

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** POLITICO Pro Energy  
**Sent:** Fri 11/10/2017 10:43:38 AM  
**Subject:** Morning Energy, presented by ExxonMobil: Top energy highlights in Senate's tax overhaul — Hawks arrive in Bonn to reassure uneasy world of U.S. climate action — Perry headlining Texas event for Pro-Trump group

By Anthony Adragna | 11/10/2017 05:41 AM EDT

*With help from Eric Wolff, Alex Guillén, Adam Behsudi, Esther Whieldon and Ben Lefebvre*

**AT LAST MY TAX IS COMPLETE AGAIN!** Senate tax writers waited until 9 p.m. Thursday to roll out their [tax bill](#), and here's what jumped out to ME's bleary-eyes:

— **The big stuff everyone gets:** The Senate bill, like the House bill, cuts the corporate tax rate to 20 percent, something pretty much all the energy companies will like. And the bill provides a temporary ability to use 100 percent expensing of capital, a boon to capital-intensive energy industries like oil, natural gas, coal mining, and even renewables, though solar companies have an interaction between the Investment Tax Credit and expensing that may cause unpleasant side-effects.

— **Oil gets a change to treatment of foreign income:** ME noticed that oil comes up several times in the tax bill, but the one that jumped out was the oil industry got a \$4 billion boost from a change to the treatment of refining and pipeline operations overseas in the Senate bill, the same as it got in the House bill. An industry source told ME earlier in the week that the change actually has little impact on bottom lines, since it mostly changes in what tax year foreign subsidiaries transfer money up to parent companies. The source was baffled as to why the Joint Committee on Taxation gave it a score in the House version, and will no doubt still be baffled at the score in the Senate version.

— **Utilities keep their exception to the interest deduction changes.** The Senate bill cuts the amount of interest businesses can deduct, but utilities, who favor the provision much more than 100 percent expensing, get a carveout.

— **No home for the orphans:** Senate tax writers opted not to deal with a slew of expired energy tax credits that found homes in the House bill. Nothing for fuel cells, small wind, microturbines, or even the nuclear tax credit extension. And there appeared to be nothing related to a carbon capture and sequestration credit [pushed](#) by a bipartisan group.

— **Then again, windies can becalmed:** The senators also did not include the changes the House made to Production Tax Credit. Iowa Sen. [Chuck Grassley](#) has said the House bill didn't need to make its changes, since the PTC was already going to phase out under a 2015 agreement. "The Senate tax reform bill keeps a promise to America's more than 100,000 wind energy workers and restores the confidence of businesses pouring billions of dollars into rural America," Tom Kiernan, CEO of the American Wind Energy Association, said in a statement.

— **Charged up for EVs:** The Senate did not follow the House lead on electric vehicles, either.

While the House wiped out a \$7,500 tax credit, the Senate bill is silent.

**Environmental groups are already trashing the effort.** "The GOP is once again trying to redirect taxpayer money to the super-rich and super-polluting fossil fuel industry — and they expect us to pay for it by giving up our healthcare, our safety, and our children's future," Janet Redman, U.S. policy director for Oil Change International, said in one typical statement.

**Bigger picture:** There are massive differences between the House and Senate versions of the tax overhaul that signal hard bargaining lies ahead, POLITICO's tax gurus Aaron Lorenzo, Brian Faler and Bernie Becker [report](#). Their take: "Reconciling the House and Senate plans and getting sign-off from Trump is likely to be daunting." Score of the Senate proposal [here](#).

**IT'S THE END OF THE WEEK AS WE KNOW IT!** I'm your host Anthony Adragna, and the Renewable Fuels Association's Rachel Gantz was first to pick Rep. Candice Miller as the congresswoman turned public works commissioner. Your end-of-the-week puzzler: Which powerful governing body out West has two former members of Congress among its five slots? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](#), [@Morning\\_Energy](#) and [@POLITICOPro](#).

**CLIMATE HAWKS LAND IN BONN:** Five Democratic senators — [Ben Cardin](#), [Ed Markey](#), [Sheldon Whitehouse](#), [Brian Schatz](#) and [Jeff Merkley](#) — are on the ground at the Bonn climate talks this weekend and will hold a call today at 12:30 p.m. to discuss their goals. But their message is clear: "We're not all nuts," Whitehouse told ME.

**Still in it to win it:** On Saturday, California Gov. Jerry Brown and former NYC Mayor Michael Bloomberg will unveil America's Pledge with a report detailing the scope of the actions planned by non-federal entities to fight climate change. Joining them to reiterate U.S. commitment to aggressive climate action: Cardin, UNFCCC Executive Secretary Patricia Espinosa, COP23 President and Fijian Prime Minister Frank Bainimarama and Pittsburgh Mayor Bill Peduto, among others.

**Big spenders:** The World Resources Institute announced Thursday a private cash infusion of \$2.1 billion in private funds to help restore degraded lands in Latin America and the Caribbean. "With more than \$2 billion of investments earmarked for Latin America alone, restoration is a climate solution that works and is a great investment," Walter Vergara, coordinator of the new push, said in a statement. More information [here](#).

