

MORNING COLOR

June 30, 2026

Today's Driving Events

How to Lose a Guy Data Center for 180 Days: Governor Kathy Hochul (D-NY) is weighing an executive order banning data centers for six months in order to postpone the signature of a moratorium bill until after the election. [Read more here.](#)

The Road to a September CR: The odds of a continuing resolution (CR) are spiking as Congress lags badly on FY27 appropriations, and with the midterms looming, any CR will likely extend funding into late fall or early 2027 to let electoral results inform a final deal. In the meantime, keep an eye on the Trump administration for unilateral spending cuts via pocket rescissions beginning in August. [Read more here.](#)

Klomp and Circumstance: President Trump nominated Chris Klomp for deputy secretary of Health and Human Services, a move to rein in Secretary Robert F. Kennedy Jr. [Read more here.](#)

Hochul Tries to Dodge Data Center Moratorium: In April, Maine's legislature passed the first statewide moratorium on new data center construction in the country. Over a dozen other states have or are also considering statewide pauses. Later that month, Governor Janet Mills (D-ME) vetoed it, in the first of what may become a trend — **Democratic governors feeling the pressure to be tough on data centers without wanting to scare off development. Earlier this month, New York's legislature passed a moratorium of its own, lasting one-year for centers above a certain size, leaving Governor Kathy Hochul (D-NY) in a tough spot.** She has consistently been a moderating force against the legislature, prioritizing economic development over progressive ideals, and previously stated she thought restrictions on data centers should be left to local communities to determine for themselves. Missing the chance to catch the AI boom could mean being left out of tax dollars and jobs, though New York has only a small fraction of the nation's thousands of existing and planned data centers. Depending on who you ask, there are between [six](#) and [25](#) new centers proposed in the Empire State; all facilities with [data](#) on specific projected electricity usage would be above the statutory cutoff. If implemented, data centers would require a state permit. **Critically to the bill's success in a blue state, it includes concessions to unions, as**

labor has overwhelmingly favored avoiding restrictions and encouraging construction. Data centers alone now account for almost 30 percent of the value of all construction in the US, more than malls, hospitals, or [schools](#). Unions helped sink restrictions in Illinois, Pennsylvania, and Colorado this year. The New York proposal assuages these concerns by requiring data centers to pay prevailing wages and by instituting apprenticeship requirements. Centers would also need to procure 30 percent of their energy from renewable sources by 2030, and higher proportions in later years. **Although blunt, most of the country's anti-AI animus is being concentrated into easy-to-understand moratoria and bans.** Recent polling shows that most people who are opposed to data center construction do not actually live near [one](#). **In an election year, and one when Hochul is up for re-election, it may be difficult to resist the opposition to AI, Big Tech, and high electricity bills. A survey conducted last week finds that a plurality of New Yorkers think the one-year pause would be "good" for the state (46 percent) rather than "bad" (21 percent).** While more Democrats (53-16) support the measure than Republicans (40-27) or Independents (40-24), it's more favorable than not across the whole political spectrum, though a significant number of New Yorkers overall say the effects would be "in the middle" instead (17 percent) or were either unsure or didn't respond (16 percent). Support for a moratorium is similar across religions, regions of the state, and ages. In addition to union households and higher-income individuals, **support for the measure is especially higher among those who identify as liberal, signaling that addressing the issue is key to handling critiques coming from her left.** She may also be inclined to sign it out of fear that an alternative may be worse. The legislature originally proposed a three-year pause rather than a one-year pause, and the bill both exempts expansions of existing centers and grandfathers in existing proposals. The bill passed with a slim supermajority in both chambers, meaning a veto override could potentially succeed. **However, reporting indicates one escape route Hochul may take to get out of the situation.** Per Politico, **her office is considering an executive order that would implement a six-month moratorium on new facilities,** meet the legislature halfway, and **push the issue past the November elections, when Hochul faces re-election.** She has already directed the state Public Service Commission to create a new electricity rate class for data centers, as the bill would order. **The New York governor has until the end of the year to sign or veto the bill, meaning she could institute a six-month moratorium through executive action, wait for the election to pass, then veto the legislation, having somewhat addressed the issue.** **Down in Virginia, Governor Abigail Spanberger (D) has recently defused a data center political bomb of her own.** The Old Dominion is home to "Data Center Alley" and holds more data centers than any other state; it also ranks very highly in planned data center development. Though a Democratic trifecta controls the state, the state House wanted to end an existing tax break for data centers that now costs Virginia almost \$2 billion in foregone revenue annually. The state Senate and Spanberger, meanwhile, wanted to add restrictions to the tax exemption instead, saying that prematurely ending the incentive would be akin to a breach of contract and ruin trust with industry. Ahead of an imminent state shutdown (caused by failure to pass a budget), the legislature just passed a compromise

