



# Capitol Hill Weekly

Washington National Tax  
Federal Legislative & Regulatory Services

May 18, 2026

***This update reflects facts as of Monday morning, May 18, 2026. The situation is fluid and may change.***

Congress plans a busy week ahead of the Memorial Day recess, beginning on Friday (Thursday for the House). The highest priority is a budget reconciliation bill to fund the immigration agencies of the Department of Homeland Security (DHS), which were left out of the larger bipartisan appropriations bill. Congress is also running up against a June 14 deadline for extending a crucial provision of the Foreign Intelligence Surveillance Act. It is anxious to move forward on a housing bill intended to address affordability. And consideration is being given to a suspension of the federal gasoline excise tax, another affordability issue.

Looking ahead, a Senate committee voted out a cryptocurrency bill, although there appear to be quite a few issues still to be resolved. The House will also have to consider early next month a Ukraine aid bill that received the 218th vote needed for a discharge petition.

**DHS immigration funding.** The partisan budget resolution passed by Congress provides for up to \$72 billion to fund Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP). Congressional Democrats object to funding these agencies without reforms, so Republicans are utilizing the budget reconciliation procedure to avoid the need for 60 votes in the Senate.

The Senate will proceed first with the reconciliation bill, which begins with the process of working with the Parliamentarian to determine whether the provisions of the bill are consistent with the Budget Act rules. As is common, the Parliamentarian has raised issues, finding the provisions of some funding measures to be incidental to policy changes also being effected. The Parliamentarian has also found some provisions to be outside the jurisdiction of the only two committees that have been instructed by the budget resolution—Homeland Security and Judiciary. Among the problem provisions are those having to do with the proposed White House ballroom. Republican leadership is working to redraft the legislation accordingly.

Importantly, the limited instructions in the budget resolution also prevent the addition of tax provisions to the reconciliation bill, at least not without the 60 votes needed to waive the rules.

Congressional Republicans are quite intent on completing action on the reconciliation bill

before the recess. Operations of ICE and CBP have not been affected by the delayed action because adequate funding was provided by the One Big Beautiful Bill. The President, however, has repeatedly demanded action by June 1.

**FISA renewal.** Congress enacted a short-term extension of section 702 of FISA that expires on June 14. Section 702 allows warrantless surveillance of foreign persons, but has never been made permanent. It is controversial because the surveillance may also incidentally involve U.S. citizens. Negotiations over revisions to this surveillance authority are continuing.

**Housing affordability.** There is bipartisan desire to act quickly on legislation to address housing affordability. The House and Senate have each passed versions of bipartisan legislation that includes dozens of regulatory and financing issues. There are significant differences between the two bills, however. The President, along with Senate leadership, is pressing the House simply to pass the Senate bill. So far, however, the House has resisted.

Among the differences between the bills is a Senate provision that limits ownership of single-family dwellings (SFDs) by institutional investors. The House objects to those limits, particularly one that requires SFDs built for rental by institutional investors to be sold within seven years.

Negotiations to resolve these differences are ongoing. There are indications of movement on the institutional investor provisions to narrow the definition of SFDs and to modify or eliminate the build-to-rent disposal requirement. There is no firm deadline for passage, but the approaching elections make measures to address affordability a high priority.

**Gasoline excise tax.** Affordability is also an issue with respect to the gasoline tax. Prices have risen dramatically since the beginning of the military action against Iran. With recent increases in consumer prices, many Republican members, along with the President, are interested in doing whatever is possible to reduce prices, particularly the very visible price of gasoline.

The timing and fate of the proposal remain unclear, however. Concerns have been raised over the \$3-plus billion per month cost of the suspension and whether it should be offset. The length of the suspension is also an issue, as the duration of the need is uncertain. A suspension would also leave a shortfall in the highway trust fund to which the tax is dedicated, likely requiring a transfer from the general fund.

**Cryptocurrency regulation.** The Senate Banking Committee approved last week the Clarity Act, a bill to regulate cryptocurrency long sought by the digital asset industry. The Committee did so, however, without addressing several unresolved issues. The banking industry has objected vehemently to yields on stablecoins, which banks could compete with deposits. Money laundering and consumer protection also remain concerns, as does “ethics”—the involvement of government officials in the industry.

It therefore does not appear that passage of cryptocurrency regulatory legislation is imminent, despite the Senate Banking Committee action. Indeed, the two Democratic Committee members who voted to approve the bill said they might not support it on passage.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Meanwhile, the tax-writing committees continue to work on issues of taxation on a bipartisan basis. Indications are, however, that those committees will defer action until the regulatory issues are resolved and there is a clearer picture of the market.

**Ukraine assistance.** Unsatisfied with the provision of aid to Ukraine by the Administration, Congressional Democrats have introduced legislation to require the provision of military and other assistance, while also imposing additional sanctions on Russia. Republican leadership, deferring to the President, has been resistant and prevented a vote in either house.

Last week, however, enough House Republicans signed onto a discharge petition to reach the absolute 218 majority. That will require a vote in the House after the “ripening” period required under House rules. With the recess, it would seem the vote will likely occur on June 8, the week after Congress returns. The bill would require 60 votes for consideration by the Senate, however, so even if passed by the House, Senate passage seems unlikely.

*The above information is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.*

*The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.*

*This article represents the views of the author or authors only and does not necessarily represent the views or professional advice of KPMG LLP.*

---

## 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)

Learn about us:



[kpmg.com](https://kpmg.com)

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.