**\*\* Presented by ExxonMobil:** We're collaborating with FuelCell Energy on a novel idea to use fuel cells to capture carbon at natural gas power plants, and in the process reduce emissions and increase electrical output. This technology could be a game changer in addressing the world's growing need for energy, while also reducing the impact on the environment. [Learn more.](#) \*\*

**WHEN HE'S NOT WRITING OP-EDS:** Energy Secretary Rick Perry, back from a trip to Paris this week, will headline a "roundtable discussion" in Houston on Monday afternoon on behalf of America First Policies, the pro-Trump political nonprofit, Campaign Pro's Maggie Severns [reports](#). America First has been quiet much of the year but is now pushing to give a jolt

to its fundraising and reassert its close ties to President Donald Trump. But Texas businessman Roy Bailey, who has deep ties to group, said Perry won't be there looking to raise funds. "It's a nice opportunity for people to understand what's going on at the Energy Department," Bailey said.

**Remember:** Interior Secretary Ryan Zinke has generated controversy and several investigations over his habit of mixing political activities with official government business.

**CORNSTATERS NOT ALL SOLD ON WHITE:** Kathleen Harnett White, Trump's pick to chair the Council on Environmental Quality, will need the support of all the Midwesterners on the Senate Environment committee if she's going to advance, and it looks like she still has some work to do on that front. Despite disavowing her previously staunch opposition to the Renewable Fuel Standard thanks to "new data" from Sen. Joni Ernst, White doesn't yet have Ernst's backing. "We're still debating that one," Ernst told ME. Veteran ME readers know the Iowa Republican extracted concessions from EPA on the RFS before backing new agency air chief Bill Wehrum.

Nebraska's Deb Fischer is also "still debating" White's nomination, and she is still looking for more information on how White would do her job. The CEQ chair doesn't have a regulatory role on RFS, but she would offer advice to Trump. "If you look at the questioning I had, I was looking at also how she would present options to the president," Fischer told ME. "That's going to be her job, not necessarily on the RFS, but where she gets her data from, how she prepares that and what kind of facts she has. We'll see how it shakes out."

**Rounds a tentative yes:** Mike Rounds of South Dakota said he's not totally on board, but, "I would lean yes as opposed to no." He thought she answered his questions well. "What I wanted to make sure people understood is that the RFS in its current form is the minimum we can do," he said.

**PRUITT ADDRESSES ANTI-CLIMATE ACTION CONFERENCE:** EPA Administrator Scott Pruitt delivered a two-minute video address to a conference in Houston sponsored by the Heartland Institute, the group that opposes action to fight climate change. "I want to say to you at the Heartland Institute, thanks for what you're doing to advance energy, thanks for what you're doing to advance natural resources," Pruitt said. "There's great optimism across the country and I pray you feel that in Houston, Texas."

**PAUSED FURTHER:** A federal appeals court once again ordered lawsuits over the Obama administration's Clean Power Plan held in abeyance for another 60 days, until Jan. 8, Pro's Alex Guillén reports. The D.C. Circuit ordered EPA to file status updates on its CPP repeal effort every 30 days.

**BLUNT MESSAGE FOR BARRASSO:** Whitehouse told ME he understands why Pruitt might not want to testify before the Senate EPW committee but that Chairman John Barrasso should not let him off. "There's a point where oversight becomes a responsibility irrespective of your loyalties," he said. "I think there will be really awkward questions for him and I think the farther he stays away from a forum where he has to tell the truth, the happier he is."

**DOURSON REALLY IN TROUBLE?** If a vote came up today, ranking member [Tom Carper](#) told reporters, Michael Dourson, Trump's pick to run EPA's chemicals office, wouldn't have the necessary votes. "Privately, in my conversations with a number of Republicans, they have expressed deep concerns," he said. "We're going to make sure at the end of the day that he does not have the votes." And North Carolina's [Thom Tillis](#) confirmed Wednesday he's not yet ready to back Dourson: "We've heard the concerns and we're working on getting the background information."

**ZINKE SAYS HE'S READY TO MEET WITH DURBIN:** Interior Secretary Ryan Zinke said in a [letter](#) Thursday said he would be "happy to meet ... to discuss any issue" involving the agency with Senate Minority Whip [Dick Durbin](#) who has put the confirmation of multiple Interior nominees on hold until he gets a meeting with the secretary to discuss his review of several dozen national monument designations. Zinke pointed out that he talked with a number of Democrats prior to sending the report to the White House in late August and also with Sen. [Tom Udall](#) in mid-September on the New Mexico Organ Mountains-Desert Peaks and Rio Grande Del Norte monuments. In a [tweet](#) Thursday, Zinke said he'd be "happy to talk monuments and nominees. Call anytime, Dick."

**MORE INFORMATION SOUGHT ON PERRY'S PLAN:** Four environmental groups — the Sierra Club, Earthjustice, the Environmental Defense Fund and the Natural Resources Defense Council — filed FOIA requests with [Energy](#) and [FERC](#) seeking information on the development of Energy Secretary Rick Perry's grid resiliency proposal to FERC. "It's outrageous that there is so little transparency at DOE that we have to repeatedly file these Freedom of Information Act requests instead of Rick Perry simply allowing the public and energy stakeholders to inform the policy making process," the Sierra Club's Mary Anne Hitt said in a statement.

