



Public policy spotlight: 6 key issues for 2024 US elections

Introduction

As Election Day draws near, many are considering how outcomes of the 2024 presidential and congressional elections could change the public policy landscape and impact the priorities of C-suites and boardrooms across the US and beyond.

Former President Donald Trump is trying to accomplish an electoral feat that has only been achieved once in US history: regaining the White House after previously losing re-election. On the Democratic side, President Joe Biden shook up the election by passing the torch to Vice President Kamala Harris. This is not the first time a sitting president has withdrawn from a re-election campaign (President Lyndon Johnson did so in 1968), but it is the latest point in an election cycle for a president to do so.

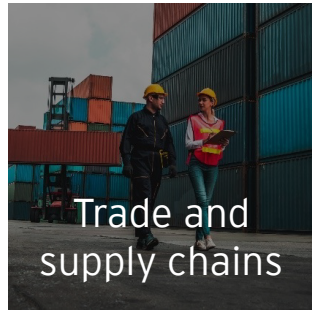
As each candidate begins to stake out policy agendas, there are clear policy differences between Harris and Trump. However, their views are somewhat aligned in certain areas, such as concerns about the impacts of technology and policies toward China. In addition, while Harris' policy priorities are expected to largely reflect those of the Biden-Harris administration, some variances will emerge. How the next administration implements

change will be driven by many factors, including the makeup of the next Congress. And, as people are policy, who is confirmed for key government roles in the next administration also will be critical.

The policies of the next president also will be framed by other factors such as ongoing geopolitical tensions and the economy. Geopolitical hotspots will highlight tensions between international engagement and isolationist approaches during the remainder of the election cycle and beyond. And polls continue to reveal voter priorities on economic issues such as price fatigue and elevated interest rates.

Regardless of the external factors at play, these six issues – trade and supply chains, technology, tax, regulatory environment, climate and workforce – remain front and center for many businesses as they plan for potential US 2024 election outcomes.

This publication provides a rundown of these six issues that matter for most businesses, highlighting areas where Trump and Harris may diverge and converge.



Trade and supply chains



Technology

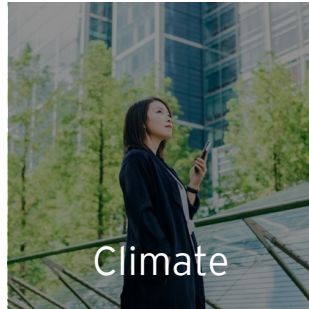


Tax

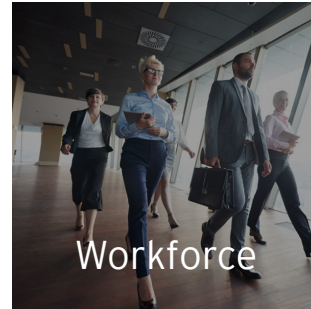
2024 US elections



Regulatory environment



Climate



Workforce

Quick take

1. **Trade and supply chains:** The Trump and Biden-Harris administrations have been skeptical of free trade and emphasized protecting US manufacturing and supply chains. However, their specific methods and approaches have varied greatly; Harris would likely maintain or increase the Biden administration's climate focus and emphasize worker protections if elected.
2. **Technology:** Tech, particularly artificial intelligence (AI), remains an important policy issue in Washington. Both administrations have recognized AI's potential, but their approaches to regulating the associated risks differ. The Biden administration issued an executive order (EO) promoting "safe, secure, and trustworthy" AI development, while Trump pledged to rescind this order citing free speech concerns.
3. **Tax:** The balance of power in Congress will dictate the fate of the Tax Cuts and Jobs Act (TCJA) and other tax reform issues. Trump supports a TCJA extension and has expressed support for an even lower corporate rate (15%). Harris has said she will support a plan similar to Biden's to raise rates on corporations and high-income individuals while preserving current rates for individuals earning less than \$400,000. Each candidate is campaigning in favor of the Child Tax Credit and exempting tip income from taxes.
4. **Regulatory environment:** Recent presidents of both parties have increasingly relied on executive powers to make policy, causing pendulum swings in regulation. We expect this trend to continue, and the outcome of the upcoming election could significantly change the regulatory environment. However, the next administration will face new constraints on policymaking due to recent Supreme Court decisions limiting regulatory authority.
5. **Climate and environment:** The Biden-Harris administration has prioritized climate change policies such as rejoining the Paris Agreement and promoting electric vehicles. If Trump is re-elected, many existing policies may be reversed in favor of those that support fossil fuels over renewables.
6. **Workforce:** Harris and Trump both see themselves as a champion of labor and the working class but have different approaches to workforce issues. On immigration, the next president will need to use their executive authority to address immigration challenges – at the border and in terms of legal and illegal immigration – as Congress continues to struggle to pass new legislation. Issues like diversity, equity and inclusion (DEI) initiatives continue to be contentious, with the candidates holding very different views on these topics. Expect immigration and DEI to be divisive issues on the campaign trail.



