City of Long Beach
Working Together to Serve

Memorandum

Date: November 11, 2016

To: Federal Legislation Committee Members

From: Patrick H. West, City Manager

Subject: **Post-2016 Presidential Election Federal Report**

Attached for your information, is a report regarding the potential future outlook in Washington, DC, after the November 2016 Presidential election. This report is provided by Dentons, the City's federal legislative advocates, takes a high level overview of federal issues, and touches upon several state issues across the country.

In an effort to provide the timeliest information, this report was published early November 9, 2016 during which some states, including California, were still finalizing vote counts. While the section entitled "New Faces in the House" on page 43 denotes the race between former Hermosa Beach City Councilmember Nanette Barragan and Senator Isadore Hall is still "ongoing," Nanette Barragan has been declared the winner. Congressmember-elect Barragan will succeed former-Congresswoman and Supervisor-elect Janice Hahn in California's 44th Congressional District.

Please contact Diana Tang, Manager of Government Affairs, at (562) 570-6506 if you have any questions.

cc: Mayor and Members of the City Council
Tom Modica, Assistant City Manager
Arturo Sanchez, Deputy City Manager
All Department Directors
Rebecca Jimenez, Assistant to the City Manager
Diana Tang, Manager of Government Affairs
Dentons

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US Election Insight 2016

Election results data contained in this report reflect data available as of 8:30 a.m. Eastern Standard Time on November 9, 2016.

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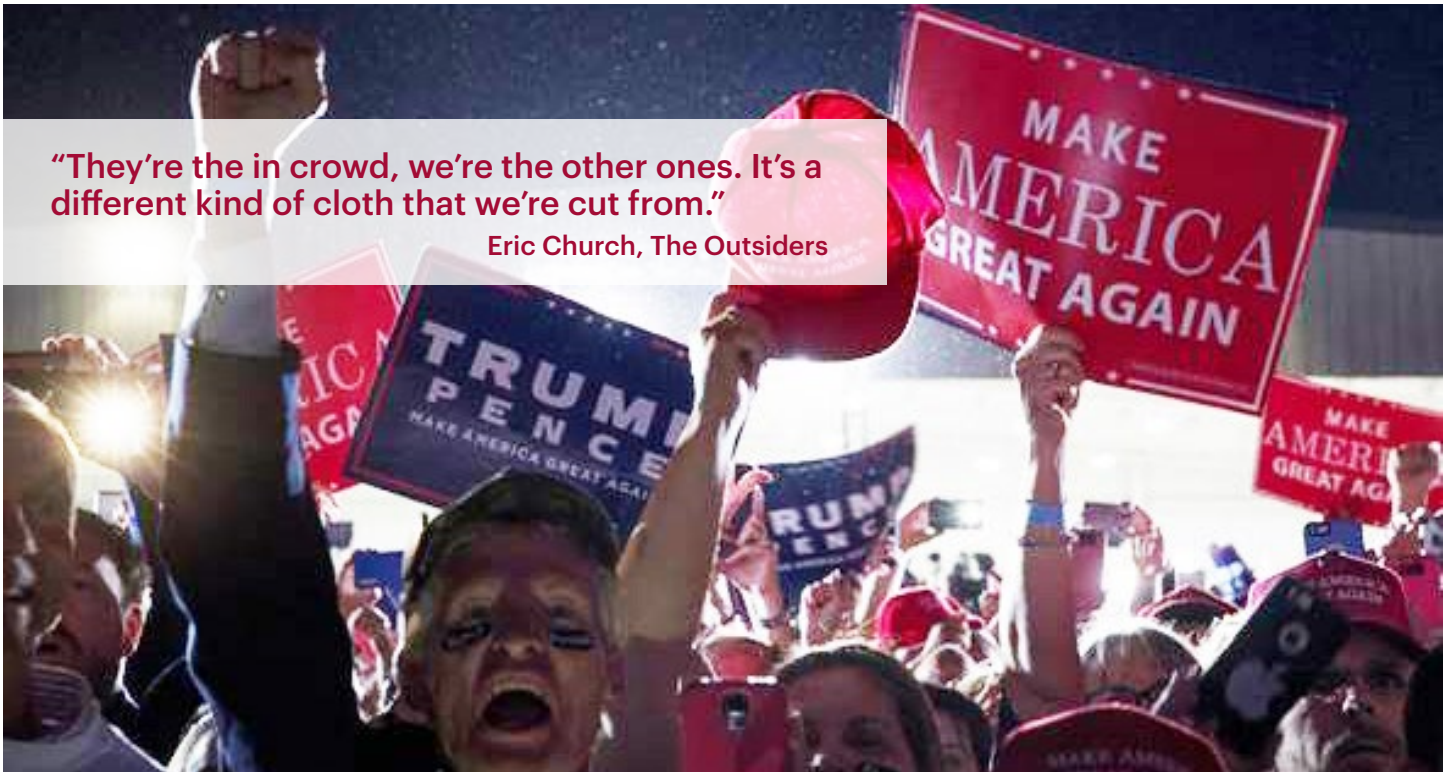


"They're the in crowd, we're the other ones. It's a different kind of cloth that we're cut from."

Eric Church, The Outsiders

What Just Happened?

Trump Shocks Establishment, Reshapes Electoral Map

Inflection point, pivot, disruption — call it what you will — but last night's results defied the odds, defied the polls, and laid bare the stark divide in the American electorate. The signs were there, and Donald J. Trump went all in to take the mantle of outsider, change agent, and people's champion. In a stunning upset, he claimed a mandate through the Democratic firewall of the rust belt, captured every state claimed by Mitt Romney in 2012, and will take office in January with Congressional majorities that will be forced to contend with an electorate unmistakably expecting significant reversals of the policies of the past eight years. At age 70 he will be the oldest president ever elected, and the first to have had no experience in government or military command. America's 45th President will take the oath of office in January with a mandate for change, although the contours of that change remain unsettled. With Secretary Hillary Clinton in the popular vote totals, unifying a divider voter base will be a sizeable challenge.

Eight years ago, Barack Obama rewrote the script and shifted the electoral landscape. Last night, voters shuffled the deck again. In the aftermath of a sweeping upset, Members of Congress on both sides of the aisle will be forced to reckon with a new reality in the body politic. The depth of voter frustration with the seeming intractability of the political arena, and a growing sense among a wide swatch of the electorate that they had been abandoned by the establishment in both parties became a reactionary wave that carried President-elect Trump to victory in Democratic strongholds and Republican power centers alike.

Trump captured, and indeed embodied, the divisiveness of the American electorate. Brash, unapologetic, unconventional, and combative, Trump represented the change that many Americans continued to seek, and the belief that the system was rigged against them. In many ways, this election represented the culmination of several political and demographic trends of the past decade,

CONTROL CHANGE

	CURRENT	2017
White House	D	R
US Senate	R	R
US House	R	R
Governors	R	R

and reflected the growing populism that has become a hallmark of the American body politic. As between two flawed candidates, Trump represented the most obvious vote of no confidence in "politics as usual," and notwithstanding his many missteps, it was his status as an outsider that cemented his victory.

How wrong were the polls? In the end, much as from the start of the Trump campaign, they simply underestimated the groundswell represented by Mr. Trump's populist message. His unconventional, media driven, rally focused campaign broke the mold of predictive analysis and traditional turnout operations, and will force future candidates and current officeholders to revisit their assumptions.

A look at *where* Trump won helps explain *why* Trump won. He carried three battle ground states — Florida, North Carolina, Ohio — and then cracked Secretary Clinton's blue wall with wins in Pennsylvania and Wisconsin. Few if any pundits predicted a Trump win in Pennsylvania or a lead in Michigan, each having been won by every Democratic Presidential candidates since President Reagan last notched a victory for Republicans in those states in 1988. Trump's shocking victory can be attributed to several factors:

1. 2016 was a change election. 2016 was less about Republican versus Democrat and more about outsider versus insider. The billionaire businessman who never before held elected office rebuked the Republican establishment and promised dramatic change. In doing so, Trump tapped into deep economic grievances and concerns about immigration and domestic terrorism. As demonstrated by Senator Bernie Sanders' strong showing in the Democratic primary, this populist call for change wasn't limited to the Republicans. It was impossible for Secretary Clinton to represent change in a change election.

2. Trump appealed to working class voters. As evidenced by his wins in North Carolina, Pennsylvania and Wisconsin, Trump tapped into working class voters, many disgusted with the status quo. Trump's message that Washington is broken and not working for the people carried him through the Republican primary and Tuesday's election. While President Obama received about 33 percent support from white men without a college degree, Clinton received just over 20 percent support in this demographic group according to an Associated Press study. The Clinton voter of the 2008 primaries became Trump voters in 2016 — and their concentration in tipping point states carried a significant impact.

3. Rural versus urban demographic trends. The vote breakdown by county in Pennsylvania and other Rust Belt states demonstrates that Trump's working-class, anti-trade message appealed in the geographies hit hardest by the decline of manufacturing jobs. For example, Secretary Clinton won Philadelphia and its collar counties by over 450,000 votes but could not overcome Trump's strength in rural parts of Pennsylvania. This trend was replicated in traditional Democratic strongholds throughout the Midwest.

4. Secretary Clinton underperformed with key demographic groups. Secretary Clinton consistently underperformed President Obama's strength with his winning coalition of college educated women, minorities, and young voters. While Clinton bested Trump by 13 points among women, this margin was no better than Obama's margin in 2008 or 2012 among this same group. Trump, on the other hand, logged support from 70 percent of white men without a college education, besting Mitt Romney's showing by 10 points.

5. Republicans "came home." Whether because of the plea by Vice President-elect Mike Pence, or the longstanding animus of many Republicans towards the Clinton brand, in the final analysis the party faithful surged towards Trump in the closing weeks of the campaign. Trump successfully solidified his base, and did exactly what every pundit said was necessary to win — expanded his reach.

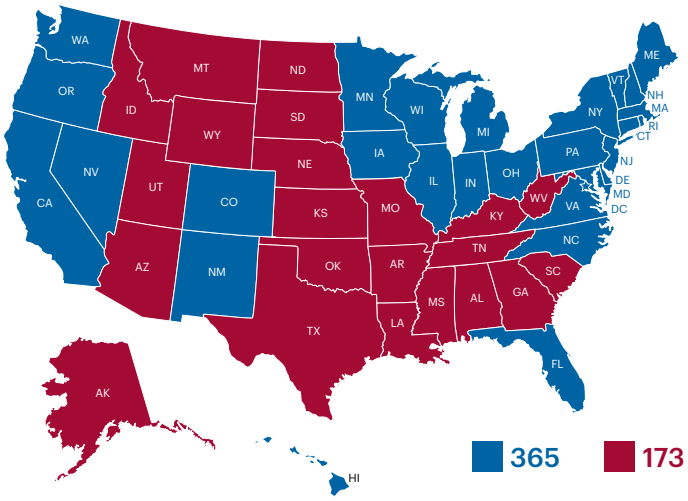
★ ★ ★

Now What?

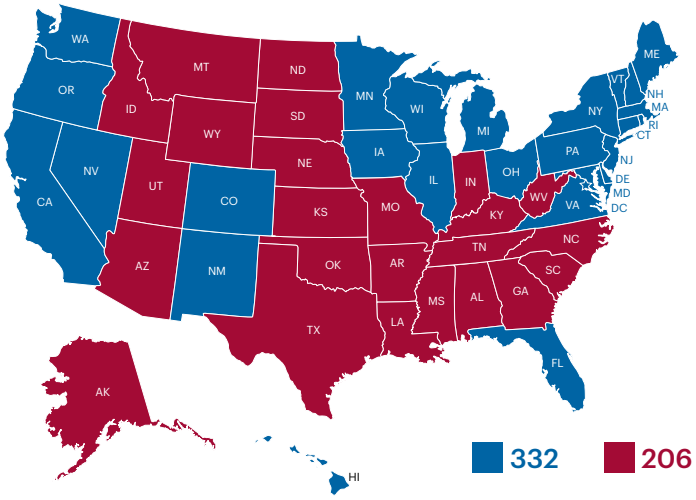
Now begins the real work of governing. President-elect Trump offered a conciliatory olive branch in his early morning speech to the nation as its President-elect, tempered with his by now familiar bravado and promise to take action immediately upon settling into the White House. With a Congress solidly in Republican hands, and a Senate Majority, the prospect of significant legislation is visible on the horizon. For a campaign that eschewed policy, attacked party leaders on both sides of the aisle, and was driven largely by personality, there are many questions that remain unanswered with respect to the makeup and agenda of a Trump Administration. One thing is certain — the same coalition of voters that carried Trump to victory will demand action. As global financial markets react to the news of Trump's election, and as the dust settles from a brutal campaign, it will be imperative for the President-elect to establish a tone to his transition designed to assuage the lingering concerns from his unorthodox campaign. Nonetheless, signature policy initiatives of the last eight years such as the Affordable Care Act, trade agreements, immigration reform and a host of others are unquestionably in the cross hairs.

Dentons Election Insight 2016 offers a snapshot of the results of this year's elections across the country at all levels of government, a look ahead at the outlook for 2017, and an effort to cut through the rhetoric to offer a navigational aid to the road ahead.

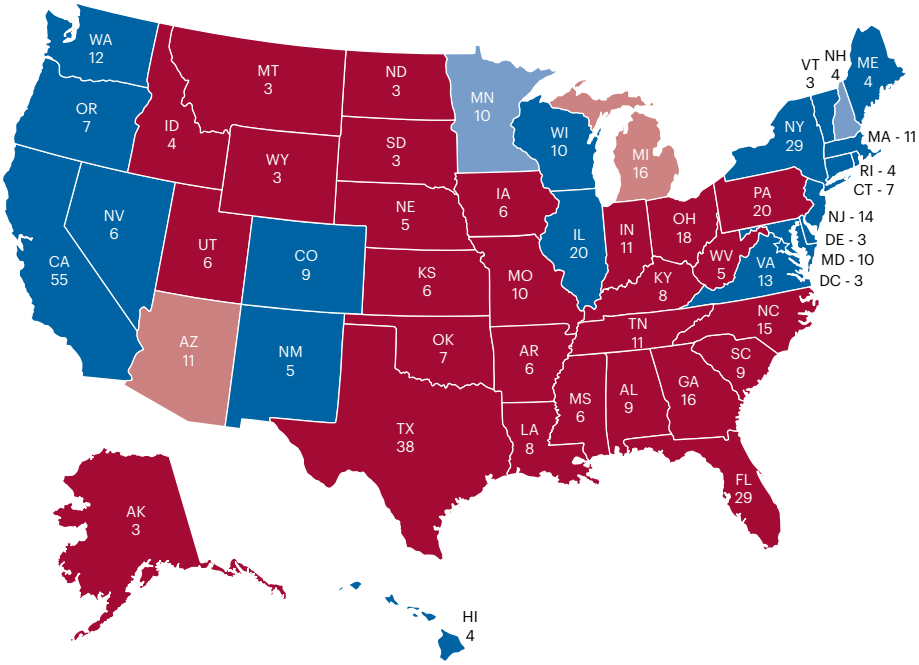
2008 GENERAL ELECTION ELECTORAL VOTES



2012 GENERAL ELECTION ELECTORAL VOTES



2016 GENERAL ELECTION ELECTORAL VOTES



218

278

42 Undecided

TRUMP CABINET POSSIBILITIES

POSITION	POSSIBLE REPLACEMENTS	NOTES
Attorney General (Department of Justice)	Attorney General Pam Bondi	Florida Attorney General
	Gov. Chris Christie	Governor of New Jersey
	Rudy Giuliani	Mayor of New York
	Sen. Jeff Sessions	Senate Judiciary Chairman
Central Intelligence Agency Director	Jose Rodriguez	Former Director of the National Clandestine Service
Chief of Staff	Reince Priebus	Chairman of the RNC
Director of National Intelligence	Todd Wilcox	CIA Officer
EPA Administrator	Joe Aiello	A Director in the NJ Department of Environmental Protection
	Carol Comer	Commissioner of Indiana Department of Environmental Management
	Myron Ebell	Official at the Competitive Enterprise Institute, runs the EPA Working Group on Trump Transition Team
	Robert Grady	Venture Capitalist
	Leslie Rutledge	Attorney General of Arkansas
National Security Adviser		
Office of Management and Budget	Sen. Jeff Sessions	Former Ranking Member of the Senate Budget Committee
Secretary of Agriculture	Gov. Sam Brownback	Governor of Kansas
	Chuck Conner	Deputy Sec for Agriculture under George W. Bush, CEO of National Council of Farmer Cooperatives
	Gov. Dave Heineman	Governor of Nebraska
	Charles Herbster	Republican donor and agribusiness leader
	Mike McCloskey	Major dairy executive from Indiana
	Ted McKinney	Director of the Indiana Department of Agriculture
	Sid Miller	Secretary of Agriculture in Texas
	Gov. Sonny Perdue	Former Governor of Georgia
	Gov. Rick Perry	Former Governor of Texas
	Bruce Rastetter	CEO of Summit Group
	Kip Tom	Former congressional candidate in Indiana
	Don Villwock	President of the Indiana Farm Bureau

