

---

## Lame Duck: What needs to get done vs. what actually will get done

Congress returned to Washington from the campaign trail only to be confronted by the mountain of work they left behind. Congressional leadership elections, a December 11 funding deadline to avoid a government shutdown, on-again/off-again COVID-19 stimulus negotiations, and formally beginning and ending a conference on the National Defense Authorization Act (NDAA). And those are just the “big ticket” items that need to be addressed before Congress adjourns for the December holidays.

Always in the mix at the end of the year are a hodgepodge of bipartisan supported tax extenders. Business groups are focused on reducing uncertainty, so there could be action on the 30-some extenders in the lame duck. And if a tax extender package fails to come to fruition (not the first time), look to Congress to retroactively address expiring alcohol, excise, airline, clean energy and other miscellaneous provisions early in the 117th Congress.

So what are the dynamics at play over the next couple of months, and how will they drive outcomes? Let’s take a look.

### Leadership Elections



Among the first orders of business for the returning Congress is electing leaders for the coming Congress. While the recent election changed who will occupy the White House come January 20, it did not alter who will lead the House and Senate, remembering of course that the two Georgia Senate runoffs will determine who ultimately controls the upper chamber. Current Majority Leader Mitch McConnell (R-Kentucky) was unanimously approved to remain the Republican Senate leader, and Democrats have re-elected current Minority Leader Chuck Schumer (D-New York) for the 117th Congress.

In the House, Speaker Nancy Pelosi (D-California) was approved to keep her gavel, despite the already public infighting between progressive and moderate Democrats, and Rep. Kevin McCarthy (R-California) was re-elected to return as Republican leader. With the same people occupying the same positions, one might expect the same outcome: gridlock. But because of the outcome of the presidential election, the incentives to finish up this year’s business have been altered, and President-elect Biden will be pushing for Congress to clear the decks next session.

### Government Funding



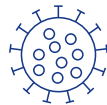
Before the election, Congress passed a continuing resolution to keep the government running until December 11. Now that they’ve returned, providing funding through the end of the 2021 fiscal year is the first order of business.

The House passed 10 of the 12 annual appropriations bills last summer in two so-called “mini-bus” packages. The Senate has taken no action on appropriations bills this year except to release committee drafts of each bill as a starting point for discussions. Senate Appropriations Chairman Richard Shelby (R-Alabama) has indicated his interest in pursuing an omnibus bill wrapping all 12 into one big package – a sentiment echoed by Speaker Pelosi and House Majority Leader Steny Hoyer (D-Maryland). The incentive for Republicans is to get the bills enacted while President Trump is still in the White House in order to keep funding levels lower and maintain policy riders that Republicans support. Meanwhile, Democrats are keen to clear the decks of 2020 business so that an incoming Biden administration, already burdened by a raging pandemic and a faltering economy, can avoid a potential government shutdown in the early days of the new presidency.

So, is there a deal? Not so fast. Both chambers need to agree on funding levels for each bill, the so-called 302(b) levels. Ordinarily, these are established by a budget resolution adopted earlier in the year, but that did not happen. Predictably, the two chambers are far apart on both topline numbers and programmatic priorities.

There are also policy riders that are diametrically opposed. For instance, there will be a fight over funding of Planned Parenthood as well as the “Mexico City policy” that bans foreign assistance to organizations that provide abortion services. There is also disagreement over further funding for President Trump’s border wall. The big question is whether the Democrats continue to press for additional COVID-19 funding through the appropriations process. The effort by Democrats to attach COVID-19 language to various appropriations bills earlier in the year is among the reasons that the previous bipartisan agreement to prevent new policy riders has caused the process in the Senate to break down. If a big spending bill does come together, look for Senate Energy and Natural Resources Chairwoman Lisa Murkowski (R-Alaska) to work tirelessly to add her American Energy Innovation Act (AEIA) as a rider.

