

US Election Insight **2014**

Election results data contained in this report reflect data available as of
8:00 a.m. Eastern Standard Time on November 5, 2014.



The boisterous sea of liberty
is never without a wave

Thomas Jefferson

2014 Election Results

The Republican Senate Drought Ends In a Deluge

For the past eight years, Republicans sought to reclaim their Congressional majority, but their efforts to achieve election night victory fell short of the mark. Last night, riding a wave of enthusiasm among their supporters and bolstered by voter frustration with the Obama administration, Republican candidates across the country delivered victories in virtually every key race. With at least a seven seat gain in the US Senate and an increase of more than 10 seats in the US House of Representatives, the 2014 election was an unmitigated success for Republicans, affording them an opportunity to set the agenda for the last two years of the Obama presidency and setting the stage for a wide open presidential election in 2016.

Republicans won the Senate and boosted their majority in the House by fielding strong and well-financed candidates who successfully captured voter frustration with President Obama, whose current low approval ratings proved a drag on Democratic candidates. While the Republican gains were not as dramatic as their sweeps in 1994 and 2010, the political current was unmistakable and strong, pulling down Democrats in most of the close races and even producing defeats for Democrats who were favored to win comfortably.

As October closed, polling momentum favored the Republicans, and Democrats faced lower than expected turnout among their base, including African Americans, Democratic women, Hispanics and young voters. The general discontent of many voters toward Congress in general and President Obama in particular meant that traditionally Republican-friendly issues like opposition to the Affordable Care Act, national security, the economy, and even the Ebola epidemic in West Africa held sway with voters, who ignored Democratic claims of an improving economy and the dangers of a Republican congress. This last appeal was notably ineffective with women voters — who failed to provide the margin for Democratic candidates that has been common in recent elections.

On the heels of electoral defeats in 2014, Republicans took a hard look at their failure to capture the demographics that had been key to the success of George W. Bush — and responded accordingly in both candidate selection and voter outreach. As a result, the incoming Republican class for the 114th Congress will be significantly more diverse — with the election of Joni Ernst (IA), Shelly Moore Capito (WV), and Tim Scott (SC). These victories add to a growing roster of strong women and minority Senators in

the Republican Party, and set the stage for Republicans to continue to reshape the face of their party's demographics ahead of the 2016 elections. In the 114th Congress, Republicans will boast six female Senators, including Senator Lisa Murkowski (AK) who will take the helm of the Senate Energy & Natural Resources Committee. Senators Tim Scott (SC), Marco Rubio (FL) and Ted Cruz (TX) remain rising stars in the party, and will likely be central to the Republican's future in 2016. Of the decided races for the House of Representatives, six female candidates will be joining the freshman class in 2014 — Barbara Comstock (VA-10), Nan Alison Sutter Hayworth (NY-18), Mia Love (UT-04), Martha McSally (AZ-02), Elise Stefanik (NY-21) and Mimi Waters (CA-45).

The Math and the Message

Democrats faced a number of obstacles from the start: an electoral map that exposed a larger number of their most vulnerable Senate seats, the general dissatisfaction of the public with the direction of the country and the apparent failure of the vaunted Democratic ground game to produce a turnout advantage as it had in recent elections. Republicans, meanwhile, had improved their turnout operations, which were boosted by the persistent edge in enthusiasm among Republican voters. These factors led to some results that even Republicans had not anticipated: the defeat of three Democratic incumbent Senators, including Senator Kay Hagan of North Carolina who was widely favored after running a strong campaign. Democrats also lost a net of 13 House members, leaving Republicans poised to surpass their post-World War II high water mark of 246 seats.

In Virginia, Democratic Senator Mark Warner led consistently in polls, yet appears to have only barely survived a fierce challenge from Republican Ed Gillespie. Kansas Governor Sam Brownback, whose campaign appeared to have stalled, managed to win reelection — in large measure buoyed by the financial and strategic resources that flowed into the Sunflower state to save the Senate seat of Republican Pat Roberts, who also prevailed after trailing for most of the campaign. And Democrat hopes of knocking off Republican Senate Leader Mitch McConnell of Kentucky evaporated in a double-digit loss, all but ensuring that the Senator McConnell will serve as the incoming Majority Leader of the US Senate.

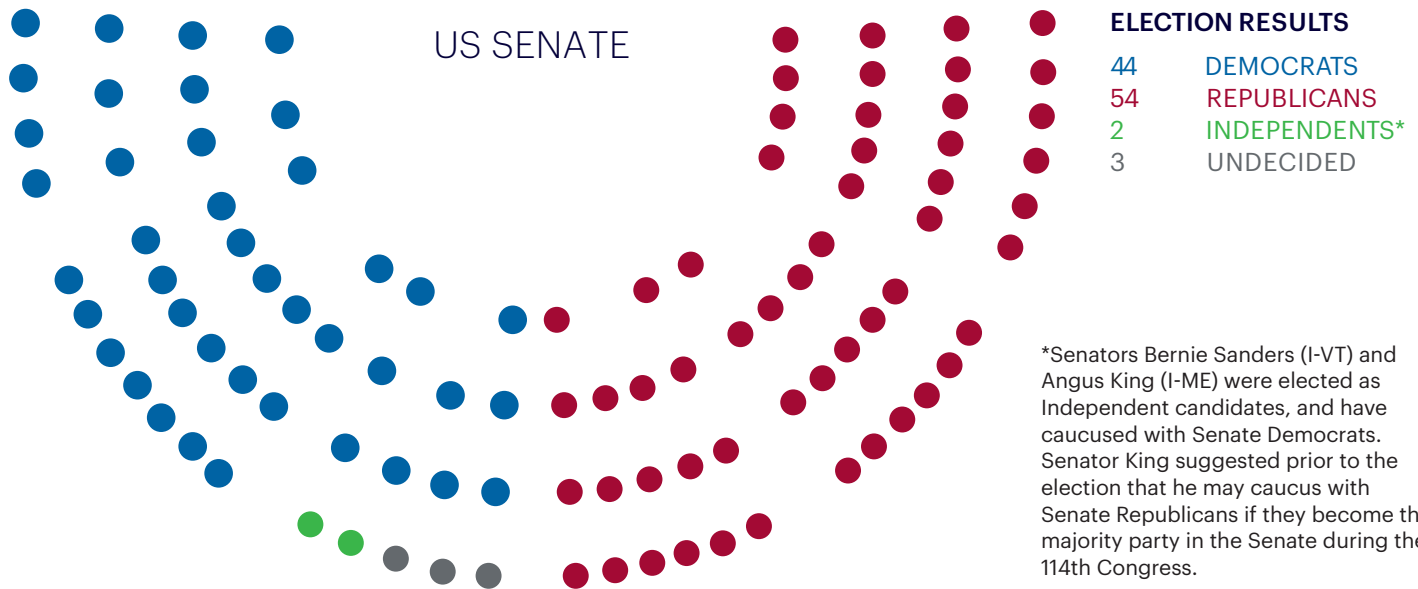
Democrats enjoyed few bright spots — all in all it was a resounding defeat for the Democratic Party and President Obama. Democrats must now make the best of the minority, seek to define a message that will resonate with voters in 2016, and take solace from in the hope that a more favorable electoral map will be their ally in 2016. For President Obama, the incoming Congress presents both challenges to some of his signature legislative achievements, and opportunities to advance some priorities that had stagnated in a divided Congress.

The Fundamental Things Apply — Democrats Hung in There for a While, But Republicans Were Bound to Win

As final results came in overnight, it has become clear the Republican Party will take control of the U.S. Senate. While, Democrats kept it interesting in states like Arkansas, Louisiana, Iowa and Georgia, the fundamentals favored Republicans and they took back a net of at least seven seats, enough to ensure that Majority Leader Harry Reid will relinquish that title to Senator Mitch McConnell in January.

Every Senate committee will now have a new Republican chairman, and committee agendas will shift dramatically. Senate committees will likely join in the regular scrutiny and investigation of the Obama administration that has been the province of House committees in recent years.

Republican control of the Senate and House will foster the chances for passage of Republican-backed legislation by the full Congress — although Republicans lack a filibuster-proof majority of more than 60 votes. The incoming Republican leadership will also need to decide whether to roll back changes in the filibuster rules pushed through by Democrats. Once again, Washington will be forced to grapple with divided government.







