



The Big Casino

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"Everything Old is New Again"

--Peter Allen

The last several topsy-turvy weeks in politics have been whiplash inducing, and perhaps the most over-used phrases now in American political analysis are "uncharted waters" and "unprecedented events". But we remind everyone that despite the uncertainty surrounding the coming elections there are some things we already know – irrespective of what voters decide in November – about policymaking and politics in 2025. Here are some items to consider as we all plan for what comes next after Election Day.

Tax and Fiscal Policy

There is Going to Be a Tax Bill... – The coming expiration of a bevy of individual and corporate tax breaks from 2017's Tax Cut and Jobs Act (TCJA) will provide an impetus for Congress to act. Many supporters of provisions in the Inflation Reduction Act also would like to work on extending items from that law as well. In short, many Republicans AND Democrats have incentive to work on a tax bill next year no matter who wins the White House and control of Congress.

...and There Could Even be a Second Tax Bill – Tax legislation will be debated as part of a budget reconciliation package that, most importantly, is not subject to filibuster in the Senate and can pass with 51 votes. Because Congress will not pass an FY25 budget resolution this year, a quirk in the budget law allows the House and Senate to work potentially on separate resolutions for FY25 and FY26 next year and thus separate, distinct reconciliation bills. This is how Republicans, in the wake of the defeat of Obamacare repeal in the Senate in 2017, were able to use a second reconciliation bill that Fall to quickly pass the TCJA.

Reconciliation Will Also Include Health Provisions – As with tax items, the easiest way for Congress to pass major changes in health policy, largely for Medicare and Medicaid, is via the reconciliation process. In recent years, both Republicans and Democrats have aggressively pushed the envelope when it comes to the scope of legislation that can be included in reconciliation – the 2021 IRA as well as 2017's TCJA broadened the definition of

subjects the Senate Parliamentarian allowed as germane as part of the budget bill – and there is every reason to think this trend will continue in 2025.

The Debt Ceiling Debate Returns – The suspension of the debt ceiling ends on January 1, which means the Treasury will immediately begin implementing “extraordinary measures” to prevent a default. Early estimates are congressional action will be needed by the summer.

The U.S. Senate

Republicans Will Have at Least 50 Seats – The coming win by Gov. Justice in the West Virginia seat guarantees Republicans will control at least half of the seats in the U.S. Senate. Currently, most analysts see the next eight most closely contested races are all held by Democrats, and they will have to win every single one to possibly control the Senate via tie-breaking votes from Vice President Walz. Even then, there would have to be some sort of power-sharing agreement in the Senate and we can count on all the daily struggles over nominations, legislation, and floor tactics that come with a 50/50 world.

Changing Republican Leadership – For the first time in 18 years, Senate Republicans will elect a new Leader. No matter who steps into Sen. McConnell's shoes, there will be a learning curve and some unevenness at the outset. The domino effect caused by McConnell's departure means the other elected leadership positions will change hands and potentially lead to a reset of GOP policy and tactics across the board.

Musical Committee Chairs – If the GOP takes outright control, then obviously all the committees will have new chairs. But even if Democrats somehow claim a controlling majority, at least four panels will have new leaders because of retirements and departures – Agriculture, Energy, EPW and Foreign Relations.

Filibuster Under Threat...Again – If the same party holds both the White House and the Senate, there will be fervent calls from the most fervent partisans, Republican or Democratic, to pare back the filibuster. But even without control of the White House, the majority in the Senate will likely have to at least listen closely its loudest members about changing the filibuster to make it easier to enact a policy agenda. As long as the Senate Majority Leader, Republican or Democratic, continues to tightly control debate and the floor agenda, blocking most every amendment and opportunities for individual senators, senators will be frustrated with the legislative pace and calls to repeal the filibuster will continue.

The U.S House

A Narrow Majority – The small number of House seats that are truly in play in November is pegged by most analysts at around 40. Unless one party can ride an electoral wave to victory on Election Day, whichever party wins the majority is likely to do so with a relatively narrow, in historic terms, margin. Recent months have shown how difficult this can be for

Republicans, and considering the Democratic base can be just as restive as the GOP, a new Speaker Jefferies would likely face a day-to-day struggle to run the floor (along with the steep learning curve that comes with ascending to the speakership).

The Supreme Court

In the wake of overturning the *Chevron* Doctrine, a right-leaning court will continue to aggressively review the limits of executive power and the administrative state. This will have political ramifications as long-standing precedents and potentially popular programs come under threat and regulators more and more find their hands tied. Congress and staff in recent years have become accustomed to writing broad legislation delegating authority to the agencies, and that will begin to change. The change will be slow – it took 40 years to build much of the current administrative state under *Chevron* – but it will begin. Already, courts around the country are hearing arguments about the legality of agency actions post-*Chevron*. As cases are decided, the pressure will build on federal policymakers to act.

The Return of “Industrial Policy”

Both Trump and Harris tout a focus on building out the American industrial base and continuing the trend of onshoring/near-shoring/friend-shoring. This is partly a response to the strong anti-China sentiment in both parties as well as the sense that fraying international trading rules means the U.S. needs to build more things at home. There will be other effects from this movement – the need for better worker education and training, a revived blue collar labor movement – that will engender a federal policy response in terms of policy incentives (see the CHIPS Act, “Buy American” efforts) and executive actions (tariffs, export controls).

There Will be Strange Legislative Bedfellows

Think about Sen. Vance recently touting his support for liberal FTC Chair Khan, the so-called “Khanservative” movement, or the efforts of Sens. Warren and Hawley on legislation addressing airline cancellation refunds. Increasingly, populist Republicans and activist Democrats are finding common cause on policy matters. This will lead to bipartisan efforts where the players often come from the parties’ respective liberal and conservative bases instead of the more conventional path of bipartisan policymaking via centrists and party moderates.

Calendar

Nov. 5	Election Day
Dec. 12	Louisiana runoff if necessary
Dec. 17	Electoral College members vote
Jan. 1	Debt Limit suspension ends
Jan. 3	119 th Congress Sworn In
Jan. 6	Congress certifies Electoral College vote count.

Jan. 20 Presidential Inauguration
Jan. 20 Martin Luther King Day
Jan. 20 College Football National Championship Game
Feb. 9 Super Bowl LIX



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