

April 23, 2015

Today's Driving Events

Subprime Auto Lending Noose Tightening: New York Department of Financial Services Superintendent Benjamin Lawsky testifies today at a New York Senate committee hearing on predatory practices in subprime auto lending. As we explained in this [Spotlight Report](#) earlier this week, we anticipate both enforcement and regulatory actions targeting this sector from the Consumer Financial Protection Bureau (CFPB) and Department of Justice (DOJ) in the coming weeks and months. As was the case with the payday lending sector, there will also likely be contemporaneous measures taken at the state level in terms of legislation, regulation, and enforcement. Lawsky has developed a reputation as being particularly activist in the consumer finance space and we expect him to lead the charge against certain auto lending practices (especially subprime consumers), such as dealer markups, among state regulators.

FCC Staff Opposes Comcast-Time Warner Cable Merger: Yesterday was not a good day for proponents of the Comcast-Time Warner cable merger. First, the proposed merger's parties met to discuss potential remedies with DOJ staff who are recommending to sue to block the deal. At least one press report cited a source who said, "It did not go well." Then, the Federal Communications Commission's (FCC) merger review team briefed the respective commissioners' staff and apparently want the FCC to block the merger. If the DOJ alone sued to stop the deal, Comcast would likely pursue litigation to fight to save the merger. But if the FCC sends it to an administrative law judge for a hearing, that would likely cause Comcast to walk from the deal due to how drawn out that process would be, particularly since Comcast would not have any breakup fee obligation.

TPA Bill Clears First Hurdle: The Senate Finance Committee approved a bill last night that renews trade promotion authority (TPA), a fast-track process for Congress to consider trade agreements which is seen as being critical to completing the Trans-Pacific Partnership (TPP) negotiations. Although an amendment supported by the auto manufacturing industry which would require tariffs to be applied if another country's currency was undervalued – which was aimed primarily at Japan – was

attached to another trade-related bill, alternative forms of a currency manipulation amendment failed to garner sufficient votes to be attached to the TPA bill. As any form of these amendments would have been a poison pill for the TPP negotiations, it was an important hurdle to clear for the Obama administration and GOP congressional leaders, both of whom are pushing hard to renew TPA. We expect the TPA bill to pass the full Senate, albeit likely by a narrow margin, as soon as the week after next and the House Ways and Means Committee is starting its own markup of the bill today. But the TPA bill still has at least one other major hurdle to clear – a vote by the full House. With only 15 to 30 House Democrats expected to vote for the measure, House GOP leaders have a tough job ahead of them in limiting the number of defections among the GOP rank-and-file.

Medical Device Tax Back in the Crosshairs: A Senate Finance Committee subcommittee will hold a hearing this morning to bring attention to the medical device tax provision of the Affordable Care Act. There is bipartisan support in Congress to repeal the medical device tax between general GOP opposition to Obamacare and several prominent medical device companies being located in Democratic states, such as Johnson & Johnson in New Jersey and Medtronic in Minnesota. However, President Obama has been clear that he is not willing to make tweaks to his legacy legislation, particularly any that would undermine how to cover the cost of its expanded health insurance coverage. If the Supreme Court rules against the Obama administration in the *King v. Burwell* case though, a repeal of the medical device tax may be just one of several changes the president is forced to swallow to get the GOP-led Congress to extend Obamacare subsidies in the 34 states that are relying on the federally run insurance exchanges. But if the court rules in favor of the administration, a repeal of the medical device tax is unlikely to happen during the remainder of Obama's tenure as those seeking the repeal do not have a veto-proof level of support.

House

The House will reconvene at 9:00 a.m. and consider the National Cybersecurity Protection Advancement Act of 2015, which would incentivize companies that have experienced cyber-attacks to share information with the Department of Homeland Security.

Senate

The Senate will reconvene at 9:30 a.m. and is expected to hold a series of votes to confirm Loretta Lynch to be attorney general.

White House

President Obama will deliver remarks in the afternoon at a meeting of Organizing for Action, the president's "grass roots" political organization.

Macroeconomic

At 9:00 a.m., The Atlantic will hold a conference on domestic and international economic issues. [More information here](#). Expected participants include:

- Thomas Perez, Secretary, Department of Labor
- Rep. Chris Van Hollen (D-MD)
- Julian Castro, Secretary, Department of Housing and Urban Development
- Michael Froman, US Trade Representative

At 10:00 a.m., the Senate Small Business and Entrepreneurship Committee will hold a markup to consider pending legislation, including legislation to extend lending opportunities for small businesses.

Energy

At 9:00 a.m., the House Committee on Science, Space, and Technology will hold a hearing titled "Hydraulic Fracturing: Banning Proven Technologies on Possibilities Instead of Probabilities."

Financial Services

At 9:15 a.m., the House Financial Services Committee will hold a hearing entitled "Examining Regulatory Burdens — Regulator Perspective."

At 11:00 a.m., the New York State Senate Committee on banks will hold a hearing regarding predatory practices in the subprime auto loan and auto title loan industry in Albany, NY. The hearing will be webcast [here](#). Expected participants include:

- Benjamin M. Lawsky, Superintendent, Department of Financial Services for the State of New York

Geopolitical

At 8:00 a.m., the Center for Strategic and International Studies will hold the Global Development Forum. [More information here.](#) Expected participants include:

- Rep. Ander Crenshaw, (R-FL)
- Dr. Sri Mulyani Indrawati, Managing Director, World Bank Group

At 9:00 a.m., the Brookings Institution will hold a conference to explore the challenges facing European economic and political integration and examine how Europe's challenges impact the United States. [More information here.](#)

Healthcare

At 10:00 a.m., the Senate Finance Committee Health Care Subcommittee will hold a hearing titled "A Fresh Look at the Impact of the Medical Device Tax on Jobs, Innovation and Patients."

At 3:45 p.m., Sen. Patty Murray (D-WA) will hold a teleconference on paid sick days and the Healthy Families Act.

Trade

At 8:15 a.m., the Atlantic Council of the United States will hold a panel discussion titled "Trade and National Security: Renewing US Leadership Through Economic Strength." [More information here.](#) Expected participants include:

- John Kerry, Secretary, Department of State

At 9:00 a.m., the House Ways and Means Committee will hold a markup to consider pending trade measures, including trade promotion authority (TPA) for the Trans-Pacific Partnership (TPP) and trade adjustment assistance (TAA).

Transportation

At 7:45 a.m., the Ripon Society will hold a discussion on transportation and infrastructure issues. [More information here.](#) Expected participants include:

- Rep. Bill Shuster (R-PA)
- Rep. Peter A. DeFazio (D-OR)



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