US SENATE SCORE CARD

STATE	PARTY	WINNER	STATE	PARTY	WINNER
AK		Begich (D) / Sullivan (R)	MT	★ R	Daines (R)
AL	R	Sessions (R)	NC	★ R	Tillis (R)
AR	★ R	Cotton (R)	NE (open)	R	Sasse (R)
CO	★ R	Gardner (R)	NH	D	Shaheen (D)
DE	D	Coons (D)	NJ	D	Booker (D)
GA (open)	R	Perdue	NM	D	Udall, T (D)
HI	D	Schatz (D)	OK	R	Inhofe (R)
IA (open)	★ R	Ernst (R)	OK (open)	R	Lankford (R)
ID	R	Risch (R)	OR	D	Merkley (D)
IL	D	Durbin (D)	RI	D	Reed (D)
KS	R	Roberts (R)	SC	R	Scott (R)
KY	R	McConnell (R)	SC	R	Graham (R)
LA - Run-Off		Laundrieu (D) / Cassidy (R) / Maness (I)	SD (open)	★ R	Rounds (R)
MA	D	Markey (D)	TN	R	Alexander (R)
ME	R	Collins (R)	TX	R	Corynyn (R)
MI (open)	D	Peters (D)	VA	D	Warner (D) - Recount possible
MN	D	Franken (D)	WV	★ R	Capito (R)
MS	R	Cochran (R)	WY	R	Enzi (R)

KEY

- ★ D = Democratic Pick Up
- D = Democratic-Retained Seat
- ★ R = Republican Pick Up
- R = Republican-Retained Seat

SENATE — OPEN SEATS

STATE	PARTY	WINNER	LOSER
GA	R	David Perdue (R)	Michelle Nunn (D)
IA		Joni Ernst (R)	Bruce Braley (D)
MI	D	Gary Peters (D)	Terri Lynn Land (R)
MT		Steve Daines (R)	Amanda Curtis (D)
NE	R	Ben Sasse (R)	Dave Domina (D)
OK	R	James Lankford (R)	Constance Johnson (D)
SD		Mike Rounds (R)	Rick Weiland (D)
WV		Shelley Moore Capito (R)	Natalie Tennant (D)

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Competitive Senate Races

Alaska

Democrat Mark Begich, first term Senator and former Mayor of Alaska, is in a race with Republican Dan Sullivan, former Alaska Attorney General, Commissioner of Natural Resources and official in President George W. Bush's administration. The polls in Alaska closed on Wednesday, Nov. 5th at 1:00 AM EST and due to the vast rural landscape, the counting of results in state wide races is traditionally slow and can take days to complete.

Arkansas

First term Republican Congressman and Iraq war veteran Tom Cotton easily defeated incumbent two term Democratic Senator Mark Pryor by 15 points. Pryor, son of former Governor and Senator David Pryor, lost despite having won 80 percent of the vote in 2008. The new Arkansas delegation will be 100 percent Republican — four Republican Members of Congress and two Republican Senators. In contrast, in 2010, Arkansas had two Democratic Senators and three Democratic Members of Congress.

Colorado

Two term Republican Congressman and former Senate staffer Cory Gardner beat first term Senator Mark Udall. Gardner only entered the race in early 2014 and capitalized on the troubled launch of the Affordable Care Act in

Colorado and President Obama's rising unpopularity in the state. Udall's loss is setback for Democrats in Colorado, who relished in major wins for President Obama in the state in 2008 and 2012 and Democratic Senator Michael Bennet's close victory in 2010.

Iowa

Republican Joni Ernst, Army reservist and Iowa State Senator, defeated four term Democratic Congressman Bruce Braley in a race to succeed 30-year incumbent Senator Tom Harkin, who announced his retirement last year. Ernst's campaign ran effective commercials on her own behalf and against Braley, who lost ground in criticizing senior Republican Senator Chuck Grassley for not being a lawyer but a farmer. This did not play well in Iowa, a largely rural and agricultural state.

Georgia

Republican David Perdue, a former business executive and first cousin of former Georgia Governor Sonny Perdue, greatly exceeded expectations and won a convincing victory over Michelle Nunn, former Points of Light CEO and daughter of former Georgia Senator Sam Nunn. The polls showed this race essentially tied up until election day, but Perdue won by over 15 percentage points. Democrats had hoped that this three way race would end up in a runoff in January between Perdue and Nunn, but Perdue's decisive victory dashed Democratic hopes.

Kansas

Republican Pat Roberts, former eight term Congressman and three term Senator, held on to win a fourth term by defeating business executive and independent Greg Orman in one of the most unusual Senate races of 2014. Roberts fended off a primary challenge from a tea party candidate and thought he would face both the Democratic candidate Chad Taylor and independent Orman in the November election. Taylor opted to withdraw from the ballot and threw his support to Orman, creating a two person race that was very close in the polls up until election day.

Kentucky

Five term incumbent and Senate Republican leader, Mitch McConnell, handily defeated Kentucky Secretary of State Alison Lundergan Grimes by more than 10 points. While polls showed this race close in September, McConnell pulled ahead in the last month of the campaign and deprived the Democrats of a potential pickup they had eyed for more than a year.

Louisiana

Three term Senator and current Energy Committee Chair, Mary Landrieu, is heading for a runoff election against three term Republican Congressman and physician Bill Cassidy. Louisiana law requires a candidate to win 50 percent of the vote plus one to win the election outright. Neither candidate secured 50 percent on November 4th, resulting in a runoff on Saturday, December 6th.

New Hampshire

Former Governor and first term Democratic Senator Jeanne Shaheen won a very close race for reelection in the Granite state. She defeated former Massachusetts Republican Senator Scott Brown, who moved to neighboring New Hampshire a year ago to challenge Shaheen. Shaheen and Brown were consistently tied in the polls leading up to the election.

North Carolina

Republican Thom Tillis, Speaker of the North Carolina State House, defeated first term Democratic Senator Kay Hagan in a close contest. This race was the most expensive Senate race in history — totaling a combined \$100 million on this race that was essentially tied since late September.

South Dakota

Republican Mike Rounds, former two term Governor, easily won a three way race to succeed retiring Democratic Senator Tim Johnson. Rounds defeated former Senate staffer Democrat Rick Weiland and former three term South Dakota Republican Senator Larry Pressler. Pressler ran as an Independent and showed some strength in the polls early on, but Rounds ended up winning by over 20 percentage points.

Virginia

In Virginia, one of the most surprising Senate races exemplified the trends of low Democratic turnout and Republican resilience. Incumbent Senate Democrat Mark Warner was favored to win handily, and held a lead in polls throughout the race. Warner finished the evening with a lead of less than 1% after more than 99% of ballots had been counted. Apparent runner-up Republican Senate candidate Ed Gillespie may pursue a recount in Virginia, leaving this race in the undecided column for now.

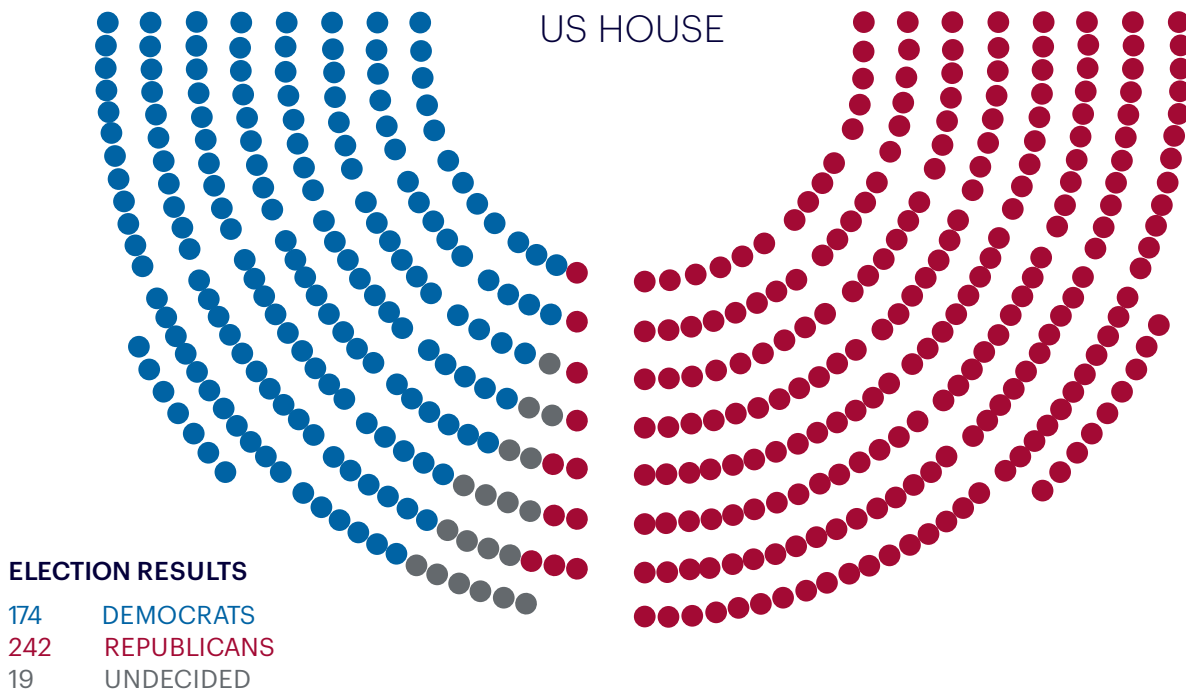
House of Representatives: Republicans Increase Their Margin of Control as Several Democratic Incumbents Fall

As the 2014 election approached, Republican House candidates enjoyed many advantages. President Obama labored under a low approval rating, House districts were crafted to maximize GOP advantage in much of the country, Republicans recruited strong candidates and raised a warchest, supplemented by huge outside spending. Moreover, it was the sixth year of an incumbent President's term, historically a time when House candidates of the President's party nearly always lose seats. And they did. Republicans thus far have a net gain of 13 seats.

House Republicans will once again choose the Speaker — almost certainly retaining John Boehner — and will control the gavel in every House committee, where turnover will be due entirely to retirements, term limits

on chairmanships and some musical chairs among senior members. Republican voters and Independents responded to the GOP's message of change and took advantage of the energized base that was initially fortified around opposition to the President's health care initiative, and later developed into a generalized and passionate grassroots movement for Republican candidates. In the face of this concerted advance, Democrats simply were not able to break free of the President's low approval rating and a political environment that favored Republicans.

The results appear to confirm a hardening of the trend that key Democratic constituencies fail to turn out in non-Presidential years, while Republican turnout remains comparatively steady. Democrats invested heavily in reversing that trend, but their targeting and turnout apparatus was simply not successful in limiting their losses in a year when conditions fundamentally favored Republicans.



