



SCWA Legislative & Regulatory Update

May 6, 2025

The House is still moving forward with its reconciliation package, though progress has noticeably slowed.

Much of this week's activity is expected to happen in private, after a week where some committees made headway in lower-stakes areas. Transportation, financial services, and oversight panels managed to push through spending cuts, while defense and homeland security panels focused on allocating more money. But the biggest hurdles remain.

The most difficult work lies ahead for the Energy and Commerce and Agriculture Committees, which are responsible for the lion's share of the GOP's planned spending reductions—over \$1 trillion combined. These cuts are proving politically tricky, especially for programs that directly impact vulnerable populations.

Energy and Commerce, for example, has been tasked with finding \$880 billion in cuts, much of it expected to come from Medicaid. This has raised red flags among moderate Republicans, many of whom are reluctant to touch the program that provides healthcare for millions of low-income Americans. The committee was originally scheduled to begin marking up its bill this week but has pushed that process to next week.

Agriculture is in a similar bind. It needs to trim \$230 billion, primarily from a food assistance program that serves low-income families. That committee has also delayed markup discussions until next week.

The Ways and Means Committee—responsible for tax policy—will be the last to act. Their work is delayed too, in part due to pressure from moderate Republicans in states like New York, New Jersey, and California who want to see the cap on the state and local tax (SALT) deduction lifted. This may be their only opportunity to do so.

The committee is also expected to take up changes to clean energy tax incentives from the Inflation Reduction Act. While some Republicans want to scrap these credits entirely, projects in GOP districts may force a more measured approach.

None of these discussions include the Senate, which avoided Medicaid cuts in its own version of the budget. Many House moderates worry that any tough votes they take now could be undone by the upper chamber, making them politically costly for little gain.

These delays threaten Speaker Mike Johnson's timeline of passing a GOP-only reconciliation bill by Memorial Day. For that to happen, the remaining committees need to move fast, send their work to the Budget Committee, and prepare it for a vote on the House floor the following week.

The margin for error is slim. With full attendance, House Republicans can only afford to lose three votes. That's a challenge in a conference where divisions—especially over cutting social programs—are never far from the surface. While Trump's influence has helped paper over some of these rifts, they may resurface as the vote nears.

Meanwhile, the White House released its budget proposal last Friday. Though mostly a messaging document, it offers insight into the administration's priorities—many of which don't align with Democrats, let alone Republicans.

The proposal would slash \$163 billion in non-defense discretionary spending, with cuts to programs that support low-income heating, healthcare, climate initiatives, and international aid.

The good news: this opens the door for Congress to begin formal appropriations work for the fiscal year starting October 1.

The bad news: the White House proposal is likely to spark fierce opposition on Capitol Hill, possibly setting the stage for another government funding showdown.

On the legislative front, the House is expected to vote on a bill to rename the Gulf of Mexico as the Gulf of America and move to make sanctions on Iran permanent.

The Senate will begin voting on nominations, starting with the President's pick for Social Security Administrator, Frank Bisignano. He faces opposition from several Democrats.

The Senate may also consider a resolution aimed at overturning new tire emissions standards issued by the Biden administration via the Congressional Review Act.



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