**HERE'S SOMETHING:** The compromise version of the National Defense Authorization Act would require the Pentagon to rank the top 10 installations in each military branch's that are the most vulnerable to the effects of climate change over the next two decades, Pro Defense's Connor O'Brien [reports](#). Conservatives sought to take out the provision during House floor debate earlier this year, but Democrats and moderate Republicans teamed up to leave it in.

**ZINKE DENIES IMPROPRIETY IN WHITEFISH DEALINGS:** During an interview with Fox News late Thursday, Zinke denied playing any role in his son landing a job with controversial Whitefish Energy — "he got a job by himself" — and said he had no role in the Montana-based company getting a now-cancelled contract to repair Puerto Rico's electric grid. "I didn't have any influence, didn't have any knowledge of the contract. Puerto Rico is not under Interior. And those elitists that would think from being a small town somehow is a crime, shame on ya," he said.

**MAIL CALL! CONSERVATIVES ENDORSE 'BIGGER' MONUMENT REVIEW:** Twenty-four House Republicans sent a [letter](#) to Trump Thursday urging him to "think big and act bigger" as he mulls final recommendations about what to do to a host of prior national monument designations. It recommends the outright rescission of several monuments and significant downsizing of others. "We ask that you take these recommendations to heart and that

you not be deterred by a few vocal special-interests groups from finishing what you set out to accomplish with this review," they wrote.

**Democrats to GAO: Expand adviser probe:** Ten members of the Senate Democratic caucus, led by Whitehouse, asked GAO in a Thursday [letter](#) to expand its existing probe into EPA scientific advisory appointments to evaluate Pruitt's new order barring scientists who receive grants from serving on advisory boards. "When a policy, like this one, does not on its face address the problem it purports to solve it should get exacting scrutiny to determine what in fact its true purpose is," they wrote.

**How about that coal memo?** Frustrated by the lack of response from the White House and EPA, Whitehouse [demanded](#) Murray Energy head Bob Murray turn over a copy of the three-page "action plan" he gave to the administration. The document became a [major focus](#) of Andrew Wheeler's nomination hearing to be EPA deputy administrator on Wednesday.

**Think of us:** The Petroleum Marketers Association of America sent a letter to Barrasso on Thursday asking him to urge the Trump administration "to reduce the ethanol mandate given that the [underground storage tank] system compatibility issues present severe economic harm to small businesses" as senators discuss the RFS with administration officials. [Link here.](#)

**ETHANOL, GRAINS PRODUCERS WANT BRAZIL PUNISHED:** U.S. ethanol and grains producers are urging the U.S. Trade Representative to suspend Brazil's tariff benefits under the Generalized System of Preferences, which grants tariff relief on imports from developing countries, because of complaints that the South American country has put in place a restrictive quota on ethanol imports. "Brazil's decision to engage in protectionist trade measures as a result of a short-term and market-oriented deficit against the largest agriculturally related product imported from the U.S. is not in keeping with the spirit of the GSP program," the Renewable Fuels Association, Growth Energy and the U.S. Grains Council wrote in a [letter](#) to Lighthizer on Thursday.

**SKEPTICISM OVER CBO'S ANWR ESTIMATE:** Count Taxpayers for Common Sense among the deep skeptics that Senate Energy Chairman [Lisa Murkowski](#)'s proposal to open ANWR would generate more than \$1 billion in revenue over the next decade, as the Congressional Budget Office estimated it would. The non-partisan group forecasts that oil and gas companies would have to bid at levels 10 times higher than historic norms to meet the \$1 billion CBO estimates would flow into federal coffers. "If Congress were to enact legislation that opened up the 1002 Area to oil and gas leasing, it is unlikely — near to the point of impossibility — that such leasing would generate the amount of revenue to the Treasury that the CBO predicts," the group's new [fact sheet](#) states. It released a second fact sheet outlining [a series of other options](#) to raise revenue through federally-owned natural resources.

**California's dirty secret?** The Center for Biological Diversity released a report finding three-quarters of California's oil is as harmful to the environment as Canadian tar sands. [Link here.](#)

**High stakes in the desert:** Failing to keep the Navajo Generating Station open could put at risk the reliability of Arizona's electric grid and the regional power supply, according to [a study](#)

funded by coal giant Peabody Energy. Among the cities potentially hardest hit include Phoenix, Scottsdale, Tucson and Flagstaff, according to the study. Summary link [here](#).

**NO FUN!** Amid [reports](#) the National Park Service is considering closing the National Mall to softball and frisbee games permanently, the Sierra Club's DC-based softball team, the Conservation Laborers Against Wrong, vowed a fight. "Maybe the hundreds of Congressional Republican staffers who play organized softball every summer will let Zinke and Trump know there is nothing to drill or mine for underneath the Mall," the team's coach Lauren Lantry quipped.

**BLOWN AWAY?** Facebook co-founder Mark Zuckerberg visited an Oklahoma wind farm where he said "it's clear that wind and renewables are the future." Full post [here](#).

## QUICK HITS

— Millions Of Puerto Ricans Just Lost Power Again After A Line Repaired By Whitefish Energy Failed. [BuzzFeed](#).