## COVID-19 Relief



A deal on a new round of relief to deal with COVID-19 could alleviate some of the problems facing the appropriators, but the recent election did not really alter the contours of the disagreement that prevented passing a relief bill before the election. Leader McConnell has said that a new round of relief is necessary but has again rejected the level of spending that Democrats have proposed. Democrats still want a multi-trillion dollar package that includes more funding for both state and local governments and wide-scale testing. Republicans want to spend far less, are opposed to additional funds for state and local governments and want to include liability protections for businesses and universities. Democrats oppose broad liability provisions. As Senator Roy Blunt (R-Missouri) observed, “I think both sides are saying they want one, but both sides are saying they want the one *they want* (emphasis added).” The prognosis here is not promising.

## National Defense Authorization Act (NDAA)



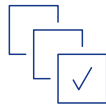
Every year for the last 59 years, the NDAA has been signed into law and the leaders of the House and Senate Armed Services Committees are loath to break the streak. While there are generally funding and policy differences between the two chambers, this year features an especially high-profile provision that has drawn a veto threat from President Trump.

Both the House and Senate passed language that would require the Department of Defense to change the names for military installations that were named for Confederate military leaders. However, Senate Armed Services Committee Chairman Jim Inhofe (R-Oklahoma) has sided with President Trump and said the final bill would not contain the provision. House and Senate Democrats have insisted that it remain in the bill, citing that both chambers passed similar provisions, although the Senate adopted it by voice vote; whether there is an

actual majority in the Senate supporting the provision is an open question. An interesting dynamic here is the two runoff elections in Georgia, where this issue could potentially drive voter turnout on both sides. One of the bases in question, Fort Benning, straddles the Georgia-Alabama border. Senator Kelly Loeffler (R-Georgia) has come out publicly against the provision, while Senator David Perdue (R-Georgia) has yet to take a public position.

The NDAA is also expected to carry a number of “anti-China” provisions. For instance, the Senate bill contains language prohibiting all federal agencies from purchasing or leasing telecommunications equipment from either Huawei or ZTE. The House included an amendment offered by Rep. Brad Sherman (D-California) that would require Chinese companies to be barred from being listed on US stock exchanges if the Public Company Accountability Oversight Board (PCAOB) has been unable to inspect the companies’ audit work papers for three consecutive years. The telecommunications amendment seems likely to be carried in the final bill. However, the de-listing bill will not be a part of NDAA. Instead, it has been scheduled for a separate vote on the House Floor this week. It is expected to pass overwhelmingly.

## What Gets Done



Look for the NDAA to be passed before Congress adjourns since both chambers passed their versions with veto-proof margins. The question remains, will the president follow through on his veto threat, and will there be time to consider a veto override before Congress adjourns for the holidays. An omnibus is possible if COVID-19-related legislation is dealt with elsewhere.

Otherwise, look for Congress to kick this can into next year with tax extenders hitching a ride. COVID-19 stimulus is where both sides seem furthest apart. While Speaker Pelosi and Majority Leader McConnell both have some incentive to get it done, the actual path to passage remains unclear.

# Invesco US Government Affairs



**Andy Blocker**  
Head of US  
Government Affairs

**Andy Blocker** serves as Head of US Government Affairs for Invesco. In this role, he drives Invesco's legislative and regulatory advocacy initiatives with policymakers, engages with clients and opinion leaders on public policy developments, and seeks to maximize the company's political footprint. Previously, Mr. Blocker served as executive vice president of public policy and advocacy for the Securities Industry & Financial Markets Association, where he led a team engaging lawmakers on international, federal, and state issues impacting the financial services industry. Mr. Blocker spent five years as managing director for the US Office of Public Policy for UBS. He also served as vice president of government relations for the New York Stock Exchange, as managing director of government and international affairs for American Airlines, and for the White House as special assistant to the president for legislative affairs.

## Important Information

This document is for Qualified Investors in Switzerland, Professional Clients only in Dubai, Continental Europe (as defined below), Jersey, Guernsey, the Isle of Man, Ireland and the UK; for Institutional Investors only in the United States and Australia; in New Zealand for wholesale investors (as defined in the Financial Markets Conduct Act); for Professional Investors in Hong Kong; for Qualified Institutional Investors in Japan; in Taiwan for Qualified Institutions/Sophisticated Investors; in Singapore for Institutional Investors; for Qualified Institutional Investors and/or certain specific institutional investors in Thailand; in Canada, this document is restricted to Accredited Investors as defined under National Instrument 45-106. It is not intended for and should not be distributed to or relied upon by the public or retail investors. Please do not redistribute this document.