TRUMP CABINET POSSIBILITIES

POSITION	POSSIBLE REPLACEMENTS	NOTES
Secretary of Commerce	Gov. Chris Christie	Governor of New Jersey
	Dan DiMicco	Former CEO of Nucor Corp and Trump trade advisor
	Lew Eisenberg	RNC Finance Chair
	Gov. Mike Huckabee	Former Arkansas Governor
	Sen. David Perdue	Senator from Georgia
	Gov. Rick Perry	Former Governor of Texas
	Wilbur Ross	Billionaire investor and Trump economic advisor
Secretary of Defense	Mike Flynn	Director of Defense Intelligence Agency
	Stephen Hadley	Former National Security Advisor
	Rep. Duncan Hunter Jr.	Member of the House of Representatives
	Sen. Jeff Sessions	Senate Judiciary Chairman
	Sen. Jim Talent	Former Senator from Missouri
Secretary of Education	Dr. Ben Carson	Neurosurgeon, 2016 Presidential nominee
	William Evers	Research Fellow at Hoover Institution
Secretary of Energy	Robert Grady	Venture Capitalist
	Harold Hamm	Bakken oil developer, Romney Energy Advisor
Secretary of Health and Human Services	Rich Bagger	Executive Director of Trump transition team
	Dr. Ben Carson	Neurosurgeon, 2016 Presidential nominee
	Newt Gingrich	Former Speaker of the House
	Gov. Rick Scott	Florida Governor
Secretary of Homeland Security	Gov. Chris Christie	Governor of New Jersey
	David Clarke	Milwaukee Sherriff
Secretary of Housing and Urban Development		
Secretary of the Interior	Gov. Jan Brewer	Former Governor of Arizona
	Gov. Mary Fallin	Governor of Oklahoma
	Robert Grady	Venture Capitalist, Former H.W. Bush Official
	Harold Hamm	Bakken oil developer, Romney Energy Advisor
	Forrest Lucas	Founder of Lucas Oil
	Rep. Cynthia Lummis	Representative of Wyoming
	Sarah Palin	Former Vice Presidential Candidate, Former Governor of Alaska
	Donald Trump Jr.	Executive Vice President of Trump Organization

TRUMP CABINET POSSIBILITIES

POSITION	POSSIBLE REPLACEMENTS	NOTES
Secretary of Labor	Victoria Lipnick	Commissioner of the EEOC
Secretary of State	John Bolten	Former U.N. Ambassador
	Bob Corker	Senate Foreign Relations Chairman
	Newt Gingrich	Speaker of the House
Secretary of Transportation		
Secretary of Veterans Affairs	Rep. Jeff Miller	House Veterans Affairs Chairman
Treasury Secretary	Rep. Jeb Hensarling	House Financial Services Chairman
	Carl Icahn	Founder of Icahn Enterprises
	Steven Mnuchin	Trump Campaign Finance Chairman, CEO of Dune Capital Management
White House Counsel	Donald McGahn	Trump advisor, Jones Day Partner

US Senate

In remarkable fashion the Republicans held on to their majority in the US Senate, losing only one seat — Sen. Mark Kirk from Illinois. Early on, the Senate campaign committee implemented some key changes; getting involved in primaries; fiercely defending incumbents; and developing a strategy to run separate, individualized races apart from the Presidential race. This meant they focused on separate candidate messaging, stood up their own ground game and identified their senate voters no matter who they were voting for at the top of the ticket. Here is a breakdown of the state by state races and how the GOP kept their Senate majority. strategy may have given coattails to Trump in the key swing states he needed to get over 270.

FLORIDA

Marco Rubio won Florida with 52% of the vote, built on a coalition of voters that allowed him to maximize the high Hispanic early vote turnout and ticket splitters. This was made easier by Rubio's unique bio and background and his campaign that exploited the weaknesses in Patrick Murphy's candidacy.

WISCONSIN

Ron Johnson pulled off the surprise of the night by holding his seat against former Senator Russ Feingold. From the start of this cycle, none of the DC political class gave Johnson any chance of keeping his seat. However, as polling in October showed the race tightening national campaign cash began to flow, and RNC sent volunteers to turn out the vote in northwestern Wisconsin to try to run up the score. GOP suburban counties outside of Milwaukee turned out to defend Ron Johnson, delivering a 50/47 victory and allowing Trump to squeak out a win and put a devastating crack in Hillary's blue wall.

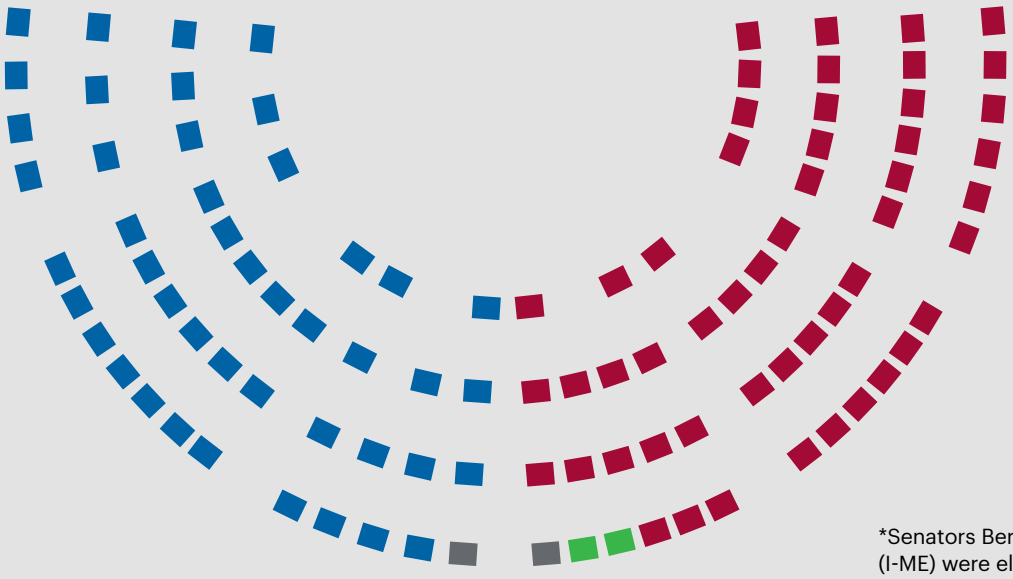
PENNSYLVANIA

Pat Toomey's victory was also surprising as well as historic. When Toomey won six years ago, this was a seat the GOP never thought they could defend during a presidential cycle. However, Toomey took the race seriously from the get go and spent time not only with historically democratic constituents but also in the Philadelphia media market, an area that democrats traditionally run up the score. This race in October gained the notable distinction of becoming the most expensive Senate race in history with combined totals of $113 million and counting.

MISSOURI

Roy Blunt survived a challenge from democrat Jason Kander, who was widely seen as the best recruit democrats have had in years. In September, Kander released a campaign ad that had him defending his record on guns while assembling an assault rifle blindfolded and it went viral as soon as it aired. This momentum while Blunt had a series of bad news cycles depicting him as the quintessential insider with his DC residences and family members working in the lobbying industry. Trump carried Missouri ending up winning the state 57% to 38%, giving Blunt the coat tails he needed.

US SENATE



ELECTIONS RESULTS

45 Democrats
51 Republicans
2 Independents*
2 Undecided

*Senators Bernie Sanders (I-VT) and Angus King (I-ME) were elected as Independent candidates, and have caucused with Senate Democrats.

NORTH CAROLINA

Most of the DC political class in September moved the Burr Senate seat up on their priority list. There seemed to be a mix of nervousness with the current Burr campaign strategy, Clinton's race tightening and the GOP's state problems with Gov. McCrory's bathroom law impacting Burr's ability to get a sustainable lead in the polls. However, in October Burr's campaign focused on defining Ross as too liberal for North Carolina from her history with ACLU, and in the end the demographic of the North Carolina electorate allowed Burr to build a coalition that gave him the win with 51%.

INDIANA

In Evan Bayh's attempted return to his Indiana Senate seat, he was better funded and better known. But Bayh lost because Congressman Todd Young kept him on the defensive with questions about his Indiana residency and lucrative career in Washington after his 2011 Senate departure. Bayh faced criticism for not occupying his local residence, and when asked by local media he couldn't provide the correct address of his Indianapolis home. Young criticized Bayh's support for Obamacare as the deciding vote on the law, and in the end, it was impossible for Senator Bayh's background to represent change or an outsider perspective in a change election.

NEW HAMPSHIRE

Kelly Ayotte at press time is up approximately 1,000 votes and is likely to be going to a recall.

ILLINOIS

In a lone bright spot for Senate Democrats Congresswoman Tammy Duckworth unseated U.S. Sen. Mark Kirk. Duckworth, a second-term congresswoman from Hoffman Estates, thanked Kirk in her victory speech Tuesday evening. Duckworth, who once led the Illinois Department of Veterans Affairs, has enjoyed the support of the state's Democratic establishment. A veteran and double amputee, Duckworth said that veterans issues will form the basis of her legislative priorities in the Senate. Duckworth had been favored to win the Senate seat once held by President Barack Obama

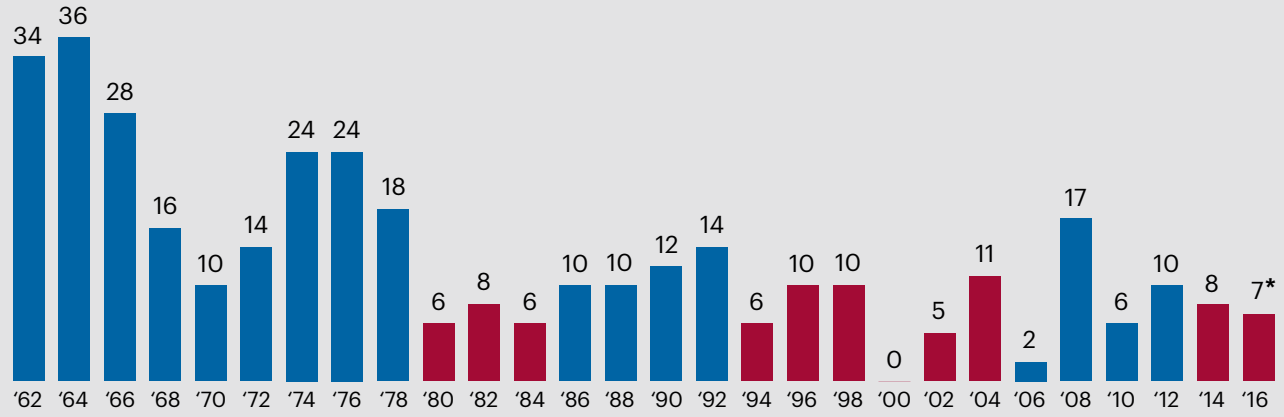
NEVADA

Catherine Cortez Masto has defeated Republican Congressman Joe Heck to help Democrats retain the Harry Reid open Senate seat in Nevada. The victory means Democrats retain the lone seat on the Senate battleground map that was in Democratic hands. Cortez Masto, a native of the Silver State, served as Nevada Attorney General between 2007 and 2015. Before she took public office, she was a civil attorney in Las Vegas and then a federal prosecutor for the U.S. Attorney's Office in Washington, D.C.

LOUISIANA

Louisiana will have to wait another month to elect its next U.S. senator. Democrat Foster Campbell and Republican John Kennedy are set to square off on December 10, an automatic runoff triggered when no candidate earned more than 50 percent of the vote in Tuesday's election. Kennedy led Campbell 25-to-17 percent with 99 percent of precincts reporting early Wednesday morning. Republican Charles Boustany (15.4 percent), Democrat Caroline Fayard (12.5 percent) and Republican John Fleming (10.5 percent) were the only other candidates in a crowded field to win more than 10 percent of the vote.

MARGIN OF SENATE CONTROL AFTER ELECTION 88th–115th Congress



*With one outstanding.

US SENATE SCORE CARD

STATE	PARTY	INCUMBENT	CHALLENGER
AK	R	**Murkowski**	Metcalfe
AL	R	**Shelby**	Crumpton
AR	R	**Boozman**	Eldridge
AZ	R	**McCain**	Kirkpatrick
CA (open)	D	**Harris**	Sanchez (D)
CO	D	**Bennet**	Glenn
CT	D	**Blumenthal**	Carter
FL	R	**Rubio**	Murphy
GA	R	**Isakson**	Barksdale
HI	D	**Schatz**	Carrol
IA	R	**Grassley**	Judge
ID	R	**Crapo**	Sturgill
IL	D	Kirk	**Duckworth**
IN (open)	R	**Young**	Bayh
KS	R	**Moran**	Wiesner
KY	R	**Paul**	Gray
LA (open)	R	Run Off Dec. 3rd	
MD (open)	D	**Van Hollen**	Szeliga
MO	R	**Blunt**	Kander
NC	R	**Burr**	Ross
ND	R	**Hoeven**	Glassheim
NH	R	Ayotte	Hassan
NV (open)	D	**Masto**	Heck
NY	D	**Schumer**	Long
OH	R	**Portman**	Strickland
OK	R	**Lankford**	Workman
OR	D	**Wyden**	Callahan
PA	R	**Toomey**	McGinty
SC	R	**Scott**	Dixon
SD	R	**Thune**	Williams
UT	R	**Lee**	Snow
VT	D	**Leahy**	Milne
WA	D	**Murray**	Vance
WI	R	**Johnson**	Feingold

KEY

D = Democratic-Retained Seat

R = Republican-Retained Seat

D = Democratic Pick Up

R = Republican Pick Up

BOLD = Winner

US House of Representatives

NORTHEAST

Democrats picked up two seats in the Northeast; Josh Gottheimer (NJ-5) beat incumbent Republican Scott Garrett; and former Democratic Rep. Carol Shea-Porter (NH-1) defeated incumbent Frank Guinta in a rematch from 2014.

In competitive open seat races, Republicans John Faso (NY-19), Claudia Tenny (NY 22), Brian Fitzpatrick (PA-8), and Lloyd Smucker (PA-16) were elected. Democrat Tom Suozzi (NY-3) was elected in the open seat race.

Republican incumbents Lee Zeldin (NY-1), Elise Stefanik (NY-21), Tom Reed (NY-23), John Katko (NY-24), and Ryan Costello (PA-6), and Democratic incumbent Louise Slaughter (NY 25) were re-elected.

MIDWEST

In the Midwest, in a rematch from two years ago, former Democratic Congressman Brad Schneider defeated Congressman Bob Dold to win back his former seat (IL-10). Incumbents held on in the other Illinois competitive races with Rodney Davis (IL-13) and Mike Bost (IL-12) returning.

Republicans swept in Midwest open seat races electing Trey Hollingsworth (IN-09), Jack Bergman (MI-01), Jason Lewis (MN-2), and Mike Gallagher (WI-08).

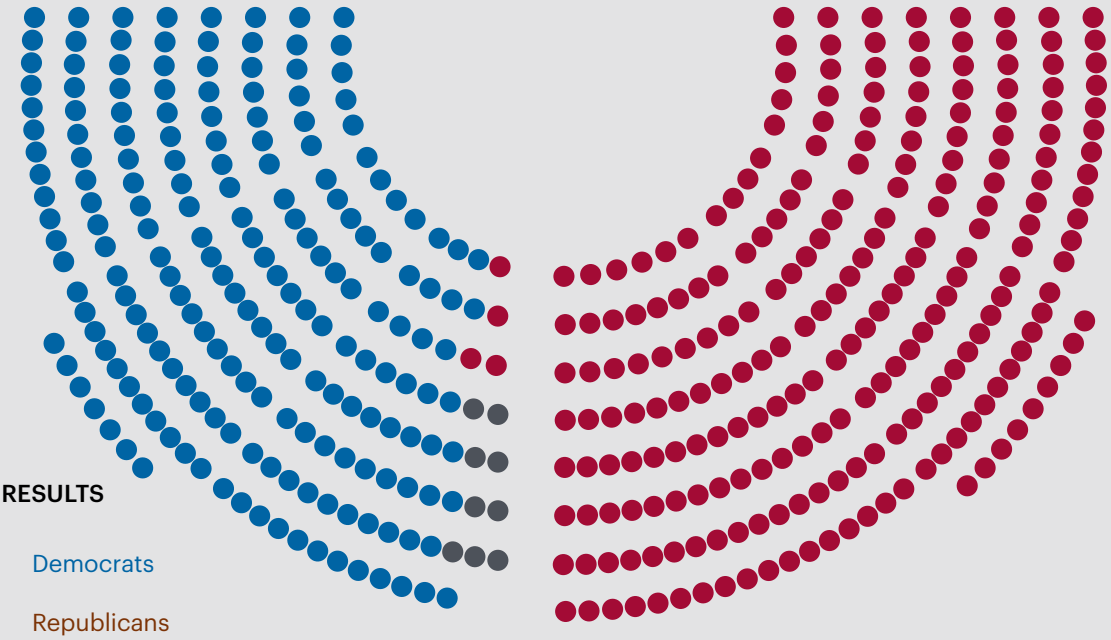
In Iowa, Republicans held on to a traditionally Democratic seat re-electing Rod Blum (IA-01) and also re-elected David Young (IA-3). Democrats held onto a competitive Minnesota seat re-electing Rick Nolan (MN-08), but struck out in the MN-03, where Republican Erik Paulsen was re-elected. Republicans Kevin Yoder (KS-03) and Tim Walberg (MI-07) will be returning to Congress

SOUTH

Democrats seized three seats in Florida in redrawn, formally GOP leaning districts; in FL-13, former Democratic Governor Charlie Crist unseated Republican incumbent David Jolly, and former Orlando police chief Val Demings won the open seat in FL-10's redrawn district that now favors Democrats. In FL-07, GOP Rep. John L. Mica, a 24-year incumbent, lost to Democratic newcomer Stephanie Murphy. In FL-26, Rep. Carlos Curbelo, who was considered one of the most endangered Republicans in the House, beat his Democratic challenger Joe Garcia by 12 points. Republicans won the open seat vacated by Rep. Patrick Murphy in FL-18 electing Brian Mast.

