

**MORNING COLOR**

December 16, 2025

**Today's Driving Events**

- **Battle Lines in Tariff Refund Fights Are Drawn:** While the Supreme Court is yet to rule on President Trump's use of the International Emergency Economic Powers Act to impose tariffs, fights over the potential tariff refunds are emerging, as some of the collected revenue begins to be liquidated by Customs and Border Protection. [Read more here.](#)
- **Another Go at Housing Legislation:** The House Financial Services Committee will mark up a comprehensive housing package today and tomorrow, paving the way toward a restart of bicameral housing negotiations next year. [Read more here.](#)
- **"Stop Trying to Make Feteçh an ACA Extension Happen":** Although some insist on holding out hope, it's looking like an extension for expiring tax credits to lower premiums in the individual marketplace isn't going to happen — not this year, and not in January. [Read more here.](#)

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**Tariff Refund Fights Begin:** As the world waits on the Supreme Court's decision on the ability for the president to impose tariffs under the International Emergency Economic Powers Act (IEEPA), fights for access to potential refunded tariffs are escalating. **How much the Supreme Court will weigh in on the issue in its ruling is one of the unknowns in the cases, with it possible that the decision on refunds for parties not in the cases will be left to the lower courts.** This possibility is likely part of the reason there has been a [burst of lawsuits](#) mirroring the current cases before the Supreme Court, as companies look to ensure they receive their refunds, if issued, and to be near the front of that line. However, [the amount of money](#) importers may be eligible to receive is in dispute, as some of the money that the Trump administration has collected under its new tariffs has now started to exit the 314-day window that Customs and Border Protection (CBP) grants after goods enter the US before liquidating the tariffs and sending the money to the Treasury Department. Yesterday marked the 314th day since the first set of tariffs collected under the 10 percent fentanyl tariff that President Trump imposed on China in February. Once this date has passed and the money has been sent to the Treasury Department, importers are typically unable to challenge the tariff payment through customs corrections and need to pursue a

formal protest or litigation. **In the past, CBP has often delayed liquidation on a case-by-case basis when there are legal disputes over tariffs, which is another reason [these lawsuits](#) have been filed in recent weeks.** However, the Trump administration is not offering these extensions, according to Politico's reporting, with court filings indicating that the federal government is not only denying the extension requests but, in some instances, is fast-tracking the liquidation process. In a case before the Court of International Trade (CIT), which first ruled that Trump's IEEPA tariffs were illegal, a three-judge panel delivered a [unanimous decision](#) yesterday in the government's favor in a lawsuit aiming to prevent the CBP from liquidating the disputed tariffs. The decision echoed the Department of Justice's [arguments](#) that a court injunction was unnecessary, as the CIT could still direct "reliquidation" and refunds if the tariffs are deemed illegal. However, obtaining liquidated tariffs will likely be more difficult for businesses than it would otherwise be. **While this is just one piece of the refund puzzle, with the still-coming Supreme Court ruling being the largest unknown, this example highlights how the Trump administration will look to drag out the refund process as much as possible and seek to retain as much of the tariff revenue it collected as it can.** If the tariffs are to be refunded, it will already be the largest tariff refund in US history, at around \$130 billion and growing, which alone will likely make it a complicated and lengthy process. However, the White House's stance on the tariffs will likely further prolong this process. **At this point, it appears unlikely that the Supreme Court will issue a ruling before the new year, with there being a good chance that a decision is released at some point in the first quarter of 2026, though one could come as late as the end of the court's term in late June or early July.** In the interim, continuing to follow these battles over tariff liquidation and refund rulings will set the stage for the inevitable refund fights that will be expected if the tariffs are ruled illegal by the Supreme Court. In addition, it is worth watching for any indications of which [authorities](#) the White House will look to use to enact the expected replacement tariffs if its IEEPA duties are struck down, with no shortage of available options for President Trump.

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**House Financial Services Takes on Housing Package:** Days after killing a push by the Senate to tie the ROAD to Housing [Act](#) to this year's annual defense policy bill, House Financial Services Committee (HFSC) Chair French Hill (D-AR) is out with his own comprehensive housing package. **The legislation, known as the Housing for the 21st Century [Act](#), includes 27 housing-related measures and has the support of key Democratic lawmakers, including HFSC Ranking Member Maxine Waters (D-CA). The legislation is expected to be marked up beginning later this [morning](#).** Similar to the Senate's ROAD to Housing Act, the HFSC's housing package aims to incentivize homebuilding through permitting reforms, expanded housing finance programs, and strengthened federal oversight programs. **The first section of the bill focuses on building code and zoning reforms, directing the Department of Housing and Urban Development (HUD) to publish model voluntary guidelines localities interested in rezoning can look to (also included in ROAD), allocates dollars to HUD to help create pre-**

