



Capitol Hill Weekly

Washington National Tax
Federal Legislative & Regulatory Services

September 14, 2026

This update reflects facts as of Monday morning, September 14, 2026. The situation is fluid and may change.

Congress returns this week to what could be a shortened session. The House passed the Senate continuing resolution during its brief return the week before Labor Day, extending government funding and authorization for surface transportation and agriculture programs until December 11. Having disposed of those essential matters, at least temporarily, Congress may adjourn sooner than planned, leaving unfinished business until after the elections. The only question is whether concerns over the pace of development of artificial intelligence might change that. Although with no immediate consensus on solutions, that seems unlikely.

The Speaker has indicated he intends to keep the House in session for just this week, acting only on legislation that can pass quickly under suspension of House rules, requiring two-thirds support. Russia sanctions legislation passed by the Senate and an extension of foreign surveillance authority are two such items. The Speaker would also like to act on the House version of the bipartisan Water Resources Development Act and the Ratepayer Protection Act, which would require companies to pay for increased energy and infrastructure costs associated with data centers.

The Senate schedule has not changed, but with only nominations and a few uncertain matters to consider, it too might adjourn early. Those uncertain legislative matters include cryptocurrency regulatory legislation and a bill to address the governance of intercollegiate sports. There is no indication that the Senate leadership is ready to consider the budget reconciliation resolution narrowly passed by the House.

Russia sanctions. The Senate last month passed the Lindsey O. Graham Sanctioning Russian and Iran Act with strong 86-11 bipartisan support. The bill would impose new secondary sanctions on those two countries. There remains, however, concern about the authority it provides the President to impose 100 percent tariffs on certain countries doing business with those two countries, including China and India. The question is whether there is enough support in the House to meet the two-thirds threshold the Speaker is requiring for quick passage. An alternative proposal would eliminate the tariff authority, but that would require return of the legislation to the Senate.

Cryptocurrency. The Majority Leader is planning a procedural vote in the Senate this week on legislation to regulate cryptocurrencies. A motion to proceed on the legislation would require 60 votes, however. Although there is a degree of bipartisan support for the legislation, it lacks broad Democratic support and serious questions remain about two elements. The ability of stablecoin issuers to pay “yields” has drawn opposition from commercial banks, which see this as competition for interest-bearing bank deposits. And the President’s involvement in the market has also drawn concern. Negotiations over those issues continue in advance of the vote.

Foreign surveillance. Section 702 of the Foreign Surveillance Intelligence Act authorizes warrantless surveillance of foreign persons. Concerns persist about the possibility of that surveillance including U.S. citizens, who, though not the targets of the surveillance, are ensnared by contacts with foreign targets. Those concerns were exacerbated by the appointment of an acting Director of National Intelligence not confirmed by the Senate. Now that a DNI has been confirmed, it may be possible to pass an extension of the authority, which expired in June.

Reconciliation 3.0. Senate Republican leadership has not indicated any change in its position on the House-passed budget reconciliation resolution. The resolution would provide authority for \$95 billion in supplemental funding, mostly for defense and national security. The Defense Department has requested the funding in large part to satisfy needs created by the war with Iran. In Congressional testimony, however, Defense has indicated that some funds are available from supplemental monies provided in the One Big Beautiful Bill Act, at least until new funding is available at the beginning of the 2027 fiscal year on October 1.

Democratic opposition to the conflict with Iran and the lack of agreement as yet on the annual funding for defense has meant the legislation has little, if any, Democratic support in the Senate. The addition authorizing funding for some elements of Republican election reform legislation—the SAVE America Act—only adds to that opposition. Senate Republicans, meanwhile, are divided over the amount of the funding authorized, some believing much more is needed, as well as some concern about election reform funding.

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

Jennifer Acuña

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

E: jenniferacuna@kpmg.com

Learn about us:



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.