In VA-10 Barbara Comstock (R) held onto her seat, beating LuAnn Bennett, and Republicans picked up the open VA-05 electing Tom Garrett. Democrats won the open VA-04 electing Donald McEachin.

US HOUSE



ELECTIONS RESULTS

191 Democrats

235 Republicans

9 Undecided

WEST

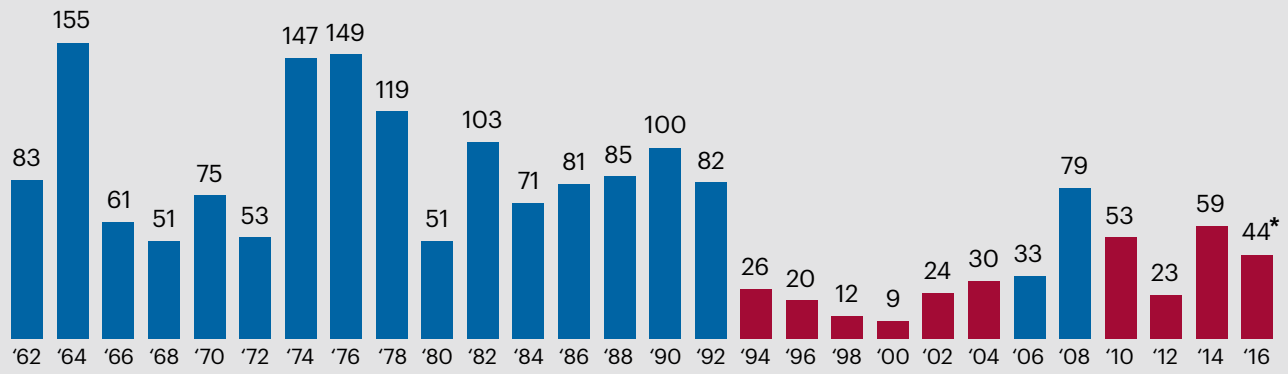
Thus far, in the West, Democrats captured three open seats, electing Tom O'Halleran (AZ-01), Salud Carbajal (CA-24), Jacky Rosen (NV-03); Democrats also gained a seat in the west with Ruben Kihuen (NV-04) defeating the Republican incumbent.

In Colorado, in a race that received national attention as a likely Democratic upset, Republican incumbent Mike Coffman (CO-06) held onto his seat in the moderate Denver suburb district. Republicans also re-elected Martha McSally (AZ-02), Scott Tipton (CO-03), and Mia Love (UT-04).

In California, Democrats Jim Costa (CA-16), John Garamendi (CA-03), and Scott Peters (CA-52), and Republican David Valadao (CA-21) were re-elected. In races too close to call, Ami Bera (CA-07) leads by 1 point and Jeff Denham (CA-10) leads by 5 points. Both of these races have all precincts reporting and still remain too close to call and must await the counting of absentee ballots. Two Republican incumbents are awaiting final decisions in races that still remain too close to call; Steve Knight (CA-25) leads by 8 points with 71% of precincts reporting, and Darrell Issa (CA-49) is leading by 4 points in the race with 75% of precincts reporting.

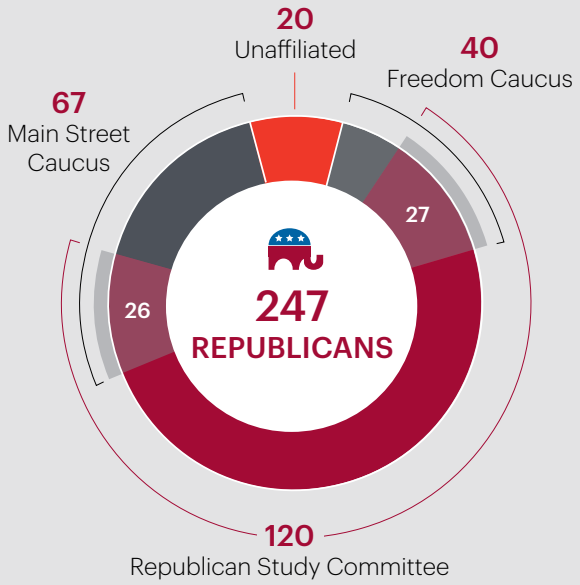
MARGIN OF HOUSE CONTROL AFTER ELECTION

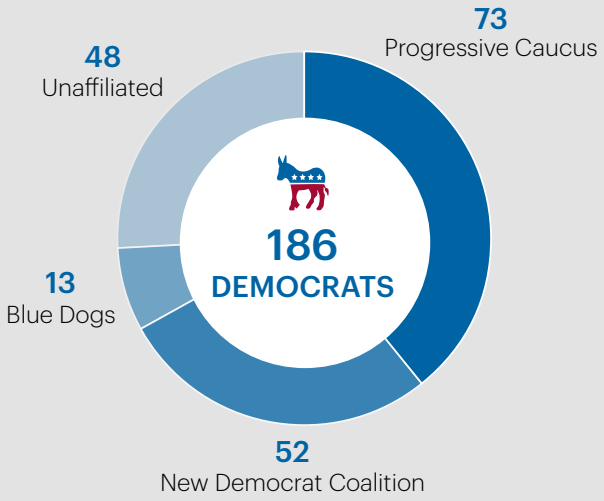
88th–115th Congress



*With nine outstanding.

114TH CONGRESS





US HOUSE SCORE CARD

STATE	PARTY	INCUMBENT	CHALLENGER
AK-AL	R	**Young**	Lindbeck
AZ-01 (open)	D	**O'Halleran**	Babeu
AZ-02	R	**McSally**	Heinz
CA 16	D	**Costa**	Tacherra
CA 3	D	**Garamendi**	Cleek
CA-07	D	Bera	Jones
CA-10	R	Denham	Eggman
CA-21	R	**Valadao**	Huerta
CA-24 (open)	D	**Carbajal**	Fareed
CA-25	R	Knight	Caforio
CA-49	R	Issa	Applegate
CA-52	D	Peters	Gitsham
CO-03	R	**Tipton**	Schwartz
CO-06	R	**Coffman**	Carroll
FL-02 (open)	★R	Dartland	**Dunn**
FL-07	★D	Mica	**Murphy**
FL-10 (open)	★D	Lowe	**Demings**
FL-13	★D	Jolly	**Crist**
FL-18 (open)	★R	Perkins	**Mast**
FL-26	R	**Curbelo**	Garcia
FL-27	R	**Ros-Lehtinen**	Fuhram
IA-01	R	**Blum**	Vernon
IA-03	R	**Young**	Mowrer
IL 13	R	**Davis**	Wicklund
IL-10	★D	Dold	**Schneider**
IL-12	R	**Bost**	Baricevic
IN-09 (open)	R	**Hollingsworth**	Yoder
KS-03	R	**Yoder**	Sidie
MD-06	D	**Delaney**	Hoeber
ME-02	R	**Poliquin**	Cain
MI-01 (open)	R	**Bergman**	Johnson
MI-07	R	**Walberg**	Driskell
MN-02 (open)	R	**Lewis**	Craig
MN-03	R	**Paulsen**	Bonoff
MN-08	D	**Nolan**	Mills
MT-AL	R	Zinke	Juneau
NE-02	D	Ashford	Bacon
NH-01	★D	Guinta	**Shea-Porter**

KEY

D = Democratic-Retained Seat

R = Republican-Retained Seat

★D = Democratic Pick Up

★R = Republican Pick Up

BOLD = Winner

STATE	PARTY	INCUMBENT	CHALLENGER
NJ-05	★D	Garrett	**Gottheimer**
NV-03 (open)	★D	Tarkanian	**Rosen**
NV-04	★D	Hardy	**Kihuen**
NY-01	R	**Zeldin**	Throne-Holst
NY-03 (open)	D	**Suozzi**	Martins
NY-19 (open)	R	**Faso**	Teachout
NY-21	R	**Stefanik**	Derrick
NY-22 (open)	R	**Tenney**	Myers
NY-23	R	**Reed**	Plumb
NY-24	R	**Katko**	Deacon
NY-25	D	**Slaughter**	Assini
OR 5	D	**Schrader**	Willis
PA-06	R	**Costello**	Parrish
PA-08 (open)	R	**Fitzpatrick**	Santarsiero
PA-16 (open)	R	**Smucker**	Hartman
TX-23	R	**Hurd**	Gallego
UT-04	R	**Love**	Owens
VA-04 (open)	★D	Wade	**McEachin**
VA-05 (open)	R	**Garrett**	Dittmar
VA-10	R	**Comstock**	Bennett
WA-08	R	**Reichert**	Ventrella
WI-08 (open)	R	**Gallagher**	Nelson

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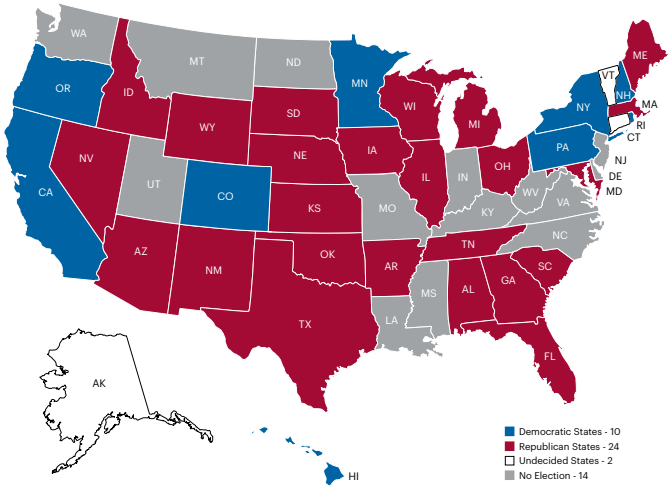
Governors

Going into Tuesday's election, 12 governor's mansions were up for grabs in elections across the country, with seven separate open seats. Republicans were successful in picking up three additional open seats formerly held by Democrats in Vermont, New Hampshire, and Missouri — apparently buffeted by strong Republican turnout in those states. Pending the results of two undecided races, Democrats could secure victories in up to six states — including possible wins in two states carried by Trump. Pro-coal Democrat Jim Justice was able to notch a win in West Virginia, where Trump defeated Hillary Clinton by a 42-point margin. In North Carolina, incumbent Governor Pat McCrory (R) appears to have been defeated by Attorney General Roy Cooper (D) in a race that is currently too close to call. The race is also still close in Montana, where incumbent Steve Bullock (D) took on challenger Greg Gianoforte (R).

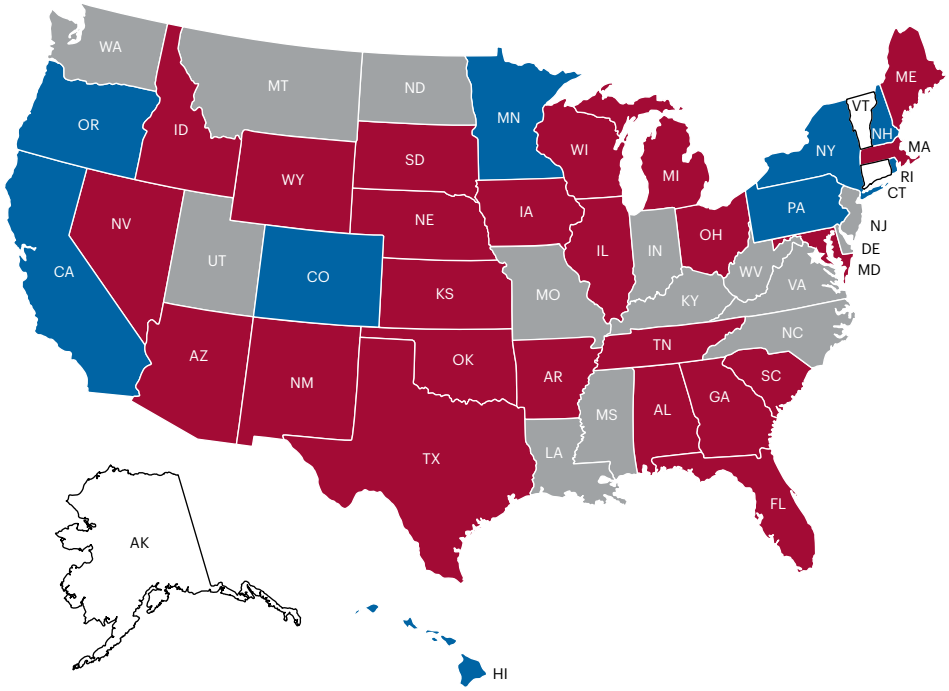
GOVERNOR SNAPSHOT

	CURRENT	2017
Democrat	18	15
Republican	31	34
Independent	1	1
Undecided	2	2

2014 RESULTS — GOVERNORS



2016 GOVERNORS RACES



ELECTIONS RESULTS

- **5** Democratic States
- **5** Republican States
- **2** Undecided
- **38** No Election

GOVERNOR SCORE CARD

STATE	PARTY	INCUMBENT	CHALLENGER
DE (open)	D	**John Carney**	Colin Bonini
IN (open)	R	**Eric Holcomb**	John Gregg
MO (open)	★R	Chris Koster	**Eric Greitens**
MT	D	Steve Bullock	Greg Gianforte
NC	R	Pat McCrory	Roy Cooper
ND (open)	R	**Doug Burgum**	Marvin Nelson
NH (open)	★R	Colin Van Ostern	**Chris Sununu**
OR	D	**Kate Brown**	Bud Pierce
UT	R	**Gary Herbert**	Mike Weinholtz
VT (open)	D	Sue Minter	**Phil Scott**
WA	D	**Jay Inslee**	Bill Bryant
WV (open)	D	**Jim Justice**	Bill Cole

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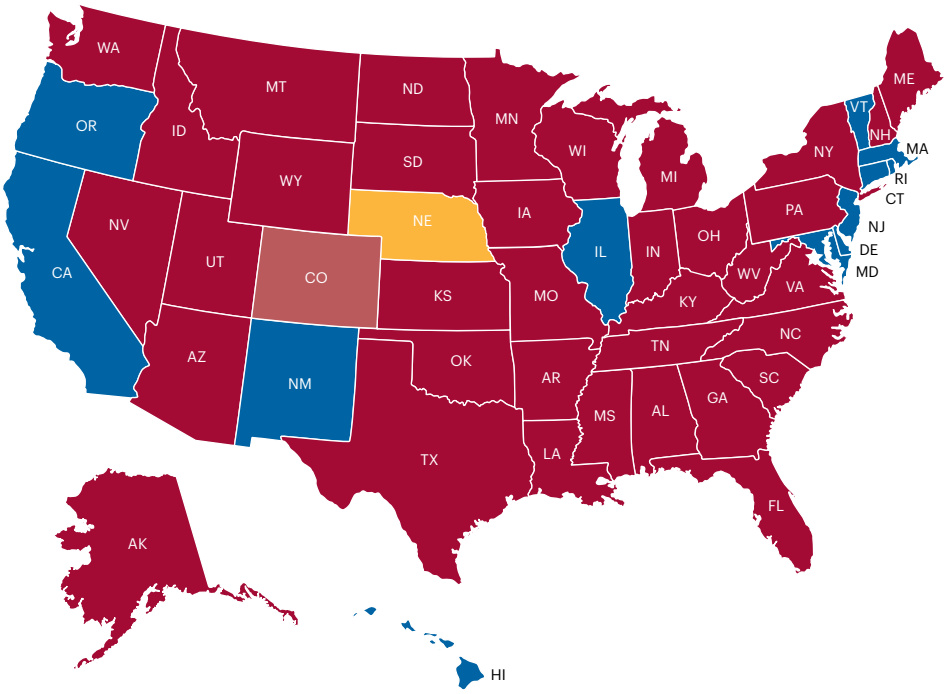
Battleground State Legislatures 2016: Down-Ballot Elections Shift Party Control of State Legislatures

Prior to Tuesday's election, the Republican Party controlled 67 of the 99 total legislative chambers across the country, with Democrats holding majorities in only 14 of the total 50 upper chambers, and 16 of the 49 lower chambers (Nebraska is a unicameral, non-partisan legislature).

However, many of these chambers were controlled by one party with small margins. Our Fortnight Election Report identified 20 legislative chambers where the difference between the majority and minority party was less than a 20% of total chamber seats. With this in mind, expectations were high going into Tuesday's election that a few down-ballot races across the country could have a significant impact on the partisan composition of state legislatures.

Preliminary results out of Secretary of States' offices across the country show a few minor changes in partisan control across the states. Many of these chambers had originally flipped from Democratic to Republican control after the 2012 and 2014 elections, with Republicans holding small majorities. Several state chambers flipped from Democratic control to Republican control, including state senate chambers in Iowa and Minnesota. The Kentucky State House flipped to Republican for the first time in 95 years. However, the New Mexico State House bucked the trend, moving from Republican to Democratic control. In addition, mirroring trends in other states, the GOP strengthened its base in rural districts while also winning unexpected suburban races. Consequently, Republicans expanded their majorities in several state chambers, including in Michigan, Minnesota, and Wisconsin, where the GOP majorities reached historic levels.

