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This update reflects facts as of Monday morning, November 16, 2026. The situation is fluid and may change.

Three scheduled legislative weeks remain before the continuing resolution funding the government expires, and Congress has not yet passed any of the 12 necessary appropriations bills. Nor has it passed legislation to reauthorize highway transportation programs and agriculture programs, authorizations for which also expire on December 11. Only four weeks remain for the lame duck Congress to reauthorize defense programs or the already-expired authority for wireless surveillance under FISA section 702. With so many critical items to be addressed in a very short time, the prospects for passage of bipartisan year-end tax measures or an energy infrastructure bill are quite uncertain.

Critical lame duck measures. The focus for government funding is the Senate, where 60 votes are needed for passage, thus requiring Democratic support. The Senate Appropriations Committee appears to be making some progress on a few of the less controversial appropriations bills. The principal funding measures for defense and domestic social welfare programs, however, remain under negotiation.

Democrats, as is usually the case, are demanding relative parity between top-line spending for defense and nondefense programs, which puts them at odds with the White House budget request for greatly increased defense spending. Defense funding is further complicated by the Iran war. Some Senate Democrats are seeking to limit military action by reducing funding, an issue that has become part of the Democratic leadership elections for the next Congress. A government shutdown looms, if these issues remain unresolved. There is already talk of another continuing resolution, extending current funding into February or March.

Environmental issues remain in connection with reauthorization of surface transportation programs, and Democrats are seeking to ameliorate changes made by OB3 to supplemental nutrition programs that are part of agriculture. Funding issues are implicated in reauthorization of defense programs, as is the issue of the Iran war. And possible ensnarement of U.S. citizens remains an obstacle to reauthorizing new warrantless foreign surveillance, authority for which expired in June.

The importance of these measures and the short time remaining will impair the ability of the

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lame-duck Congress to produce other legislation unless, perhaps, it acts quickly through a continuing resolution that simply pushes these matters into 2027.

Possible year-end bipartisan tax measures. There are several pending tax measures that enjoy broad bipartisan support. The Senate passed the Taxpayer Assistance and Service Act—a package of noncontroversial tax administration reforms—by unanimous consent. The House passed the United States-Taiwan Expedited Double-Tax Relief Act by a vote of 423-1. The House Ways and Means Committee approved the Digital Asset Tax Certainty Act by a vote of 38-5.

There will undoubtedly be an effort by supporters to add these measures to whatever year-end legislation Congress passes to fund the government. The Senate Finance Committee has not yet had an opportunity to consider the House cryptocurrency bill, and the House Ways and Means Committee has approved a different package of tax administration reforms. The House Taiwan double-taxation bill has not yet been considered by the Senate, although there appears to be opposition only from a single member.

Nevertheless, even in the case of the Taiwan measure, there exists the problem of competing priorities. Even while supporting a measure, many members will inevitably have other, more important priorities. It can be difficult for leadership to resist those other measures once a tax measure is added to legislation, often making the easier political course simply to eliminate all such measures.

Extension of expired and expiring tax preferences—the annual extenders exercise—can suffer the same fate. This year, however, extension of preferences such as the Work Opportunity Tax Credit and expensing of film production is further complicated by the expiration of the expanded Affordable Care Act premium tax credits. The revenue cost of extending those credits is far greater than that of the other, mostly business tax preferences, at approximately $30-35 billion per year. Democrats can be expected to resist extension of the business tax preferences without the ACA credits, which do not have Republican support. All things considered, prospects for inclusion of a tax extenders package in year-end legislation seem possible, but slim.

Energy infrastructure permitting reform. The Senate will attempt this week to move the Bipartisan American Affordability and Jobs Act of 2026, a measure to expedite approval of energy infrastructure projects. Last week the Senate voted 73-25 to invoke cloture. Issues remain, and a Senate vote is scheduled this week on a substitute amendment that reflects further negotiations. It remains uncertain whether all issues have been resolved, however, and some Senate Democrats are seeking to delay the measure until 2027, when they will have greater power to negotiate environmental protections and incentives. As in the case of other legislation that is not critical, there is little time to resolve controversies.

For more on the outlook for the 120th Congress, read KPMG report: 2026 elections and what it means for tax policy in 2027.

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