1. Trade and supply chains: mostly converge

US trade policy has been reframed by recent administrations. Geopolitical concerns coupled with supply chain issues strained by the COVID-19 pandemic have led policymakers to push for onshore, nearshore and friendshore critical manufacturing. Such efforts have bipartisan support, but how to further protect US manufacturing, national security and worker interests remains a point of debate.

Where they converge

The Trump and Biden-Harris administrations share a level of skepticism toward free trade. In fact, the Biden administration has maintained many Trump-era tariffs. Under both administrations, there also has been a shift in US trade policy, away from the promotion of free trade agreements focused on market access and economic integration in favor of what some observers consider to be protectionist “America first” policies. This policy approach has at times created tensions with all US trading partners, whether competitors or allies, and these tensions are expected to continue into the next administration, regardless of who sits in the Oval Office.

On China, both the Trump and Biden-Harris administrations took actions designed to limit perceived economic and national security threats, including imposing tariffs and export and investment restrictions.

Some of these actions triggered counteractions by China. This impacted the global business environment across a variety of sectors. This trend is likely to continue regardless of election outcomes, as could efforts to persuade allies in Europe, the Indo-Pacific region and Latin America to adopt similar policies. The ongoing push to limit or unwind US-China ties will increase risks in the business environment in the coming months.

Where they diverge

A Harris administration trade agenda would seek further environmental protections and a heightened focus on workers’ rights, compared with Trump’s prioritization of addressing trade imbalances through higher tariffs. Harris has criticized Trump’s tariff plan, saying it will raise consumer costs, and instead is expected to continue the current administration’s targeted tariff approach to specific products. Trump appears ready to boldly increase tariffs against China if re-elected. The 2026 joint review of the US-Mexico-Canada Agreement will be one significant area where the nuances of the next president’s trade approach will be on display.

2. Technology: both converge and diverge

Technology plays an increasingly dominant role in American life, but how to regulate it remains a challenge for policymakers in Washington.

Where they converge

The rapid emergence of AI technologies is the latest issue to capture the attention of leaders in Washington. There is bipartisan recognition that AI holds great promise to lead to scientific breakthroughs and increased efficiencies, as well as of the need to support US AI leadership globally. However, the potential for worker displacement, bias in AI system results and production of AI deepfakes and other frauds are some of the risks that many policymakers on both sides of the aisle want to address.

Where they diverge

In October 2024, Biden issued a sweeping [EO](#) on AI with the goal of promoting the “safe, secure, and trustworthy development and use of artificial intelligence.” The EO launched an extensive process of agency rulemaking and the development of both mandatory and voluntary AI standards, depending on how and by whom the technology is used. However, Trump has vowed to rescind the EO, if elected, citing free speech concerns. How to appropriately address the potential risks of AI while ensuring that the US remains at the forefront of innovation will dominate the tech policy debate over the coming year.

Several other technology-related issues also continue to be debated, including:

- ▶ **Social media platforms:** Republicans and Democrats alike have expressed concern about the impacts of social media, particularly with respect to children. The extent to which platforms can be held liable for content shared on their platforms is being weighed against First Amendment freedom of speech concerns.
- ▶ **Cybersecurity:** Ensuring the nation’s cybersecurity is a bipartisan goal, but the details of what proactive measures should be taken and the extent to which private companies should be required to share cyber-breach information with the federal government has divided policymakers in Washington.
- ▶ **Data privacy:** Several US states and the European Union have passed legislation addressing individuals’ rights to control and limit access to their personal information. However, Congress has been deadlocked on national consumer data privacy legislation for a decade. The right of an individual to sue over violations of any standard, as well as the extent to which state laws should be pre-empted by a federal statute, continue to be partisan sticking points in the debate.