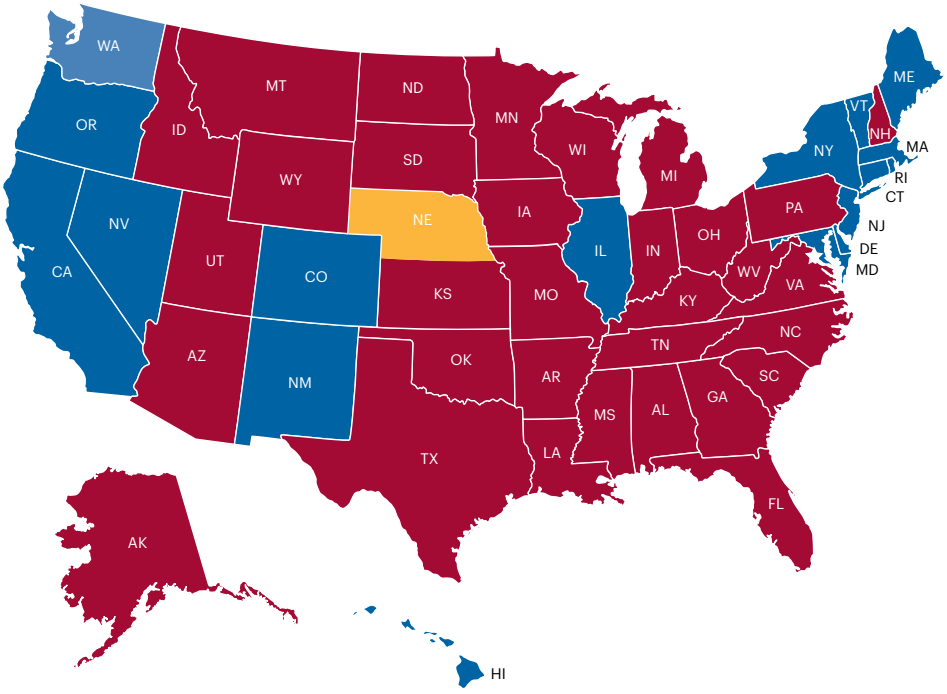
2016 STATE LEGISLATIVE ELECTIONS — SENATE



2017 CONTROL

- 12 Democratic States
- 36 Republican States
- 1 Non-Partisan
- 1 Undecided

2016 STATE LEGISLATIVE ELECTIONS — HOUSE



2017 CONTROL

- 16 Democratic States
- 32 Republican States
- 1 Non-Partisan
- 1 Undecided

State Attorneys General

State Attorneys General (AGs) are well known for conducting state consumer protection and antitrust enforcement actions and often join together in multistate actions. In the last four years, many AGs have received high profile media coverage for their willingness to wade into politically charged subject matter, including climate change investigations and lawsuits against the Federal government, especially challenging regulations from expanded powers claimed by agencies interpreting existing laws. Media coverage of such actions has resulted in increased campaign advertising on AG elections and has afforded certain AGs the political profile to run for higher office at the state and Federal levels.

Leading up to the elections on November 8th, the GOP held 27 AG offices across the country, with 24 for the Democrats (including the District of Columbia). Open seats were created by Indiana AG Greg Zoeller's decision to run for Congress and Missouri AG Chris Koster's and North Carolina AG Roy Cooper's respective runs for Governor. By holding the Indiana seat and flipping Missouri, the GOP's post-election lead, at press time, jumps to a commanding 28–22.

As expected, California AG Kamala Harris (D) was elected to the U.S. Senate. Pursuant to California statute, the AG Office's Chief Deputy becomes AG until the Governor appoints an AG and that person is confirmed by the state Senate and House. The appointed AG would serve until 2018, the remaining time on AG Harris' term.

STATE ATTORNEYS GENERAL SNAPSHOT

	CURRENT	2017
Democrat	24	22
Republican	27	28
Undecided		1

ATTORNEYS GENERAL STATE SCORE CARD

STATE	PARTY	INCUMBENT	CHALLENGER
IN (open)	R	**Curtis Hill (R)**	Lorenzo Arrendondo (D)
MO (open)	★R	Teresa Hensley (D)	**Josh Hawley (R)**
MT	R	**Tim Fox (R)**	Larry Jent (D)
NC (open)	D	Josh Stein (D)	Buck Newton (R)
OR	D	**Ellen Rosenblum (D)**	Daniel Zene Crowe (R)
PA (open)	D	**Josh Shapiro (D)**	John Rafferty (R)
UT	R	**Sean Reyes (R)**	W. Andrew McCullough (I - Libertarian)
VT (open)	D	**T.J. Donovan (D)**	Deborah Bucknam (R)
WA	D	**Bob Ferguson (D)**	Joshua Trumbull (I - Libertarian)
WV	R	**Patrick Morrisey (R)**	Doug Reynolds (D)

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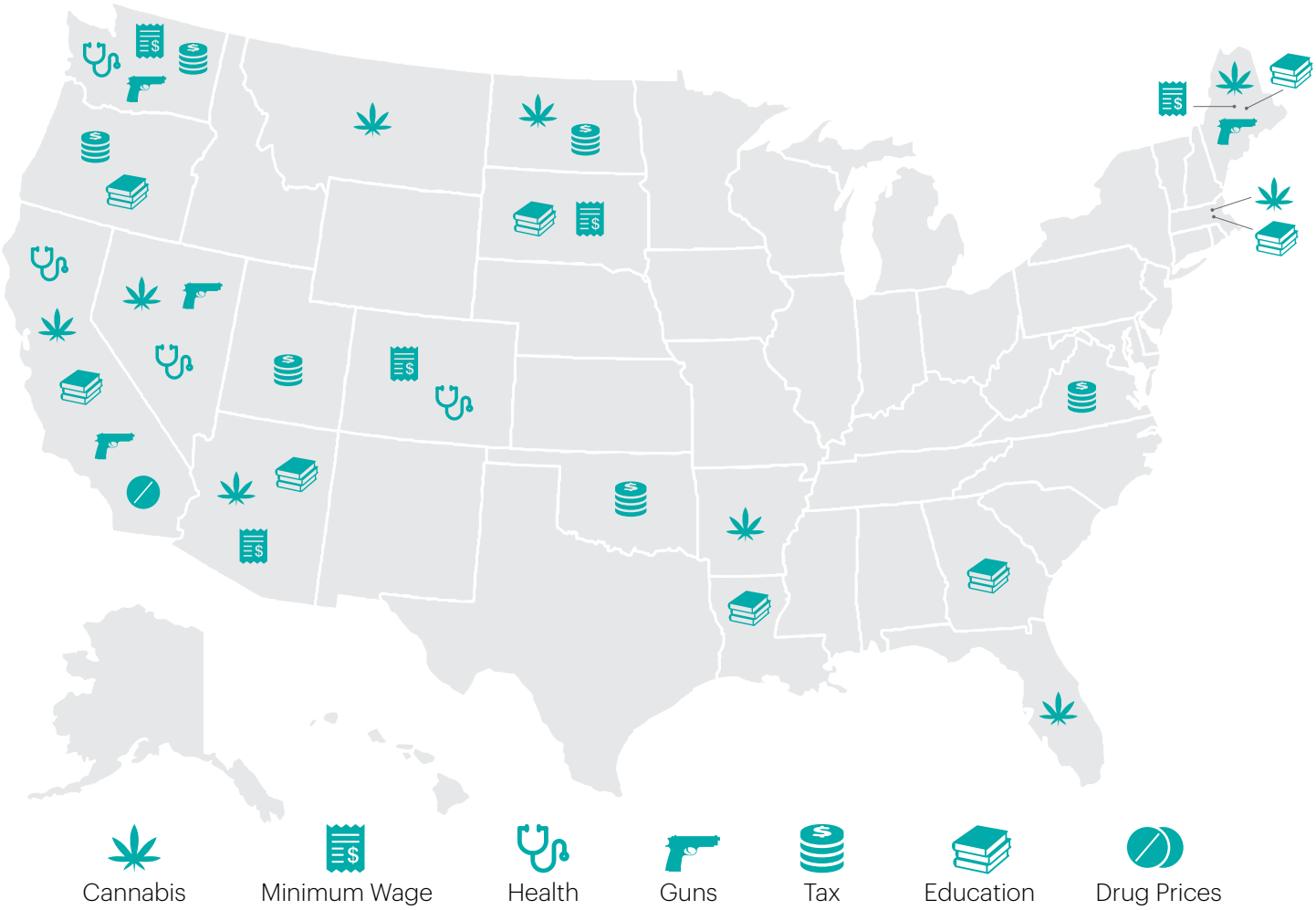

As in prior election cycles, ballot measures may were also an incentive for voter turnout. In the 2016 election there were 162 statewide ballot measures certified to appear before voters. 19 states had four or more ballot initiatives. South Dakota, Colorado, Washington, California and Alabama were all heavy weights with more than eight issues for voters to weigh in on. Not surprisingly, California lead the pack with 18 ballot measures.

Notable Ballot Measure Trends in the 2016 Election

MARIJUANA

It was estimated that more than 82 million Americans reside in states that had measures on the ballot that would relax marijuana regulations, likely driving liberal voters to the polls. Nine states had marijuana ballot measures and five of those states proposed to make it legal to possess, use and sell marijuana. Those states included Maine, Nevada, California, Arizona and Massachusetts. Nevada, California and Massachusettes voted in favor of legalization while Arizona defeated the measure. In Maine, the votes are still being tallied but it is expected to pass. Montana, North Dakota, Arkansas and Florida all passed ballot measures for medical use only. As a result of these measures, 25 states will now allow the use of medicinal marijuana and 10 (plus the District of Columbia) will have approved recreational use.

MORE DETAIL

In 2016, 163 statewide ballot measures have been certified for the ballot in 35 states. Of these measures, 72 were put on the ballot by citizens through signature petitions, rather than by state legislatures. Eight measures were on pre-November elections, leaving 157 measures for statewide ballots in November.

- Low 2014 voter turnout lowered many states' signature requirements for 2016; more than twice as many citizen initiatives qualified for the ballot this year than in 2014.
- In 2016, 72 citizen initiatives were certified for the ballot; this is the highest number of citizen initiatives to go before voters since 2006.

MINIMUM WAGE

More than 21 million Americans across five states saw a proposed changes to the minimum wage on the ballot. Arizona, Colorado and Maine all passed measures to steadily increase wages to $12 by 2020. Washington passed a measure to raise the minimum wage to $13.50 by 2020. Interestingly, South Dakota failed to pass a measure that would have lowered the minimum wage for workers under the age of 18 from $8.50 to $7.50.

GUN CONTROL

50.5 million Americans had the opportunity to vote on additional gun control regulations, which may have driven conservative voters to the polls. Nevada, Maine and Washington passed initiatives to close the federal "gun show loophole" which allows private sellers to transfer firearms without a background check on the buyer. Alternatively Maine rejected expanded gun background checks. California passed a measure to ban the possession of large-capacity ammunition magazines and require background checks before purchasing ammunition.

HEALTHCARE

Multiple states had healthcare initiatives on the ballot for voters to weigh in on in 2016. Colorado's proposition was notable as it sought to create ColoradoCare. This single-payer healthcare would have covered all residents in the state and would require an additional 10% income tax in order to create a $25 billion annual fund. The measure failed. California voters had two ballot measures to consider. One measure to propose new rules on drug prices has not been decided but is likely headed for defeat. California voters supported increased voter involvement concerning the use of hospital fees.

TAXES

123.3 million residents saw changes in tax policy on the ballot, including tax revenue allocation and tax exemptions. Washington had multiple ballot measures on taxes, and they were able to pass the creation of a carbon emissions tax while repealing a dental insurance tax. California voted to increase the cigarette tax, while Colorado opposed a similar measure.

82.0 million residents live in states that could loosen rules on **marijuana** in November.

21.6 million residents live in states that could increase **minimum wages** in November.

50.5 million residents could be subject to additional **gun control** regulations.

51.4 million residents could see **tobacco** taxes increase after the November election.

123.3 million residents could see changes in **tax** policy in their states in November, including issues like tax increases, tax revenue allocation, and tax exemptions.

INTERESTING AND UNUSUAL

Porn actors in California could be required to wear condoms during filming if Proposition 60 is approved. Californians will also decide another measure to ban plastic shopping bags, which is on the ballot as Proposition 67. At time of press the initiative was failing 54–46.

Electors in Maine will decide on an overhaul of their voting system.

Supreme Court

Justice Scalia's replacement will be nominated by President-Elect Donald Trump and confirmed by a Republican controlled Senate in 2017. This will leave in place the current 4-4 liberal-conservative split for the remainder of this year's term, even while the Court is facing major cases on immigration, voting rights, property rights, gender identity, and teachers' unions.

With the Republican majority in the Senate under 60 votes, Senate Democrats will have the ability to filibuster the nomination. However, after years of Senate Democrats bemoaning how the Republicans handled Obama's nominees, it will be interesting to see how they navigate it from the flip side.

If the nominee is filibustered and there are not enough votes to end the filibuster in order to get to 60 votes, then the Republican majority would have to decide whether or not to vote to lower the filibuster threshold from 60 votes to 50 votes, like the previous Democratic Senate majority did for other non-Supreme Court nominees in 2013. This is often referred to as the "nuclear option." If the Republicans go ahead with the nuclear option, it is likely that any Trump nominee will be confirmed for Scalia's seat and future seats as well.

With three other Justices aged 78 or older, it is very likely that a Trump White House could nominate up to three additional Supreme Court Justices during his first term. Court watchers speculate that two oldest Justices, Justice Ginsburg, an appointee of former President Bill Clinton, and Justice Kennedy, an appointee of former President Ronald Reagan, could be the next two justices to leave the Court during President Trump's first term.

President-Elect Trump has released several lists of potential nominees, most of them sitting judges and with decidedly conservative credentials.

POTENTIAL SUPREME COURT NOMINEES

POTENTIAL NOMINEE	CURRENT POSITION
Keith R. Blackwell	Georgia Supreme Court
Charles T. Canady	Florida Supreme Court
Steven Colloton	United States Court of Appeals for the Eighth Circuit
Allison H. Eid	Colorado Supreme Court
Neil M. Gorsuch	United States Court of Appeals for the Tenth Circuit
Raymond W. Gruender	United States Court of Appeals for the Eighth Circuit
Thomas M. Hardiman	United States Court of Appeals for the Third Circuit
Raymond M. Kethledge	United States Court of Appeals for the Sixth Circuit
Joan L. Larsen	Michigan Supreme Court
Mike Lee	U.S. Senator (Utah-R)
Thomas R. Lee	Utah Supreme Court
Edward Mansfield	Iowa Supreme Court
Federico A. Moreno	United States District Court for the Southern District of Florida
William H. Pryor	United States Court of Appeals for the Eleventh Circuit
Margaret A. Ryan	United States Court of Appeals for the Armed Forces
Amul R. Thapar	United States District Court for the Eastern District of Kentucky
David R. Stras	Minnesota Supreme Court
Diane S. Sykes	United States Court of Appeals for the Seventh Circuit
Timothy M. Tymkovich	United States Court of Appeals for the Tenth Circuit (Chief Judge)
Don R. Willett	Texas Supreme Court
Robert P. Young	Michigan Supreme Court (Chief Justice)

Trump Policy Agenda

With Congressional Republicans in control of both the Senate and the House, President-elect Trump will have an unprecedented opportunity to radically change the course of policy. Republican proposals to repeal Obamacare and end the Dodd-Frank Act, proposals that were simply pipe dreams before last night's election, are highly likely to move forward within weeks of the new President's inauguration and could eventually become law.

In fact, there is strong reason to believe that on or shortly after his inauguration, Mr. Trump will spend the first few hours of his presidency issuing a series of executive orders that seek to undo many of President Obama's major executive actions, starting with President Obama's executive actions on immigration, as well as recent regulatory efforts on environmental and energy policy.

To the dismay of the environmental community Mr. Trump is also likely to reject the Paris Agreement on greenhouse gas emissions and restart exploration of the Keystone pipeline. He also will renounce the Trans-Pacific Partnership, seek to renegotiate many other trade deals such as NAFTA, and could direct the Treasury Department to designate China as a currency manipulator. He also may seek to renegotiate the US relationship with NATO so that other NATO countries assume a greater share of the costs of their joint defense.

Other initiatives, such as proposals to ban muslims from entering the US unless individually vetted, rejecting the multilateral nuclear agreement with Iran, building a wall on America's southern border, and repealing NAFTA face a less certain future. Whether these hot button issues were campaign rhetoric or fundamental policy actions will be a significant question in the coming months.

A key unanswered question when the next Congress begins its work is whether Senator Charles Schumer, expected to be the new Minority Leader for Senate Democrats, will employ every parliamentary device available to the Senate minority to prevent or slow down the implementation of Trump's proposals. Should Democrats elect to use all of such tactics, there could be a real prospect of continuing gridlock. However, having failed to achieve their anticipated gains in the Senate in this election and with far more Democratic Senators up for re-election in 2018 than Republicans, at least some Senate Democrats may find it very difficult to take on the President-elect.

There are some subjects in the Trump proposed agenda, like infrastructure spending, veterans care, or perhaps mental health spending, where a basis may exist for cooperation between Congressional Democrats and the Trump White House, but given the radical differences in the approach of the two parties to tax and budget issues, it's not clear that the parties can find common ground on how to fund those priorities.

Like any president, much of Mr. Trump's presidency will be impacted by his relationship with Congress. Given the tortured relationship that existed between House Speaker Paul Ryan and Mr. Trump throughout the campaign season, clearly, the new President and Speaker Ryan will have to establish a strong working relationship if they are to pursue the Trump agenda with maximum efficiency and effectiveness. While the lure of controlling both the Executive and Legislative Branches will give Trump and Ryan a strong reason to do so, it's not beyond the realm of possibility that the breach between the two of them can not be repaired and that the President-elect might eventually seek to replace Mr. Ryan as Speaker, especially given their apparent differences on tax reform and their respective willingness to expand the deficit.