US HOUSE SCORE CARD — COMPETITIVE SEATS

DISTRICT	PARTY	WINNER	DISTRICT	PARTY	WINNER
AR 2*	★	Hill (R)	MA 6*	★	Moulton (D)
AZ 1	U	Kirkpatrick (D) / Tobin (R)	ME 2*	U	Cain (D) / Poliquin (R)
AZ 2	U	Barber (D) / McSally (R)	MI 1	R	Benishek (R)
CA 7	U	Bera (D) / Ose (R)	MN 8*	★	Nolan (D)
CA 26	U	Brownley (D) / Gorell (R)	NE 2	U	Ashford (D) / Terry (R)
CA 31*	U	Aguilar (D) / Chabot (R)	NH 1*	★	Guinta (R)
CA 52	U	Peters (D) / DeMaio (R)	NH 2	D	Kuster (D)
CO 6	R	Coffman (R)	NJ 3*	★	MacArthur (R)
CT 5	D	Esty (D)	NY 1	★	Zeldin (R)
FL 2	★	Graham (D)	NY 11	R	Grimm (R)
FL 26	★	Curbelo (R)	NY 18	U	Maloney (D) / Hayworth (R)
GA 12	★	Allen (R)	NY 19	R	Gibson (R)
IA 3*	★	Young (R)	NY 21	★	Stefanik (R)
IL 10	★	Dold (R)	NY 24	★	Katko (R)
IL 12	★	Bost (R)	TX 23	★	Hurd (R)
IL 13	R	Davis (R)	VA 10*	★	Comstock (R)
IL 17	D	Bustos (D)	WV 3	★	Jenkins (R)

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D = Democratic-Retained Seat

* = Open Seat

★ = Republican Pick Up

R = Republican-Retained Seat

U = Undecided

HOUSE — OPEN SEATS

STATE-DISTRICT	PARTY	WINNER	LOSER
AL-06	R	Gary Palmer (R)	Mark Lester (D)
AR-02	R	French Hill (R)	Patrick Hays (D)
AR-04	R	Bruce Westerman (R)	James Lee Witt (D)
AZ-07	D	Ruben Gallego (D)	N/A
CA-11	D	Mark DeSaulnier (D)	Tue Phan-Quang (R)
CA-25	U	Stephen Knight (R)	Tony Strickland (R)
CA-31	U	Pete Aguilar (D)	Paul Chabot (R)
CA-33	D	Ted Lieu (D)	Elan Carr (R)
CA-35	D	Norma Torres (D)	Christina Gagnier (D)
CA-45	R	Mimi Walters (R)	Drew Leavens (D)
GA-01	R	Earl "Buddy" Carter (R)	Brian Reese (D)
GA-10	R	Jody Hice (R)	Ken Dious (D)
GA-11	R	Barry Loudermilk (R)	N/A
HI-01	D	Mark Takai (D)	Charles Djou (R)
IA-01	★	Rod Blum (R)	Pat Murphy (D)
IA-03	R	David Young (R)	Staci Appel (D)
LA-06 - Run-off	U	Garrett Graves (R)	Edwin Edwards (D)
MA-06	D	Seth Moulton (D)	Richard Tisei (R)
ME-02	U	Bruce Poliquin (R)	Emily Cain (D)
MI-04	R	John Moolenaar (R)	Jeff Holmes (D)
MI-08	R	Mike Bishop (R)	Eric Shertzing (D)
MI-11	R	David Trott (R)	Bobby McKenzie (D)
MI-12	D	Debbie Dingell (D)	Terry Bowman (R)
MI-14	D	Brenda Lawrence (D)	Christina Barr (R)
MN-06	R	Tom Emmer (R)	Joe Perske (D)
MT-ALL	R	Ryan Zinke (R)	John Lewis (D)
NC-06	R	Mark Walker (R)	Laura Fjeld (D)
NC-07	★	David Rouzer (R)	Jonathan Barfield (D)
NC-12	D	Alma Adams (D)	Vince Coakley (R)
NJ-01	D	Donald Norcross (D)	Garry Cobb (R)
NJ-03	R	Tom MacArthur (R)	Aimee Belgard (D)
NJ-12	D	Bonnie Watson Coleman (D)	Alieta Eck (R)
NY-04	D	Kathleen Rice (D)	Bruce Blakeman (R)
NY-21	★	Elise Stefanik (R)	Aaron Woolf (D)
OK-05	R	Steve Russell (R)	Al McAffrey (D)
PA-06	R	Ryan Costello (R)	Manan Trivedi (D)
PA-13	D	Brendan Boyle (D)	Dee Adcock (R)
TX-04	R	John Ratcliffe (R)	N/A
TX-36	R	Brian Babin (R)	Michael Cole (D)
UT-04	★	Mia Love (R)	Doug Owens (D)
VA-07	R	David Brat (R)	Jack Trammell (D)
VA-08	D	Don Beyer (D)	Micah Edmond (R)
VA-10	R	Barbara Comstock (R)	John Foust (D)
WA-04	U	Clint Didier/Dan Newhouse (R)	N/A
WI-06	R	Glenn Grothman (R)	Mark Harris (D)
WV-02	R	Alex Mooney (R)	Nick Casey (D)

Competitive Races Overview

NORTHEAST

Four Democratic incumbents in the Northeast were defeated in 2014: Carol Shea Porter (NH-01), Tim Bishop (NY-01), Dan Maffei (NY-24) and Nick Jo Rahall (WV-3), the Ranking Member on the Transportation & Infrastructure Committee, a member who had served in the House for 38 years.

In competitive open seat races, Republicans Tom McArthur (NJ-03), Elise Stefanik (NY-21), Ryan Costello (PA-6), Alex Mooney (WV-2) and Democrat Seth Moulton (MA-6) were elected. Mooney succeeds Republican Senator-Elect Shelley Moore Capito (WV) while Moulton succeeds Democratic Congressman John Tierney who he defeated in the primary.

Republican incumbents Scott Garrett (NJ-05), Michael Grimm (NY-11) and Chris Gibson (NY-19), and Democratic incumbents Elizabeth Esty (CT-5), and Annie Kuster (NH-02) were all re-elected. With a lead of about 1800 votes and all precincts reported, Democratic Congressman Sean Patrick Maloney (NY-18) has claimed victory, although mail ballots have yet to be counted. While it could produce a recount, it also appears that Congresswoman Louise Slaughter (NY-25) has survived an unexpected challenge from Mark Assini by less than 600 votes out of more than 186,000 votes cast. Congressman Grimm, a two-term Member, was decisively re-elected despite being under federal indictment for fraud charges.

MIDWEST

In Illinois, Republicans defeated two Democratic freshman incumbents. In a rematch from two years ago, former Congressman Bob Dold (IL-10) defeated Congressman Brad Schneider, and Mike Bost (IL-12) defeated Congressman Bill Enyart. Democratic incumbents Tammy Duckworth (IL-8), Bill Foster (IL-11) and Cheri Bustos (IL-17) and Republican Congressman Rodney Davis (IL-13) all were re-elected.

In Iowa, Republican Rod Blum (IA-1) won the seat currently held by defeated Senatorial candidate Bruce Braley. Democratic incumbent Dave Loebsack (IA-2) won re-election and in an open seat race, Republican David Young won the seat held by long-time Republican Member Tom Latham. In Michigan, Republican incumbents Dan Benishek (MI-1) and Energy & Commerce Committee Chairman Fred Upton (MI-6) were both re-elected. Upton's decisive margin of victory disproved recent media reports suggesting that he was at risk of losing his seat. Former lobbyist Debbie Dingell (MI-11) was easily elected to succeed her husband, the current Dean of the House John Dingell.

In Minnesota, Democratic Members Collin Peterson (MN-7), the Ranking Member of the Agriculture Committee, and Rick Nolan (MN-8) both won re-election. In Nebraska, with about 85% of the vote counted, Democrat Brad Ashford leads incumbent Congressman Lee Terry (NE-2) by about 4,134 votes. In Wisconsin, Republican Glenn Grothman (WI-6) had a strong victory in the race for the seat held by retiring Republican long-time Member Tom Petri.

SOUTH

In the South, two Democratic incumbents lost tonight. Carlos Curbelo defeated Joe Garcia (FL-26) and Rick Allen defeated John Barrow (GA-12). Barrow, the last of a dying breed of House Democratic Southern Blue Dogs, has served in the House since 2005. In a rare Democratic pickup, Gwen Graham (FL-2) narrowly defeated the Republican incumbent, Congressman Steve Southerland. Congressman Patrick Murphy (FL-18) also was re-elected.

In competitive open seat races, Republicans French Hill (AR-2), Bruce Westerman (AR-4), David Rouzer (NC-7) and Barbara Comstock (VA-10) all were elected. With Senator Mark Pryor's loss, the Arkansas congressional delegation will now become entirely Republican. Rouzer picked up the seat currently held by Democratic Congressman Mike McIntyre while Comstock succeeds her former employer, long-time northern Virginia Congressman Frank Wolf.

WEST

Thus far, in the West, two Democratic incumbents have lost their re-election bids. In Texas, Republican Will Hurd (TX-23) captured the seat of freshman Democrat, Pete Gallego, and in Nevada, with all precincts reported, Republican state assemblyman Crescent Hardy (NV-4) defeated freshman Congressman Steven Horsford by about a 2.7% margin.