reviewed home designs that are always building code compliant (also included in ROAD), requires HUD to establish federal guidelines for certain single-staircase apartments, expands categorical exemptions to streamline National Environmental Policy Act reviews for certain homebuilding activities (also included in ROAD), and directs HUD to update loan limits for Federal Housing Administration (FHA) multifamily mortgage insurance programs (also included in ROAD). Not included in this section but included in ROAD were several programs that would have directly incentivized local zoning reforms by altering federal grant programs. Punchbowl News [reported](#) that these provisions were among the most disliked by House GOP lawmakers and a key reason ROAD was not included in the annual defense policy bill. Other provisions piloted by Senate Banking Committee Chair Tim Scott (R-SC), including the lifting of the cap on the rental assistance demonstration program and incentives for HUD to boost grants that serve opportunity zones, also didn't make it into the House's bill. **A second section of the bill aims to reduce barriers to the development of manufactured housing, directing HUD to amend the definition of a "manufactured home" to include those not built on a permanent chassis (included in ROAD) and directing FHA to study ways to expand access to small-dollar mortgages (similar to a provision in ROAD).** Left out of the House bill but included in ROAD were a number of provisions related to manufactured housing that would direct HUD to review construction financing programs, direct HUD to study a standardized code for modular homes, increase the loan limits for certain manufactured housing loans, and reauthorize Preservation and Reinvestment for Community Enhancement grants. **Other components of the bill would expand access to HUD's HOME Investment Partnerships Program, expand allowable uses of Community Development Block Grant dollars to include a wide range of affordable housing development, expand access to rural home repair programs, and improve certain federal housing tenant protections, among other things.** The bill excludes a number of other housing finance, lending, and financial literacy programs included in the ROAD to Housing Act. **Given the legislation's broad bipartisan support within the HFSC, it's likely to advance out of the committee this week. With that said, whether it can be reconciled with the Senate's bill early next year remains an open question.** It's likely that both Chairman Scott and Banking Committee Ranking Member Elizabeth Warren (D-MA) would want to see several provisions from ROAD added back into the package during any bicameral negotiations. A bicameral product might also require White House support to advance quickly, something within the range of possibilities, but also something that didn't materialize to the extent necessary to get a housing bill over the finish line this fall. Speaking of the administration, Bloomberg [reports](#) that **Fannie Mae (FNMA) and Freddie Mac (FMCC)** are increasing their purchases of mortgage-backed securities (MBS) to lower rates and boost profitability. The moves come in the wake of a [recommendation](#) from community bankers and lenders that the administration go above and beyond its actions to date and lift the caps on the amount of MBS the GSEs can purchase. **Such a move would require the Treasury Department to reopen the senior preferred stock purchase agreements, something that is difficult to do without sparking a much larger debate around GSE reform, but**

**the initial increase in MBS purchasing suggests the administration is aiming to do what it can around the margins to address housing affordability.**

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**ACA Extension on Death's Door:** Fall in Washington has been dominated by one topic: the fact that **enhanced tax credits going towards people's premiums on the Affordable Care Act (ACA) individual insurance marketplaces are expiring at the end of the calendar year.** Premium tax credits (PTCs) have been a staple of the ACA since 2010, but during former President Biden's term, Democrats temporarily re-upped them, increasing both eligibility and the total credit amount. **You might recall that Democrats instigated the government shutdown,** the longest in history, **on this very issue,** demanding they be extended further. In the end, they won a vote on an ACA bill of their choice in the Senate and punted government funding until January 30th. **You should know two things: another government shutdown in January is unlikely; so is the chance of any ACA PTC extension — despite hand-wringing from the GOP about the political consequences.** Both the Democratic ACA proposal and a GOP counter-bill from Senator Bill Cassidy (R-LA) failed in the Senate last week. The expiration of the credits is projected to lead to [2.2 million](#) fewer Americans having health insurance in 2026; those remaining on the exchanges will see their average monthly net premium [more than double](#). All of this is happening in a midterm year, when the Democratic Party has re-unified and is winning elections by impressive margins on the back of strategic messaging that challenges the cost of living. But the fact of the matter is that most Republican lawmakers oppose the ACA on ideological grounds. **When President Trump was about to release a moderate extension as a compromise proposal, internal backlash from conservatives shot it [down](#).** Looking ahead, **House GOP leadership intends to hold a vote on a separate proposal of their own later this week, following a Rules Committee markup today at [2:00 p.m.](#)** While it contains a few conservative policies, **it does not include an extension of the PTCs.** In a concession to the moderate Republicans who favor a limited extension, it was [reported](#) that leadership would permit an amendment vote to add in the credits; however, Punchbowl News added yesterday that a new demand (that moderates make their amendment budget-neutral) has pushed this handshake agreement to its breaking [point](#). **While moderates still intend to propose amendments before the Rules Committee today, they would require the approval of all Democrats and the majority of Republicans, which seems high-on-impossible.** Following this split between leadership and moderates, the latter group prevaricated but now appears to be [supporting](#) the conservative health care plan. **That leaves three discharge petitions as the next stage of the ACA discussion:** a bipartisan one-year extension from Rep. Jen Kiggans (R-VA), a more stringent bipartisan two-year extension from Rep. Brian Fitzpatrick (R-PA), and an unmodified, "clean" three-year extension from Democrats. **At the moment, most House Democrats have not signed the bipartisan discharge petitions.** Leadership has refused to grant members the green light to join these initiatives for three main [reasons](#). First, they want to keep the focus on both GOP infighting and the ACA credits for as long as possible. Second, they want