While, in many respects, Mr. Trump's campaign was longer on rhetoric than on policy, the elements of Mr. Trump's policy agenda are reasonably clear:

CHINA

Mr. Trump has made strong statements against China and has said he plans to crack down on hacking, threaten the Chinese government with steep tariffs if it doesn't agree to rewrite trade agreements, and plans to expand US military presence in the South China Sea. He said he would toughen rules against the theft of intellectual property and combat subsidies China offers to boost exports.

EDUCATION

While disputes about immigration, trade agreements and national security served as the centerpiece of the 2016 Presidential campaign, other domestic priorities will now begin to assert themselves for consideration in President-Elect Trump's first 100 days and first year in office. Trump has stated his goal of "eliminating or drastically reducing" the size of the U.S. Department of Education in order to pay for other tax reform priorities. The likelihood of the agency being eliminated at the front end of the Administration is very slim, so in the interim, President-Elect Trump will be pushed to review spending decisions and policy reforms that will carry over to the 115th Congress. Trump has stated that his goal is to push elementary and secondary education policy to the local level, a priority widely seen as having a head start with the passage of the Every Child Succeeds Act, signed into law in late 2015.

The law dramatically changes the balance of power from the federal government to state and local education

institutions but the implementation of the law has been hampered by disagreements between Congress and the U.S. Department of Education charged with implementing the new law. Leading members of Congress, joined with education stakeholders, have accused the Department of ignoring the intent of the law in order to keep a measure of control for spending decisions on Title I funds at the federal level. President-Elect Trump's call to eliminate the agency will not win him many friends within the agency's career bureaucracy and will likely require strong, political leadership on site at the agency, to change the direction of the current implementation effort. Time will be of the essence as a delay in meeting benchmarks on the new law will only deepen the uncertainty for school administrators at the state and local level as they prepare for the 2017 school year.

Additionally, Trump has signaled support for increased funds the allow states to broaden school choice and seeks to allow parents to have the option of a range of schools to consider that could best suit their own children. This policy mirrors one aspect of the Republican platform unveiled at the 2016 GOP Convention which called for Title 1 (federal) funds to "follow" the child to whatever school parents may choose.

Higher education institutions are anxious to complete a reauthorization of the Higher Education Act. Republicans in Congress have been very critical of recent Department of Education regulations released on Gainful Employment and Defense to Repayment. Trump has pledged to eliminate many Department of Education regulations imposed on higher education institutions by the Obama Administration. With Trump as President, Senate HELP Committee Chairman Lamar Alexander and presumptive House Education Committee Chairwoman Virginia Foxx will have much more freedom to significantly rewrite the Higher Education Act to simplify federal regulations on all types of higher education institutions....public, private and for profit.

President-Elect Trump will also be under pressure to roll back federal guidance on transgender bathroom access, press for the elimination of "Common Core", and provide protections for teachers to maintain order and discipline in the classroom without fear of legal retaliation.

ENERGY

President-elect Donald Trump is expected to break sharply with the energy and environmental policies of President Obama. During the campaign, Trump unveiled "An American First Energy Plan," which focuses on expanding fossil fuel development in order to create jobs and economic growth and bolster energy security.

Specifically, Trump 's 100 Day Energy Action Plan calls for the following:

- Rescinding all of President Obama's executive actions, including his Climate Action Plan (which includes regulations of new and existing coal-fired power plants) and the Waters of the US rule.
- Canceling the Paris Agreement and stop all payments of US tax dollars to UN climate change programs.
- Requesting that TransCanada Corp. renew its permit application for the Keystone XL pipeline.
- Lifting all moratoriums on energy production on federal lands.
- Revoking policies that impose "unwarranted restrictions" on new drilling technologies.
- Eliminating any regulation that is "outdated, unnecessary, bad for workers, or contrary to the national interest" and shift more responsibility to state and local authorities.

The ability of the Trump Administration to quickly achieve his 100 Day Energy Action Plan will vary from goal to goal. On the regulatory front, a Trump-led EPA will likely cease its work on methane regulations for existing oil and gas sources, but the agency will be required to follow administrative requirements to undo other regulations, such as the Clean Power Plan and the Waters of the US rule. The Paris Agreement requires signatory parties, including the US, to wait three years until they request to withdraw from the climate change pact, followed by a one-year notice period. Thus, with the Paris Agreement officially entering into force this fall, the Trump Administration could not formally withdraw from the pact until near the end of his first term, though his Administration may disregard the commitments agreed to by the Obama Administration.

A leading contender for Secretary of the Department of Energy in a Trump Administration is oil tycoon, Harold Hamm. During the campaign, Mr. Hamm acted as an informal advisor to Trump on energy policy. If appointed, Mr. Hamm will be the first U.S. Secretary appointed from the oil and gas industry since it was created 1977. Such a move will no doubt jolt environmental advocates, and bolster Trump's support for more pro-drilling policies.

In Congress, many of the key Committees will face new leadership. In the House, Representative John Shimkus (R-IL), Representative Greg Walden (R-OR) and Representative Joe Barton (R-TX) are all campaigning to replace current term-limited House Energy and Commerce Committee Chairman Fred Upton (R-MI). Additionally, there will be a new Chairman on the Subcommittee on Energy and Power to replace

Representative Ed Whitfield (R-KY) who retired in July. With a Trump's victory, the House Energy and Commerce Committee could pursue reform of federal environmental statutes, such as the Clean Air Act, though any significant effort to roll-back environmental protections would face significant challenges in a closely-divided Senate. The House Energy and Commerce Committee will also plan to hold additional hearings on the Federal Power Act that could build momentum for legislation to reform how the Federal Energy Regulatory Commission regulates interstate transmission and wholesale electricity markets. In addition, the House Energy and Commerce Committee could attempt to pass nuclear waste storage legislation, an important priority to Shimkus. The House Natural Resources, under Chairman Rob Bishop's (R-UT) leadership, could also work with the Trump Administration on legislation to expand fossil fuel development on federal lands.

A top priority for the House Energy and Commerce Committee will be the long-term review of the Federal Power Act to ensure the nation's grid is equipped for the challenges of the 21st century. This effort was kicked off in June of this year when Committee leaders sent a letter to Federal Energy Regulatory Commission Chairman Norman Bay requesting information on the current and future state of electricity markets, and held a subsequent September hearing to examine the foundations of existing electricity markets. The September hearing set the stage for the upcoming year ahead as the Committee plans to take a deep dive into the Federal Power Act to examine and better understand how technology has dramatically transformed the electric sector and what changes, if any, need to be made to the 80 year old Federal Power Act. Among other things, the members will explore FERC's deregulation of electricity in the 1980s and 1990s and how those changes have shaped the wholesale electricity markets today; consideration of whether the policies and lines of jurisdiction laid out in the Federal Power Act still make sense in today's markets; and whether the Federal Power Act, as written, could ensure grid reliability in the future.

With Republicans retaining their majority in the Senate, Senator Lisa Murkowski (R-AK) and Senator Maria Cantwell (D-WA) are expected to remain the Chairwoman and Ranking Member on the Senate Energy and Natural Resources Committee. Murkowski and Cantwell have worked well together on the Senate Energy and Natural Resources Committee, as evidenced by the bipartisan energy legislation that may be considered in the lame-duck session. It, however, remains to be seen as to whether bipartisan cooperation will fray if the Committee pursues legislation to expand fossil fuel development on federal lands. The Committee may also hold oversight hearing on the Federal Power Act and consider legislation on nuclear waste storage.

The Senate Environment and Public Works Committee is also facing a significant leadership transition with current Chairman James Inhofe (R-OK) term-limited and Ranking Member Barbara Boxer (D-CA) retiring. Senator John Barrasso (R-WY) is expected to replace Inhofe as Chairman and Senator Tom Carper (D-DE) is likely to step in for Boxer as Ranking Member. As Chairman, Barrasso may pursue legislation to block some of the environmental and climate regulations promulgated under the Obama Administration, including the Clean Power Plan and the Waters of the US Rule. While Barrasso may be able to pass such legislation through the Senate Environment and Public Works Committee, these efforts will face considerable challenges passing through the full Chamber given Republicans" narrow majority. Trump has also discussed pursuing an infrastructure bill, which would make investments in transportation and clean water, among other areas. As Chairman of the Senate Environment and Public Works Committee, Barrasso will have oversight over significant portions of any transportation bill, including provisions dealing with water infrastructure.

EUROPE

The Brexit vote and President Trump's recent election into office may indicate trends that will resonate throughout Western democracies as French and German elections near. A German poll showed Angela Merkel's Christian Democrats (CDU) tied for second place with the anti-immigration Alternative for Germany (AfD) just before this weekend's regional elections in Mecklenburg-Western Pomerania. Right-wing politicians across Europe reacted to Hillary Clinton's defeat, including Dutch Freedom Party leader Geert Wilders, who wrote: "The people are taking their country back [in the US]. So will we." We can expect movements similar to those of Britain and the United States throughout Europe in the coming months. How, if at all, the President-elect reacts to such developing popular movements remains to be determined.

FINANCIAL SERVICES AND DODD-FRANK

In the next Congress there will be new leadership of the Senate Banking Committee. Senator Mike Crapo of Idaho is expected to become the new Chairman of the Committee as Senator Richard Shelby of Alabama, the current Chairman of the Committee, is term-limited. Senator Sherrod Brown of Ohio, the Committee's Ranking Member in the current Congress, is expected to continue as the Ranking Member. The House Financial Services Committee's leadership is not expected to change. Congressman Jeb Hensarling of Texas will continue as

the Committee Chairman and Congresswoman Maxine Waters of California will continue as the Ranking Member.

While he has not set forth his views on financial services regulation in a comprehensive manner and did not often speak about the financial services issues during the campaign, Mr. Trump has been very clear that he views the Dodd-Frank Act as a "disaster" which has increased costs for business, stunted economic growth and interfered with lending without any corresponding benefits for consumers. Thus, he believes that, ideally, the law should be repealed and the Consumer Financial Protection Bureau (CFPB) that Dodd-Frank created be dismantled.

Mr. Trump is expected to pursue the longstanding agenda of Chairman Hensarling and many Congressional Republicans that the CFPB should be eliminated, or, at a minimum, substantially reformed. While seeking the complete dismantling of the CFPB, at a minimum, Mr. Trump can be expected to support Chairman Hensarling's position that the CFPB's single Director structure should be replaced by a five member commission and that, rather than being funded through the Federal Reserve, the CFPB should be funded solely through the federal appropriations process where the Bureau would have to compete for resources with other agencies and other priorities. Mr. Trump has also expressed concerns about the Financial Stability Oversight Council (FSOC) and its process for designating financial institutions as systemically important (SIFIs).

Recent polls suggest that events like Wells Fargo's opening of as many as 2 million "ghost" accounts without customer permission, an event that led to a $185 million fine, have led a majority of the public to view the CFPB's continued existence favorably. In the current climate where many of the big banks are viewed by the public with great suspicion, even given Republican control of Congress, it may still be challenging for Mr. Trump to persuade the public that it makes sense to eliminate the CFPB or materially change Dodd-Frank.

Throughout the campaign, Mr. Trump emphasized his desire to reduce the amount and scope of federal regulations, even indicating that he believes two regulations should be eliminated for every new regulation that is adopted. Thus, Mr. Trump surely can be expected to nominate financial regulators who share his view about the costs imposed by excessive regulation. These nominees, if and when confirmed, can be expected to view their regulatory and enforcement responsibilities very narrowly. Moreover, given the recent decision of a panel of the US Court of Appeals for the DC Circuit that the CFPB is unconstitutionally structured and that the CFPB Director must be terminable at will and removable by the president without cause, Mr. Trump is highly likely to remove CFPB Director Cordray and nominate a replacement to serve as CFPB Director who shares his views on financial regulation.

Given the changes in the White House and in the composition of the new Congress, the prospects are strong that Mr. Trump would be willing to sign bills providing regulatory relief to credit unions and community banks and legislation increasing the minimum dollar threshold for potential SIFI designation. However, with 60 votes still needed to break most filibusters, if Senate Democrats are willing to stand their ground, it may remain difficult for the Senate to pass, and Mr. Trump to sign, anything except truly noncontroversial financial services legislation.

FOREIGN

The principles underlying Mr. Trump's foreign policy views were not clearly detailed during his presidential campaign. That said, it seems clear that he will focus on the global war on terror, the fight against ISIS in Iraq and Syria, Iran sanctions, and US immigration policy with Mexico.

The contours of Trump's foreign policy are among the least crystallized among his policy initiatives. Masked by a strong nationalist rhetoric, and open criticism of the conduct of foreign affairs by both the Bush and Obama presidencies, the outlook for Trump's foreign policy agenda and priorities is unclear. For America's allies and challenges, the early days of a Trump presidency could be a time of substantial realignment.

HEALTH CARE

This fall the focus on the Affordable Care Act (ACA, aka Obamacare) quickly intensified as next year's premium increases hit the high double digits in markets across the nation. The Republican Congress and new Administration will have to coalesce around an ACA alternative which due to this year's headlines we believe will be one of Trump's first policy priorities.

In the final stages of the campaign, Donald Trump frequently talked about repealing the ACA and replacing it. However, in order to repeal the ACA with less than 60 votes in the Senate, Congressional Republicans would need to use the same budgetary procedural maneuver the Democrats used to pass the law. Which, from a timing perspective, would not occur until 2017. President-elect Trump has stated that besides repealing the law, he will work with Congress to ready a series of free market reforms to replace the health law.

To help the struggling ACA marketplace exchanges and increase competition in the insurance industry,

President-elect Trump has called for allowing people to purchase insurance across state lines. There is bipartisan support to maintain the prohibition against insurance companies from denying coverage based on preexisting conditions and allowing young adults up to age 26 to be covered on their parent's insurance policy, so expect any new proposal to contain those popular provisions. Some specific ideas Trump has advocated for an ACA replacement plan includes eliminating the individual mandate, allowing individuals to deduct the cost of their health premiums from their taxes, block grant Medicaid and give states increased flexibility to spend those dollars.

In 2015, the total amount spent on pharmaceuticals in the United States was $310 billion, which was an increase of 8.5% from the previous year. With headlines over the 12 months dominated by the drug price increases, from generics to brand name medicines, policymakers have been debating what, if anything, should be done to address this trend. Something both candidates on the campaign trail agreed on is allowing Medicare to negotiate with pharmaceutical companies as a policy in order to lower drug prices. However, the new Republican Congress is not likely to share this policy position and therefore will present the President-elect an early test with his newly minted congressional majority.

IMMIGRATION

Mr. Trump made changing America's immigration policy a cornerstone of his campaign. He proposes to establish new immigration controls in order to increase American jobs and wages. To implement this initiative, Mr. Trump offered what he has termed a "10 Point Plan to Put America First".

The plan would begin with the building of a wall on the southern border that Mr. Trump claims that Mexico will pay for. He would end "catch and release" and detain anyone illegally crossing the border until that person is removed from the US. He says he will triple the number of Immigration and Customs Enforcement (ICE) agents, end sanctuary cities, and suspend the issuance of visas to any place where adequate screening does not occur until effective vetting is in place.

INFRASTRUCTURE

Mr. Trump has proposed a $1 trillion dollar infrastructure plan to improve America's transportation systems that he says will support investments in transportation, clean water, a modern and reliable electricity grid, telecommunications, security infrastructure, and other domestic infrastructure needs. Pledging to make clean water a high priority, Mr. Trump says that he will develop a long-term water infrastructure plan with city, state and federal leaders to upgrade aging water system — including a proposal to triple funding for state revolving loan fund programs to help states and local governments upgrade critical drinking water and wastewater infrastructure.

Mr. Trump says that he will approve private sector energy projects including pipelines and coal export facilities and seek to extend the reach of his infrastructure initiatives through the use of public-private partnerships and other funding vehicles. Promising to create more manufacturing and construction jobs, Mr. Trump says these projects will use American steel made by American workers.

Finally, as part of his broader efforts to reduce regulatory burden, Mr. Trump has laid out various permitting streamlining proposals that he says will shorten the time and the costs of bringing transportation improvements to completion and improve the likelihood of such projects going forward.

IRAN

Mr. Trump says that, when he becomes president, he would rip up the Iran Joint Comprehensive Plan of Action which eases Iran sanctions, calling it "one of the worst deals I've ever seen negotiated" in "[my] entire life." Expect him to take a tougher stance with Iran and possibly issue an Executive Order reinstating the previously implemented sanctions on Iran.

ISIS, IRAQ AND SYRIA

Mr. Trump has stated that, in the fight against ISIS, he plans to be more assertive with US military power than the Obama Administration.

He has estimated that it would take 30,000 US troops to defeat ISIS, but he has not stated that he would deploy troops to the Middle East region. On Iraq, Trump has not provided plans to on addressing the situation in Iraq, though he has frequently mentioned that he would work with the Kurds. On Syria, Trump has expressed a willingness to work with Russia to stabilize the region.

NATIONAL DEFENSE

Throughout his campaign, President-Elect Trump demonstrated unease with, and openly questioned the value of, America's traditional global security alliances, including the US' membership in NATO and strategic alliances in Northeast Asia. While on one hand Trump has called for an increase in the US military's size and strength, were he to follow through in implementing some of his more isolationist policy positions, the Trump Administration could modify the US' longstanding forward military basing strategy.