3. Tax: mostly diverge

Tax policy has emerged as a key issue on the campaign trail this election cycle. The election outcome will significantly impact tax policy in 2025, not only because of the TCJA's 2025 expiration dates, but also because of congressional procedures, which allow for tax bills to be passed by a simple majority in both the House and Senate; so, even in a closely divided Congress, tax legislation is one priority that can advance if one party controls both Congress and the White House.

Where they diverge

The looming expiration of the TCJA passed under the Trump White House will drive tax policy debate as Congress decides whether and how to extend numerous individual and small business tax provisions slated to expire in 2025. Extensions may require new revenues, and it is possible Congress could reopen corporate provisions, including the 21% corporate tax rate and territorial tax system providing a 100% US tax exemption for dividends of foreign subsidiaries.

Debate around tax policy will likely pit priorities like domestic spending, deficit reduction and economic growth against each other. Trump supports an extension of the TCJA and has signaled support for further cuts to

the corporate rate. Harris, in contrast, will likely back a plan with similarities to the Biden administration's FY25 budget, including rate increases on wealthy individuals and corporations. Harris has announced her support for raising the corporate tax rate to 28% and pledged not to increase taxes on individuals making less than \$400,000. Harris has also proposed increasing capital gains taxes, including in some cases on unrealized gains. Finally, she has proposed tax incentives to increase the US housing supply.

Where they converge

There is broad support for an extension of popular R&D expensing and 100% bonus depreciation provisions despite Congress allowing those provisions to expire. Both candidates have expressed support for the Child Tax Credit and tax relief for tip income. Also, while Trump has been critical of the Inflation Reduction Act (IRA) climate subsidies, some of them have proven popular among businesses and voters, so a full repeal of the IRA remains unlikely under any election outcome scenario.



4. Regulatory environment: mostly diverge

Recent presidents of both parties have increasingly relied on the executive branch to pursue policy goals. This is partly because of a highly polarized Congress with narrow majorities. But policymaking through regulation is far less durable than legislation and can lead to a regulatory environment with pendulum swings from one administration to the next. The next administration will face new constraints on policymaking, however, due to recent Supreme Court decisions limiting regulatory authority. (For further information, see the callout box below.)

Where they diverge

- ▶ For **public companies**, regardless of sector, Securities and Exchange Commission (SEC) Chair Gary Gensler has pursued a robust rulemaking and enforcement agenda, targeting everything from the regulation of digital assets to cybersecurity disclosures to proxy advisors to AI washing.
- ▶ While the SEC is an independent agency, the president alone has the authority to name the chair of the agency, so the chairmanship traditionally turns over with a new president.
- ▶ With a second Trump administration, expect the rulemaking agenda to take on a different set of priorities, as the chair sets the agenda. For example, the SEC agenda under former SEC Chair Jay Clayton focused on capital formation and streamlining regulatory requirements, while the rulemaking agenda today is considered by many to be more expansive and aimed at enhancing disclosures for investors. One change under a second Trump administration would be greater openness to crypto assets.
- ▶ For **public company auditors**, the Public Company Accounting Oversight Board (PCAOB), which is subject to SEC oversight, has similarly pursued a robust rulemaking, inspection and enforcement agenda. For example, at least five new auditing rules and standards are expected to take effect in the next two years. Some of these have sparked broader debate, including a proposal regarding auditor responsibility for a company's noncompliance with laws and regulations (NOCLAR).
- ▶ Under the last two administrations, the SEC has made the decision to replace all or most of the PCAOB Board Members, significantly altering the regulator's agenda. That trend would likely continue under a second Trump term.

- ▶ **In the financial services sector**, the Federal Reserve (Fed), the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) are in the [process](#) of finalizing rules on capital requirements for large banks (the so-called Basel III Endgame). And a coalition of major associations has [challenged](#) Fed, FDIC and OCC rules implementing the Community Reinvestment Act.
- ▶ We expect that Trump would return to a “lighter touch” financial services regulatory environment.

