

November 5, 2024

## **Election Day: Political Potpourri**

We continue to believe Trump has the slightest of edges in the election. The GOP is likely to win three Senate seats, giving them a 52-48 advantage, and the House is very close with a slight edge to the GOP holding onto control but only if Trump prevails.

With that in mind and the fact that Democrats could easily win the White House and House, we address a few post-election issues below. These include: 1) when we might know the election results; 2) the odds that Congress fails to certify the elections; 3) potential new leaders in the next Congress; and 4) the odds the filibuster is eliminated.

**Joe Lieber**

202-964-7473

[joe.lieber@capitolpolicypartners.com](mailto:joe.lieber@capitolpolicypartners.com)

Noteworthy:

- We aren't usually in the camp that says the election outcome may take days to know, but this time that's where we find ourselves.
  - Keep in mind that in 37 states, including the battleground states of Georgia, Michigan, North Carolina, Pennsylvania and Wisconsin, do *not* allow ballots to be counted before Election Day.
  - Two battleground states, Nevada and Arizona, do allow counting before Election Day.
  - Recall that some House races in California in 2022 were not decided until early December. There are five tossup House races in California that could determine which party controls the House.
- We believe it is very unlikely that the congressional presidential certification, which is scheduled to take place on Jan. 6, will be delayed or upended. Instead, we see a relatively smooth certification process that shouldn't rile the markets. Why?
  - If Trump wins and Republicans retain the House, we might see some Democrats vote against certifying the election, but overall, the certification will happen without much fanfare. If Trump wins and the Democrats retake the House, which will elect its Speaker starting on Jan. 3, most Democrats and all Republicans are likely to certify the election. Again, this process should be pretty routine.
  - The only real risk to an easy certification is if Harris wins and Republicans retain control of the House—an outcome we view as very unlikely. Yet, even then, we suspect certification will occur, though potentially with some market disruption.
    - While the Speaker of the House doesn't have any direct responsibilities in administering the certification process, he could try to challenge the Electoral Count Reform Act (ECRA), which was enacted in 2022. However, we think that the courts would quickly rule against any legal challenge to the ECRA as they generally don't like to interfere with the proceedings of other branches of government.
    - Speaker Mike Johnson (R-LA) could thwart Trump and House conservatives and support certification, assuming he remains speaker (see below), though such political suicide seems unlikely.
    - Moderate Republicans could join with House Democrats and temporarily elect a Speaker, who would preside until the race is certified, averting a potential crisis.
    - Certification on the state level seems likely to run smoothly. In the seven battleground states, Democratic Secretary of States will control the process in all but Georgia and Pennsylvania.
- As mentioned, we see the GOP taking back the Senate. We give the edge to Sen. John Thune (R-SD) becoming the Majority Leader as Sen. Mitch McConnell (R-KY) announced he will not run for leader. Sen. John Cornyn (R-TX) is a close second in our view.
  - The filibuster is likely to stay in place and without modification, even if Trump pressures the GOP to eliminate it regardless of the Majority Leader. Both Thune and Cornyn support it.
  - Besides Thune and Cornyn, McConnell, Sens. Susan Collins (R-ME) and Lisa Murkowski (R-AK) have long been supportive of the filibuster and not likely to change their stances due to threats from Trump. We expect there are other Republican senators who oppose getting rid of it as well.
  - The GOP would have to have a really good election night for the filibuster to be in play. Even then, we characterize the debate as an uphill battle.
- We highlight below the industries/companies that have donated to Thune from 2019-2024:

- American Israel Public Affairs Cmte. (\$122K)
- Sanford Health (a non-profit rural hospital and health system) (\$96K)
- Capital Group (\$58K)
- **Delta Air Lines** (DAL) (\$52K)
- **Blackstone Group** (BX) (\$52K)
- **Goldman Sachs** (GS) (\$45K)
- New York Life Insurance
- **KKR & Co** (KKR) (\$40K)
- **Fox Corp** (FOX) (\$39K)
- **NextEra Energy** (NEE) (\$38K)
- **Apollo Global Mgmt.** (APO) (\$37K)
- We highlight below the industries/companies that have donated to Cornyn from 2019-2024:
  - **Apollo Global Mgmt.** (APO) (\$137K)
  - **Blackstone Group** (BX) (\$105K)
  - **United Airlines** (UAL) (\$52K)
  - **KKR & Co.** (KKR) (\$47K)
  - **Southwest Airlines** (LUV) (\$41K)
  - Fidelity Investments (\$38K)
  - Capital Group (\$35K)
  - **NextEra Energy** (NEE) (\$34K)
  - Envision Healthcare (\$34K)
  - **GEO Group** (GEO) (\$34K)
- Here are the top industries/companies that have contributed to current Senate Majority Leader Chuck Schumer (D-NY), who would certainly keep his position regardless of the election outcome, from 2019-2024:
  - **Blackstone Group** (BX) \$293K)
  - **NextEra Energy** (NEE) (\$235K)
  - **Newmark Group** (NMRK) (\$194K)
  - **KKR & Co** (KKR) (\$159K)
  - **L3Harris Technologies** (LHX) (\$156K)
  - **UnitedHealth Group** (UNH) (\$153K)