In Arizona, Congresswoman Kyrsten Sinema (AZ-9) will return for another term and two races have yet to be called. Democratic incumbent Ann Kirkpatrick (AZ-1) holds a 6.6% lead over Republican Andy Tobin with 100% of the precincts reported while Republican Martha McSally leads freshman Democrat Ron Barber (AZ-2) by 36 votes with about 75% of the vote counted.

In California, Republican Congressman David Valadeo (CA-21) won re-election by a nearly 19% margin. Democratic incumbent Lois Capps (CA-24) also was re-elected. According to the Associated Press, with 100 percent of precincts reporting, three California Democratic incumbents, John Garamendi (CA-3), Ami Bera (CA-7), and Jerry McNerney (CA-9) are in races that remain too close to call and must await the counting of absentee ballots. With an estimated 60,000 absentee ballots still

to be counted, former Republican Congressman Doug Ose leads Congressman Bera by 3011 votes, 51 percent to 49 percent with 100 percent of precincts reporting. A final result is expected on Saturday. Similarly, Democratic Congressman Garamendi leads 53–47% over Daniel Logue and Congressman McNerney leads 52–49% over Republican Tony Amador.

Another seven California House races remain undecided: CA-16 where Democratic Congressman Jim Costa trails Republican Johnny Tacherra by 736 votes with absentee ballots to be counted; CA-26 where with virtually all of the vote reported, Democratic Congresswoman Julia Brownley leads Republican Jeff Gorell by 588 votes; CA-31 an open seat race to replace retiring Republican Congressman Gary Miller (CA-31), with all of the precincts reported, former Redlands Democratic Mayor Pete Aguilar leads his opponent Paul Chabot by 1635 votes, about 2%; CA-36 where all of the precincts have reported in a race where Congressman Raul Ruiz leads by 6832 votes, about 6,6%; CA 52 where Republican Carl DeMaio leads Congressman Scott Peters by 752 votes with all precincts reported;

and two intra-party elections — CA 17 where Democratic Congressman Mike Honda leads Democrat Rho Khanna by 3987 votes, about 4.2% and CA-25 where Republican Stephen Knight leads Republican Tony Strickland by 5907 votes, about 7.2% with 94% of the precincts reporting.

In Colorado in a race that received national attention, Republican incumbent Mike Coffman (CO-6) surprised those who expected a close race and coasted to a decisive victory. In Hawaii, Democrat Mark Takai (HI-1), won the open seat race to succeed retiring Democratic Congresswoman Colleen Hanabusa. In Montana, Republican Ryan Zinke (MT-AL) will succeed the current Congressman, Republican Senator-elect, Steve Daines. In Nevada, Republican incumbent Joe Heck (NV-3) was overwhelmingly re-elected with over 60% of the vote. In a Utah open seat race, Republican Mia Love (UT-4) defeated Doug Owens and will succeed her opponent in 2012, Congressman Jim Matheson who chose not to run for re-election.

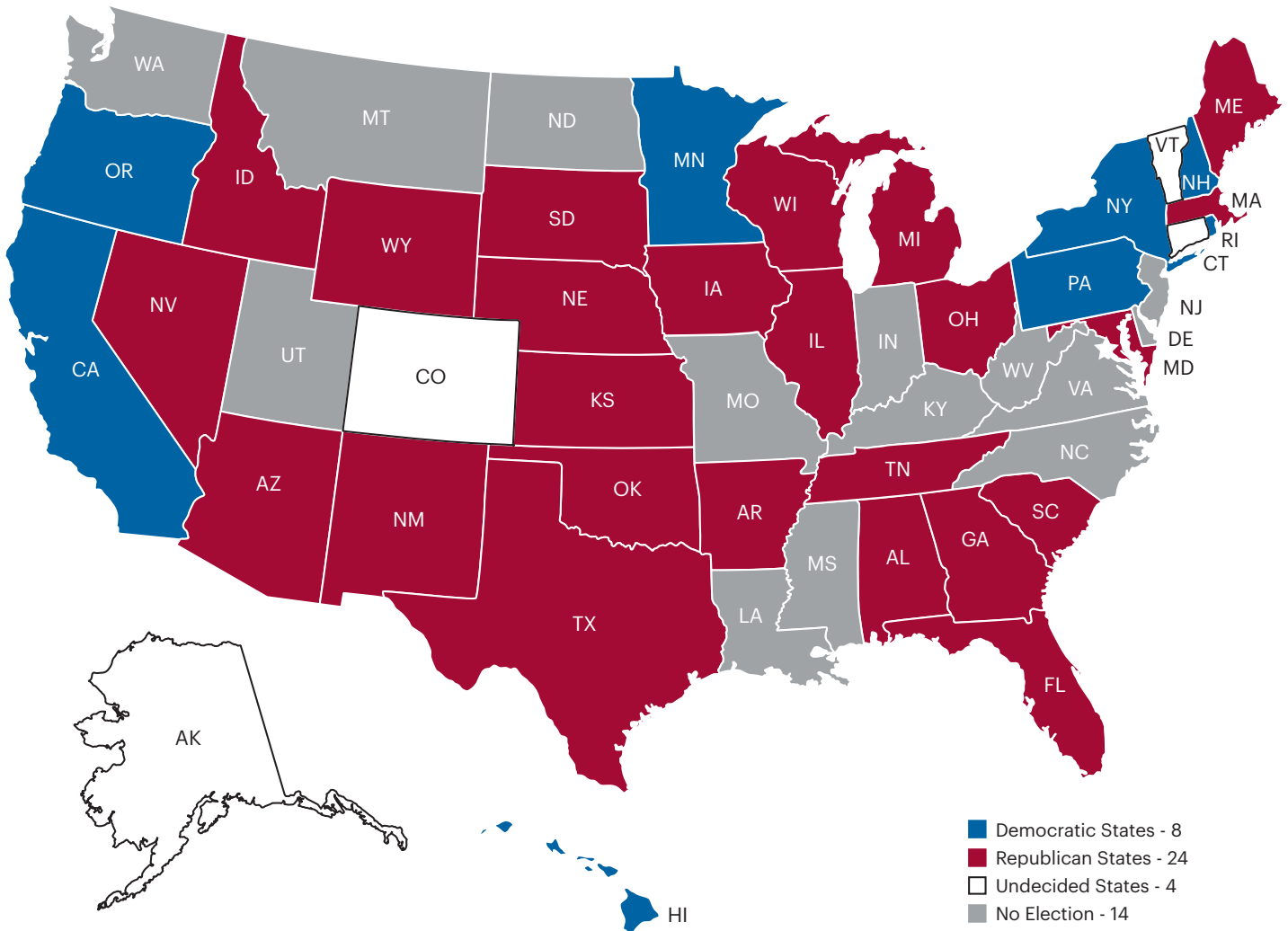
Governors

As Election Day dawned, Republicans held 29 governors' mansions to the Democrats 21. By the time yesterday's votes were counted, Republicans were assured of holding at least 31 governorships next year. With less than a week to Election Day, 11 of the 39 Governors' contests had margins of three points or less in polling averages — those close contests included 10 incumbent governors seeking reelection. As in other statewide races, the closest contests broke disproportionately toward the GOP. By mid-January, there will be no more than 19 states with Democratic governors, showing that the national Republican tide washed into state races as well.

GOVERNOR SNAPSHOT

	CURRENT	2015
Democrat	21	15
Republican	29	31
Undecided		4

GOVERNORS



GOVERNOR SCORE CARD

STATE	PARTY	WINNER	STATE	PARTY	WINNER
AL	R	Bentley (R)	MN	D	Dayton (D)
AK	R	Parnell (R) / Walker (I)	NE	R	Ricketts (R)
AZ	R	Ducey (R)	NV	R	Sandoval (R)
AR	★R	Hutchinson (R)	NH	D	Hassan (D)
CA	D	Brown (D)	NM	R	Martinez (R)
CO	D	Beauprez (R) / Hickenlooper (D)	NY	D	Cuomo (D)
CT	D	Foley (R) / Malloy (D)	OH	R	Kasich (R)
FL	R	Scott (R)	OK	R	Fallin (R)
GA	R	Deal (R)	OR	D	Kitzhaber (D)
HI	D	Ige (D)	PA	★D	Wolf (D)
ID	R	Otter (R)	RI	D	Raimondo (D)
IL	★R	Rauner (R)	SC	R	Haley (R)
IA	R	Branstad (R)	SD	R	Daugaard (R)
KS	R	Brownback (R)	TN	R	Haslam (R)
ME	R	LePage (R)	TX	R	Abbott (R)
MD	★R	Hogan (R)	VT	★	Shumlin (D)
MA	★R	Baker (R)	WI	R	Walker (R)
MI	R	Snyder (R)	WY	R	Mead (R)