For the distribution of this document, Continental Europe is defined as Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Romania, Slovakia, Spain and Sweden.

This overview contains general information only and does not take into account individual objectives, taxation position or financial needs. Nor does this constitute a recommendation of the suitability of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions. It is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy to any person in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it would be unlawful to market such an offer or solicitation. It does not form part of any prospectus.

As with all investments, there are associated inherent risks. Please obtain and review all financial material carefully before investing. Asset management services are provided by Invesco in accordance with appropriate local legislation and regulations. All information is sourced from Invesco, unless otherwise stated. All data as of November 24, 2020, unless otherwise stated. All data is USD, unless otherwise stated.

By accepting this document, you consent to communicate with us in English, unless you inform us otherwise.



**Jennifer Flitton**  
Vice President of Federal  
Government Affairs

**Jennifer Flitton** is Vice President of Federal Government Affairs with the US Government Affairs team, where she advocates on behalf of Invesco's policy initiatives with policymakers and regulators and ensures the firm is an influential part of the Washington conversation. Ms. Flitton joined Invesco from the Securities Industry and Financial Markets Association, where she led lobbying initiatives on behalf of the asset management and broker dealer industries. She spent 16 years on Capitol Hill, last serving as the deputy chief of staff and legislative director for Congressman Patrick McHenry, and as Congressman McHenry's designee to the House Financial Services Committee's Oversight and Investigations Subcommittee.



**Cogent Strategies** is a bipartisan team of top-ranked government relations and strategic communications professionals committed to one goal: Leveraging their unique talents, energy and experience to advance client agendas. Led by a veteran political strategist, Founder and CEO Kimberley Fritts, the Cogent team has deep experience crafting and executing fully integrated, custom, and data-driven initiatives. Cogent Strategies marries policy substance with incisive storytelling - leveraging government expertise, public relations smarts, and digital savvy to deliver results for clients. Invesco is not affiliated with Cogent Strategies.

## RESTRICTIONS ON DISTRIBUTION

### Australia

This document has been prepared only for those persons to whom Invesco has provided it. It should not be relied upon by anyone else. Information contained in this document may not have been prepared or tailored for an Australian audience and does not constitute an offer of a financial product in Australia. You may only reproduce, circulate and use this document (or any part of it) with the consent of Invesco.

The information in this document has been prepared without taking into account any investor's investment objectives, financial situation or particular needs. Before acting on the information the investor should consider its appropriateness having regard to their investment objectives, financial situation and needs.

You should note that this information:

- + may contain references to dollar amounts which are not Australian dollars;
- + may contain financial information which is not prepared in accordance with Australian law or practices;
- + may not address risks associated with investment in foreign currency denominated investments; and
- + does not address Australian tax issues.

Issued in **Australia** by Invesco Australia Limited (ABN 48 001 693 232), Level 26, 333 Collins Street, Melbourne, Victoria, 3000, Australia which holds an Australian Financial Services Licence number 239916.

### Canada

This document is restricted to accredited investors as defined under National Instrument 45-106. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment making decision. As with all investments there are associated inherent risks. Please obtain and review all financial material carefully before investing.

Issued in **Canada** by Invesco Canada Ltd., 5140 Yonge Street, Suite 800, Toronto, Ontario, M2N 6X7.

### Continental Europe, Dubai, Ireland, the Isle of Man, Jersey and Guernsey and the UK

The document is intended only for Qualified Investors in Switzerland and Professional Clients in Continental Europe, Dubai, Ireland, the Isle of Man, Jersey, Guernsey, and the UK and is not for consumer use. Marketing materials may only be distributed without public solicitation and in compliance with any private placement rules or equivalent set forth in the laws, rules and regulations of the jurisdiction concerned. This document is not intended to provide specific investment advice including, without limitation, investment, financial, legal, accounting or tax advice, or to make any recommendations about the suitability of any product for the circumstances of any particular investor. You should take appropriate advice as to any securities, taxation or other legislation affecting you personally prior to investment. No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without Invesco's prior written consent.

