

# Capitol Hill Weekly

**Washington National Tax  
Federal Legislative & Regulatory Services**

October 20, 2025



***This update reflects facts as of Monday morning, October 20, 2025. The situation is fluid and may change.***

The government shutdown is in its fourth week, making it the third longest. No immediate conclusion appears likely. Neither side yet seems willing to yield, even to a measure to reopen the government temporarily. The trade war with China has heated up with new tariffs threatened. And while there is reason for hope of at least a minor year-end tax bill, the press of other business, principally funding the government, may make that difficult or impossible.

**Government funding.** The Senate will vote again Monday afternoon on the House-passed continuing resolution to fund the government through November 21. It is expected to fail, just as have the previous ten votes since the House passed it on September 19. There have been no leadership talks since a brief White House meeting on September 29. Indeed, the Speaker has not reconvened the House since it passed its continuing resolution.

The principal issues remain the same. Democrats are demanding negotiation of an extension of expanded Affordable Care Act premium tax credits that expire at the end of 2025. Meanwhile, Republican Congressional leadership is insisting on passage of the continuing resolution and reopening of the government before even beginning any ACA negotiations. The President has backed that position, while also indicating a willingness eventually to engage in negotiations over the ACA subsidies. Little has been said about rescissions and almost nothing about the OB3 spending cuts.

The deadlock is taking place in anticipation of the 2026 midterm elections and both sides fear concessions may be harmful with their respective political bases. Even were the Senate to pass the continuing resolution, the funding stalemate would only be postponed until November 21 or whatever later date might be chosen, when another standoff is entirely possible.

The next key date is November 1, when the military is due to be paid, and it is not clear if the Executive Branch will again be able to tap existing unspent funds to make the approximately \$25 billion payroll. It is also the date by which ACA premium notices will be issued in anticipation of the open enrollment period. Beyond that, many will be watching the November 4 gubernatorial elections in Virginia and New Jersey for indications of the mood of the electorate.

**China Tariffs.** The President has threatened new 100% tariffs on Chinese imports. This threat comes in response to new Chinese restrictions on exports of critical goods and minerals, particularly rare earths. This new dispute increases the chances of economic disruptions, both in the United States and globally. So far, at least, the ongoing trade actions and potential economic effects have not met with any direct response from Congress.

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## Contacts

### **John Gimigliano**

**Co-Principal in Charge, Federal,  
Legislative & Regulatory Services  
Washington National Tax**  
**T:** 202-533-4022

**E:** [jgimigliano@kpmg.com](mailto:jgimigliano@kpmg.com)

### **Jennifer Acuña**

**Co-Principal in Charge, Federal,  
Legislative & Regulatory Services  
Washington National Tax**  
**T:** 202-533-3800

**E:** [jenniferacuna@kpmg.com](mailto:jenniferacuna@kpmg.com)

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