Trump's defense policies will in large part be shaped by the defense and national security policy advisors he chooses to serve in his Administration. His Administration's ability to work with a Republican-controlled Congress on defense policy matters could be initially hampered by strained relations between Trump and many of the Congressional GOP's leading defense policy thought leaders, such as Senate Armed Services Committee Chairman John McCain and Senator Lindsey Graham. However, Trump has expressed continued opposition to defense sequestration and existing defense spending caps, which are positions that will be welcomed by many Congressional defense hawks in both chambers.

NATIVE AMERICAN

Until recently, Trump and his campaign had not spoken much about Indian Country issues. Just prior to Election Day, the Trump campaign announced the formation of a "Native American Coalition," chaired by Representative Markwayne Mullin (R-OK), a member of the Cherokee Nation. The priorities articulated by the Coalition dovetail with familiar conservative principles as applied to Indian Country issues, including natural resources development and tribal sovereignty over labor issues. However, it is clear that President-Elect Trump has a long way to go to build a relationship with the tribal communities that he has been charged with the responsibility to protect and support.

In significant contrast to recent administration positions, President-Elect Trump's emphasis on domestic energy and natural resources development and pledge to ease restrictions on federal regulations may lead to increased pressure to fast-track energy projects that directly impact Indian Country. Many of these projects remain very controversial among tribal government and grassroots leaders. Tribal opposition to the Dakota Access Pipeline may prove to be a difficult early test for the Trump Administration's handling of Native issues. It seems likely that the Trump Administration will find itself at odds with tribes on energy and natural resources development issues, increasing the potential for litigation over existing and future oil and gas leases and the federal government's trust responsibility to tribes.

Labor is an area where President-Elect Trump and Republicans may find a more receptive Indian Country audience. The Tribal Labor Sovereignty Act, which provides the same explicit exemption to tribal governments and enterprises from the National Labor Relations Act that states and local governments currently enjoy, has failed to advance in recent Congresses. Republican control of the House and Senate make such legislation more likely to receive favorable consideration in the new Congress.

TAX REFORM

With Republicans controlling the White House and both Houses of Congress, tax reform is very likely. The starting point, at least in the House, will be the Tax Reform Blueprint released by Speaker Ryan in 2016. President-elect Trump, however, will want to put his mark on the tax reform package. Although much of the Trump tax plan is similar to the House Blueprint, populist touches, such as increased taxes on carried interest and increased taxes (or tariffs) on companies that are viewed as moving jobs offshore, are very possible.

If Republicans seek to enact legislation without Democratic involvement and want to avoid a Democratic filibuster in the Senate, they will have to use the budget reconciliation process. The budget reconciliation process imposes certain restrictions, including a requirement that the tax provisions sunset before the end of the 10-year budget window. So, if Republicans go down the road of a Republican-only package, there will likely be years of partisan fights about extending those tax provisions, just as there were following the Bush tax cuts, and attempts to overturn the law, as with Obamacare.

TELECOMMUNICATIONS

Under the new Trump Administration, there is no concrete roadmap for what direction telecommunications policy might take. In the near term, while sitting Federal Communications Commission ("FCC") Chairman Tom Wheeler may ultimately decide to step down at a date to be determined, many industry observers expect that he will instead remain at the FCC until a successor is announced, leaving him perhaps at the helm of the FCC until mid-2017. His remaining time as Chairman will most likely be devoted to completing any remaining big ticket items on his agenda, including business data service reform and the set-top box order, as well as continuing to manage the ongoing FCC spectrum auctions.

The future FCC under Trump, though, is seen largely as a wild card. Many industry observers expect several Obama legacy regulations to be in the near term sights as potential targets for a Trump administration to attempt to undo. The fate of the FCC's Open Internet order, for example, is anything but certain. Most Republicans would like to repeal the net neutrality rules and, back in 2014, Donald Trump himself tweeted that "Obama's attack on the internet is another top down power grab. It is likely that undoing the net neutrality regulations would be at the top of the list of the agenda for any incoming Republican FCC Chair. The process, however, will be a long and tedious one, with a replay of the vocal

battles between anti-regulation Republicans and Internet activists, both in Congress and throughout the Internet ecosystem.

Beyond that, however, it is uncertain what priorities will dominate a Trump telecom agenda, as he has not specifically set out any tech and telecom agenda. The Trump transition team has tapped Jeffrey Eisenach, who is a visiting scholar at AEI, as the tech leader. Eisenach, who has served in senior positions at the Federal Trade Commission and the Office of Management and Budget, will play a key role in determining who the new faces are at the FCC.

Regardless of who will be leading the new Trump FCC, the Trump Administration will be forced to address a number of pending industry transactions right out of the inauguration gate, the largest one being the pending AT&T-Time Warner deal, which will no doubt face stricter scrutiny that other similar deals under prior administrations. As a candidate, Trump himself has already weighed in on the proposed transaction, explicitly stating that his administration would not approve the deal. After the deal was announced, Trump called the deal "an example of the power structure I'm fighting" and said it was "a deal we will not approve in my administration because it's too much concentration of power in the hands of too few." While the Department of Justice will focus on the vertical integration issues posed by the deal, it is unclear yet whether the FCC will have a role in the formal merger review process; however, it would be surprising if the new FCC under the Trump Administration did not play some kind of a formal role, and we can expect the administration to be watching this deal, and other similar ones, very closely.

TRADE

For decades, there was a strong bipartisan consensus about the economic and national security benefits related to trade. This election witnessed a significant fraying of this bipartisan support for trade with President-elect Trump making his opposition to the proposed Trans-Pacific Partnership (TPP), the North American Free Trade Agreement (NAFTA) and other trade deals one of the hallmark issues in his campaign. Trump's opposition during the campaign was particularly noteworthy given that Republicans have historically been stronger advocates for free trade than their Democratic counterparts. Trump's victory may be viewed as a repudiation of free trade agreements specifically and globalization more broadly, and therefore, it is unclear how or if the bipartisan consensus in favor of trade agreements can be rebuilt in the short-term.

In light of Trump's victory and given the opposition of most Congressional Democrats, it is difficult seeing Congress passing TPP in a lame-duck session. After inauguration, the Trump Administration is likely to withdraw from TPP, but it is unclear whether negotiations will continue between the remaining Pacific Rim countries on something that could replace TPP. The US Trade Representative (USTR), under the Trump Administration, may press the current TPP parties for concessions on tariffs on the US automotive industry and the Investor-State Dispute Settlement process, which allows corporations to challenge US laws through arbitration.

During the campaign, Trump pledged that his Administration will immediately move to renegotiate the terms of NAFTA. If Canada and Mexico do not agree to renegotiate NAFTA, Trump indicated that he would unilaterally pull the US out of the trade agreement. Trump has asserted executive authority to withdraw the US from NAFTA, though if his Administration acts unilaterally, then there may be litigation over whether Congress must pass legislation to terminate the agreement. It is also unclear how an effort by the Trump Administration to renegotiate NAFTA might impact one of Trump's other top campaign pledges: building a wall on the US-Mexican border and how such a wall might be funded.

A Trump Administration will take a harder line on trade enforcement and on the campaign trail Trump identified a few specific policies, including labeling China a currency manipulator, bringing trade cases against China and leveraging large tariffs against them to remedy current trade disputes.

With Republicans maintaining control of Congress, and the trade committees continuing to be chaired by pro-trade Republicans, it remains to be seen how they will respond to any of these trade actions taken by the Trump Administration.

VETERANS CARE

In the campaign, Mr. Trump vowed repeatedly he would ensure that veterans would get the care they need wherever and whenever they need it. He also offered a reform agenda that would require the removal and discipline of VA employees who jeopardize the health, safety or welfare of any veteran.

Trump would create a commission to investigate and report to Congress on fraud and abuse at the VA as a way to promote legislative reform. Mr. Trump would promote health care choice and potential privatization by allowing all veterans to seek health care, including mental health services, from the provider of their choice whether within or outside the VA system.

REPUBLICAN

MAJORITY LEADER
Mitch McConnell

MAJORITY WHIP
John Cornyn

MAJORITY CONFERENCE CHAIR
John Thune

DEMOCRAT

MINORITY LEADER
Charles Schumer

MINORITY WHIP
Dick Durbin

MINORITY CONFERENCE CHAIR
Patty Murray

REPUBLICAN

SPEAKER
Paul Ryan

LEADER
Kevin McCarthy

WHIP
Steve Scalise

DEPUTY WHIP
Patrick McHenry

CONFERENCE CHAIR
Cathy McMorris Rodgers

DEMOCRAT

MINORITY LEADER
Nancy Pelosi

MINORITY WHIP
Steny Hoyer

ASSISTANT TO THE MINORITY LEADER
James Clyburn

CONFERENCE CHAIR (OPEN)
Joe Crowley

CONFERENCE VICE CHAIR (OPEN)*

VS.

Linda Sanchez **Barbara Lee**

*Race still ongoing

PARTY LEADERSHIP POSITIONS

REPUBLICANS

National Republican Congressional Committee (OPEN)	Greg Walden (OR-02) Term Limited
	Steve Stivers (OH-15)
	Roger Williams (TX-25)
Republican Conference Vice Chair	Lynn Jenkins (KS-02) Incumbent
	Bill Flores (TX-17)
Republican Conference Secretary	Virginia Foxx (NC-05) Running for Education and Work Force Chair
	Jackie Walorski (IN-02)

DEMOCRATS

Democratic Caucus Chair	Xavier Becerra (CA-34) Term Limited
	Joseph Crowley (NY-14)
Democratic Caucus Vice Chair	Joseph Crowley (NY-14) Term Limited
	Barbara Lee (CA-13)
	Linda Sanchez (CA-38)

PARTY CAUCUS LEADERS

REPUBLICANS

Republican Study Committee	Bill Flores (TX-17) Term Limited
	Andy Harris (MD-01)
	Mark Walker (NC-06)
Tuesday Group ** 1 Chair 2 Co-Chairs	Robert Dold (IL-10) Chair Incumbent
	Adam Kinzinger (IL-16) Incumbent
	Charlie Dent (PA-15) Incumbent
House Freedom Caucus	Jim Jordan (OH-04) Incumbent
	Mark Meadows (NC-11)

DEMOCRATS

Congressional Progressive Caucus	Keith Ellison (MN-05) Incumbent
	Raul Grijalva (AZ-03) Incumbent
New Democrat Coalition	Ron Kind (WI-03) Term Limited
	Gerald Connolly (VA-11)
	Jim Himes (CT-04)
	Jared Polis (CO-02)
Blue Dog Coalition	Jim Cooper (TN-05) Incumbent
	Jim Costa (CA-16) Incumbent
	Kurt Schrader (OR-05) Incumbent

HOUSE COMMITTEES

COMMITTEE	RETIRING	TERM LIMITED CHAIRS	LOST RE-ELECTION
2012 Terrorist Attack Benghazi	Lyn Westmoreland (R-GA-3)		
	Tammy Duckworth (D-IL-08)		
Administration	Rich Nugent (R-FL-11)		
	Candice Miller (R-MI-10)		
Agriculture	Ann Kirkpatrick (D-AZ-01)	Glenn Thompson (R-PA-05)	Brad Ashford (D-NE-02)*
	Chris Gibson (R-NY-19)		
	Dan Benisheck (R-MI-01)		
	Gwendolyn Graham (D-FL-02)		
	Randy Neugebauer (R-TX-19)		
Appropriations	Ander Crenshaw (R-FL-04)	**Hal Rogers (R-KY-05)**	David Jolly (R-FL-13)
	Sam Farr (D-CA-20)	Kay Gramger (R-TX-12)	
	Scott Rigell (R-VR-02)		
	Steve Israel (D-NY-03)		
Armed Services	Chris Gibson (R-NY-19)	Randy Forbes (R-VA-04)	Stephen Knight (R-CA-25)*
	Gwendolyn Graham (D-FL-02)		Brad Ashford (D-NE-02)*
	Jeff Miller (R-FL-01)		
	Joe Heck (R-NV-03)		
	John Fleming (R-LA-04)		
	John Kline (R-MN-02)		
	Loretta Sanchez (D-CA-46)		
	Mark Takai (D-HI-01)		
	Randy Forbes (R-VA-04)		
	Rich Nugent (R-FL-11)		
	Tammy Duckworth (D-IL-08)		
Budget	Chris Van Hollen (D-MD-08)		
	Jim McDermott (D-WA-07)		
	Marlin Stutzman (R-IN-03)		
Education and Workforce	Matt Salmon (R-AZ-05)	John Kline (R-MN-02)	
	Joe Heck (R-NV-03)	Tim Walberg (R-MI-07)	
	John Kline (R-MN-02)	Virginia Foxx (R-NC-05)	
	Ruben Hinojosa (D-TX-15)	Phil Roe (R-TN-01)	

Bold = Full Committee Chair *** = Race still ongoing**

HOUSE COMMITTEES

COMMITTEE	RETIRING	TERM LIMITED CHAIRS	LOST RE-ELECTION
Energy and Commerce	Lois Capps (D-CA-24)	**Fred Upton (R-MI-06)**	
	Ed Whitfield (R-KY-01)	Greg Walden (R-OR-02)	
	Joe Pitts (R-PA-16)	Ed Whitfield (R-KY-01)	
		John Shimkus (R-IL-15)	
		Joe Pitts (R-PA-16)	
Financial Services	John Carney (D-DE-01)	Scott Garrett (R-NJ-05)	Scott Garrett (R-NJ-05)
	Lynn Westmoreland (R-GA-3)		Robert Dold (R-IL-10)
	Marlin Stutzman (R-IN-03)		Frank Guinta (R-NH-01)
	Mike Fitzpatrick (R-PA-08)		
	Patrick Murphy (D-FL-18)		
	Randy Neugebauer (R-TX-19)		
	Robert Hurt (R-VA-05)		
	Ruben Hinojosa (D-TX-15)		
	Stephen Fincher (R-TN-08)		
Foreign Affairs	Alan Grayson (D-FL-09)	Cristopher Smith (R-NJ-04)	Darell Issa (R-CA-49)*
	Curt Clawson (R-FL-19)		Ami Bera (D-CA-07)*
	Matt Salmon (R-AZ-05)		
	Reid Ribble (R-WI-08)		
Homeland Security	Loretta Sanchez (D-CA-46)		
	Candice Miller (R-MI-10)		
	Curt Clawson (R-FL-19)		
Judiciary	Pedro Pierluisi (D-PR-01)	Trent Franks (R-AZ-08)	
	Randy Forbes (R-VA-04)	Jim Sensenbrenner (R-WI-05)	
Natural Resources	Dan Benisheck (R-MI-01)		Cresent L. Hardy (R-NV-04)
	John Fleming (R-LA-04)		Jeff Denham (R-CA-10)*
	Lois Capps (D-CA-24)		
	Mark Takai (D-HI-01)		
	Pedro Pierluisi (D-PR-01)		
Oversight and Government Reform	Tammy Duckworth (D-IL-08)		John Mica (R-FL-07)

Bold = Full Committee Chair *** = Race still ongoing**

HOUSE COMMITTEES

COMMITTEE	RETIRING	TERM LIMITED CHAIRS	LOST RE-ELECTION
Permanent Select on Intelligence	Patrick Murphy (D-FL-18)		
	Jeff Miller (R-FL-01)		
	Joe Heck (R-NV-03)		
	Lynn Westmoreland (R-GA-3)		
Rules			
Science, Space and Technology	Alan Grayson (D-FL-09)		Stephen Knight (R-CA-25)*
	Donna Edwards (D-MD-04)		Ami Bera (D-CA-07)*
	Randy Neugebauer (R-TX-19)		
Small Business	Janice Hahn (D-CA-44)		Cresent L. Hardy (R-NV-04)
	Chris Gibson (R-NY-19)		Stephen Knight (R-CA-25)*
	Richard Hanna (R-NY-22)		
Transportation and Infrastructure	Ann Kirkpatrick (D-AZ-01)	Bob Gibbs (R-OH-07)	John Mica (R-FL-07)
	Candice Miller (R-MI-10)		
	Donna Edwards (D-MD-04)		
	Janice Hahn (D-CA-44)		
	Reid Ribble (R-WI-08)		
	Richard Hanna (R-NY-22)		
Veteran's Affairs	Dan Benisheck (R-MI-01)	Jeff Miller (R-FL-01)	
	Jeff Miller (R-FL-01)		
Ways and Means	Charles Boustany (R-LA-03)	Sam Johnson (R-TX-03)	
	Charles Rangel (D-NY-13)		
	Jim McDermott (D-WA-07)		
	Todd Young (R-IN-09)		

Bold = Full Committee Chair *** = Race still ongoing**

DENTONS 50

While all eyes have been laser focused election outcomes, soon all fifty state legislatures and territories will gavel in for the 2017 legislative session. When the dust settles and those who are ultimately chosen to govern are sworn into office, attention will quickly turn to debating the multitude of public policy issues facing our states. While not exhaustive, here is a snapshot of some of the more high profile issues we expect to see.

2017 State Legislative Issues

ALABAMA

Budget challenges/taxes: Alabama is one of the few—if not only—states with two budgets. An Education Trust Fund (ETF) provides funding to pre-K through higher education while a General Fund (GF) provides funding for all other functions of state government. The ETF is in relatively good shape with reliable, earmarked funding from the state's sales and income taxes. However, the GF has limped along for decades since it is funded by a patchwork of fees, licenses, interest from state accounts and other, less dynamic revenue sources. At the same time, key GF-funded agencies have seen explosive growth—to the point where the Alabama Medicaid Agency and the Department of Corrections alone account for over 60% of the GF budget, and their share is growing. In addition to reform efforts (discussed below), we expect to see additional revenue measures proposed once again this session. Some of the more prominent proposals of the past that will likely re-emerge include a state lottery, a gaming compact with the Poarch Band of Creek Indians, codification of mandatory unitary combined reporting (MUCR) for corporate taxpayers and a digital goods tax for online streaming content.

