

# LEGISLATIVE UPDATE

January 26, 2026

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## Government Affairs Update

The House is in recess this week. The Senate delayed its return until tomorrow due to weather-related travel issues.

Federal funding expires at midnight Friday. Although six remaining appropriations bills had been expected to advance, a partial government shutdown is now likely. The House recently passed a combined six-bill appropriations package, including Homeland Security, with strong bipartisan support for most provisions but limited Democratic support for the Homeland Security section.

Senate consideration has become uncertain following a recent ICE-related incident in Minnesota. Several Senate Democrats have indicated they will not support the package unless the Homeland Security section is removed or amended, making it difficult to reach the 60 votes needed to proceed. Any Senate changes would require further House action, but House leadership does not plan to recall members before the deadline.

Separately, bipartisan negotiations on extending enhanced health insurance premium tax credits have ended without a deal. The Senate is also expected to consider a pregnancy-related bill and legislation addressing automatic continuing resolutions to prevent future shutdowns.

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## TIA Signs Letter to Finish the Job on CTA

Last week, TIA joined more than 100 trade associations urging Treasury to take immediate action to protect small business owners from unnecessary privacy and cybersecurity risks stemming from the Corporate Transparency Act (CTA).

The letter was led by the Main Street Employers Coalition and calls on Treasury to purge the CTA database of beneficial ownership information submitted by domestic entities that are no longer required to file. It also asks Treasury to quickly finalize the rule formally exempting U.S. businesses from the reporting requirement.

As the letter makes clear, the CTA was designed to combat illicit finance, not to warehouse sensitive personal information from small business owners who pose no risk to national security:

*Last year, the Administration took the important step of narrowing the CTA's scope to apply to foreign entities only. That action provided much-needed relief to over 32 million domestic businesses swept into a regime intended to target international money laundering and terrorism financing, not law-abiding American business owners.*

*Before Treasury corrected course, some 16 million domestic entities had complied with the CTA's reporting requirements. These beneficial owners' sensitive personal information – including their names, addresses, and passport or driver's license numbers – remains in a database managed by the Financial Crimes Enforcement Network, exposing them to ongoing cybersecurity and unauthorized disclosure risks.*

So while domestic reporting is no longer required, the risk to those business owners who already filed hasn't disappeared. Meanwhile, there is no legitimate justification for continued retention, a point raised by more than 90 members of Congress a few months back.

The letter also highlights the urgency behind the request, particularly in the context of recent activity in the courts:

*The legal landscape surrounding the CTA reinforces the urgency of this request. There are now twelve federal cases challenging the validity of the CTA, including two that have ruled at the District Court level that the CTA is unconstitutional – National Small Business United v. Yellen and Small Business Association of Michigan v. Yellen in the Western District of Michigan. While the Eleventh Circuit recently reversed the NSBA ruling, that case is headed to the Supreme Court and the constitutional questions surrounding the CTA are far from settled.*

Main Street employers shouldn't be asked to "trust the process" while their personal information sits in limbo. Treasury took a welcome step when it narrowed the CTA's scope last Spring. The next step is clear: purge the database and finalize the rule so Main Street businesses can move forward with confidence.

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## **Treasury, IRS issue guidance on the additional first year depreciation deduction amended as part of the One, Big, Beautiful Bill**

The Department of the Treasury and the Internal Revenue Service today issued Notice 2026-11 PDF that provides taxpayers with guidance on the permanent 100% additional first year depreciation deduction for eligible

depreciable property acquired after Jan. 19, 2025, provided by the One, Big, Beautiful Bill. The notice also provides guidance on certain qualified sound recording productions that the OBBB added as property that may be eligible for the additional first year depreciation deduction.

Generally, when taxpayers acquire property for business use, they must depreciate it over several years based on various depreciation schedules.

The notice also provides interim guidance to taxpayers that they may generally rely on the existing additional first year depreciation deduction regulations. The notice provides rules for determining whether depreciable property is eligible for the additional first year depreciation deduction and for determining the amount of such deduction allowable under the OBBB. In general, the OBBB provides a permanent 100-percent additional first year depreciation deduction for qualified property acquired, or specified plants that are planted or grafted, after Jan. 19, 2025.

#### Elections related to the additional first year depreciation deduction

The notice also provides interim guidance on elections taxpayers can make for certain property to be eligible for the additional first year depreciation deduction. Under the OBBB, taxpayers may elect:

- To deduct 40-percent (60-percent for certain property having longer production periods or certain aircraft) instead of the 100-percent additional first year depreciation deduction for qualified property placed in service during the first tax year ending after Jan. 19, 2025,
- To deduct additional first year depreciation for one or more specified plants,
- To treat certain acquired or self-constructed components of larger self-constructed property as generally eligible for the additional first year depreciation deduction, and
- Not to deduct the additional first year depreciation for a qualified sound recording production.

#### Sound recording productions added by the OBBB

In addition, the notice provides interim guidance for qualified sound recording productions. In general, a qualified sound recording production:

- Is treated as acquired on the date principal recording commences,
- Is considered placed in service at the time of initial release or broadcast, and
- Qualifies for the additional first year depreciation deduction if the sound recording production commences in a taxable year ending after July 4, 2025.

For more information about tax provisions under the OBBB, see [One, Big, Beautiful Bill Provisions](#) on IRS.gov.

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## **TIA Right to Repair- Send a letter! Report Your Issue Webpage/QR Code**

Today's vehicles rely on advanced software, diagnostics, and data to perform even routine tire and service work. **Right to Repair** ensures tire dealers and service professionals have access to the tools and information needed to safely diagnose, repair, and recalibrate modern vehicles—without being forced to rely solely on automakers.

The **REPAIR Act**, now before Congress, would protect this access at the federal level, helping preserve consumer choice, support roadway safety, and ensure independent tire and service businesses can continue to compete and serve their communities.

**Take action today:** Urge your members of Congress to support the REPAIR Act by sending a quick letter at [repairact.com](http://repairact.com).

**Add your voice and help protect Right to Repair for the tire and service industry.**

[To view the "Right to Repair - Report Your Issue" webpage click here.](#)

Report your issue QR code:



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