



SCWA Legislative & Regulatory Update

August 31, 2026

The House returns to session today and is scheduled to remain in session through Thursday, when it will recess again for Labor Day. Both chambers are scheduled to return on September 14 for a three-week session, followed by another recess expected to last until after the midterm elections. There has been some discussion that House leaders could send members home earlier to limit contentious floor debates and provide additional time for campaigning.

House Republican leaders are expected to prioritize legislation this week to continue federal government funding beyond the end of the current fiscal year on September 30.

Before leaving for the August recess, the Senate voted 90 to 6 to pass a stopgap funding bill that would fund the government through December 11. The bill includes some of the spending changes requested by the White House, along with several other provisions.

The legislation would delay implementation of a proposed Office of Management and Budget rule that would require senior political appointees to review federal grant proposals. The rule had been scheduled to take effect in October. Its longer-term status is expected to be addressed during year-end funding negotiations.

The bill would also delay implementation of a new ban on certain intoxicating hemp products that had been scheduled to take effect this fall. A portion of the ban involving certain synthetic products from China is scheduled to take effect in November. The delay was requested by the White House. The administration has said it does not intend to seek an additional delay later this year.

The legislation would extend major highway and infrastructure programs through December 11. Those programs are currently scheduled to expire on September 30. It would also extend the Defense Production Act, the Cybersecurity Information Sharing Act, and the African Growth and Opportunity Act and Haiti HOPE/Haiti HELP trade programs. The trade programs would be extended for two years, through 2028.

Speaker Mike Johnson plans to bring the Senate-passed funding bill to the House floor tomorrow.

The prospects for Congress passing another budget reconciliation bill before the midterm elections remain uncertain.

The Senate Budget Committee released its fiscal year 2027 budget resolution shortly before the August recess. The version passed by the House in July instructed the Armed Services and Intelligence Committees to spend up to \$73 billion on defense programs, the Agriculture Committee to spend up to \$12 billion on farm aid, and the Administration Committee to spend up to \$10 billion on state election security programs.

The Senate version retained the national security spending caps but removed the instructions related to farm aid. It also instructed nine additional committees to spend up to a combined \$85 billion on election security provisions. The additional committee instructions were included in part to address the possibility that the Senate Parliamentarian could determine that election security provisions would need to originate in multiple committees. Any final reconciliation bill is expected to use only a portion of the \$85 billion.

Majority Leader John Thune did not bring the budget resolution to the Senate floor before the recess because it did not have the 50 votes needed for passage. Senate Budget Committee Chairman Ron Johnson plans to release a revised version after the Senate returns later this month.

President Trump continues to support passage of the SAVE America Act, which would, among other provisions, require states to verify voter identification and citizenship status. The legislation does not currently have enough support to advance in the Senate. Before the recess, Leader Thune brought a similar election security measure to the floor for an initial procedural vote. All Republicans present supported the motion, but it did not receive the 60 votes required to advance.

Two Democrats, Everton Blair and Aisha Wahab, won special elections last week to fill the seats previously held by David Scott of Georgia and Eric Swalwell of California. Once both members are sworn in, the House party ratio will be 219 Republicans to 214 Democrats, leaving Republicans with a two-vote majority.

The House is scheduled to hold votes through Thursday. In advance of the elections, Republicans are expected to bring forward additional messaging legislation on issues that could require moderate Democrats to take recorded votes.

This week's House schedule includes four measures to be considered under a rule. The measures include H.R. 9436, which would extend an existing pause on enforcement of marine fishing regulations intended to protect whales; H.R. 1501, which would establish expedited permitting procedures for mining and mineral processing projects; H.R. 4795, which would restrict federal student aid for universities that participate in certain commercial boycotts of Israel; and H. Res. 1490, which would denounce socialism and support enactment of the SAVE America Act.

The schedule also includes 18 measures to be considered under suspension of the rules. Among them are the Senate-passed stopgap funding bill, H.R. 6500; H.J. Res. 1, which proposes a constitutional amendment requiring the Supreme Court to have nine justices; H.R. 1869, which would strengthen the Department of Justice's enforcement against trade-related crimes; H.R. 6048, which would establish additional requirements for law enforcement efforts to prevent a company from notifying customers when their records have been searched; and several bills making technical corrections to existing statutes, including H.R. 4584, H.R. 4499, H.R. 4523, H.R. 4465, H.R. 5210, H.R. 5185, H.R. 5174, and H.R. 5182.

The House may also consider a resolution to censure Rep. Chuck Edwards of North Carolina following an Ethics Committee finding that he violated House rules concerning sexual harassment.

The Senate is currently in recess.

Interest Rates Remain the Same for the Fourth Quarter of 2026

The Internal Revenue Service announced that interest rates will remain the same for the calendar quarter beginning Oct. 1, 2026.

For individuals, the rate for overpayments and underpayments will be 7% per year, compounded daily. Here is a complete list of the new rates:

- 7% for overpayments (payments made in excess of the amount owed), 6% for corporations.
- 4.5% for the portion of a corporate overpayment exceeding \$10,000.
- 7% for underpayments (taxes owed but not fully paid).
- 9% for large corporate underpayments.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points.

Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3 percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point.

The interest rates announced today are computed from the federal short-term rate determined during July 2026. See the revenue ruling for details.

[Revenue Ruling 2026-15 PDF](#) announcing the rates of interest, is attached and will appear in Internal Revenue Bulletin 2026-36, dated Aug. 31, 2026.

IRS Updates FAQs on Qualified Overtime Deduction

The Internal Revenue Service updated frequently asked questions about the deductions for qualified overtime compensation.

The frequently asked questions are incorporated into this news release by reference.

The updated FAQs are available in Fact Sheet [FS-2026-13 PDF](#) and revise [FS-2026-01](#), issued in January 2026.

More information about [reliance](#) is available on IRS.gov.

IRS Guidance on Rollovers Between Retirement Plans & Individual Retirement Accounts

The Department of the Treasury and the Internal Revenue Service provided guidance to simplify and standardize the rollover process by issuing sample forms for direct rollovers to or from a retirement plan, as required under the SECURE 2.0 Act section 324.

[Notice 2026-49 PDF](#) provides sample forms and proposed rollover procedures and protocols that aim to simplify and standardize the rollover process for both participants and plan sponsors:

- **Scope:** It applies to rollovers between retirement plans or between a retirement plan and an individual retirement account (IRA), but not to IRA-to-IRA transfers.
- **Design:** The sample forms are designed to protect participants' personal identifying information and minimize participants' burden.
- **Optional use:** Use of the sample forms and proposed procedures is optional for plan sponsors.

“The IRS continues to look for ways to make complying with tax law less difficult and confusing for taxpayers and to improve tax administration in this complex area of the law,” said IRS Chief Executive Officer Frank J. Bisignano. “The sample forms will make compliance simpler and easier for both plan participants and administrators.”

Request for comments

Treasury and the IRS request comments from stakeholders on the sample forms and proposed rollover procedures. They also outline additional guidance under consideration that would facilitate and expedite the rollover process and request comments on the issues raised. Comments from interested parties are due by Oct. 23, 2026. Complete instructions on submitting comments are included in the notice.



Chuck Space, SCWA Executive Director
Southwest Car Wash Association