Further information is available using the contact details shown:

- Issued in **Belgium, Denmark, Finland, France, Greece, Italy, Sweden, Spain, Netherlands, Luxembourg, Norway** and **Portugal** by Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg.
- Issued in **Austria** and **Germany** by Invesco Asset Management Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany.
- Issued in **Switzerland** and **Liechtenstein** by Invesco Asset Management (Schweiz) AG, Talacker 34, 8001 Zurich, Switzerland.
- Issued in **Dubai** by Invesco Asset Management Limited, PO Box 506599, DIFC Precinct Building No 4, Level 3, Office 305, Dubai, UAE. Regulated by the Dubai Financial Services Authority.
- Issued in the **United Kingdom, Ireland, Jersey, Guernsey and the Isle of Man** by Invesco Asset Management Limited which is authorised and regulated by the Financial Conduct Authority. Invesco Asset Management Ltd, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, RG9 1HH, UK.

### Hong Kong

This document is provided to professional investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules) only. It is not intended for and should not be distributed to or relied upon by the members of public or the retail investors.

Issued in **Hong Kong** by Invesco Hong Kong Limited 景順投資管理有限公司, 41/F, Champion Tower, Three Garden Road, Central, Hong Kong.

### Japan

This document is only intended for use with Qualified Institutional Investors in Japan. It is not intended for and should not be distributed to or relied upon by members of the public or retail investors.

Issued in **Japan** by Invesco Asset Management (Japan) Limited, Roppongi Hills Mori Tower 14F, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6114; Registration Number: The Director-General of Kanto Local Finance Bureau (Kin-sho) 306; Member of the Investment Trusts Association, Japan and the Japan Investment Advisers Association, and/or 2) Invesco Global Real Estate Asia Pacific, Inc., Roppongi Hills Mori Tower 14F, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6114; Registration Number: The Director-General of Kanto Local Finance Bureau (Kin-sho) 583; Member of the Investment Trusts Association, Japan and Type II Financial Instruments Firms Association.

### New Zealand

This document is issued in **New Zealand** only to wholesale investors (as defined in the Financial Markets Conduct Act). This document has been prepared only for those persons to whom it has been provided by Invesco. Information contained in this document may not have been prepared or tailored for a New Zealand audience.

This document does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for, an opinion or guidance on interests to members of the public in New Zealand. Any requests for information from persons who are members of the public in New Zealand will not be accepted.

Issued in New Zealand by Invesco Australia Limited (ABN 48 001 693 232), Level 26, 333 Collins Street, Melbourne, Victoria, 3000, Australia, which holds an Australian Financial Services Licence number 239916.

### Singapore

This document may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the Securities and Futures Act (the "SFA"), (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This document is for the sole use of the recipient on an institutional offer basis and/ or accredited investors and cannot be distributed within Singapore by way of a public offer, public advertisement or in any other means of public marketing.

- Issued in **Singapore** by Invesco Asset Management Singapore Ltd, 9 Raffles Place, #18-01 Republic Plaza, Singapore 048619.

### Taiwan

This material is distributed to you in your capacity as Qualified Institutions/Sophisticated Investors. It is not intended for and should not be distributed to or relied upon by members of the public or retail investors.

Issued in **Taiwan** by Invesco Taiwan Limited, 22F, No.1, Songzhi Road, Taipei 11047, Taiwan (0800-045-066). Invesco Taiwan Limited is operated and managed independently.

### United States

Issued in the **US** by Invesco Advisers, Inc., Two Peachtree Pointe, 1555 Peachtree Street, N.E., Suite 1800, Atlanta, GA 30309.

The opinions expressed are those of Andy Blocker and Jennifer Flitton as of November 24, 2020, and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.