to increase pressure on Republican moderates to join their discharge petition ([unlikely but](#) worth a try). Democrats are trying to shepherd in as much moderate Republican support for the bipartisan discharge petitions as possible before pulling the trigger, which is the third reason they're content to wait: they have to go through the motions and let moderate Republicans exhaust their options; otherwise, they fear instant backing of the petitions could make the effort seem Democratic-led.

**Forcing the House GOP to try to pass their own plan before joining any bipartisan discharge petition means Democrats aren't going to sign either before next week at the earliest, but the House finishes its last session of the year on Thursday. It's in Democrats' best interest to draw it out and keep the issue alive over the New Year, when people will feel the sting of higher premiums for the first time.** It's already probably too late to implement a solution

in time to avoid a stoppage in credits, and Democrats think this will put further pressure on the GOP and its moderate faction to act when they return from recess.

**A discharge petition extending PTCs may pass the House in January, but it's looking like it will go nowhere.** Senate GOP leaders can refuse to hold a vote on the bill, and there's no equivalent discharge petition mechanism in the upper chamber. Majority Leader John Thune (R-SD) is not incentivized to split his party and oppose the president (who also retains veto power). **An impressive bipartisan group of almost two dozen senators met last night to [discuss](#) the issue.** This keeps hope alive a bit longer and indicates people will continue to talk about PTCs' prospects through January **but an ACA extension would require Trump to pull a 180 and expend significant political capital to convince his party to approve it.**

While Trump remains inordinately concerned with the GOP's midterm performance and has recently expressed doubts about an eventual triumph for the first time, he also said he believes the One Big Beautiful Bill Act (OBBBA) will deliver benefits to voters next year. **His actions in both public and in private** — demanding health savings account reform out loud and both retreating from an extension as well as being unwilling to get involved in [negotiations](#) behind the scenes — **indicate a White House that is either no longer troubled by the political ramifications or believes the OBBBA and different [messaging](#) will save them.** Still, the Senate meeting and discharge petitions indicate that there's enough GOP support in Congress that **all it would take is for Trump to change his mind.** His reaction to a Senate framework that optimistically hopes to be released this week should tell us everything we need to know. **Democrats, meanwhile, have no reason to instigate another shutdown.** They have already broadly achieved what they wanted: to focus political attention on these credits, signal their support for them, and force the GOP to vote against them. Then as now, Democrats know that a shutdown will almost certainly not get them what they want. From their perspective, it's on the GOP to come meet them in the middle and not their job to bail them out; the extension is not a positively do-or-die priority for Democrats, and if one isn't ultimately passed, they think it's Republicans who suffer politically at the end of the day. The likely outcome of fiscal talks in January is another continuing resolution that will extend funding at current levels and kick the issue down the road a while longer.

## House

The House will reconvene at 12:00 p.m. and is expected to consider a bill that would require the Health and Human Services Department to update various policies regarding the evaluation and placement of unaccompanied migrant children and sponsors, a bill that would give the Federal Energy Regulatory Commission the authority to require electricity-generating facilities to continue operating to ensure reliable electricity, and a bill that would permit mining companies to claim multiple mill sites, regardless of if they contain mineral deposits, for operations ancillary to mining activities, including waste removal.

## Senate

The Senate will reconvene at 11:00 a.m. and will resume consideration of the FY26 National Defense Authorization Act. The chamber will recess from 1:00 p.m. to 2:15 p.m. for respective weekly caucus lunches.

## White House

President Trump will participate in an ambassador credentialing ceremony at 2:00 p.m. At 8:15 p.m., the president will participate in a Hanukkah reception.