measure that imposes an energy consumption tax on data centers, capped at \$600 million per year. **Despite retaining the tax exemption, the Data Center Coalition trade group [said](#) the bill's passage meant Virginia “is no longer a reliable partner.”** Meanwhile, some state Republicans say the budget doesn't go far enough to protect households from rising utility bills. Even as these statewide laws attract more attention, the restrictions at the local level moving forward are arguably more important. **There have been more than 300 moratoria, bans, and zoning restrictions put in place around the country**, according to an analysis from The Information, more than 275 of which have been enacted this calendar year. Pauses have passed in cities like Denver, New Orleans, Oklahoma City, Seattle, and, as of last week, [Spokane](#) and [Dayton](#). **At the federal level, data center restrictions have been one step forward, one step back. The House Energy and Commerce Committee Subcommittee on Energy advanced a bipartisan bill to codify Big Tech companies' Ratepayer Protection Pledge into law last Wednesday** by voice vote. It has the support of the committee and subcommittee GOP leadership. It would probably pass overwhelmingly in Congress if held to a vote. **But it may not be enough for AI skeptics, who insist on going further.** The ranking committee member, Rep. Frank Pallone (D-NJ), recently became one of the highest-ranking congressional Democrats to come out in favor of a national moratorium. Rep. Alexandria Ocasio-Cortez (D-NY) simultaneously introduced the House companion bill to the Senator Bernie Sanders-backed (I-VT) AI Data Center Moratorium [Act](#); other proposed restrictions include the Power for the People [Act](#). **It's possible opposition from progressives and some populist Republicans could potentially scuttle even limited reforms in Congress.**

FY27 Spending Headed Toward a Continuing Resolution: With the August recess looming and the September 30th government funding deadline fast approaching, lawmakers are nowhere near on pace to complete consideration of the FY27 appropriations bills in time. This week, the House [plans](#) to vote on the National Security and Department of State appropriations bill, only the [third](#) FY27 spending bill to reach the House floor this year. With members headed home for the July 4th recess, the remaining nine appropriations bills will have to wait until at least mid-July. While the House could complete consideration of its remaining FY27 spending bills when members return — all 12 bills advanced out of the Appropriations Committee, making them hypothetically ready for floor action — the chamber is only scheduled to be in session for two weeks between July 4th and the House's August break, giving House leadership little time to ready the measures for the floor. Historically, a number of the more controversial bills have lacked the necessary GOP support to even reach the House floor despite the party's majority. **Even if the House manages to advance all 12 of its FY27 spending bills before September 30th, which we doubt, it would be of little significance given that the Senate is even further behind the House. So far, the Senate Appropriations Committee hasn't marked up a single FY27 appropriations bill this year, and there are no immediate plans to change that due to an ongoing [dispute](#) between the Democratic and GOP appropriators over topline spending levels.**

Senate Appropriations Committee Ranking Member Patty Murray (D-WA), with the backing of Senate Majority Leader Chuck Schumer (D-NY), is refusing to support FY27 spending bill markups until Senate Appropriations Committee Chair Susan Collins (R-ME) agrees to a topline spending level that brings the nondefense spending total closer to the White House's historic \$1.15 trillion baseline defense request. For her part, Collins wants to move forward with the markup of individual appropriations bills, leaving topline negotiations for later in the process. **The impasse shows no signs of abating anytime soon, with Collins aiming to move forward with potentially partisan markups, though her initial plan was [delayed](#) due to attendance issues on the GOP side of the committee. With Congress nowhere near completing consideration of the FY27 spending bills, our base case is that lawmakers will pass a continuing resolution (CR) extending current funding levels beyond September 30th early this fall. Because the odds of Democrats flipping at least the House in November are high, any CR is likely to punt the funding deadline into the late fall, giving lawmakers a chance to factor the electoral results into the spending fight.** Assuming they secure a majority, House Democrats will be incentivized to drag on the spending fight, using their newfound control of the lower chamber as leverage to secure a spending deal that more closely aligns with their priorities. **[Politico reports](#) that some lawmakers fear the current spending impasse will result in a government shutdown this September, but we are skeptical because the incentive structure isn't there for either party.** Shutting down the government over the topline nondefense spending level isn't a compelling argument for Democrats who are already in a good electoral position, while the GOP doesn't want to make its congressional majorities appear dysfunctional a month before voters head to the polls. **Ultimately, we expect that lawmakers will pass approximately \$1.15 trillion for defense and some increase in nondefense spending over FY26.** Two Democrats joined with Republicans on the House Armed Services Committee to defeat a proposal to trim the National Defense Authorization Act topline below \$1.15 trillion, indicating that there's some Democratic support for this figure. But for Democrats to agree to a deal, the price will likely be a somewhat commensurate increase to nondefense spending as well. **While lawmakers are likely to simply extend existing funding levels this fall, it's worth keeping an eye on whether the Trump administration takes any unilateral steps to cut nondefense spending this summer. The window for the administration to cut spending with a so-called "pocket rescission" — through which the White House submits a rescission request to Congress within 45 days of the end of the fiscal year and then simply withholds the funds beyond September 30th, allowing them to expire — will open in August.** During a Senate Budget Committee [hearing](#) earlier this month, Hal Duncan, President Trump's nominee to serve as the deputy director of the Office of Management and Budget (OMB), wouldn't rule out future pocket rescissions. "Pocket rescissions have been executed by previous administrations, notably the Ford administration," Duncan said. "I can't commit to any of the fiscal tools the administration may or may not use in the future." **OMB Director Russ Vought, an outspoken advocate of the president having unilateral authority to reject or reduce congressionally-approved**

