



# Capitol Hill Weekly

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***This update reflects facts as of Monday morning, April 27, 2026. The situation is fluid and may change.***

Congress will be occupied again this week with funding of the Department of Homeland Security (DHS) and extension of the surveillance authority under the Foreign Intelligence Surveillance Act (FISA). Complicating those controversies will be expiration of the 60-day authority for military action by the President on April 30 and discussion of the weekend's political violence at the White House Correspondents' Dinner. The Department of Justice announced its termination of the investigation of the Federal Reserve Chairman, removing an obstacle to confirmation of a new Chairman. U.S. Customs has opened its portal for tariff refunds. And one, possibly two, budget reconciliation bills are being discussed in connection with the pending budget matters—DHS and defense funding—raising the prospect of the addition of other partisan priorities, but the prospects for the addition of significant tax legislation remain quite uncertain.

**DHS funding.** DHS has been unfunded since mid-February, but progress on funding legislation was made last week. The Senate passed a \$70 billion budget reconciliation resolution that would allow for three years' funding of Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP) on a partisan basis. The Senate had already passed a bipartisan bill to fund the other DHS agencies, setting aside funding for ICE and CBP, opposed by Democrats.

House Republicans delayed action on the bipartisan partial funding bill, with some wanting to wait for more progress on budget reconciliation. Whether Senate passage is sufficient to satisfy the holdouts remains uncertain. Not surprisingly, some are also seeking to add unrelated provisions to the Senate budget resolution, which could also complicate quick completion of action on the funding bill and resolution.

DHS employees meanwhile continue to be paid by virtue of an executive order. How long the funding for payments under that resolution can continue is somewhat uncertain, however, as the source of the funding has not been disclosed. The new DHS Secretary has said the funding may be exhausted by early May. Still, other reports suggest funding could extend beyond that. Either way, suspension of compensation for the Transportation Security Administration, Federal Emergency Management Agency, and other agencies would add to

pressure for resolution of DHS funding.

**FISA.** Like DHS funding, extension of the foreign surveillance provision of FISA, section 702, remains stalled. Elements of both parties have objected to warrantless surveillance of communications that could include those where one party is a U.S. citizen. Negotiation of additional requirements or penalties continues against a short-term extension that expires on April 30. The Senate plans to vote on a three-year extension as soon as this week.

**Warsh nomination.** The President's nomination of Kevin Warsh to be Chairman of the Federal Reserve Board has been blocked by Sen. Tillis, a member of the Senate Banking Committee. He objected to the confirmation out of concern over a Justice Department investigation of the current Chairman, Jerome Powell, regarding renovations to the central bank's headquarters.

The U.S. Attorney for the District of Columbia announced last week that she was terminating the investigation of the Chairman, deferring to an internal investigation by the Inspector General of the Fed. She added that the Justice Department investigation could be reopened depending on the results of the investigation by the IG. Sen. Tillis said, however, that he was satisfied with the termination of the current investigation and would support the Warsh nomination, allowing Senate confirmation to proceed.

**Tariff refunds.** The Supreme Court held in February that the President lacked the authority to impose tariffs under the International Emergency Economic Powers Act. Importers are therefore entitled to an estimated \$166 billion in refunds of tariffs collected under that authority. U.S. Customs last week opened a portal for the first stage of refund claims.

**Budget reconciliation.** Congressional Republicans are utilizing the budget reconciliation process to pass ICE and CBP funding without Democratic support, avoiding the need for 60 votes in the Senate to overcome an expected filibuster. Republicans are also considering resorting to reconciliation to pass defense funding. Current defense funding plans include both supplemental funding to restore munitions expended in the Iran conflict and an Administration budget request for \$350 billion in new defense spending.

The importance of the underlying legislation and narrow Republican majorities in both houses provide members significant leverage to add narrow legislation reflecting their more limited priorities. Adding to the inclination of members is the perception that reconciliation legislation could be the only major legislation Congress may be able to pass. Leadership may struggle to keep members from adding unrelated amendments to reconciliation that could ultimately prevent passage.

Indeed, it is encountering that very difficulty with respect to the pending ICE and CBP funding. Members may seek to add amendments, and an addition of one would invite others. This dynamic may prove unacceptable to nearly all, as would be required for passage on a partisan basis given the very narrow Republican majorities.

Prospects for the addition of amendments are therefore uncertain, at best, including potential tax amendments. At present there appear to be no obvious candidates for tax amendments

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though that could change quickly. That is not entirely bad news for taxpayers, as concerns about deficits and demands to offset the cost of legislation could lead to consideration of revenue-raising tax amendments.

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