vote threshold usually required in that chamber. Republicans are divided over the best strategy for using the process to enact President-elect Trump's legislative priorities. Senate Majority Leader Thune (R-SD) has advocated for a two-bill approach, which would use the FY 2025 budget resolution to pass a reconciliation package in the first months of the new administration limited to border security, defense, and energy issues, followed by enactment of a second reconciliation bill covering FY 2026 later in the year to include tax measures and spending cuts. The House Freedom Caucus has called for a slight variation on this approach, urging that the first reconciliation bill should be limited to border measures and the second should cover tax and energy matters along with spending cuts. Both approaches would put an early win on the board for Republicans. The Chairman of the House Ways and Means Committee wants Congress to move a single reconciliation bill that includes all of these provisions, to provide the maximum amount of leverage to win support for the package within the confines of very narrow Republican congressional majorities.

Congressional Review Act Rule Disapproval Measures: Congressional Republicans have promised aggressive use of a procedure authorized by the Congressional Review Act to disapprove of final rules issued by the Biden administration within a specified period of time, probably dating back to the first week of August 2024.

Bird Flu Funding

The Department of Health and Human Services (HHS) awarded $306 million in funding to support the nation's response to H5N1 avian flu. HHS Secretary Becerra said that although the risk to humans remains low, federal officials are preparing for a range of scenarios. A total of $183 million is for regional, state, and local preparedness programs, such as shoring up hospital readiness and boosting emerging-pathogens training and treatment, focusing on avian flu activities. The Centers for Disease Control (CDC) would receive $111 million to equip jurisdictions to monitor people exposed to the virus and to boost the production and distribution of diagnostic test kits. The remaining $11 million will be awarded by the National Institutes of Health (NIH) for research on countermeasures against the virus.

The Senate Agriculture Committee in the 119th Congress

Agriculture	**Amy Klobuchar (D-MN), Ranking**	**John Boozman (R-AR), Chair**
	Michael Bennet (D-CO)	Mitch McConnell (R-KY)
	Tina Smith (D-MN)	John Hoeven (R-ND)
	Dick Durbin (D-IL)	Joni Ernst (R-IA)
	Cory Booker (D-NJ)	Cindy Hyde-Smith (R-MS)
	Ben Ray Luján (D-NM)	Roger Marshall (R-KS)
	Raphael Warnock (D-GA)	Tommy Tuberville (R-AL)
	Peter Welch (D-VT)	*Jim Justice (R-WV)*
	John Fetterman (D-PA)	Chuck Grassley (R-IA)
	Adam Schiff (D-CA)	John Thune (R-SD)
	Elissa Slotkin (D-MI)	Deb Fischer (R-NE)
		Jerry Moran (R-KS)

NOTE: The Senate Agriculture Committee plans to hold a hearing for Brooke Rollins, the nominee for USDA Secretary, on January 15th.

Minnesota Members Take Over Agriculture Committees

Democratic Minnesota members of Congress are slated to wield rare joint power in the Senate and House Agriculture panels in the 119th Congress. Klobuchar secured the Senate Agriculture ranking member, and Democrats elected Rep. Craig (MN) to the same position in the House. This Congress will be the first time two members of Congress from the same state have led their party's agriculture committee members since at least 1947, per the House and Senate archives. The state boasting agriculture as one of its biggest industries could greatly benefit from having two representatives with significant negotiating power ahead of next year's farm bill talks.

Ag Industry Supports Rollins' Nomination as USDA Secretary

The agriculture industry including NMPF sent a letter to the Senate Agriculture Committee Leadership in support of Brooke Leslie Rollins' nomination to be the 33rd Secretary of Agriculture. Per their letter, "Ms. Rollins has been engaged in American agriculture since an early age, baling hay and raising livestock in Glen Rose, Texas. Rollins spent summers working on her family's farm in Minnesota and participated in all levels of 4-H and FFA. She continues to raise livestock today and is now passing her passion for agriculture on to her children who are also involved in FFA and showing steers. Rollins' strong foundational knowledge of agriculture also extends to her formal education, attending Texas A&M on scholarship where she received her Bachelor of Science in Agricultural Development. Throughout her career, she has brought the perspectives of the American farmer and rancher to her work. She served as deputy general counsel and policy director for Texas Governor Rick Perry, where together they advanced many agricultural priorities. She also championed rural priorities across the federal government as President Trump's former Director of the United States Domestic Policy Council."

Additionally, the letter highlighted "her experience as an executive, building and running two large public policy organizations, has prepared her to provide effective executive leadership for USDA's important, wide-ranging activities and large workforce. Her close working relationship with incoming President Trump will ensure that agriculture and rural America have a prominent and influential voice at the table when critical decisions are made in the White House."