

# Capitol Hill Weekly

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

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***This update reflects facts as of Monday morning, January 26, 2026. The situation is fluid and may change.***

The Senate returns from a one-week break this week to attempt to complete work on funding the government. The obstacle it faces—funding Homeland Security—grew considerably over the weekend, creating a real possibility of another partial government shutdown. With the House out and government funding near expiration, there will be time for little else. Another potential problem, however, has seemingly disappeared: The President has ended, at least for now, his threat of tariffs on several European countries opposed to U.S. acquisition of Greenland, although other threats remain.

**Government funding.** The House passed the remaining six appropriations bills needed to fund the government past the January 30 expiration of the continuing resolution under which it has been operating since November. Those six bills include critical funding for Defense and for Labor/HHS/Education, which, along with the others constitute about 80% of the funding for the government.

The remaining funding measures had been progressing on a mostly bipartisan basis, except Homeland Security. That one more narrowly passed the House 220-207, with all but seven Democrats voting against it. The issue, of course, is funding for Immigration and Customs Enforcement, which is part of Homeland Security. Most House Democrats voted against the measure, demanding new limits on ICE activities. The House passed the other five funding measures easily, 341-88. The House, however, adopted a self-executing rule by a narrow 214-213 vote to bundle funding for Homeland Security with the other five measures, transmitting all six to the Senate as a take-it-or-leave-it single bill.

The second shooting in Minneapolis on Saturday has again increased the controversy over the Homeland Security funding. A number of Senate Democrats have now said they will not vote to approve Homeland Security funding without new limits on ICE. Those Democrats include not only the Senate Democratic leadership, but also five of the eight Senate Democrats who voted for the November continuing resolution to reopen the government. That would appear, for now, to leave the combined funding bill far short of the sixty votes needed for passage.

The Homeland Security measure cannot simply be removed to allow for separate passage of the other five because the House has presented them to the Senate as a single bill. Removal of Homeland Security or the inclusion of new provisions regarding ICE would require repassage of the amended bill to the House, which is not in formal session this week, and it is not clear there is any Senate procedure to separate the other five measures. Talks over next steps in the Senate have barely begun, so it is too soon to know where they might lead or whether and when the House might act.

**Tariffs.** At the World Economic Conference in Davos last week, the President said he was satisfied, for now, with the state of national security discussions over Greenland. He therefore called off the tariffs he had threatened on imports from Denmark and seven other European countries if they did not accede to his desire to acquire Greenland. The schedule for those discussions is unclear.

The President also threatened almost two weeks ago additional 25% tariffs on countries doing business with Iran. Important U.S. trading countries such as China and India are among those that would be affected. No formal announcement of tariffs has been made, however.

The Supreme Court began last week its month-long winter break from oral arguments. It did not, as some had anticipated, rule on the President's IEEPA tariffs before the break, and the Supreme Court usually does not announce decisions during breaks. Its next regular decision day will therefore be after February 20. Meanwhile, tariff collections continue at \$20-30 billion per month, potentially subject to refund, depending on the Court's decision.

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