GOVERNOR — OPEN SEATS

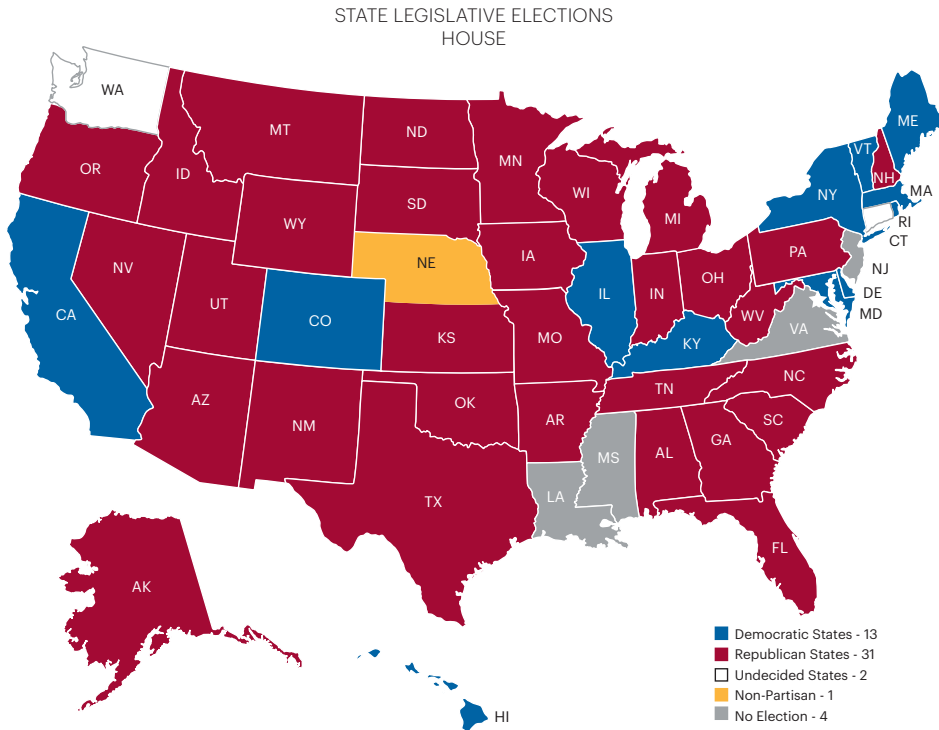
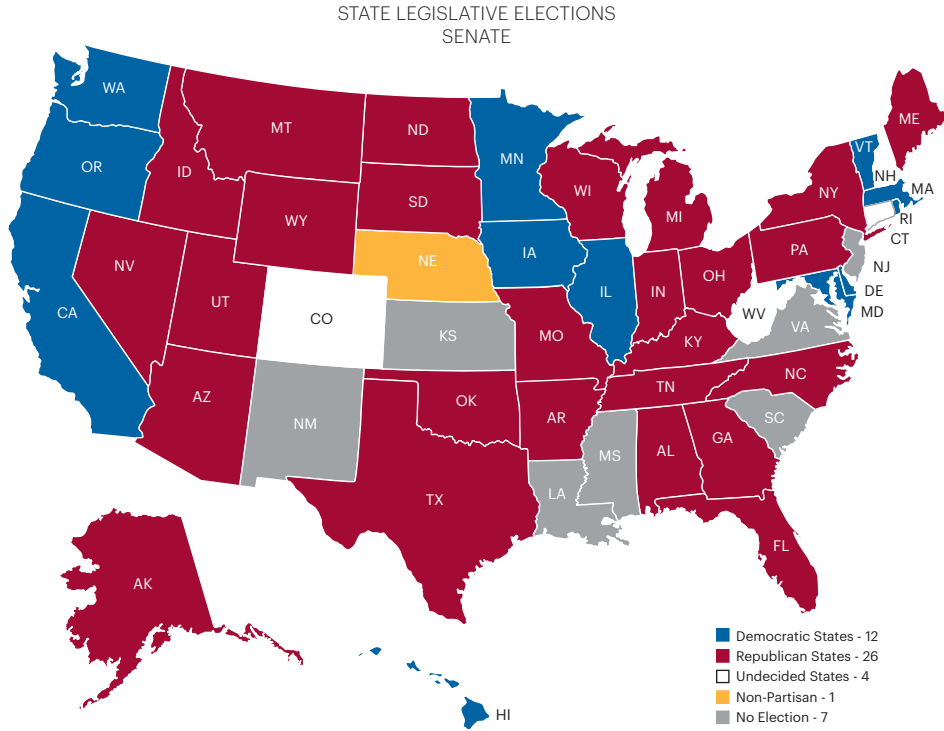
STATE	PARTY	WINNER	LOSER
AZ	R	Doug Ducey (R)	Fred DuVal (D)
AR	★R	Asa Hutchinson (R)	Mike Ross (D)
HI	D	David Ige (D)	Duke Aiona (R)
MD	★R	Larry Hogan (R)	Anthony Brown (D)
MA	★R	Charles Baker (R)	Martha Coakley (D)
NE	R	Pete Ricketts (R)	Chuck Hassebrook (D)
RI	D	Gina Raimondo (D)	Allan Fung (R)
TX	R	Greg Abbott (R)	Wendy Davis (D)

KEY

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- ★R = Republican Pick Up R = Republican-Retained Seat ★ Chosen by legislature
- ★I = Independent Pick Up I = Independent-Retained Seat

State Senate and House

A total of 1,098 (55.6%) of the country's 1,972 state senate seats and 4,958 (91.6%) of the country's 5,411 state house seats were up for a vote. Altogether, 6,057 (82.0%) of the country's 7,383 state legislative seats were up for election during the midterm election year. Of the seats up for election, 2,876 were held by Democrats while 3,123 were held by Republicans. Of the 87 chambers holding elections in November, nearly 70 are expected to maintain their current partisan make up, leaving fewer than 20 of the chambers competitive. Of these, only six chambers are considered toss-ups and five of these are currently held by Democrats.



STATE — SENATE

STATE	CURRENT MAJORITY	D	R	I	U/V	STATE	CURRENT MAJORITY	D	R	I	U/V
AL	R	8	26	1		MT	R	17	28		5U
AK	R	6	14			NE	NP	10	11		
AZ	R	11	16		3U	NV	R	10	11		
AR	R	11	24			NH	D/R	9	8		7U
CA	D	24	13		2U/1V	NY	R	31	32		
CO*	D	18	17			NC	R	16	34		
CT	D/R	17	17		2U	ND	R	16	31		
DE	D	12	9			OH	R	10	23		
FL	R	14	26			OK	R	9	39		
GA	R	18	38			OR	D	17	11		2U
HI	D	24	1			PA	R	20	30		
ID	R	7	28			RI	D	32	5	1	
IL	D	39	20			SD	R	7	28		
IN	R	10	40			TN	R	6	27		
IA*	D	26	24			TX	R	11	20		
KY	R	12	26			UT	R	4	23		2V
ME	R	15	20			VT	D	21	7	2	
MD	D	32	14		1U	WA*	D	25	24		
MA	D	34	6			WV	D/R	17	17		
MI	R	11	26	1		WI	R	14	19		
MO	R	9	25			WY	R	4	26		

*Not available at time of press

U - Race undecided

V - Vacancy

NP - Non-partisan

STATE — HOUSE

STATE	CURRENT MAJORITY	D	R	I	U/V	STATE	CURRENT MAJORITY	D	R	I	U/V
AL	R	33	72			MO	R	45	117		
AK	R	15	21		4U	MT	R	35	55		10U
AZ	R	19	36		5U	NV	R	17	25		
AR	R	34	58		8U	NH	D	131	197	1	71U
CA	D	45	26		9U	NM	R	33	37		
CO*	D	37	28			NY	D	106	44		
CT	D/R	73	60		18U	NC	R	46	74		
DE	D	25	16			ND	R	23	71		
FL	R	38	81		1V	OH	R	33	65		1U
GA	R	59	120	1		OK	R	29	72		
HI	D	43	8			OR	D	34	25		1U
ID	R	15	55			PA	R	84	119		
IL	D	71	47		4U	RI	D	63	11	1	
IN	R	29	71			SC	R	46	78		
IA	R	43	57			SD	R	11	57		2U
KS	R	27	98			TN	R	26	73		
KY	D	53	46		1U	TX	R	52	98		
ME	D	78	69	2		UT	R	15	60		
MD	D	90	49		2U	VT	D	75	42	6	27U
MA	D	125	34		1U	WA	D/R	47	40		11U
MI	R	47	59		4U	WV	R	33	62		5U
MN	R	60	71		3U	WI	R	34	63		2U
						WY	R	9	51		