Where they converge

- ▶ **In the pharmaceutical sector**, prescription drug prices in particular have been targeted by the Biden administration through [an EO aimed at lowering costs](#). The Federal Trade Commission (FTC) also has been active in the health care space, coordinating with the Department of Justice (DOJ) and the Department of Health and Human Services to ensure that health care consolidations do not evade merger review.
- ▶ Harris has proposed a universal yearly cap on prescription drug costs.
- ▶ Trump too has been critical of this sector and took steps to lower prescription drug costs during his administration.
- ▶ We are likely to see this trend continue under either election outcome.
- ▶ Antitrust policy has been a major priority of the Biden administration with the president [signing an expansive EO](#) aimed at promoting competition and combating consolidation. The FTC under Biden has rigorously enforced laws prohibiting unfair methods of competition and expressed concerns about consolidation in areas ranging from grocery stores to AI technology. And in a major action, the FTC and DOJ adopted [new Merger Guidelines](#) for how agencies examine proposed business combinations.
- ▶ Harris has announced her support for a federal ban on “price gouging” on food and groceries, which would be enforced in part through the FTC.
- ▶ Trump’s running mate, Senator JD Vance (R-OH), has voiced support for current FTC Chair Lina Khan and her record of antitrust enforcement, particularly regarding the largest technology companies.



5. Climate and environment: diverge

Where they diverge

Biden has leveraged a “whole of government” initiative across all agencies and sectors for many of his priorities, including efforts to reduce contributions to climate change. This includes:

- ▶ [Rejoining](#) the Paris Agreement on climate change and announcing the goal of a 50%-52% reduction from 2005 levels in economy-wide net greenhouse gas pollution by 2030
- ▶ Taking several steps to increase the use of electric vehicles (EVs), including providing [funding for EV chargers](#), establishing tax credits for EV purchases and promoting US manufacture of EV batteries
- ▶ Pausing permits for some exports of liquefied natural gas (LNG) until further study by the Department of Energy

Harris would be expected to continue many of these policies. Trump, on the other hand, would likely take vigorous actions to reverse many of Biden’s policies, combined with actions to support US production of natural gas and other fossil fuel-friendly energy policies over renewables. It’s unclear, however, whether he will be able to unwind clean energy tax incentives created by Biden’s Inflation Reduction Act that have taken root across industries.



6. Workforce: mostly diverge

A skilled and able workforce is critical to the health of the economy, as well as US leadership on the global stage, and several related issues continue to draw out distinctions between the parties.

Where they diverge

- ▶ **Immigration** is a perennially hot topic in election years, and with Harris as the Democratic nominee, the issue remains front and center to both campaigns. Congressional efforts to reach bipartisan compromise on the surge of migrants at the southern border have, thus far, failed. Harris has vowed to promote a bipartisan deal reached by the Biden-Harris administration and Congress - a president otherwise has a limited number of existing authorities to deal with illegal immigration. Thus a policy response in a second term for Trump will likely be similar to his first, absent the enactment of new legislation. A Harris administration is likely to continue the current work of the Biden administration with respect to “Dreamers” and public-private partnerships to address migration.
- ▶ **Business visas:** US businesses across a variety of sectors and geographies continue to express a need for foreign talent to supplement the domestic workforce supply. Biden has taken strides to make business visa processes more efficient; expect these efforts to remain in place and continue in a Harris administration. A second Trump administration will likely impose stricter visa requirements and emphasize the domestic workforce.

- ▶ Workplace efforts to promote **DEI** are another area of divergence for candidates and the parties. DEI policies are being challenged in courts across the country. In the wake of the 2023 Supreme Court’s decision on race-based college admissions, corporations have been evaluating their own DEI programs. The issue will remain in the national spotlight regardless of the 2024 election outcome, although a second Trump administration will seek to unwind government and corporate DEI policies.

Where they converge

- ▶ Legislation and rulemakings prohibiting mandatory arbitration and noncompete clauses continue to attract debate alongside the growing populist sentiment in the US. The FTC’s rule to ban most noncompete clauses has been invalidated by a federal court in Texas, and the issue could continue to get attention from policymakers in Congress and the next administration.
- ▶ Legislation in other policy areas (e.g., tax, trade) that improves the prospects for US manufacturing and other traditional US labor interests will be promoted by both candidates and parties.



Beyond the White House

Role of the courts

The courts have played an increasingly active role in shaping public policy in recent years. Two 2024 Supreme Court decisions impose certain limits on federal agencies that could impact how an administration approaches policymaking.

