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Washington's 2026 Playbook: Affordability, Elections, and Major Policy Moves

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Key Takeaways:

1. "Affordability" Becomes the Central Political Theme Both parties are positioning around affordability solutions as midterm elections approach, with this narrative driving policy debates from tariffs to healthcare subsidies.
2. Critical Legislative Deadlines Loom Congress has just three weeks to pass government funding bills, while major bipartisan initiatives on crypto, housing, and permitting reform face new election-year pressures.
3. Supreme Court Decisions Could Reshape Policy Expected rulings on Trump's tariff authority, birthright citizenship, and campaign finance laws will significantly impact both policy implementation and election dynamics.

Learn to love the word "affordability." It will be foremost in political conversations for 2026.

Congressional Democrats will be expounding on their affordability narrative and proposing solutions. Republicans will be pointing to how the 2025 One Big Beautiful Bill (OB BB) is bringing about solutions already. And it is part of President Trump's script, as he makes efforts on the theme such as tariff adjustments (like the recently delayed tariff increases on upholstered furniture, kitchen cabinets and vanities) and executive actions (e.g., the announcement of \$12 billion in "bridge payments" to farmers awaiting a U.S.-China trade deal). The expected date for the 2026 State of the Union, according to Speaker Mike Johnson, is Feb. 24.

Establishing the narrative matters in 2026 because it is a midterm election year and the party out of the White House typically makes gains. The first primaries will begin March 3rd.

Congress returned last week and started their year dealing with Venezuela and funding the government.

Only three weeks remain for Congress to pass the funding bills for the parts of the federal government that only received short-term money in the deal that ended the shutdown last November. Although another remains unlikely—the consensus is that the shutdown did nobody any real good, and significant progress is being made—there are still plenty of stumbling blocks and contrary ideologies at play. (Initial progress last week was

disrupted in the House by objections to earmarks to Minnesota non-profits, for instance, and the Minneapolis ICE shooting has threatened the passage of a Homeland Security bill.)

The Senate (slightly unexpectedly) voted last week to consider a War Powers Act resolution limiting military action in Venezuela. Senators will spend time on it this week, including an anticipated stack of amendments. Regardless of the outcome, there will undoubtedly be future congressional action on Venezuela, including oversight and efforts at sanctions, trade, and international development.

Along with affordability, some issues should remain prevalent all year long:

- America's 250th birthday will be forefront in many public events, such as when Team USA competes in the winter Olympics in February, in the World Cup (with many games in the U.S.) in June, and during the "Fourth of July Ball Drop" in Time's Square at midnight on July 3, 2026.
- The debate over whether Congressional Republicans should or could move another Reconciliation bill (a process that allows avoiding the Senate filibuster and was used for the 2025 OBBB) is ongoing. Some moderates don't want another massive package likely filled with partisan efforts; others feel they must use the chance before the mid-terms threaten their lock on control. The anticipated need for an OBBB technical corrections or implementation "fix" is tied into this as well.
- Of a similar vein, efforts to end the filibuster entirely will continue despite the apparent support for it among the majority of the current Majority.
- Supreme Court rulings are expected on President Trump's tariff regime (a ruling against the President conceivably means refunding the more than \$100 billion in collected tariffs), birthright citizenship executive order, and whether he has the authority to fire leaders of independent government agencies. The Court is also considering PAC coordination laws, which could effectively end donation limits.
- On healthcare, the government shutdown ended two months ago, but efforts for and against extension of the Covid-era enhanced Obamacare subsidies remain ongoing, and reverberations from the outcome will play a big part in the mid-terms.

Several large issues were active on the Hill at the end of last year and will continue in 2026:

1. Legislation setting laws and oversight for cryptocurrencies are ongoing with bipartisan "Market Structure" negotiations. Senate negotiators under Banking Chairman Tim Scott (R-S.C.) were unable to finalize draft text before the holidays, but the desire on both sides is real. Upon return this month, Chair Scott announced that the Senate Banking Committee would hold a meeting and vote on January 15 on its version of the crypto market structure bill. Senate Agriculture Chair John Boozman (R-Ark.) and Sen. Cory Booker (D-N.J.), who are responsible for aspects of cryptocurrency

under the Commodity Futures Trading Commission, continue filling in the unfinished sections of their November draft legislation as well and intend to hold a meeting and vote later in January.

2. The bipartisan Senate “ROAD to Housing” bill was not included in an end of year package last month--but promises were made for Floor time in early 2026. This, along with passage by the House Committee on Financial Services of its smaller in scope, but equally bipartisan, “Housing for the 21st Century Act,” means there is a focus on Housing issues across the Hill. Both bills attempt to increase access to affordable housing by increasing supply and addressing federal regulatory roadblocks.
3. Permitting reform remains popular but has become more political. Ongoing talks have suffered from President Trump's cancellation of offshore wind projects, as Senate Democrats have stopped negotiation on their potential response to the House passed SPEED Act in protest. This issue is also being complicated by some Republicans who want to use their current control to achieve stronger partisan results. Nevertheless, the ongoing push for affordability as well as energy needs of the AI boom will eventually generate more Congressional effort. A likely vehicle for passage of this endeavor could be the highway reauthorization (see below #7).
4. Also still in the development phases are possible federal guardrails to AI. President Trump issued an executive order in December 2025 to demand states do not pass their own laws, but there is interest and pressure at the federal levels and action is anticipated.
5. The trade dispute between the U.S. and China, especially regarding rare earths, is in more of a truce than a peace deal. An agreement finalizing details of rare earth exports was expected last November. Disturbances could cause this to flare up again.
6. Jerome Powell's term as Fed Chair officially ends in May and Trump is expected to announce his pick well in advance. The recent announcement that the Department of Justice is investigating Powell regarding renovations of the Fed's headquarters in Washington will ensure that the final months of his term are contentious.
7. The current Surface Transportation Reauthorization (the “highway bill”) expires on September 30, 2026. Congress has not been exceptionally prompt at meeting reauthorization deadlines, but the next bill will be the primary focus of transportation policy in 2026. Anticipate permitting reform, spending limits, and traditional versus green infrastructure priorities to dominate discussions.

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