*Not available at time of press

U - Race undecided

V - Vacancy

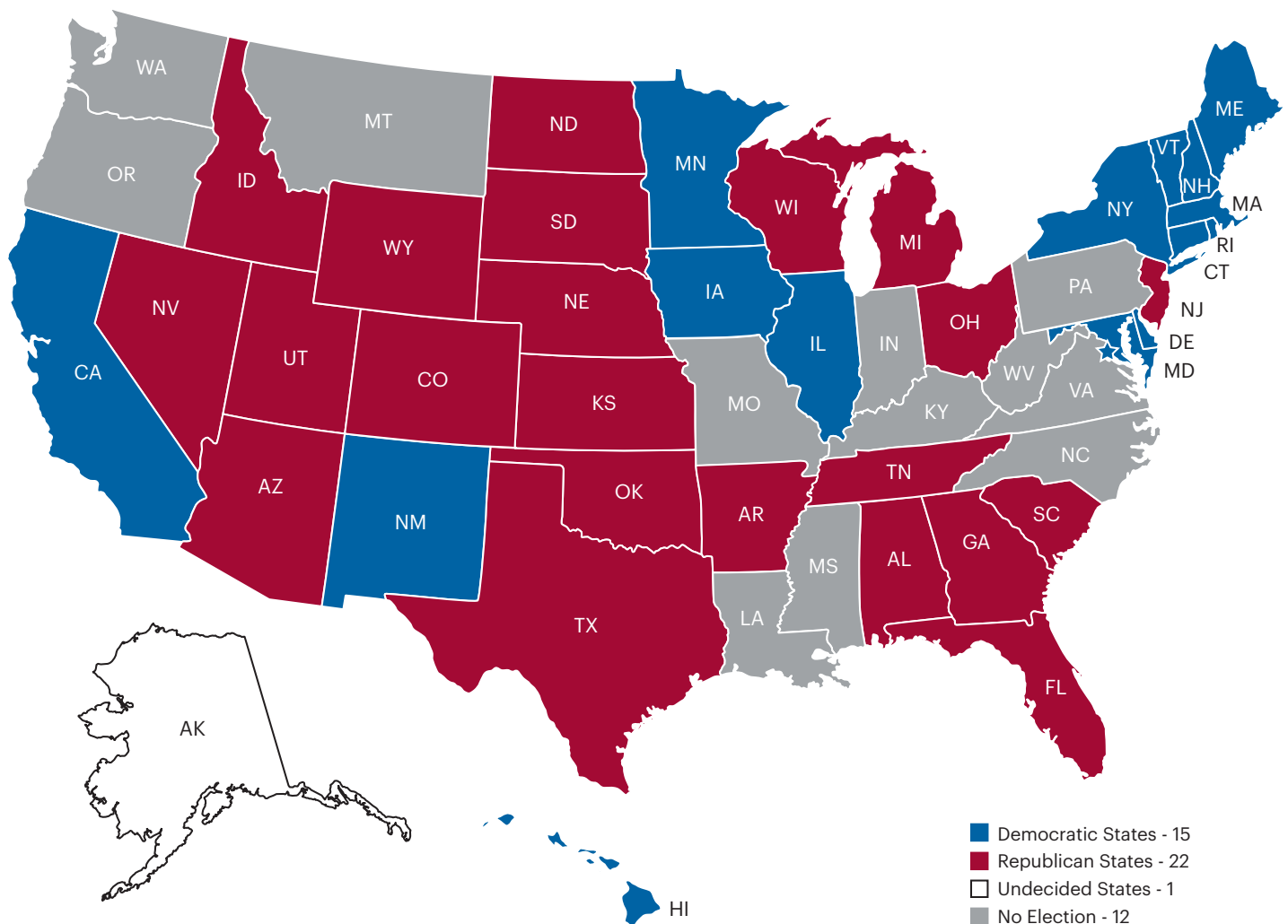
Attorneys General

Although traditionally not overtly partisan, state Attorneys General (AGs) are increasingly wading into politically charged litigation involving the Affordable Care Act and environmental issues, in addition to stepped up consumer protection enforcement. Leading up to the elections on November 4th, the political landscape for state attorneys general was evenly split, with twenty-five Republicans and twenty-five Democrats. Despite a relatively large number of open seats and several hotly contested races, the 2014 election cycle appears to have roughly maintained this political balance.

While the state AG political landscape may look similar, there will be at least twelve new AGs taking office this January. Nevada was the site of the highest profile AG race

in the country, evidenced by more than \$4.5 million in third party advertising, where Secretary of State Ross Miller (D) lost to Adam Laxalt (R). In Arkansas, former Republican National Committee legal counsel Leslie Rutledge (R) won the race to replace two term retiring AG Dustin McDaniel (D). In Colorado, Chief Deputy Attorney General Cynthia Coffman (R) defeated Democrat Don Quick to succeed the retiring Attorney General John Suthers (R). In New Mexico, State Auditor Hector Balderas (D) ran a strong campaign and overcame any potential coattails effect from the strong reelection campaign of Governor Susana Martinez (R). Texas State Senator Ken Paxton (R) easily won his race for Texas Attorney General, while the District of Columbia made history by holding its first election for Attorney General, electing Democrat Karl Racine.

ATTORNEYS GENERAL



STATE ATTORNEYS GENERAL 2014 ELECTIONS

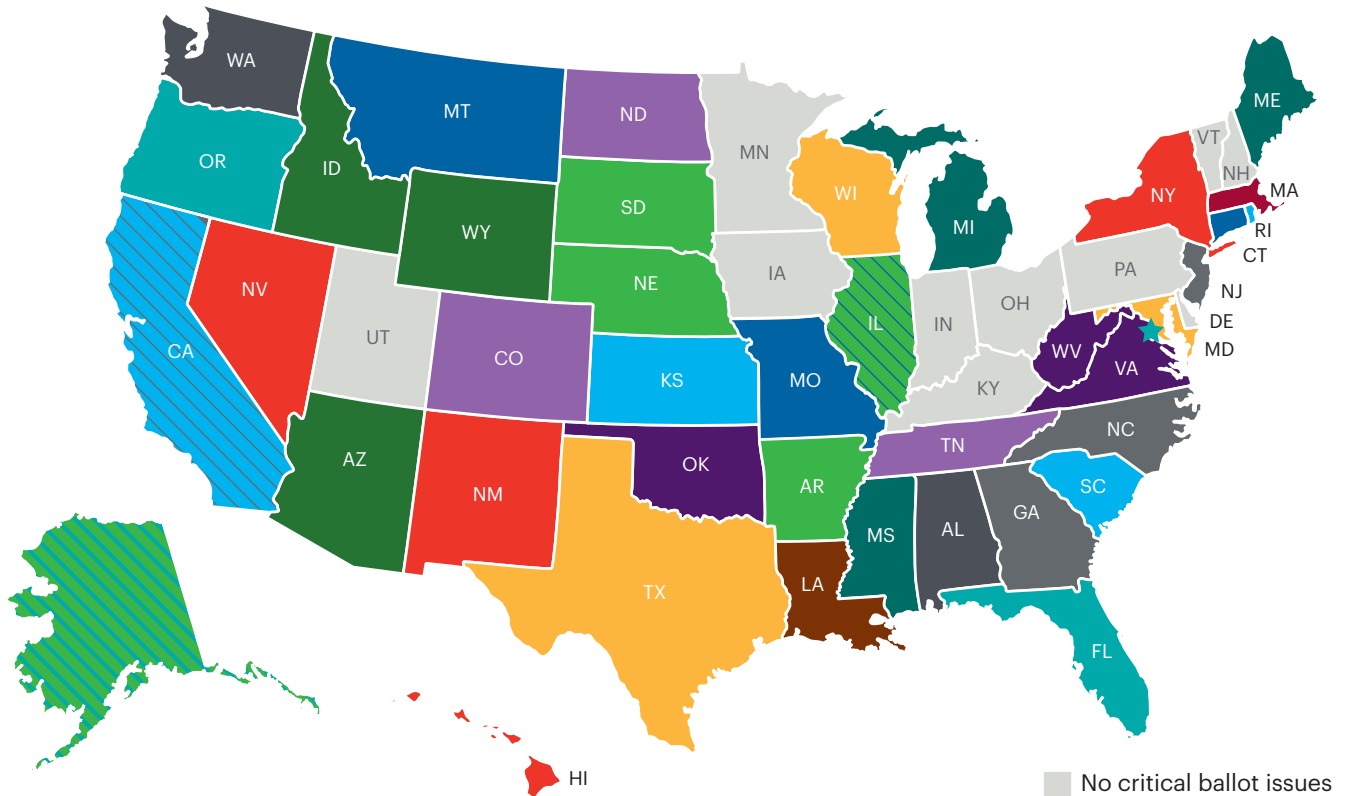
STATE	WINNER	LOSER	OTHER
AL	Luther Strange* (R)	Joseph Lister Hubbard (D)	
AZ	Mark Brnovich (R)	Felecia Rotellini (D)	
AR	Leslie Rutledge (R)	Nate Steel (D)	
CA	Kamala Harris* (D)	Ronald Gold (R)	
CO	Cynthia Coffman (R)	Don Quick (D)	
CT	George Jepsen* (D)	Kie Westby (R)	
DE	Matthew Denn (D)	Ted Kittila (R)	
DC	Karl Racine (D)	Lorelie Masters, Edward Smith, Lateefah Williams, Paul Zuckerberg	
FL	Pam Bondi* (R)	George Sheldon (D)	
GA	Greg Hecht (D)	Sam Olens* (R)	
Guam			Elizabeth Barrett-Anderson, Lenny Rapadas
ID	Lawrence Wasden* (R)	Bruce Bistline (D)	
IL	Lisa Madigan* (D)	Paul Schimpf (R)	
IA	Tom Miller (D)	Adam Gregg (R)	
KS	Derek Schmidt* (R)	AJ Kotich (D)	
MD	Brian Frosh (D)	Jeffrey Pritzker (R)	
MA	Maura Healey (D)	John Miller (R)	
MI	Bill Schuette* (R)	Mark Totten (D)	
MN	Lori Swanson* (D)	Scott Newman (R)	
NE	Doug Peterson (R)	Janet Stewart (D)	
NV	Adam Paul Laxalt (R)	Ross Miller (D)	
NM	Hector Balderas (D)	Susan Riedel (R)	
NY	Eric Schneiderman* (D)	John Cahill (R)	
ND	Wayne Stenehjem* (R)	Kiara Kraus-Parr (D)	
N Mariana Islands			Michael Norita Evangelista, Edward Eladio Manibuson
OH	Mike DeWine* (R)	David Pepper (D)	
OK	Scott Pruitt* (R)		
RI	Peter Kilmartin* (D)	Dawson Hodgson (R)	
SC	Alan Wilson* (R)	Parnell Diggs (D)	
SD	Marty J. Jackley* (R)	Chad Haber (L)	
TX	Ken Paxton (R)	Sam Houston (D)	
UT	Charles Stormont (D)	Sean Reyes (R)	
VT	Bill Sorrell* (D)		
WI	Brad Schimel (R)	Susan Happ (D)	

* Indicates incumbent

State Ballot Initiatives

In most states, congressional and statewide races are joined on the ballot by initiatives on issues of concern to voters. These include measures to legalize marijuana, define “personhood”, impose background checks for gun buyers, raise the minimum wage, and other voter-driven proposals. Some of these measures had the effect of driving up turnout among voters, and may have provided a marginal edge in the very closest races. Results of key ballot initiatives appear below.

