



WASHINGTON WIRE

Post-Election, November 2024

- Donald Trump earned a decisive victory in both the electoral count and the popular vote, earning 312 electoral votes.
- Senate: Republicans are guaranteed a majority of 52 seats after pick-ups in OH, MT and WV. They have not lost an incumbent and will not. Pennsylvania appears to have broken for GOP candidate, David McCormick, but the incumbent, Bob Casey has not conceded the race.
- House results: As of (11/11) control of the House is still undetermined. The AP has called 214 races for Republicans and 205 for Democrats. A party needs 218 seats to control the majority. Should Republicans keep the House, Speaker Mike Johnson (R-LA) is expected to retain his position.

What's Next?

- **Lame duck:**
 - With a unified Republican government likely to take over in January, the bipartisan bill sponsored by retiring Senator Manchin and Senator Barrasso the *Energy Permitting Reform Act of 2024*, will probably not receive a vote during the lame duck. While the bill was introduced with great fanfare, passing quickly out of committee, it has remained stalled in the Senate. We expect Congress will put forward a more aggressive package that streamlines the entire process.
 - Appropriations – The fate of the current FY 2025 spending for discretionary items has not been finalized, and press reports indicate that Republicans defer to President-elect Donald Trump as to whether they try to strike a fiscal 2025 spending deal during the lame duck or wait until next year as conservatives have pushed. House Appropriations Chair Tom Cole (R-OK) has recommended that Trump choose to close out fiscal 2025 before he arrives back at the White House, so he doesn't have to deal with the threat of a government shutdown while trying to stand up a Cabinet, perfect a fiscal 2026 budget request by the middle of February and head off tax increases at the end of next year.
 - The Corporate Transparency Act, a bill that requires most small and medium-sized businesses to file a Beneficial Ownership Information report disclosing information to FinCen (Treasury's Financial Crimes Enforcement Network) about their beneficial owners (or the people who own or control the company), goes into effect next year. NAED and other business advocates have advanced legislation to delay implementation. The bill received strong bipartisan support in the House but is languishing in the

Senate. We are hoping this can finally be included in a year-end deal.

- GOP Senate leadership fight
 - Senator Thune (SD), John Cornyn (TX), and Rick Scott (FL) are locked in a close contest for Senate Majority Leader, with President Trump yet to officially weigh in. The leadership elections are scheduled for November 13 and the Senate votes by secret ballot.

What Does it Mean to the Business Community?

- Good news: harmful tax hikes will be off the table. Vice President Harris had proposed raising the corporate rate to 28 percent, the highest capital gains tax since 1978, hiking the death tax, and implementing a new tax on unrealized capital gains.
- Congress, even with unified Republican control, will be forced to reckon with over \$4.5 trillion in expiring tax relief, and these lower tax rates appear to be safe. Trump ran on a promise of no tax on tips, overtime, or social security. The US national debt is closing in on \$36 trillion and has a 122% debt-to-GDP ratio. Two-thirds of all federal spending is enshrined in law and gives lawmakers little discretion to cut spending. Additional tax cuts will need to be “paid for.” Taxes on social security benefits net approximately \$50 billion annually to the US Treasury. There is no readily available estimate of the cost of removing taxes on tips and overtime. It remains to be seen how aggressively the Trump Administration would push to eliminate these taxes and what the appetite for them would be on Capitol Hill.
- President Trump (and Elon Musk) campaigned on an aggressive deregulation agenda and the incoming administration is likely to reinstate the “1 in 2 out” approach to regulations. While the name is catchy, in reality, it worked by simply giving each agency a budget for allowable regulatory costs. This resulted in asking the industry for lower-cost ways to propose rules and to identify candidates for elimination.
- Trump has also floated a more robust tariff regime, proposing the idea of a 10% or 20% universal tariff on all imports and a tariff of at least 60% on Chinese goods.

What Does it Mean to the Electrical Industry?

- Some IIJA/IRA energy/electrification/decarbonization programs will be at risk. Our conversations on Capitol Hill with GOP lawmakers on relevant committees indicate a degree of bipartisan support for many incentives from IIJA and IRA.
- Much of the spending from the IIJA and IRA has not yet been committed, and on day one, the new administration may halt all pending grant approvals and applications until all awards can be reviewed before deciding to eliminate or proceed.
- Between direct spending and tax credits, the IIJA and IRA provided at least \$250 billion for electrification and clean energy proliferation. Around \$100 billion of that relates to EVs, its infrastructure, and clean energy like wind and solar. So even in a worst-case scenario for cutting some green incentives, the US remains poised to continue to make significant investments in our grid and infrastructure.
- Many coastal states still have aggressive decarbonization goals, and with a Trump administration downplaying climate, you could see other states or jurisdictions enter carbon-reducing agreements or spearheading new clean energy initiatives.

119th Congress Legislative Priorities

- Front and center will be dealing with tax provisions, including:
 - 199A renewal (20% small business deduction)
 - Estate tax exemption extension
 - Restoration of the full bonus depreciation

- Prevent marginal tax rates from increasing that pass-through businesses pay
- Prevent an increase in the corporate tax rate
- Maintain energy-efficient tax credits and deductions
- Workforce development issues are also a high priority to NAED, including policies that offer new pathways for career and technical education

Regulatory Agenda

- While the Trump Administration will likely have a robust de-regulatory agenda, we are still focused on the following:
 - Treasury: Block efforts to make the residential energy efficiency tax credits (25C) overly complicated with the new PIN numbering system, and ensure 179D modifications made in the IRA are enacted
 - Permitting reform for electricity infrastructure, power generation siting, and mineral extraction
 - Business priorities include blocking the Biden-era “overtime” rule, support for independent contractor status, and opposition to the Department of Labor “walk-around” rule