— With Christie Out, New Jersey Poised To Rejoin New England In Climate Pact. [WNPR](#).

— As China Moves To Other Energy Sources, Its Coal Region Struggles To Adapt. [NPR](#).

— Oil prices rise on supply cuts and political tensions in Saudi Arabia. [Reuters](#).

— One of the World's Biggest Miners Is About to Go Coal-Free. [Bloomberg](#).

— FitzPatrick Nuclear Power Plant experiences leak within facility. [WSKG](#).

## HAPPENING TODAY

9:00 a.m. — The Andlinger Center for Energy and the Environment and Princeton E-affiliates Partnership hosts [annual meeting](#) with EDF's Fred Krupp keynoting, Maeder Hall, 86 Olden Street, Princeton University, Princeton, NJ

12:30 p.m. — U.S. Senators to Hold Press Phone Call from Major UN Climate Conference in Germany, RSVP: [Sean\\_Bartlett@foreign.senate.gov](mailto:Sean_Bartlett@foreign.senate.gov)

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**\*\*Presented by ExxonMobil:** Energy is fundamental to modern life and drives economic prosperity - in small communities across America and around the world. We need a range of solutions to meet growing energy demand while reducing emissions to address the risk of climate change. Visit the Energy Factor to learn more about some of the bold ideas and next-generation technologies we're working on to meet this challenge: [EnergyFactor.com](http://EnergyFactor.com) \*\*

*To view online:*

<https://www.politicopro.com/tipsheets/morning-energy/2017/11/tax-reform-senate-energy-watchers-watch-bill-025483>

## Stories from POLITICO Pro

### Senate GOP's tax bill points to nasty fight ahead [Back](#)

By Bernie Becker, Brian Faler and Aaron Lorenzo | 11/09/2017 11:49 AM EDT

Yawning divisions have emerged between the House, Senate and White House over tax reform, raising doubts about whether Republicans will be able to achieve their most important political and policy priority before the end of the year.

The Senate and House are split on some key issues, including the top tax rate and the timing of the corporate tax cut, and also at odds with President Donald Trump in many areas. Hard bargaining, battles between GOP factions and an onslaught of lobbying are the gauntlets Republicans will have to run to get legislation to Trump's desk by the end of the year — and into their mailers and ads for the 2018 elections.

If one thing unifies Republicans and makes the job easier than it might appear, it's the fear that they will have nothing to take into those contests after the failure of another marquee effort, repealing and replacing Obamacare. House Speaker Paul Ryan and other GOP leaders used the drubbing the party took in Tuesday's election in Virginia as a warning to the rank and file: Pass tax reform or face the wrath of Republican voters.

"We are going to conference," Ryan told reporters Thursday, after the Senate unveiled its long-awaited plan and House tax writers advanced theirs to the House floor. "Yes, the Senate bill is going to be different than the House bill because that's the legislative process."

The House Ways and Means Committee approved its bill on a party-line 24-16 vote, and House Majority Leader Kevin McCarthy said the full House would vote on it next week. The Senate Finance Committee will start working on its bill next week, maybe as early as Monday.

One of the first differences to emerge was the Senate's plan to delay slashing the corporate tax rate to 20 percent from 35 percent until 2019. The House wants to cut the tax immediately, and has the White House on its side.

Cutting the corporate rate is the centerpiece of the GOP plan to lower tax rates and spur faster economic growth. But the Senate is trying to limit the revenue impact to allow a bill to pass with just 51 votes and avoid a possible Democratic filibuster.

In another break with Trump, neither the Senate bill or the House bill includes a repeal of the Obamacare individual mandate requiring Americans to have health insurance. But Senate Republicans are still considering a repeal to help cover the cost of making some tax cuts permanent.

GOP leaders are talking with rank-and-file members to assess whether they have the necessary 50 votes to scrap the least popular part of Obamacare.

"I'd sure like to do that," said Sen. Roger Wicker (R-Miss.) "I think we're counting votes. It sure gives us a lot more flexibility."

Trump has pushed for repealing the mandate, along with conservative senators and House members. But many lawmakers said reopening the health care debate would just make passing the tax bill harder.

The Senate plan would set a top individual tax rate of 38.5 percent, compared to the House's 39.6 percent for annual income above \$1 million, and keep deductions for people with high medical bills and for student loan interest that the House wants to discard.

It would completely eliminate a federal deduction for state and local taxes, while the House had to mollify a group of GOP lawmakers from high-tax blue states by keeping the deduction for property taxes, up to \$10,000.

The Senate kept the maximum mortgage deduction at the interest on loans up to \$1 million. The House would cut it to \$500,000.

The House targeted the estate tax — a favorite foil of conservative Republicans — for elimination in 2025, after doubling the current exemptions to about \$11 million for individuals and \$22 million for married couples. The Senate is proposing only to double the exemptions.

The House proposed expanding the child tax credit to \$1,600 per child from \$1,000. The Senate set the increase at \$1,650.

But that is still too low for some senators who want a \$2,000-per-child credit because they worry some middle-income people could otherwise see their taxes go up under the plan — and they have an ally in Ivanka Trump. "While we are glad to see an increase to the child tax credit, like the House bill, it is simply not enough for working families," Marco Rubio (R-Fla.) and Mike Lee (R-Utah), the main champions of the issue in the Senate, said in a joint statement.