Medicaid: In addition to the funding issues detailed above, Alabama Medicaid is in the midst of planning for the launch of a managed care reform initiative known as regional care organizations (RCOs). The effort, mandated by statute, is intended to authorize the formation of provider-led managed care entities in five regions of the state in an effort to control costs and growth trends and improve health outcomes for the Medicaid population. The RCO program is supposed to "go live" in July 2017 and there is much anticipation that the provider groups leading the RCOs (primarily hospital systems) may introduce legislation to tweak or make more substantial changes to the reform effort in this upcoming session as that date approaches. The provider community has also advocated for Medicaid expansion, but for the time being that does not appear to have significant political support.

Highway funding: Once again this session, the Alabama Road Builders Association, along with several allies, is expected to introduce a gas tax increase of 6 cents per gallon, with the funds designated for road construction and maintenance. Last session's proposal called for the tax to be adjusted in 2019, 2023 and 2027 according to the average taxes in Florida, Georgia, Mississippi and Tennessee. The last time the Legislature raised the state's gasoline tax was in 1992. Drivers pay 18 cents ($0.18) a gallon in state tax, including a two cents ($0.02) per gallon inspection fee. The Alabama Department of Transportation supports the legislation.

Prison construction: Governor Robert Bentley and the state Department of Corrections (DOC) will once again introduce a bond issue to build new prisons in the state. The bond issue proposed in the 2016 session was priced at $800 million for four new facilities. Alabama's prison system is at nearly 180 percent of design capacity and facing several lawsuits alleging inadequate conditions. The innovative proposal of the Governor and DOC includes shuttering several outdated facilities and paying the debt service on the bonds with the funds that would have been spent on repairing and maintaining the outdated facilities. A key component of this proposal is to use design-build for the new prison implementation. In 2016, the prison bond issue proposal was opposed by independent contracting firms and the local communities of existing facilities likely targeted for closure.

Impeachment: An overarching political issue that could substantially disrupt the course of the 2017 legislative session is the ongoing impeachment process facing Governor Bentley. Currently in his second term after being overwhelmingly re-elected in 2014, the Governor's administration became embroiled in a scandal soon after his second inauguration. In August 2015, the first lady filed for divorce after 50 years of marriage. After months of public speculation regarding the Governor's alleged infidelity, the newspapers alleged that the Governor had been having an affair with a staff member after a dismissed law enforcement cabinet member confirmed the affair and added that Bentley went to great—even

illegal lengths—to conceal the affair. These allegations prompted the state House of Representatives to initiate an impeachment process, and an investigation by the House Judiciary Committee is underway. Even though impeachment is far from a certainty, the view in political circles is that, less than two years after his resounding re-election, the Governor's political clout has been significantly diminished.

COLORADO

Governor's budget, hospital provider fee and transportation: This week Governor John Hickenlooper outlined $500 million in cuts between needs and projected revenue. The key message of his budget: Turn the state's hospital provider fee program, which funds health care programs for the poor, into a state-run government enterprise in order to free up monies for transportation and other budget items.

The debate in 2016 with Republicans in charge of the Senate was that moving the hospital provider fee out from under the voter-approved Taxpayers Bill of Rights flies in the face of TABOR's spending limits and would allow for unlimited growth when it comes to Medicaid spending. The legislation fell through at the end of session, but will be back this year and if the Senate majority is in Democratic hands it will likely become an enterprise. What the Governor's budget proposes and what the Legislature and Joint Budget Committee recommend usually has to be hammered out and, with an anticipated revenue shortfall, the debate will likely prove to be intense. The Governor's current budget cuts $109 million out of expected transportation projects—which some think is a signal that the Legislature must address the hospital provider fee program in order to move monies back to transportation.

The Governor proposes a total budget of $28.5 billion with $926 million in new needs which have to be balanced against $426 million in available revenue. Two outstanding items that must be covered by the budget—$243.5 million for K-12 new students and inflation as well as $142 million in new Medicaid costs.

Energy & renewables: The 2016 Colorado state elections has pointed out the massive amount of money being spent by environmentalist Tom Steyer and George Soros in Colorado elections. If Democrats control the Legislature there will surely be a move against oil and gas companies to address carbon emissions and increased demands for renewables. This move will surely galvanize rural Colorado, the Denver Chamber of Commerce and oil and gas companies—which have borne the brunt of such legislation in 2013 and 2014. Television ads for "Protect Colorado" are already running to promote the high-paying jobs oil and gas brings to Colorado, but expect there to be a number of bills addressing this ongoing fight.

Other notables:

Sugar tax: The City of Boulder is testing a ballot initiative on taxing beverages with sugar, and interest groups are looking to introduce similar state legislation in 2017. The legislation is expected to be similar to Philadelphia's wide-sweeping legislation, with tax revenues paying for various health care services.

Autonomous vehicles: Uber, Lyft, Google and auto dealers all have their eyes on the advancement of driverless vehicles in different shapes and forms. Legislation outlining rules and regulations will set the stage for testing and use in Colorado.

Procurement modernization: Parties doing business with public entities in Colorado will be interested in the Department of Personnel and Administration's move to address the state's procurement code—something that will have businesses, non-profits and attorneys following this legislation.

FLORIDA

Education: Senate President-designate Joe Negron (R-Stuart) has for over a year indicated the need for a large increase in funding for universities and student financial aid. Negron wants to boost the prestige of at least some universities to the level of, say, UNC Chapel Hill and University of Virginia. By contrast incoming House Speaker Richard Corcoran (R-Land O' Lakes) wants to improve K-12 education by improving the quality and effectiveness of teachers and significantly growing the number of high-impact charter schools in the state's most impoverished communities in all major cities.

Water/Everglades/Lake Okeechobee: Florida experienced unprecedented algae bloom earlier this year. State Senator Negron—whose district was most adversely impacted—is pledging to make resolving this problem as well as improving the condition of the Everglades one of his two major priorities (the other being enhancing universities). He has floated the outlines of a federal-state partnership that would invest $2.4 billion to buy land owned by the sugar industry to store water south of Lake Okeechobee and store/clean water with high phosphorus levels before releasing it into Everglades National Park. The House leadership has expressed skepticism.

Economic development: Governor Rick Scott is pushing for $85 million for Enterprise Florida to help lure new business to the state. Speaker-designate Corcoran has publicly stated that the House budget will include zero funding because it is wrong and inefficient for the state to pick winners and losers. This could be a big bargaining chip. Last year the House prevailed in blocking the Governor's request for $250 million. The Senate is expected to offer some support for Scott.

Workers' compensation: The Florida Supreme Court struck down the part of the workers' comp law capping attorneys' fees. Businesses fear large increases in workers' comp costs as a result, and the Legislature and Governor want to find a way to keep costs in check. Watch for a huge effort by the Florida Chamber of Commerce to try to legislatively undo the Supreme Court decision in order to reduce the nearly $1.5 billion in workers' comp costs to Florida businesses.

Healthcare deregulation: A push to eliminate certificates of need for hospitals and a debate on 24-hour ambulatory surgery centers is expected.

Transportation: With Florida's population expected to grow by more than 6 million by 2030, the state's need for reliable, affordable mass transit is back in the forefront. New Senate Appropriations Chairman Jack Latvala (R-Clearwater) says that recent budgets have bounced back after years of cuts, but there is still a tremendous backlog of projects. He went on to say that fellow Republicans have to "get their head out of the sand" when it comes to funding transportation and "one way to solve the problem is to get people out of their cars and onto trains and buses." Passenger rail from Miami to Orlando is currently financed, but there are recent legal snags. Senate Transportation Chairman Jeff Brandes is also leading efforts in support of autonomous and electric vehicles in Florida.

GEORGIA

Education funding reform: Georgia last overhauled its state education funding formula in the 1980s and many believe it is due for an update. Almost half of the state budget is devoted to K-12 education and there have been a few attempts in the past to get a consensus on how to reform the present formula. Governor Nathan Deal convened his Education Reform Commission last year to design a new funding formula based on input from policy experts and the broader community. The 35-person commission published a comprehensive report recently which promotes a student based funding approach and the Governor has promised to bring legislation to the General Assembly in 2017 to enact the funding reform.

Healthcare access: With the rising cost of healthcare and the number of uninsured patients becoming an increasing concern for the State, policy leaders are considering a few options to expand high quality healthcare access for more residents through a combination of Medicaid and other coverage techniques. Georgia hopes to learn from the experience of other states how to design a system that alleviates the core problem but to do so in a way that recognizes the unique challenges and character of the state. The state Chamber of Commerce is taking the lead, supported by hospital associations and other groups concerned with the cost of uninsured care and the impact on rural healthcare in particular.

Religious freedom: Governor Deal vetoed a "Religious Liberty" bill last year that would have done the following: (1) protected religious practitioners and organizations from being forced to officiate or participate in same sex marriages; (2) exempted faith-based organizations from state anti-discrimination laws; and (3) applied a strict-scrutiny standard to any government-imposed limitations on individuals and organizations' free exercise of religion. Despite business groups' concerns that such legislation may be discriminatory and injure the state's pro-business reputation, some members of the General Assembly vow to bring the legislation back again in 2017.

ILLINOIS

Budget: For the 2017 Spring Session, a priority of Governor Bruce Rauner and the General Assembly is to pass an agreed-upon budget that funds state government operations and agencies. Both sides failed to pass a budget for the fiscal year ending on June 30, 2016. While no budget was in place, more than 85 percent of funds were automatically spent largely because of court orders and consent decrees. During the upcoming 2017 Spring Session, there will be a continued effort to pass legislation to make structural reforms to modify costs for Illinois businesses.

Pension reform: The number one financial reform is the pension system, which consumes nearly $.025 cents of every tax dollar. The Governor's legislative proposal calls for preserving and protecting all currently earned benefits to date; moving all future employee's into Tier 2 pension plan; providing an optional buyout to reform cost-of-living adjustments in return for a 401K plan; and enacting a Constitutional amendment to remove ambiguity in future reforms.

Workers compensation: Since Illinois has the seventh-highest workers' compensation costs in the country, legislation will be introduced to change the causation

standard from "any cause" to "major contributing cause" (i.e., the accident at work must be more than 50% responsible for the injury, taking all causes into account).

Tort reform: Legislation will be introduce to decrease the number of tort lawsuits filed against businesses by mandating that corporations, associations and partnerships can only be sued in venues where they have an office or do business. Additionally, a law suit must be dismissed for lack of venue if (1) there is not at least one defendant who is an Illinois resident and (2) the transaction or cause of action did not occur in Illinois. Currently, Illinois ranks 46 out of 50 in states with the worst lawsuit climates for businesses.

INDIANA

From a policy perspective, issues that are being discussed that will most likely be legislative issues in 2017 are (1) the rewrite of the Indiana Alcohol Code—a three-tier system for regulating the production, distribution and sale of alcohol; (2) transportation funding; (3) a possible tax on services; (4) consolidated income tax returns; and (5) regulation of fantasy gaming.

LOUISIANA

Tax reform: The major issue in Louisiana in 2017 is expected to be tax reform. The 2017 legislative session doesn't begin until April 10, and while much can change between now and then, making changes to the state's tax code is the top priority for both Governor John Bel Edwards and many legislators. It's worth pointing out that recurring budget deficits have become the norm over the past five years in Louisiana. It's also worth noting that the 2017 legislative session is fiscal-only in nature, meaning bills must deal with tax credits, exemptions, exclusions, etc. (although members may introduce up to five non-fiscal bills apiece).

There are three different task forces actively meeting with the expressed intent of offering recommendations on how to "improve" the state's tax code. Many in business and industry anticipate these recommendations (most of which are expected sometime around mid-November, with a few stragglers coming in early 2017) to include further reductions to or eliminations of many hard-fought tax credits/exemptions that were enacted over the past few years.

Examples of tax policies that are expected to receive legislative attention include the industrial property tax exemption (a major issue for manufacturers), inventory taxes and inventory tax credits, sales tax rates, corporate and individual income tax rates, potential professional services tax (unlikely but possible), and elimination of the federal income tax deduction for individual filers (contingent upon a constitutional amendment on the ballot this fall, it could reappear next spring and also impact small business owners), and many more.

Gas tax: The state's Department of Transportation Development (DOTD) and private sector Louisiana Associated General Contractors (LAGC) are promoting a gas tax increase—currently 20 cents ($0.20) (or 38.4 cents ($0.384) when factoring in federal rate) of at least 10 cents ($0.10) or more depending on the proponent). This will be a very complicated issue considering that the Legislature, at the urging of the Governor, last spring increased by a penny the state sales tax on all purchases, in addition to suspending a litany of tax exemptions, credits and exclusions. In other words, Louisiana's tax burden continues to increase and many wonder whether the tipping point has already been reached.

Coastal lawsuits: Gov. Edwards is involved in bringing a lawsuit against oil & gas companies operating in the state and along the coast, a move that has been dubbed by many to be a "trial lawyers bonanza." It is likely that a handful of bills will be filed to curtail these suits—or at least tighten up regulatory language on contingency fees.

MISSISSIPPI

Taxes/budget: Legislative leaders in Mississippi have spent the summer and fall examining major agencies' budgets as well as the state's tax code. Mississippi's tax collections are struggling to keep up with even-tempered expectations, and Governor Phil Bryant has already instituted some budget-cutting for the fiscal year that began July 1. Lawmakers are scouring agencies and asking questions about mission and process; and "working groups" have twice heard from the conservative Tax Foundation, which has recommended more reliance on sales and user taxes and the elimination of some tax exemptions.

Education funding: Lawmakers have brought in EdFund, a non-profit corporation that provides financial information and services to students seeking higher education, to examine the state's 20-year-old education funding formula—known as the Mississippi Adequate Education Program (MAEP). The formula has been fully funded only twice since its inception. Leaders say they want to ensure a focus on classroom dollars and rewarding performance. The issue is likely to be politically polarizing, with Democratic minorities defending the existing formula and Republican majorities pushing for

change.

Highway funding: The Mississippi Economic Council (MEC), the state's chamber of commerce, is calling for additional dollars focused on highway and bridge maintenance. The MEC says an additional $300 million-plus a year is needed. Lawmakers are searching for solutions amid concerns over raising new taxes and a slowdown in existing tax collections.

Telemedicine: The Mississippi State Medical Association (MSMA) is expected to push for sharp restrictions on the use of telemedicine but will be facing an array of opponents who point to the existing law in Mississippi as a national model that is expanding access to care throughout this rural state. A diverse coalition, ranging from the AARP to the Mississippi Manufacturers Association (MMA) to some provider groups have formed a strategic alliance to battle changes.

MISSOURI

Despite a very contentious and expensive election year in Missouri, the General Assembly remains controlled by Republican super majorities in both chambers. As such, it is expected that the leadership in both chambers will continue to push an agenda that appeals to the party's base and its caucus members, including right to work, tort reform, the creation of statewide ride-sharing regulations and striking a compromise between utilities and rate payers.

NEW YORK

With the end of the election season, all eyes are now on the 2017 legislative session where we expect ethics, ethics, ethics, to be a major priority of Governor Andrew Cuomo's agenda. After a rocky 2016, which saw nine individuals indicted—many of whom were either former top aids or had close ties to the administration—the governor has made it clear that ethics reform will be his top priority. Governor Cuomo has also emphasized as key goals in 2017 campaign finance reform and passage of the DREAM act, the success of both hinging on political control of the state Senate. We also expect emerging technologies to continue to dominate state headlines. In particular, expect legislation that would expand ridesharing beyond New York City to the suburbs and Upstate New York and a fight over the legality of Airbnb in New York City to be dominant legislative themes this year.

SOUTH CAROLINA

State budget: South Carolina's General Fund has had more than $1 billion in surplus funds each of the last two fiscal years. The current revenue forecasts show a dramatic slowing with little-to-no new funds available for the 2017–18 budget.

Highway funding: The State has not raised the gas tax since 1987 and the business community will lead a renewed effort for a gas tax increase for road funding in 2017. The General Assembly has transferred general fund dollars and issued bonds for road repairs and expansion in two of the last four legislative years, generating nearly $2 billion in funding. Governor Nikki Haley has vowed to veto any gas tax increase that does not have a corresponding income tax reduction.

Pension reform: A special joint subcommittee of the state House and Senate has been established during the offseason to study and make recommendations on the more than $21 billion unfunded liability of the state retirement system. The General Assembly will devote a significant portion of the legislative year working on solving this looming crisis.

Workforce development: With record high employment (2.1 million South Carolinians working) and very low unemployment, employers are facing challenges to find skilled workers. The General Assembly will likely consider proposals from Governor Haley and others to begin addressing the skills gap, primarily focused on advanced manufacturing, healthcare and information technology needs.

Gun restrictions: In the wake of a number of law enforcement, school and church shootings in the state, a state Senate special subcommittee is holding public hearings on whether new gun restrictions are necessary. The subcommittee will make proposals that could require more extensive background checks and longer waiting periods before purchasing guns.

Medicaid expansion: Healthcare groups will again make an effort to expand Medicaid under the Affordable Care Act, but with little-to-no new money in the state budget and widespread opposition to expansion, ranging from Governor Haley to numerous legislative leaders, any proposals face an uphill climb.

