



SCWA Legislative & Regulatory Update

February 2, 2026

Congressional Update

Both chambers of Congress are in session this week.

House Membership: Voters in Houston elected Christian Menefee (D) to fill the vacancy left by the late Rep. Sylvester Turner. And voters in Fort Worth elected a Democrat. Once sworn in, the Republicans in the House will have a one-vote majority.

Appropriations: Funding for several federal agencies lapsed late last week after Congress failed to enact six appropriations bills covering Defense, Financial Services, Homeland Security, Labor–HHS, State–Foreign Operations, and Transportation–HUD. The Senate initially failed to advance the House-passed appropriations minibus, but later removed the Homeland Security title and temporarily extended Homeland Security funding at FY 2025 levels through February 13. The revised package passed the Senate by a 71–29 vote and now returns to the House, where passage remains uncertain.

House Democrats have said they will not support consideration of the bill under suspension of the rules, meaning Republican leadership will need near-unanimous support within their conference to advance it. A vote on the rule governing floor consideration is expected soon.

House Floor Schedule: The House returns today and plans votes through Thursday. In addition to the Senate-revised appropriations minibus, the chamber is expected to consider four measures under a rule, requiring a simple majority for passage. These include legislation to improve access to critical minerals (H.R. 4090), a resolution disapproving a District of Columbia law decoupling the city's tax code from provisions of the One Big Beautiful Bill Act (H.J. Res. 142), and two contempt resolutions related to former President Clinton.

The House also plans to consider six measures under suspension of the rules, which require a two-thirds majority for passage. These include four veterans' benefits bills and two Judiciary Committee measures authorizing a new Presidential Medal of Sacrifice and relocating a Civil War women's group.

Senate Schedule: The Senate also returns today and is expected to hold votes this week on the confirmation of administration nominees.

Separately, congressional leaders and the White House have roughly one week to negotiate a longer-term Homeland Security funding solution ahead of the February 13 deadline. Negotiations are complicated by internal divisions within both parties and disagreements over immigration enforcement provisions. Passage of both the current funding measure and any follow-up Homeland Security bill is expected to require direct engagement from the White House to secure sufficient Republican support.

Treasury, IRS issue FAQs to address the new deduction for qualified overtime compensation under the OBBA Bill

The Department of the Treasury and the Internal Revenue Service issued frequently asked questions in [Fact Sheet 2026-01](#) related to the new deduction for qualified overtime compensation under the One, Big, Beautiful Bill.

For tax years 2025 through 2028, individuals who receive qualified overtime compensation may deduct the amount that exceeds their regular rate of pay (generally, the “half” portion of “time-and-a-half” compensation) and is reported on a Form W-2 or Form 1099.

These FAQs contain additional information about the deduction, provide resources for employees (including federal employees) to assist them in determining whether they received qualified overtime compensation under the Fair Labor Standards Act, and contain useful information regarding the differences in reporting requirements for tax year 2025 and 2026-2028.

Treasury and IRS previously issued [Notice 2025-62 PDF](#) providing [penalty relief](#) to employers and other payers for tax year 2025 regarding new information reporting requirements for qualified overtime compensation; and issued [Notice 2025-69 PDF](#) for workers eligible to [claim the deduction](#) for overtime compensation for tax year 2025.

For more information, see [One, Big, Beautiful Bill Provisions](#) on IRS.gov.



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