- ▶ The *Loper Bright Enterprises v. Raimondo* decision requires lower courts to exercise independent judgment in deciding if an agency has acted within its statutory authority, rather than deferring to the agency's interpretations of ambiguous statutes.
- ▶ The *SEC v. Jarkesy* ruling limits the SEC's authority to seek civil penalties for fraud when it litigates in its in-house administrative court. Instead, the SEC will have to litigate such cases in federal court.

While it is too soon to tell the full impact of these decisions, the *Loper* decision in particular is expected to alter the regulatory environment. For example, regulators likely will provide more detailed justifications of their statutory authority when writing regulations. There also are expected to be more court challenges of new and existing regulations based on the decision. Both of these factors could lead to slower rulemaking and less certainty about regulations across industries. Regulators may also rely more heavily on other existing tools to carry out their mandates, including enforcement.

Congress

The makeup of Congress will be a key driver in how and whether the next president achieves his or her agenda. Of course, the ability of federal agencies to engage in enforcement actions depends on the funding provided by Congress – reining in agency budgets is one way a Congress hostile to the president could impact such efforts. Control in the House and Senate will influence the response to every issue, particularly if they are of the same party as the president. This November, control in both chambers is up for grabs.

Senate landscape

- ▶ The US Senate is currently controlled by Democrats 51-49.
- ▶ 34 seats are up for election in 2024.
 - ▶ 23 of these seats are held by Democrats and only 11 by Republicans.
- ▶ The odds are in favor of Senate control flipping to Republicans, as all the competitive seats are held by Democrats – Arizona, Michigan, Montana, Nevada, Ohio, Pennsylvania and Wisconsin.
 - ▶ West Virginia, held by retiring Senator Joe Manchin, is already considered a flip, giving Republicans one of the two seats needed to take control.

(Continued on next page.)

Beyond the White House (continued)

House landscape

- ▶ Republicans maintain slim control in the House with a 220-211 majority (four vacancies).
- ▶ 17 Republicans occupy districts that voted for Biden in 2020. Democrats need to flip four of those seats to take control.
- ▶ Democrats have been emboldened about their chances of winning the handful of seats needed to reclaim the House, but Republicans have become more optimistic as the president continues to struggle and voters worry about inflation and immigration.

Should the Senate shift to Republican control, there will be an immediate impact on the Senate's legislative agenda. The Senate majority leader has broad authority to determine what legislation is considered and under what circumstances. The Senate majority is also important for confirming political appointees. If the Senate is controlled by the party opposite the president, appointees will have a more difficult confirmation process.

Control in the House is more of a jump ball. Republicans currently have control, but by a slim margin. A unified Congress can push through a president's agenda or play the role of spoiler.

State election landscape

State election results will also impact the 2025 US public policy landscape:

- ▶ 11 states will hold gubernatorial elections in November.
- ▶ 85 of 99 state legislative chambers across 44 states are also on the ballot this fall.

In recent years, a confluence of factors has resulted in states taking the lead on policymaking in multiple high-profile instances, most recently regarding AI policy:

- ▶ Continued gridlock on key public policy issues at the federal level has increased state lawmakers' sense of urgency to find legislative solutions.
- ▶ The growing number of state "trifectas" – in which one party controls both legislative chambers and the governorship – has made it easier to pass laws in several key jurisdictions. There are currently 23 Republican trifectas and 17 Democratic trifectas, while only 10 states have divided government, where neither party holds complete control.

As states increasingly take the lead on [certain policy challenges](#), it could result in a patchwork of regulation and oversight that may prove challenging for companies and other stakeholders to navigate in the future.

Conclusion

As we navigate the 2024 election cycle, there are certainly stark differences between the parties and candidates. However, there are also several areas of alignment where the business community may see a continuation of policy regardless of who the next president may be. While the president's agenda will be a significant factor, which party controls Congress, state governments' responses and court decisions will also be important in shaping the contours of the public policy landscape for 2025 and beyond. And, of course, the economy and geopolitical landscape will continue to be important drivers of any president's agenda.



Contacts

Bridget Neill

EY Americas Vice Chair, Public Policy
Ernst & Young LLP
bridget.neill@ey.com

John Hallmark

Principal – EY US Political and Legislative Leader
Ernst & Young LLP
john.hallmark@ey.com

Views expressed in this report are those of the authors and do not necessarily represent the views of Ernst & Young LLP or other members of the global EY organization.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2024 Ernst & Young LLP.
All Rights Reserved.

US SCORE no. 24454-241US_2
2408-28620-CS

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com