On another hot-button issue, the treatment of "pass-through" businesses that pay individual tax rates, the Senate would set a top rate of 30 percent, while owners of those businesses have been clamoring for parity with corporations. The House is offering a super-low 9 percent rate on the first \$75,000 those businesses earn, which attracted praise from the powerful National Federation of Independent Business, which had panned the House bill last week.

Both bills would shift the U.S. to a "territorial" tax system that would largely shield offshore corporate income from U.S. taxation. But they parted ways on a mechanism to discourage more companies from moving abroad to take advantage of the change.

As the first details were trickling out about the Senate plan, Ways and Means Chairman Kevin Brady (R-Texas) unveiled a new round of changes to the House GOP's plan.

Their tax plan had ballooned beyond their budget, allowing them to cut taxes by no more than \$1.5 trillion, after Republicans earlier this week gutted a plan to crack down on international tax avoidance hated by the Koch brothers and a number of multinational corporations.

The revisions include hundreds of billions of dollars in new revenue aimed at filling that budget hole. Republicans did it in part by taking back much of the money — \$87 billion — they had lost when they watered down those overseas tax avoidance provisions.

Another \$70 billion would come from charging companies more in a one-time tax on their overseas earnings. Under the new plan, they'd pay 14 percent on their liquid assets and 7 percent on illiquid ones like factories overseas. That's up from 12 percent and 5 percent, respectively, under the previous proposal.

House lawmakers want to raise another \$20 billion by requiring people claiming the popular child tax credit to provide a Social Security number for their child, a provision long sought by Republicans aimed at preventing undocumented immigrants from taking the break.

Delaying their plans to repeal the estate tax by another year saved them \$21.5 billion. They'd raise another \$109 billion from companies tapping a long-standing break for research and development expenses.

Other House provisions would expand a tax on private university endowments and impose a surtax on life insurance companies.

The plan also would allow organizations such as charities and churches to engage in political speech without risking their tax-exempt status, and it restored a tax break for adopting children that had been on the chopping block.

Senate Finance Committee aides said the panel was still working to make its bill compliant with the chamber's budget rules, which don't allow the tax bill to add to deficits outside the 10-year budget window.

Given the GOP's slim majority in the Senate and the danger of a repeat of their Obamacare fiasco, some House Republicans were resigned to more or less having to defer to the Senate.

"I look at it more as a priority of process and procedure over substance," said Rep. Dennis Ross (R-Fla.). "While there are some very good things, don't get me wrong, substantively in our bill, I think the canvas will probably be painted in its final stage in the Senate once we give them the vehicle."

*Ben White, Josh Dawsey, Colin Wilhelm, Seung Min Kim, Elana Schor and Jennifer Haberkorn contributed to this report.*

*To view online [click here](#).*

[Back](#)

## **Perry to headline Texas event for pro-Trump outside group** [Back](#)

By Maggie Seaverns | 11/10/2017 05:01 AM EDT

Energy Secretary Rick Perry will attend an event in Texas next week put on by America First Policies, the pro-Trump political nonprofit, according to an invitation obtained by POLITICO.

The invitation, which was sent to a Republican donor, says that Perry will headline a "roundtable discussion" in Houston on Monday afternoon. Details of the event's location will be available only to those who RSVP shortly before the event, the invitation said.

Perry's trip to Texas comes at an auspicious moment for America First Policies and its affiliated super PAC, America First Action. The organization is working to lock in support from donors and establish itself as a center of gravity for pro-Trump activity with close ties to the Trump administration.

America First was silent for much of this year, prompting some to question what role, if any, it would play for President Donald Trump, but organizers are working to reinvigorate the group's fundraising and reassert America First's close ties to the president. The group aims to spend \$100 million promoting tax reform and supporting 2018 candidates in the next year. Leaders of the group have convened at the White House in recent weeks, and with donors at a Texas ranch owned by megadonor T. Boone Pickens. Donald Trump Jr. was present at the ranch to signal his support.

Perry has deep ties to both the energy industry and donors in Texas, which helped power his two presidential runs. But Perry will not be in Houston asking for funds, said Texas businessman Roy Bailey, who is deeply involved in America First Policies. "It's a nice opportunity for people to understand what's going on at the Energy Department," Bailey said.

An Energy Department employee did not return a request for comment. Perry was in France this week meeting with energy leaders from other countries.

America First is ramping up activity as other high-profile Republican operatives and donors are accelerating pro-Trump outside efforts of their own.

Future45, which supported Trump during the 2016 elections with funding from casino billionaire Sheldon Adelson and the Ricketts family, announced a project that will spend in the tens of millions of dollars promoting tax reform earlier this month. Great America PAC, which is affiliated with Steve Bannon, began endorsing 2018 candidates in recent days.

Great America PAC's support for Roy Moore broke from Trump's support for Sen. Luther Strange in Alabama. America First plans to give unwavering support to Trump's agenda, which Bailey said could be a differentiator from other groups.

"We're not second-guessing anything; we're totally confident in [Trump's] ability to lead this nation and we're supporting him and the vice president," Bailey said.