spending, will [testify](#) this morning before a House Appropriations Committee subcommittee.

Klomp Ascendant at HHS: President Trump nominated Chris Klomp to serve as deputy secretary of Health and Human Services (HHS) late last week. **Klomp's elevation can be seen as a move to further rein in Secretary Robert F. Kennedy Jr. by putting a White House ally in a top role.** Klomp, who originally was director of Medicare, became chief counselor of HHS in February. Around the time he assumed that role, The Washington Post [reported](#) that Klomp enjoyed a good relationship with Trump after playing a leading role in drug price negotiations and that White House Chief of Staff Susie Wiles wanted him to play a stabilizing role at HHS. In a Truth Social post announcing last week's nomination, the president [lauded](#) Klomp as a "Strong and Inspiring Leader and a Highly Successful Entrepreneur" and noted that "Everywhere Chris goes, he earns TRUST." If confirmed by the Senate, Klomp will formally succeed former Deputy HHS Secretary Jim O'Neill, who departed the department the same month Klomp took on his bigger role. The Trump administration evidently views Kennedy's MAHA movement as a political asset in some respects. The HHS secretary [has recently brought](#) his "Take Back Your Health" tour to battleground congressional districts. The tour has focused on more popular elements of his MAHA agenda, such as outdoor recreation and drinking whole milk. His vaccine skepticism, on the other hand, risks being more of a political deadweight. Republican pollster Fabrizio Ward [reportedly found](#) broad voter support for vaccines in polling last year. CNN [reported](#) that Klomp led searches for the vacant Centers for Disease Control and Prevention (CDC) director and surgeon general roles. Trump's nominees for those top jobs, former Deputy Surgeon General Erika Schwartz and radiologist and Fox Business contributor Nicole Saphier, respectively, are seen as more mainstream and more pro-vaccine than some of the other top health appointees of his second term. **Major permanent vacancies remain at HHS, most notably commissioner of the Food and Drug Administration, as well as director positions of some of the National Institutes of Health, and Klomp is likely to be instrumental in filling them. A bigger role for Klomp at HHS could limit RFK Jr.'s latitude, but the secretary likely isn't done with his vaccine agenda.** The New York Times [reported](#) last month that he was pushing a major inquiry into vaccine safety and Trump recently [signed](#) an executive order on reviewing the childhood vaccine schedule, a sign that Kennedy's vaccine views still hold some sway in the Oval Office. Last week, the CDC posted a new charter for the Advisory Committee on Immunization Practices on its website. The new document [widened](#) the criteria for membership and reconfigured its mandate, which could allow Kennedy to handpick members to advance his views of vaccines. The panel, which Kennedy filled with his own appointees, faced a setback in court earlier this year. **Klomp appears likely to be confirmed.** In a post on X, Senate Health, Education, Labor, and Pensions Committee Chair Bill Cassidy (R-LA) [congratulated](#) Klomp and described his nomination as "an encouraging pick." Cassidy has sparred with Trump and RFK Jr. and his support is a boon for Klomp's chances.

House

The House will reconvene at 10:00 a.m. and will consider a War Powers Act resolution directing the president to remove US armed forces from hostilities in Lebanon and the Removing Barriers to Work for Disabled Americans Act. The chamber will also begin consideration of the FY27 National Defense Authorization Act.

Senate

The Senate is not in session this week.

White House

President Trump will participate in executive time at 8:00 a.m. At 3:30 p.m., the president will participate in a policy meeting. At 5:00 p.m., Trump will participate in a print interview. At 7:00 p.m., he will participate in a Rose Garden Club dinner.

Macroeconomic

At 10:40 a.m., Cleveland Federal Reserve Bank President Beth Hammack will participate in a CNBC interview.