Campaign finance reform: During the recent election cycle, numerous members of the General Assembly faced political attacks from "dark money" sources. The General Assembly will likely consider options on how to rein in unlimited political spending, balancing any legislation with the Citizens United opinion.

TENNESSEE

Medicaid expansion: Governor Bill Haslam's alternative plan to Medicaid expansion was unsuccessful during a 2015 special session. This year, Speaker of the House Beth Harwell created a legislative task force which is working on a revised plan to be taken up for a vote during the upcoming session.

Highway funding: Tennessee has not raised its gas tax since 1989 and currently has a $6 billion backlog in road construction projects. A gas tax increase and fees on electric/hybrid vehicles are likely to be proposed.

De-annexation: Lawmakers will likely consider a bill to allow certain communities that previously were annexed to implement a referendum by which they can seek voter approval to de-annex from large cities, such as Memphis. Similar legislation failed this past session.

Liquor & wine sales: A vote to determine whether or not liquor and wine sales should be allowed on Sundays is likely to be considered. Beer sales on Sundays are currently allowed under state law. As of July 1, 2016, grocery stores in Tennessee may sell wine but, like liquor stores, may not do so on Sunday.

Broadband expansion: An ongoing debate about whether or not municipal broadband providers should be allowed to provide service beyond their service areas will likely return. The state recently won an appeal that struck down the FCC's decision to allow Chattanooga Electric Power Board to expand its coverage area.

TEXAS

Texas meets in biennial legislative sessions and writes two-year budgets. The 2017 session begins January 13, 2017, and ends June 1, 2017.

Budget: State revenues are tight in the wake of declines in oil prices and oil & gas tax revenues since the Legislature adjourned in June 2015. In June 2016, Governor Greg Abbott, Lieutenant Governor Dan Patrick and Speaker of the House of Representatives Joe Straus asked agencies to pare their upcoming budget requests by 4 percent. The current 2016-17 state budget totaled $209.4 billion. Lawmakers left $4 billion unspent when they wrote the current budget. Much of that will be soaked up by transportation, Medicaid and teacher/public education employee retirement costs. While the state's "Rainy Day Fund" contains about $7 billion, lawmakers in recent years have been reluctant to tap those funds for ongoing expenses.

Social issues: A number of social conservative issues will be prioritized by Texas leaders, threatening to drive wedges between the GOP majority and the Texas business community. Lt. Gov. Patrick is prioritizing legislation that would block transgender people from using the bathroom that corresponds with their gender identity if it differs from their sex assigned at birth, and is not backing away from a fight that has landed other states in national headlines and angered business leaders. The technology sector and business community are organizing to fight the GOP leadership.

School choice/school funding: Last summer, the state Supreme Court shocked the public education establishment and political class when it refused to declare the state's public school funding system unconstitutional. Texas has approximately 1,100 school districts and a "recapture" aka "Robin Hood" system that reallocates in-district tax revenue among districts. In 2015, lawmakers increased public education funding by $1.5 billion to $41.2 billion. The Texas House considered but did not pass a proposal adding another $800 million, while removing several outdated mechanisms within the finance formulas.

Tax relief: Lt. Gov. Patrick, the presiding officer of the Texas Senate, created a Select Committee on Property Tax Reform & Relief, which spent much of 2016 conducting a series of high-profile field hearings. The Committee has noted that, "Comptroller's office data shows that between 2005 and 2015, as a statewide average, county tax levies increased 82 percent and city tax levies increased 71 percent, while median income increased only 29 percent." The Senate could consider measures including modifying rollback rates, making it easier to protest property tax assessments, or revenue or spending caps for local units of government. Governor Abbott recently said, "We still want to work on cutting the (business franchise) margins tax even more. We need to find ways that we can reduce property taxes, about which we've heard plenty of complaints."

Hailstorm/tort reform: Texas for Lawsuit Reform (TLR) will again push for reforms to the state's hailstorm insurance laws to prevent plaintiffs' lawyers from gaming the system by persuading home and business owners to sue insurance companies for hail claims, even after those claims have been settled. The battle again pits insurers and the business community against wealthy and influential trial lawyers.

Child protective services overhaul: In the wake of news reports of children sleeping in hotels and Child Protective Services (CPS) offices, Gov. Abbott, Lt. Gov. Patrick and House Speaker Straus have directed new Department

of Family and Protective Services (DFPS) Commissioner Hank Whitman to immediately develop a plan to hire and train more special investigators to take up the backlog of at-risk kids who have not had a face-to-face interaction with CPS. DFPS publicly released numbers showing nearly a thousand at-risk children under CPS care were not checked on once over the course of six months.

Convention of the states: Governor Abbott will prioritize efforts to get the Legislature to approve an Article V Convention of States aimed at reducing the power and authority of the federal government. The Governor's 70-page plan lays out nine specific proposed amendments that would:

- Prohibit the US Congress from regulating activity that occurs wholly within one state.
- Require the Congress to balance its budget.
- Prohibit administrative agencies from creating federal law.
- Prohibit administrative agencies from pre-empting state law.
- Allow a two-thirds majority of the states to override a US Supreme Court decision.
- Require a seven-justice super-majority vote for the Supreme Court to invalidate democratically enacted law
- Allow a two-thirds majority of the states to override a federal law or regulation.

Ethics: Ethics reform championed by Governor Abbott and others died in the waning days of the 2015 legislative session largely over disagreements on the issue of "dark money." Abbott had wanted any ethics reform package to prohibit legislators and other elected state officials who practice law from earning referral fees, as well as other disclosure and conflicts of interest measures. Dark money prohibitions were pressed by members of the Texas House and opposed by leading Senators. Ethics promises to be a gubernatorial priority again in 2017.

WEST VIRGINIA

Energy (coal & natural gas): Considering the extent to which West Virginia's economy is dominated by the energy sector, issues that relate to regulation, employment and taxation of the sector will be paramount in the upcoming legislative session. With prices of metallurgical coal increasing, there are slight indications that a small comeback in the coal market for the met-coal sector could be on the horizon. West Virginia's coal severance tax is the highest in the region and portions of the coal sector have been pushing for that to be lowered. But with the state's budget crisis, that has yet to materialize. The coal industry will continue to look for help from the state's lawmakers, to the extent that assistance can be provided at the state level. For natural gas, we continue to anticipate battles regarding land owner/royalty owner rights versus the gas companies themselves. Recent battles have included "forced pooling" legislation.

Substance abuse: West Virginia has the highest opioid overdose rate in the nation and lawmakers are continually looking for ways to combat the situation. One gubernatorial candidate proposed a special legislative session to address the issue prior to the next regular legislative session. Recent legislation has included regulation of substance abuse treatment centers, medication assisted treatment and various additional criminal penalties.

Broadband expansion: West Virginia has the nation's lowest percentage of citizens with access to broadband. Over the last year the Legislature has commissioned a study on the impact of building the "middle mile" infrastructure necessary to provide access across the state. There are competing interests between those interested in building the "middle mile" and those interested in only building the "last mile" of networking infrastructure. While the citizenry overwhelmingly supports increased broadband access, the state's budget crises, coupled with the debate over government's role in providing such infrastructure, has hampered expansion.

Budget crisis: Due in large part to a major downturn in the coal industry, West Virginia is currently facing a budget crisis like no other in its history. The budget crisis itself has led to a variety of potential proposed taxes, ranging from specific goods to general sales taxes. While there is some indication that the coal industry may see a slight increase in production over the coming year, the industry is still too unstable to determine accurate severance tax revenues. Regardless of efforts to increase revenue, major cuts to government spending will be on the table.

CALIFORNIA

Here is a short summary of three big issues we expect to face in the 2017 California legislature.

Recreational Marijuana

Proposition 64 legalizing recreational marijuana, one of 17 measures on the ballot, is expected to pass. If it does, the legislature will be fully engaged wrestling with the repercussions. One difficult issue is how to safely and securely bank the proceeds from this cash only business for a variety of purposes, state and local tax collection among them.

The taxes themselves will have to be dealt with and other matters to be addressed will impact the motor vehicle, labor and insurance codes.

Transportation

California's transportation infrastructure is aging, in need of repair, and underfunded by, according to some estimates, as much as $5.7 billion per year. A recent legislative report identified the need for an additional $7.8 billion annually to restore California roads to best practice level. The Governor and the legislature will focus on ways of closing this funding gap.

Cap and Trade

California has been ambitiously implementing AB 32, the Global Warming Solutions Act of 2006. Implementation of this far reaching measure relies on a cap and trade system that is coming under increasing criticism from the environmental justice community. The legislative agenda next year will range beyond the debate over appropriate targets and timing to likely include scrutiny of the state's cap and trade program.

New Faces in the House

AZ-01

Tom O'Halleran (D)
Former member of the Arizona State Senate and Arizona House of Representatives

AZ-02

Matt Heinz (D)
Former member of the Arizona House of Representatives, 2009–2013

AZ-05

Andy Biggs (R)
Member of the Arizona State Senate and former member of the Arizona House of Representatives

CA-03

Eugene Cleek (R)
Surgeon and serves as Medical Director at Enloe Hospital Trauma and Emergency Surgery Program

CA-07

Scott Jones (R)
Sheriff for Sacramento County

CA-16

Johnny Tacherra (R)
Dairy farmer from Fresno

CA-17

Ro Khanna (D)
Deputy Assistant Secretary in the United States Department of Commerce

CA-20

Jimmy Panetta (D)
Deputy District Attorney in Monterey County

CA-21

Emilio Jesus Huerta (D)
Former general council for the Cesar Chavez foundation and national representative for the United Farm Workers Union

CA-24

Salud Carbajal (D)
United States Marine Corps Reserve

CA-25

Bryan Caforio (D)
Attorney

CA-44*

VS.

Nanette Barragan (D)
Former member of Hermosa Beach City Council

Isadore Hall (D)
Member of the California State Senate representing the 35th district

*Race still ongoing

CA-46

Lou Correa (D)
Former California State Senator

CA-49

Doug Applegate (D)
Former Marine Colonel and civilian trial attorney

CA-52

Denise Gitsham (R)
Small business owner

CO-03

Gail Schwartz (D)
Former Colorado State Senator

CO-06

Morgan Carroll (D)
Member of the Colorado State Senate as the State Senate minority leader

DE-AL

Lisa Blunt Rochester (D)
Former Delaware State Labor Secretary

FL-01

Matt Gaetz (R)
Republican member of the Florida House of Representatives

FL-02

Neal Dunn (R)
Physician and surgeon

FL-04

John Rutherford (R)
Former sheriff of Jacksonville

FL-05

Alfred Lawson (D)
Democratic member of the Florida State Senate

FL-07

Stephanie Murphy (D)
Executive at Sungate Capital

FL-09

Darren Sotto (D)
Member of the Florida State Senate and former member of the Florida House of Representatives

FL-10

Val Demings (D)
Social worker

FL-13

Charlie Crist (D)
Former Governor of Florida

FL-18

Brian Mast (R)
US Army

FL-27

Scott Fuhrman (D)
Small businessman

GA-03

Drew Ferguson (R)
Mayor of West Point, Georgia, and a family dentist

HI-01

Colleen Hanabusa (D)
Former Congresswoman

IA-01

Monica Vernon (D)
Cedar Rapids City Council, 2008–2015

IA-03

Jim Mower (D)
Special assistant to the Under Secretary of the Army

IL-08

Raja Krishnamoorthi (D)
Former Obama's 2004 Senate campaign staffer

IL-10

Brad Schneider (D)
Former Congressman

IL-12

C.J. Baricevic (D)
Attorney and small business owner

IL-13

Mark Wicklund (D)
Board president of the Decatur-Macon County Opportunities Corporation

IN-03

Jim Banks (R)
Member of the Indiana State Senate

IN-09

Trey Hollingsworth (R)
Small business owner

KS-01

Dr. Roger Marshall (R)
Physician

KS-03

Jay Sidie (D)
Former vice president of commodity trader Archer Daniels Midland CO

KY-01

Jamie Comer (R)
Former State Agriculture Commissioner

LA-3

Scott Angelle (R)
Member of the Louisiana Public Service Commission

LA-4

Mike Johnson (R)
Member of the LA State House, first elected in 2015

MD-04

Anthony Brown (D)
Former Lieutenant Governor of Maryland

MD-06

Amie Hoeber (R)
Former Under Secretary of the Army during the Regan Administration

MD-08

Jamie Raskin (D)
Member of the Maryland State Senate since 2006

ME-02

Emily Cain (D)
Former State Senate and House member

MI-01

Jack Bergman (R)
US Marine Corps Lieutenant General

MI-07

Gretchen Driskell (D)
Michigan House of Representatives

MI-10

Paul Mitchell (R)
Former CEO of Ross Education

MN-02

Jason Lewis (R)
Conservative commentator on radio and television

MN-03

Terri Bonoff (D)
Member of the Minnesota State Senate

MN-08

Stewart Mills (R)
Small businessman

NE-02

Don Bacon (R)
Assistant professor at Bellevue University

NH-01

Carol Shea-Porter (D)
Former US Congresswoman

NJ-05

Josh Gottheimer (D)
General manger of Corporate Strategy at Microsoft

NV-03

Jacky Rosen (D)
Computer programmer

NV-04

Ruben Kihuen (D)
Member of the Nevada State

NY-01

Anna Throne-Holst (D)
Former supervisor for the town of Southampton

NY-03

Tom Suozzi (D)
Former chief executive of Nassau County and mayor of the city of Glen Cove

NY-13

Andriano Espaillat (D)
New York State Senator

NY-19

John Faso (R)
Former New York State Assemblyman

NY-21

Mike Derrick (D)
Retired US Army

NY-22

Claudia Tenney (R)
Member of the New York State Assembly

NY-23

John Plumb (D)
Retired US Navy

NY-24

Colleen Deacon (D)
Former Central New York Regional Director for Senator Gilibrand

NY-25

Mark Assini (R)
Financial analyst, marketing manager, and cost accountant

OR-05

Colm Willis (R)
Former Joint Economic Committee staffer

PA-02

Dwight Evans (D)
Democratic Chairman of the House Appropriations Committee

PA-06

Mike Parrish (D)
CEO of a natural resources company in West Chester Pennsylvania

PA-08

Brian Fitzpatrick (R)
Former FBI Special Agent

PA-08

Steve Santarsiero (D)
Member of the Pennsylvania House of Representatives

PA-16

Lloyd Smucker (R)
Member of the Pennsylvania State Senate

TN-08

David Kustoff (R)
US Attorney for the Western District of Tennessee

TX-15

Vicente González (D)
Attorney

TX-19

Jodey Arrington (R)
Special Assistant to the President and Director of Presidential Personal during the George W. Bush administration

TX-23

Pete Gallego (D)
Former member of the US House of Representatives

UT-04

Doug Owens (D)
Attorney

VA-02

Scott Taylor (R)
Former US Navy Seal

VA-04

Donald McEachin (D)
Member of the Virginia State Senate

VA-05

Tom Garrett (R)
Member of the Virginia State Senate

WA-07

Pramila Jayapal (D)
Member of the Washington State Senate

WA-08

Tony Ventrella (D)
Former TV sportscaster and sports director

WI-08

Michael Gallagher (R)
Former National Security Advisor for Scott Walker's 2016 Presidential Campaign

WY-AL

Liz Cheney (R)
Author and frequent contributor on Fox News

New Faces in the Senate

CALIFORNIA

Kamala Harris (D)
32nd Attorney General of California

COLORADO

Darryl Glenn (R)
Darryl Glenn is a graduate of the US Air Force Academy and served in the air force for 21 years. Darryl works as an attorney at Glenn Law Firm P.C.

ILLINOIS

Tammy Duckworth (D)
Member of the US House of Representatives representing Illinois's 8th district

INDIANA

Todd Young (R)
Represents the 9th district of Indiana in the US House of Representatives

MARYLAND

Chris Van Hollen (D)
Represents Maryland's 8th congressional district since 2003

MISSOURI

Jason Kander (D)
Secretary of State in Missouri since 2013

NEW HAMPSHIRE

Maggie Hassan (D)
Governor of New Hampshire

NEVADA

Catherine Cortez Masto (D)
Former Attorney General of Nevada

PENNSYLVANIA

Katie McGinty (D)
Former chief of staff for Pennsylvania Governor Tom Wolf, and served as an environmental advisor to President Bill Clinton

WISCONSIN

Russ Feingold (D)
Special Envoy to the Great Lakes Region of Africa, and US Senator, 1993–2011

New Governors

DELAWARE (open)

John Carney (D)
At-large representative for Delaware and former state lieutenant governor

INDIANA (open)

Eric Holcomb (R)
Lieutenant Governor of Indiana

MISSOURI (open)

Eric Greitens (R)
Former Navy SEAL and small business owner

MONTANA*

Steve Bullock (incumbent)

VS.

Greg Gianforte (R)
Entrepreneur and software company executive

*Race still ongoing

NEW HAMPSHIRE (open)

Chris Sununu (R)
Serves on the New Hampshire Executive Council since 2011

NORTH CAROLINA

Roy Cooper (D)
Attorney General of North Carolina since 2001, former member of the NC House and NC Senate, serving as Democratic Majority leader in the late 1990s

NORTH DAKOTA

Doug Burgum (R)
Entrepreneur and former software developer and executive for Microsoft

VERMONT (open)

Phil Scott (R)
Lieutenant Governor of Vermont since 2011, and former Vermont State Senate serving ten years

WEST VIRGINIA (open)

Jim Justice (D)
Prominent WV businessman with significant agriculture and coal interests

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