*To view online [click here](#).*

[Back](#)

## **Trump's Interior chief 'hopping around from campaign event to campaign event' [Back](#)**

By Ben Lefebvre and Esther Whieldon | 10/05/2017 05:01 AM EDT

Republican donors paid up to \$5,000 per couple for a photo with Interior Secretary Ryan Zinke at a fundraiser held during a taxpayer-funded trip to the U.S. Virgin Islands, according to documents reviewed by POLITICO — raising questions about his habit of mixing official government business with political activism.

The new details about Zinke's March trip to the Caribbean, including the previously undisclosed invitation to the Virgin Islands Republican Party fundraiser, emerged after weeks of scrutiny of the former Montana GOP congressman's travels. The nearly two-hour event was one of more than a half-dozen times Zinke has met with big donors or political groups while on department-paid trips, Interior travel records and other documents show.

Ethics watchdogs say Zinke is combining politics with his Interior duties so frequently that he risks tripping over the prohibitions against using government resources for partisan activity, even though his appearance at the Virgin Islands event seems to have been legal. Democrats have also seized on the issue, including 26 House members who wrote in a letter Tuesday that Zinke's travels "give the appearance that you are mixing political gatherings and personal destinations with official business."

Zinke has said all his actions have obeyed the law, dismissing concerns about his travel as "a little BS."

But some ethics advocates say Zinke's attendance at a fundraiser during his first month as secretary is not in line with past administrations' conduct, even if he crossed no legal red lines.

"It happens on occasion with other Cabinet secretaries, perhaps even a little more often as you get near the election, but it is not a very common practice for Cabinet members to be hopping around from campaign event to campaign event like we're seeing with Zinke," said Craig Holman, government affairs specialist for government watchdog Public Citizen.

The secretary is already under investigation by his department's inspector general over his use of taxpayer-funded private planes for some of the trips, and the Office of Special Counsel is looking into an activist group's allegations that he violated the Hatch Act, the law limiting political activism by federal employees. The White House has cracked down on Cabinet

members' travel habits following former HHS Secretary Tom Price's resignation on Friday, which occurred after POLITICO reported on his own expensive flights.

Zinke visited the Virgin Islands from March 30 to April 1 on an official trip related to the Interior Department's role overseeing the U.S. territory. On his first day, following a "veterans meet and greet" and a reception with Gov. Kenneth Mapp, he appeared in his personal capacity at a March fundraiser for the local Republican Party at the patio bar of the Club Comanche Hotel St. Croix, department records show.

Tickets for the fundraiser ranged from \$75 per person to as much as \$5,000 per couple to be an event "Patron," according to Zinke's official calendar and a copy of the invitation. Patrons and members of the host committee, who paid \$1,500 per couple, could get a photo with Zinke at the start of the event, which was attended by local party members and elected officials.

The following day, Zinke took a \$3,150 flight on a private plane, paid for by the department, from St. Croix to official functions on St. Thomas and returned later that evening. Interior Department officials said there was no other way to accommodate his schedule, which included official events on both islands commemorating the 100th anniversary of the Dutch government transferring control of the islands to the United States.

Zinke is allowed to engage in partisan political activity in a "purely personal (not official) capacity," so long as he does not use government resources, according to Interior Department guidelines on the Hatch Act and other federal laws. The invitation to the GOP fundraiser did not identify Zinke by his official title and included a disclaimer that the money is being solicited by the local party and "not by any federal official."

All told, Zinke has spent around \$20,000 for three charter flights as secretary, nowhere near the \$1 million tab Price racked up on non-commercial trips. But he has on numerous occasions attended political receptions, spoken to influential conservative groups or appeared alongside past campaign donors during trips has taken outside of Washington, D.C., for official department business.

In one instance, Zinke gave a motivational speech for a professional hockey team owned by a major campaign contributor that he said was official business — and which required him to charter a \$12,000 flight to Montana for an appearance at the Western Governors Association the next day.

In another case, during a speech to the Western Conservative Summit in Denver, he was introduced via a recorded voice as the Interior secretary and Zinke proceeded to talk about the agency's priorities. The summit was organized by the Centennial Institute, which bills itself as Colorado Christian University's think tank and is a part of the State Policy Network of organizations that collectively push for conservative state-level legislation.

An Interior spokeswoman said Zinke always follows the law but declined to answer specific questions about his appearance at the Virgin Islands fundraiser, nor say whether he would keep raising political money. The agency also has yet to post Zinke's trip expenses involving any of

the political events.

"The Interior Department under the Trump Administration has always and will always work to ensure all officials follow appropriate rules and regulations when traveling, including seeking commercial options at all times appropriate and feasible, to ensure the efficient use of government resources," spokeswoman Heather Swift said in a statement.

Swift did not respond to questions about whether the department had gotten reimbursement for the political portion of Zinke's three-day Virgin Islands trip, as the head of one watchdog group says it should have.

"Some of this travel is clearly political and that part of the travel should have been paid for by the RNC, NRCC, state political parties, a campaign committee or Zinke personally," said Daniel Stevens, executive director of the Campaign for Accountability.

No payments to the department are listed in the Virgin Islands Republican Party's FEC records.