## Antitrust and Consumer Protection

At 10:00 a.m., the Information Technology and Innovation Foundation will hold a virtual discussion titled "FTC v. Meta: The End of Antitrust Populism." [More information here.](#)

At 10:00 a.m., the House Judiciary Committee Subcommittee on Administrative State, Regulatory Reform, and Antitrust will hold a hearing titled "Anti-American Antitrust: How Foreign Governments Target U.S. Businesses." [More information here.](#)

## Defense

At 2:00 p.m., the House Transportation and Infrastructure Committee Subcommittee on the Coast Guard and Maritime Transportation will hold a hearing titled "Changes in Maritime Technology: Can the Coast Guard Keep Up?"

## Education

At 3:00 p.m., the Thomas B. Fordham Institute will hold a virtual discussion titled



"Reaching Their Full Potential: Patching the Leaky Pipeline for High-Achieving, Low-Income Students." [More information here](#). Expected participants include:

- Rep. David Taylor (R-OH)

## Energy, Environment, and Natural Resources

At 10:15 a.m., the House Natural Resources Committee Subcommittee on Energy and Mineral Resources will hold a hearing on multiple bills relating to geothermal energy. [More information here](#).

At 11:00 a.m., Securing America's Energy Future Center for Grid Security will hold a virtual discussion titled "Powering Prosperity: Transmission & America's Industrial Golden Age." [More information here](#).

At 1:00 p.m., the United States Energy Association will hold a virtual discussion titled "Michigan's Critical Mineral Potential." [More information here](#).

At 2:00 p.m., the Competitive Enterprise Institute will hold a virtual briefing titled "Free the Appliances! Turn out the lights on federal efficiency standards." [More information here](#). Expected participants include:

- Rep. Rick Allen (R-GA)
- Rep. Gary Palmer (R-AL)

## Financial Services

At 7:45 a.m., the Hill will hold an event titled "Modern Money: The Next Chapter in Banking, Regulation and Financial Trust." [More information here](#). Expected participants include:

- Rep. Bill Foster (D-IL)
- Rep. Dan Meuser (R-PA)

At 10:00 a.m., the House Financial Services Committee will hold a markup of multiple bills. [More information here](#).

At 10:00 a.m., the Federal Deposit Insurance Corporation will hold an open meeting. [More information here](#).

At 10:00 a.m., the Securities and Exchange Commission will host a roundtable to discuss Rule 611 of Regulation NMS and other associated rules and regulatory requirements. [More information here.](#)

At 1:00 p.m., the Institute for Critical Infrastructure Technology will hold a virtual discussion titled "State of the Cyber Insurance Market: Trends, Risks & the Impact of AI." [More information here.](#)

At 3:00 p.m., the Senate Banking, Housing, and Urban Affairs Committee Subcommittee on Financial Institutions and Consumer Protection will hold a hearing titled "Ensuring Fair Access to Banking: Policy Levers and Legislative Solutions." [More information here.](#)

## **Geopolitical**

At 10:00 a.m., the House Foreign Affairs Committee Subcommittee on Europe will hold a hearing titled "Hybrid Warfare in Europe Against U.S. Interests: Moscow and Beijing's Playbook." [More information here.](#)

At 10:15 a.m., the Brookings Institution will hold a virtual discussion titled "Assessing the impact of recent Western sanctions on Russia." [More information here.](#)

At 3:30 p.m., the Middle East Institute will hold a discussion titled "The Gulf Cooperation Council AI Stack: A Roadmap for Gulf Leadership in the Global Technology Race." [More information here.](#)

## **Immigration**

At 9:30 a.m., the Senate Judiciary Committee Border Security and Immigration Subcommittee and Crime and Counterterrorism Subcommittee will hold a joint hearing titled "Biden's Afghan Parolee Program - A Trojan Horse with Flawed Vetting and Deadly Consequences."

## **Tech-Media-Telecom**

At 9:00 a.m., SAP will begin its Public Sector Summit 2025, with the theme "Securing and Strengthening America's Digital Future." [More information here.](#)

At 9:00 a.m., the Washington Post Live will hold a discussion titled "Building America: Powering the AI Age." [More information here.](#)

## **Trade**



At 10:00 a.m., the Washington International Trade Association will hold a discussion titled "WTO Matters: The WTO in Today's Global Economy and a Path Forward." [More information here.](#)

## Transportation

At 10:00 a.m., the House Transportation and Infrastructure Committee Subcommittee on Aviation will hold a hearing titled "The State of American Aviation." [More information here.](#)

At 11:30 a.m., the Washington Space Business Roundtable will hold a discussion titled "the long-term future of space commerce." [More information here.](#)



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