CRITICAL BALLOT ISSUES



CRITICAL BALLOT ISSUES				
ISSUE	STATES			
Define Personhood	CO	ND	TN	
Raise Minimum Wage	AK	AR	IL	NE SD
Early Voting	CT	MO	MT	
Marijuana Legalization	AK	OR	DC	FL
Gun Background Checks	AL	WA		
Hunting	ME	MI	MS	
Criminal Justice Reform	CA	GA	NJ	NC
Mandatory Retirement for Judges	LA			
School Funding	HI	NV	NM	NY
Legislator Duties	AZ	<i>ID</i>	WY	
Gambling and Raffles	CA	KS	RI	SC
Transportation Funding	MD	TX	WI	
Employee Sick Days	MA			
Tax Exemptions	OK	VA	WV	

KEY

Bold - Passed
 Regular - Failed
Italics - Not called

New Faces in the Senate

ARKANSAS



Tom Cotton (R)
Current House Member

MICHIGAN



Gary Peters (D)
Current House Member

OKLAHOMA (open seat)



James Lankford (R)
Current House Member

COLORADO



Cory Gardner (R)
Current House Member

MONTANA (open seat)



Steve Daines (R)
Current House Member

SOUTH DAKOTA



Mike Rounds (R)
Former Governor of South Dakota

GEORGIA (open seat)



David Perdue (R)
Former CEO of Dollar General

NEBRASKA (open seat)



Ben Sasse (R)
President of Midland University

WEST VIRGINIA



Shelley Moore Capito (R)
Current House Member

IOWA (open seat)



Joni Ernst (R)
US Army Reserves

NORTH CAROLINA



Thom Tillis (R)
Speaker of the House in North Carolina

New Faces in the House

AL-06 (open seat)



Gary Palmer (R)
Leader of the Alabama Policy Institute

AR-02 (open seat)



French Hill (R)
Chairman of Delta Trust & Bank

CA-25 (open seat)



Stephen Knight (R)
California General Assembly

AZ-01 (undecided)



Andy Tobin (R)
Arizona House Speaker

AR-04 (open seat)



Bruce Westerman (R)
Arkansas House Majority Leader

CA-26 (undecided)



Jeff Gorell (R)
Member of the California State Assembly

AZ-02 (undecided)



Martha McSally (R)
First female fighter pilot to fly in combat

CA-07 (undecided)



Doug Ose (R)
Previously served three terms in Congress

CA-31 (open seat - undecided)



Paul Chabot (R)
Business executive



Pete Aguilar (D)
Mayor of Redlands

AZ-07 (open seat)



Ruben Gallego (D)
State Representative

CA-11 (open seat)



Mark DeSaulnier (D)
Member of the California Legislature

CA-33 (open seat)



Ted Lieu (D)
California State Senator

FL-02



Gwen Graham (D)
Practicing Attorney

GA-12



Rick Allen (R)
Business executive

CA-35 (open seat)



Norma Torres (R)
Member of the California State Senate

FL-26



Carlos Curbelo (R)
Miami Dade County School Board in 2010

HI-01 (open seat)



Mark Takai (D)
Member of the Hawaii House of Representatives

CA-36



Brian Nestande (R)
Former Chief of Staff to U.S. Representatives

GA-01 (open seat)



Earl "Buddy" Carter (R)
Georgia State Senator

IL-10



Robert James "Bob" Dold, Jr. (R)
Former member of the U.S. House of Representatives

CA-45 (open seat)



Mimi Walters (R)
California General Assembly

GA-10 (open seat)



Jody Hice (R)
Radio show host

IL-12



Mike Bost (R)
Member of the Illinois House of Representatives

CA-52 (undecided)



Carl DeMaio (R)
Former member of the San Diego City Council

GA-11 (open seat)



Barry Loudermilk (R)
Georgia State Senator

IA-01 (open seat)



Rod Blum (R)
Owner of Digital Canal Software

IA-03 (open seat)



David Young (R)
Senator Grassley's former Chief of Staff

MA-06 (open seat)



Seth Moulton (D)
Marine Corp Veteran, currently President of Eastern Healthcare Partners

MI-14 (open seat)



Brenda Lawrence (D)
Mayor of Southfield

LA-05 (open seat)



Jamie Mayo (D)
Mayor of Monroe

MI-04 (open seat)



John Moolenaar (R)
Michigan State Senator

MN-06 (open seat)



Tom Emmer (R)
Former Minnesota State Representative



Ralph Abraham (R)
Doctor

MI-08 (open seat)



Mike Bishop (R)
Michigan Senate Majority Leader

MT-ALL (open seat)



Ryan Zinke (R)
Veteran and third generation Montanan

LA-06 (open seat)



Garrett Graves (R)
Chairman of LA's Coastal Protection and Restoration Authority



Edwin Edwards (D)
Former Governor of Louisiana

MI-11 (open seat)



David Trott (R)
Lawyer

NE-02 (undecided)



Brad Ashford (D)
Member of the Nebraska Unicameral

ME-02 (open seat - undecided)



Bruce Poliquin (R)
Former Treasurer of Maine



Emily Cain (D)
Served in the Maine House of Representatives

MI-12 (open seat)



Debbie Dingell (D)
Former Auto Executive

NV-04



Cresent Hardy (R)
Member of the Nevada State Assembly

NH-01



Frank C. Guinta (R)
Former member of the U.S. House of Representatives

NY-04 (open seat)



Kathleen M. Rice (D)
District attorney for Nassau County

NC-06 (open seat)



Mark Walker (R)
Businessman and pastor

NJ-01



Donald Norcross (D)
Member of the New Jersey Senate

NY-18 (undecided)



Nan Alison Sutter Hayworth (R)
Former member of the U.S. House of Representatives

NC-07



David Rouzer (R)
Member of the North Carolina State Senate

NJ-03 (open seat)



Tom MacArthur (R)
Insurance executive

NY-19



Sean Eldridge (D)
Venture capitalist

NC-12 (open seat)



Alma Adams (D)
Member of the North Carolina House of Representatives

NJ-12 (open seat)



Bonnie Watson Coleman (D)
Member of the New Jersey General Assembly

NY-21 (open seat)



Elise Stefanik (R)
President George W. Bush's Domestic Policy Council Staff

OK-05 (open seat)



Steve Russell (R)
Veteran and former State Senator

NY-01



Lee M. Zeldin (R)
Member of the New York State Senate

NY-24



John Katko (R)
Retired federal prosecutor and former Assistant U.S. Attorney

PA-06 (open seat)



Ryan Costello (R)
Lawyer

PA-13 (open seat)



Brendan Boyle (D)
Member of the Pennsylvania House of Representatives

VA-07 (open seat)



David Brat (R)
Professor at Randolph-Macon College

WI-06 (open seat)



Glenn Grothman (R)
Wisconsin State Senator

TX-04 (open seat)



John Ratcliffe (R)
Mayor of Heath

VA-08 (open seat)



Don Beyer (D)
Former lieutenant governor of Virginia

TX-23



Will Hurd (R)
Former Intelligence Officer

VA-10 (open seat)



Barbara Comstock (R)
Lawyer

TX-36 (open seat)



Brian Babin (R)
Dentist

WA-04 (open seat - undecided)



Clint Didier (R)
Former NFL Player



Dan Newhouse (R)
Washington State Representative

UT-04 (open seat)



Mia Love (R)
Former mayor of Saratoga Springs

WV-02 (open seat)



Alex Mooney (R)
Former Chair of Maryland GOP

114th Leadership and Committee Chairs

Republicans gained Senate control for the first time in eight years, putting the GOP in command of the Congressional agenda for the remainder of President Obama's term. With House Republicans poised to expand their majority beyond the post-WWII record of 246 seats set in 1946, leadership and committee chairs will have power to pass GOP-favored legislation ranging from repeal or modification of the Affordable Care Act to energy, taxes, and immigration matters, as well as scrutinize judicial appointments and launch investigations.

Senate Republican Leadership

The Senate Republican Conference will convene November 12 to presumptively elect Mitch McConnell (KY) as Majority Leader. The vote is considered a mere formality given McConnell's wide support in the caucus. Democratic Leader Harry Reid (NV) held the post since the Democrats captured the Senate in 2006. No changes are expected in the top tier of Senate Leadership ranks. John Cornyn (TX), John Thune (SD), Roy Blunt (MO), and John Barrasso (WY) will retain their positions. The Republican Senatorial Committee leadership will shift from Jerry Moran (KS) to either Dean Heller (NV) or Roger Wicker (MS).

REPUBLICAN SENATE LEADERSHIP	
POSITION	MEMBER
Majority Leader	Mitch McConnell (KY)
Whip	John Cornyn (TX)
Conference Chair	John Thune (SD)
Conference Vice-Chair	Roy Blunt (MO)
Policy Committee Chair	John Barrasso (WY)
National Republican Senatorial Committee Chair	Dean Heller (NV)/Roger Wicker (MS)

Senate Democratic Leadership

Despite their diminished numbers and loss of the majority, Senate Democrats are currently expected to keep their leadership team intact in the 114th Congress. A weakened caucus will look for guidance from Democratic Leader Harry Reid (D-NV) and his key leadership team members Dick Durbin (D-IL), Charles Schumer (D-NY), Patty Murray (D-WA), Debbie Stabenow (D-MI) and Pat Leahy (D-VT), whose long experience as legislative tacticians will be valuable to Democrats when they switch their role to the loyal opposition. The only change in the Democratic caucus leadership comes as a result of the likely defeat of Steering Committee and Outreach Committee Chair Mark Begich (D-AK). He will be replaced by Jeanne Shaheen (D-NH), who won re-election.