Zinke is not the first Interior secretary, or Cabinet member, to have his activities questioned.

In 2012, a watchdog group called Cause of Action urged the Office of Special Counsel to investigate whether President Barack Obama's then- Interior Secretary Ken Salazar had violated the Hatch Act while taking an Obama reelection campaign RV tour of Colorado with a couple of lawmakers and the state lieutenant governor. Local organizers of one stop on that tour had billed Salazar on its online events calendar as attending the political rally in his official role. OSC would not say whether its investigation uncovered any problems, but [travel records](#) Interior has posted show that one of Salazar's aides had told the tour's coordinator the schedule "should not refer to (Salazar as) 'secretary.'" Salazar did not respond to a request for comment.

A former Salazar aide, who was not authorized to speak on the record, said the Obama administration generally tried to avoid scheduling political events that coincided with official travel because it was difficult to divvy up what expenses should be reimbursed by a campaign.

The special counsel's office [found](#) Obama HHS Secretary Kathleen Sebelius in violation of the Hatch Act in 2012, saying she had made "extemporaneous partisan remarks" by endorsing a candidate for North Carolina governor during a speech she made in her official capacity. Sebelius tried to scrub the violation by reclassifying the appearance as political and reimbursing the Treasury Department for costs associated with the trip.

Sally Jewell, who was Interior secretary during Obama's second term, said Zinke was within his rights to appear at the fundraiser in the Virgin Islands. Jewell said she once appeared at a fundraiser for Democratic Sen. Maria Cantwell while in Obama's Cabinet, though she paid her own way to Washington state and was not identified by her official title.

"If he had legitimate business while he's on the island, to do a political thing on the side, I don't think that is that unusual," Jewell said in an interview.

EPA Administrator Scott Pruitt canceled his scheduled appearance at a fundraiser for the Oklahoma Republican Party in April because an invitation had identified him by his official title and said he would discuss his work at the agency. EPA ethics officials said he would have been cleared to attend the event if not for that language on the invitation.

Watchdog groups say Zinke's behavior fits a pattern for Trump's Cabinet.

"These government resources have been abused by this administration," said Virginia Canter, an executive branch ethics counsel for Citizens for Responsibility and Ethics in Washington who previously worked as an ethics official for Presidents George H.W. Bush, George W. Bush and Obama. "To the extent that some of that supports their political ambitions is inconsistent with the intent of this authority."

The Campaign for Accountability called on Interior's inspector general and the Office of Special Counsel to investigate whether Zinke violated the Hatch Act or department ethics rules with his speech to the hockey team, which the group said appeared to be a favor for a donor. Interior's IG office announced its investigation earlier this week, and OSC told the Campaign for Accountability that it was looking into the group's complaint, according to an email shared with POLITICO. The OSC declined to comment.

Reps. Raúl Grijalva (D-Ariz.) and Donald McEachin (D-Va.) have asked Interior's IG to also look into any trips on which the secretary was accompanied by his wife, Lola Zinke, who is chairing the campaign of Montana Republican Troy Downing, a candidate to unseat Democratic Sen. Jon Tester next year. Swift said Lola Zinke was not in the Virgin Islands and has paid her own way whenever she has traveled with her husband on official trips.

Many who know him see Zinke's travels as an attempt to keep in touch with political contacts as he contemplates what he will do after leaving the Trump administration. Back home, the 55-year-old former Montana congressman is seen as an attractive candidate for the open-seat governor's race in 2020, when Democratic Gov. Steve Bullock will have to step down because of term limits.

"I think he's definitely got political aspirations; that's one of the reasons why he is where he is at right now," said Land Tawney, executive director of Backcountry Hunters and Anglers, a Montana-based sportsman group that supported Zinke's bid for Interior secretary. "You don't go from being a Montana legislator to a first-term congressman to [Interior] secretary without having ambition."

The Virgin Islands trip was Zinke's first interaction with big donors or influential conservative groups during his travel as Interior secretary.

A weeklong trip in May that took Zinke through Montana, Utah and California also offered a chance to squeeze in some political events.

Zinke delivered the keynote speech at the RNC spring meeting on May 11 in Coronado, Calif. Zinke had flown to California the previous night, after several days touring monuments in Utah,

and the RNC speech was his only event in the state aside from a meeting earlier that afternoon with Rep. Amata Radewagen, the Republican delegate from American Samoa, and members of the American Tunaboat Association.

The next day, Zinke flew back to Montana, where he joined Sen. Steve Daines (R-Mont.) and Vice President Mike Pence to tour a coal mine on the Crow Indian reservation operated by the Westmoreland Coal Co.

The trip offered Zinke and Pence an opportunity to tout the Trump administration's work to promote new coal mining on federal lands — and it allowed them to make a brief detour to promote Zinke's congressional replacement. That Friday night, Zinke, Pence and Daines attended a political rally for GOP candidate Greg Gianforte, and Zinke attended a get-out-the vote event for the Montana GOP the next day.

Zinke apparently paid for his return trip to Washington out of his own pocket — it was marked "personal travel" on his calendar, a designation not applied to the other flights on that trip.

Gianforte, whose wife is a major political donor in Montana, won the May 25 special election to take over Zinke's House seat.