Budget

At 10:00 a.m., the House Appropriations Committee Subcommittee on Financial Services and General Government will hold a hearing titled "Oversight Hearing-Office of Management and Budget." [More information here](#). Expected participants include:

- Russell Vought, director, Office of Management and Budget

Defense

At 10:00 a.m., the House Transportation and Infrastructure Committee Subcommittee on Coast Guard and Maritime Transportation will hold a hearing titled "Taking Account:

Implementation of the Coast Guard Authorization Act of 2025, Reconciliation, and Force Design 2028." [More information here.](#)

At 2:00 p.m., the House Homeland Security Committee Subcommittee on Border Security and Enforcement and Subcommittee on Counterterrorism and Intelligence will hold a joint hearing titled "Northern Exposure: Assessing the Evolving Threat Landscape at America's Northern Border." [More information here.](#)

Education

At 10:15 a.m., the House Education and Workforce Committee Subcommittee on Early Childhood, Elementary, and Secondary Education will hold a hearing titled "Field of Fees: Private Equity's Role in the Commercialization of American Youth Sports." [More information here.](#)

Financial Services

At 10:00 a.m., the House Financial Services Committee will hold a markup of several bills on consumer credit reporting protections and securities regulations including the Credit Access and Inclusion Act of 2025, the Protecting Investors' Personally Identifiable Information Act, and the SEC (Securities and Exchange Commission) Reform and Restructuring Act. [More information here.](#)

At 12:00 p.m., Securities and Exchange Commission Chairman Paul Atkins will participate in a fireside chat at the Economic Club of New York. [More information here.](#)

Geopolitical

At 8:30 a.m., the Center for Strategic and International Studies will hold its 2026 Global Security Forum, with the theme "America at 250: A Defining Moment for American Statecraft and Military Power." [More information here.](#)

At 9:30 p.m., the House Foreign Affairs Committee will hold a markup of several bills including BOOST American Business Act. [More information here.](#)

At 1:00 p.m., Foreign Policy will hold a virtual discussion titled "Is Cuba Next?" [More information here.](#)

Healthcare

At 11:00 a.m., the Bipartisan Policy Center will hold a virtual discussion titled "Rural Health Transformation: Insights from States." [More information here.](#)

Immigration

At 2:00 p.m., the House Judiciary Committee Subcommittee on Immigration Integrity, Security, and Enforcement will hold a hearing titled "Sanctuary Policies: Victims' Perspectives." [More information here.](#)

At 2:00 p.m., the House Oversight and Government Reform Committee Subcommittee on Federal Law Enforcement will hold a hearing titled "Roundtable - Catch and Release, Lose and Forget: Addressing the Crisis of Unaccompanied Alien Children - Part II." [More information here.](#)

Tax

At 10:00 a.m., the House Ways and Means Committee will hold a hearing titled "The Growing Business of Sports: Reviewing Federal Tax Policy in the Multibillion-Dollar Industry." [More information here.](#)

Tech-Media-Telecom

At 8:00 a.m., Amazon Web Services will begin its AWS Summit focusing on "the latest in cloud innovation." [More information here.](#)

At 7:40 a.m., Reuters will hold its virtual NEXT Newsmaker discussion focusing on "how AI is driving a shift toward more automated systems and raising new questions about risk, resilience and decision-making." [More information here.](#)

At 10:00 a.m., the House Judiciary Committee Subcommittee on Courts, Intellectual Property, Artificial Intelligence, and the Internet will hold a hearing titled "A Midlife Crisis? IP and the Internet After 40." [More information here.](#)

At 10:00 a.m., the House Energy and Commerce Committee Subcommittee on Communications and Technology will hold a hearing titled "Oversight of the National Telecommunications and Information Administration (NTIA)." [More information here.](#)
Expected participants include:

- Arielle Roth, administrator, NTIA

At 11:30 a.m., the Washington Space Business Roundtable will hold a discussion titled "When Launch Stops: Is The Space Economy Built for Disruption?" [More information here.](#)

At 12:00 p.m., the Information Technology and Innovation Foundation will hold a virtual discussion titled "The New Push for a National Data Privacy Standard." [More information here.](#)

At 1:00 p.m., the Federal Communications Bar Association will hold a virtual event titled "Federal Spectrum Reallocation: Mastering the Process."

At 2:00 p.m., New America will hold a virtual discussion titled "The Global Spectrum Fight That Could Define US Satellite Leadership." [More information here.](#)

At 2:00 p.m., the House Energy and Commerce Committee Subcommittee on Commerce, Manufacturing, and Trade will hold a hearing titled "American Global Competitiveness at 250: Legislative Proposals to Secure US Technology Leadership." [More information here.](#)

At 6:30 p.m., the Washington Informer will hold a discussion titled "Waymo in the District: A Safe and Accessible Future." [More information here.](#)



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