- **Broadridge Financial Solutions** (BR) (\$150K)
- **Corning, Inc.** (GLW) (\$146K)
- **Google** (GOOGL) (\$141K)
- **Microsoft** (MSFT) (\$140K)
- **American Express** (AXP) (\$137K)
- If Trump wins and the GOP maintains control of the House, we expect Speaker Mike Johnson (R-LA) to remain in his position, mainly because we believe Trump will fully support his speakership..
- If the House flips to Democratic control, it's almost certain that Minority Leader Hakeem Jeffries (D-NY) will become Speaker.
  - Under this scenario, we would expect Johnson to be challenged as Minority Leader by current Majority Leader Steve Scalise (R-LA) or Judiciary Committee Chairman Jim Jordan (R-OH). Keep in mind that to become minority leader only a simple majority of one's own party is required whereas to become Speaker, the candidate needs a majority of the entire House.
- Top industries/companies contributing to Speaker Johnson from 2023-2024 include the following:
  - American Israel Public Affairs Cmte. (\$575K)
  - **Lockheed Martin** (LMT) (\$59K)
  - National Association of Broadcasters (\$41K)
  - **Altria Group** (MO) (\$37K)
  - **Comcast** (CMCSA) (\$25K)
  - **Cheniere Energy** (LNG) (\$21K)
- Minority Leader Jefferies top industries/companies' contributors from 2023-2024 include the following:
  - American Israel Public Affairs Cmte. (\$703K)
  - **BlackRock** (BK) (\$80K)
  - **Apollo Global Mgmt.** (APO) (\$79K)
  - **Lockheed Martin** (LMT) (\$73K)
  - **MetLife, Inc.** (MET) (\$63K)
  - Bain Capital (\$28K)
  - **American Airlines** (AAL) \$27K)
  - **Google** (GOOGL) (\$23K)
  - **Rocket Mortgage** (RKT) (\$21K)

## DISCLOSURES AND DISCLAIMERS

### **Analyst Certification**

The analyst, Capitol Policy Partners, primarily responsible for the preparation of this research report attests to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers; and (2) that no part of the research analyst's compensation was, is, or will be directly related to the specific recommendations or views in this research report.

### **Analyst Certifications and Independence of Research.**

Each of the Capitol Policy Partners analysts whose names appear on the front page of this report hereby certify that all the views expressed in this Report accurately reflect our personal views about any and all of the subject securities or issuers and that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views of in this Report. Capitol Policy Partners (the "Company") is an independent equity research provider. The Company is not a member of the FINRA or the SIPC and is not a registered broker dealer or investment adviser. Capitol Policy Partners has no other regulated or unregulated business activities which conflict with its provision of independent research.

### **Limitation Of Research And Information.**

This Report has been prepared for distribution to only qualified institutional or professional clients of Capitol Policy Partners. The contents of this Report represent the views, opinions, and analyses of its authors. The information contained herein does not constitute financial, legal, tax or any other advice. All third-party data presented herein were obtained from publicly available sources which are believed to be reliable; however, the Company makes no warranty, express or implied, concerning the accuracy or completeness of such information. In no event shall the Company be responsible or liable for the correctness of, or update to, any such material or for any damage or lost opportunities resulting from use of this data. Nothing contained in this Report or any distribution by the Company should be construed as any offer to sell, or any solicitation of an offer to buy, any security or investment. Any research or other material received should not be construed as individualized investment advice. Investment decisions should be made as part of an overall portfolio strategy and you should consult with a professional financial advisor, legal and tax advisor prior to making any investment decision. Capitol Policy Partners shall not be liable for any direct or indirect, incidental or consequential loss or damage (including loss of profits, revenue or goodwill) arising from any investment decisions based on information or research obtained from Capitol Policy Partners.

### **Reproduction And Distribution Strictly Prohibited.**

No user of this Report may reproduce, modify, copy, distribute, sell, resell, transmit, transfer, license, assign or publish the Report itself or any information contained therein. Notwithstanding the foregoing, clients with access to working models are permitted to alter or modify the information contained therein, provided that it is solely for such client's own use. This Report is not intended to be available or distributed for any purpose that would be deemed unlawful or otherwise prohibited by any local, state, national or international laws or regulations or would otherwise subject the Company to registration or regulation of any kind within such jurisdiction.

### **Copyrights, Trademarks, Intellectual Property.**

Capitol Policy Partners, and any logos or marks included in this Report are proprietary materials. The use of such terms and logos and marks without the express written consent of Capitol Policy Partners is strictly prohibited. The copyright in the pages or in the screens of the Report, and in the information and material therein, is proprietary material owned by Capitol Policy Partners unless otherwise indicated. The unauthorized use of any material on this Report may violate numerous statutes, regulations and laws, including, but not limited to, copyright, trademark, trade secret or patent laws.