Greg and Susan Gianforte donated more than \$10,000 to Zinke's 2016 congressional campaign and another \$10,000 to a joint Zinke-Daines PAC, according to federal records. The couple donated \$5,000 for his earlier run for Congress.

Zinke met with big influencers and donors in June as well.

On June 25, he flew from D.C. to Reno, Nev., where his only scheduled event was a meeting of the Rule of Law Defense Fund, a group of Republican attorneys general that has been linked to the Koch brothers, where he spoke and took questions for about 30 minutes, according to his schedule.

After his remarks, he sat at a dinner table with Montana's attorney general, the government relations specialist for the Venetian Resort Hotel Casino and Las Vegas Sands, and Koch Industries lobbyist Allen Richardson, Interior documents show.

The next day, Zinke flew to Las Vegas for an event on public lands in nearby Pahrump, Nev., and a speech that night to the National Hockey League's Vegas Golden Knights. Bill Foley, the team owner and chairman of Fidelity, introduced Zinke. Foley donated \$7,800 to Zinke's 2014 campaign, while employees and PACs associated with Fidelity and related companies gave another \$180,000. Interior officials said the speech to the NHL team was part of Zinke's official duties, and they pointed to scheduling conflicts it created to justify his use of a \$12,000 private plane to get to a Western Governors Association meeting in Montana the next day.

In July, Zinke spoke to several conservative groups in Colorado during a three-day trip that also included tours of Interior Department facilities in the state. He flew into Denver on July 20 so he could appear that evening at a closed-door reception for the American Legislative Exchange

Council, a group of conservative state legislators, lobbyists and industry groups that has pushed for more state control over federal lands.

And over the next two days, he was a featured speaker at a Republican committee roundtable and attended the Western Conservative Summit in Denver.

*Eric Wolff contributed to this report.*

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[Back](#)

### **Court again freezes Clean Power Plan litigation for 60 days [Back](#)**

By Alex Guillén | 11/09/2017 04:55 PM EDT

The D.C. Circuit Court of Appeals today once again placed the lawsuits over the Obama administration's Clean Power Plan [in abeyance](#) for another 60 days, until Jan. 8.

The court's single-page order did not include any sort of note such as the one included in the court's previous 60-day abeyance order on Aug. 8. In that order, two of the judges attached a stern [note](#) saying EPA was skirting its statutory duty to regulate greenhouse gases.

EPA last month released its proposed repeal, and will take public comment through Jan. 16. The agency has yet to release its advance notice of proposed rulemaking seeking suggestions on whether and how to craft a narrower replacement regulation.

**WHAT'S NEXT:** The court ordered EPA to file status updates on its CPP repeal effort every 30 days.

*To view online [click here](#).*

[Back](#)

### **Final defense policy bill would require Pentagon climate change study [Back](#)**

By Connor O'Brien | 11/09/2017 04:04 PM EDT

The Pentagon would be required to detail threats posed by climate change to military installations under the compromise version of the National Defense Authorization Act, [H.R. 2810 \(115\)](#), released today.

The legislation calls on the Pentagon to rank the 10 most vulnerable installations within each service to the effects of climate change over the next two decades — including from rising sea

levels, flooding, drought and wildfires — and outline steps to mitigate any damage.

The report would be due within a year of the bill's enactment.

The climate change study was included in the House version of the defense policy bill, and the Senate accepted the provision in a joint conference committee.

Conservatives attempted to strip the provision during House floor debate in July, but Democrats and moderate Republicans [joined to preserve](#) the study requirement.

*To view online [click here](#).*

[Back](#)

### **Wheeler attended Murray meetings on DOE coal aid but says he didn't write company's pitch** [Back](#)

By Alex Guillén | 11/08/2017 01:08 PM EDT

Andrew Wheeler, the nominee for EPA deputy administrator, says he represented Murray Energy in meetings with Energy Department and congressional officials to support Trump administration efforts to prop up ailing coal-fired power plants.

Wheeler, who counted Murray among his clients as a lobbyist at Faegre Baker Daniels, faced numerous questions at his confirmation hearing today over his work for the company, which would be one of the [main beneficiaries](#) of DOE's proposed grid rule, and its CEO Bob Murray, a top supporter of President Donald Trump. Wheeler said he attended a Murray Energy meeting at DOE where the grid proposal was discussed several months ago, as well as a meeting on Capitol Hill on the subject. He said he de-registered as a lobbyist in August.

Sen. [Sheldon Whitehouse](#) pressed Wheeler over Murray's comments in a recent PBS Frontline documentary. The CEO said he gave Trump "an action plan" outlining coal policies to pursue, including eliminating the Clean Power Plan.

"I did not work on that and I do not have a copy of that memo," Wheeler told Whitehouse at the Senate Environment and Public Works Committee hearing.

Wheeler said Murray gave him a copy to read in December or January. "I looked at it and handed it back to him, I don't have it," Wheeler said, adding that he did not recall any specifics.

Whitehouse said he hopes to get a copy of the plan with the help of EPW Chairman [John Barrasso](#) (R-Wyo.) now that Wheeler confirmed its existence.

**WHAT'S NEXT:** The committee will likely vote on Wheeler's nomination in the coming weeks.

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[Back](#)

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