DEMOCRATIC SENATE LEADERSHIP	
POSITION	DEMOCRAT
Minority Leader	Harry Reid (NV)
Minority Whip	Dick Durbin (IL)
Vice Chair of the Conference and Chair of the Senate Democratic Policy and Communications Center	Charles Schumer (NY)
Secretary of the Conference	Patty Murray (WA)
Vice Chair of the Senate Democratic Policy and Communications Center	Debbie Stabenow (MI)
Chair of Steering and Outreach Committee	Jeanne Shaheen (NH)
President Pro Tempore Emeritus	Patrick Leahy (VT)

Potential Republican House Leadership

The increased House Republican majority means Speaker John Boehner (R-OH) will be able to weather more defections on legislation and still advance his legislative agenda. House Majority Leader Kevin McCarthy (R-CA) has already begun outreach to Senate Republicans to coordinate on legislative initiatives. The remainder of the Republican Leadership team is not expected to change from the 113th Congress.

REPUBLICAN HOUSE LEADERSHIP	
POSITION	REPUBLICAN
Speaker	John Boehner (OH-08)
Majority Leader	Kevin McCarthy (CA-23)
Majority Whip	Steve Scalise (LA-01)
Republican Deputy Whip	Patrick McHenry (NC-10)
Republican Conference Chairman	Cathy McMorris-Rodgers (WA-05)
Republican Conference Vice Chair	Lynn Jenkins (KS-02)
Republican Conference Secretary	Virginia Foxx (NC-05)
NRCC Chairman	Greg Walden (OR-02)
NRCC Deputy Chairman	Lynn Westmoreland (GA-03)
House Republican Policy Committee Chairman	Tom Reed (NY-23)
Republican Study Committee Chairman	Mick Mulvaney (SC-05)

Potential Democratic House Leadership

Despite substantial Democratic losses, Congresswoman Nancy Pelosi (D-CA) is expected to continue as Minority Leader. If Pelosi were to step down and not stand for election as Minority Leader, it is expected that Steny Hoyer (D-MD) would be elected as the Minority Leader and Jim Clyburn (D-SC) would move to the Minority Whip position. Should the Democratic Caucus elect to maintain the Assistant Minority Leader position currently held by Congressman Clyburn, several Members with leadership aspirations could seek the position including Joe Crowley (D-NY), Debbie Wasserman Schultz (D-FL), Chris Van Hollen (D-MD), Donna Edwards (D-MD), Jim Himes (D-CT) and Jared Polis (D-CO).

DEMOCRATIC HOUSE LEADERSHIP	
POSITION	MEMBER
Majority Leader	Nancy Pelosi (CA-12)
Minority Whip	Steny Hoyer (MD-05)
Assistant Minority Leader	Jim Clyburn (SC-06)
Caucus Chair	Xavier Becerra (CA-34)
Caucus Vice Chair	Joe Crowley (NY-14)
Democratic Congressional Campaign Committee	Donna Edwards (MD-04), Jim Himes (CT-04), Jared Polis (CO-02), Lois Frankel (FL-22)

Senate Republican Committee Chairs

Senate Republicans find themselves with a substantial amount of experienced Chairmen — eight of the 20 chairmanships will be held by senators who have held the gavel in Congress.

Senators making a second appearance as Chairmen are: Orin Hatch (R-UT), who rises to third in line to the presidency as Senate Pro Tem, will be running his third committee as chairman of Senate Finance. Pat Roberts (R-KS) will make congressional history as the first member in modern times to Chair companion Committees in both the House and Senate when he assumes the gavel in the Agriculture Committee.

Senate Democratic Ranking Members

As they move to the minority, several Democrats will simply switch to the role of Ranking Member slot on their respective committees, including Ron Wyden (D-OR) on Finance, Barbara Mikulski (D-MD) on Appropriations and Bill Nelson (D-FL) on the Commerce Committee. Likely new Ranking Members on Senate committees include Charles Schumer (D-NY) or Sherrod Brown (D-OH) at Banking, Jack Reed (D-RI) at Armed Services, Bernie Sanders (I-VT) or Debbie Stabenow (D-MI) at the Budget Committee. If Senator Mary Landrieu (D-LA) does not prevail in her January run-off election, the likely Ranking Member on the Energy Committee would be Senator Maria Cantwell (D-WA).

POTENTIAL COMMITTEE LEADERSHIP — SENATE

COMMITTEE	CHAIRMAN	RANKING
Agriculture, Nutrition and Forestry	Pat Roberts (R-KS)	Debbie Stabenow (MI), Sherrod Brown (D-OH)
Appropriations	Thad Cochran (R-MS)	Barbara Mikulski (D-MD)
Armed Services	John McCain (R-AZ)	Jack Reed (D-RI)
Banking, Housing and Urban Affairs	Richard Shelby (R-AL)	Charles Schumer (D-NY), Sherrod Brown (D-OH)
Budget	Jeff Sessions (R-AL)	Bernie Sanders (I-VT), Debbie Stabenow (D-MI)
Commerce, Science and Transportation	John Thune (R-SD)	Bill Nelson (D-FL)
Energy and Natural Resources	Lisa Murkowski (R-AK)	Mary Landrieu (D-LA), Maria Cantwell (D-WA)
Environment and Public Works	Jim Inhofe (R-OK)	Barbara Boxer (D-CA)
Finance	Orrin Hatch (R-UT)	Ron Wyden (D-OR)
Foreign Relations	Bob Corker (R-TN)	Robert Menendez (D-NJ)
HELP	Mike Enzi (R-WY)	Patty Murray (D-WA), Bernie Sanders (I-VT)
HSGAC	Ron Johnson (R-WI)	Tom Carper (D-DE)
Indian Affairs	John Barrasso (R-WY)	Jon Tester (D-MT)
Judiciary	Chuck Grassley (R-IA)	Patrick Leahy (D-VT)
Rules and Administration	Roy Blunt (R-MO)	Charles Schumer (D-NY), Mark Pryor (D-AR), Tom Udall (D-NM)
SBA	Jim Risch (R-ID)	
VA	Johnny Isakson (R-GA)	Bernie Sanders (I-VT), Sherrod Brown (D-OH), Mark Begich (D-AK), Richard Blumenthal (D-CT)

POTENTIAL COMMITTEE LEADERSHIP — SENATE (CONTINUED)

COMMITTEE	CHAIRMAN	RANKING
Aging	Mark Kirk (R-IL)	Bob Casey (D-PA)
Ethics	Johnny Isakson (GA)	Barbara Boxer (D-CA)
Intel	Richard Burr (R-NC)	Dianne Feinstein (D-CA)

House Committee Chairs

With retirements, and the existing GOP rule capping panel leadership at three terms, 11 out of 21 committees will see new chairmen in the 114th Congress. Oversight and Government Reform, Intelligence, Veterans' Affairs, Education and the Workforce, Ways and Means, Budget, Natural Resources, Armed Services, Small Business, Agriculture and Ethics will all have new leadership, and presumably new senior staff beginning in January of 2015. The defeat of Congressman Nick Rahall (WV-3) will mean a change in the Ranking Member of the Transportation and Infrastructure Committee.

POTENTIAL COMMITTEE LEADERSHIP — HOUSE

COMMITTEE	CHAIRMAN	RANKING
Administration	Candice Miller (MI-10)	Robert Brady (PA-01)
Agriculture	Mike Conaway (TX-11)	Collin Peterson (MN-07)
Appropriations	Hal Rogers (KY-05)	Nita Lowey (NY-17)
Armed Services	Mac Thornberry (TX-13)	Adam Smith (WA-09)
Budget	Tom Price (GA-04)	Chris Van Hollen (MD-08)
Education and Workforce	John Kline (MN-02)	Bobby Scott (VA-03)
Energy and Commerce	Fred Upton (MI-06)	Frank Pallone (NJ-06) or Anna Eshoo (CA-18)
Ethics	Susan Brooks (IN-05)	Linda Sanchez (CA-38)
Financial Services	Jeb Hensarling (TX-05)	Maxine Waters (CA-43)
Foreign Affairs	Ed Royce (CA-39)	Eliot Engel (NY-16)
Homeland Security	Mike McCaul (TX-10)	Bennie Thompson (MS-02)
Judiciary	Bob Goodlatte (VA-06)	John Conyers (MI-13)
Natural Resources	Rob Bishop (UT-01)	Frank Pallone (NJ-06) if he doesn't win the Energy & Commerce race. If Pallone wins Energy & Commerce, then either Grace Napolitano (CA-32) or Raul Grijalva (AZ-03)
Oversight and Govt. Reform	Jason Chaffetz (UT-03)	Elijah Cummings (MD-07)
Rules	Pete Sessions (TX-32)	Louise Slaughter (NY-25)
Science, Space and Technology	Lamar Smith (TX-21)	Eddie Bernice Johnson (TX-30)
Small Business	Steve Chabot (OH-01)	Nydia Velazquez (NY-07)
Transportation and Infrastructure	Bill Shuster (PA-09)	Peter DeFazio (OR-04)
Veterans' Affairs	Jeff Miller (FL-01)	Corrine Brown (FL-05)
Ways and Means	Paul Ryan (WI-01)	Sander Levin (MI-09)
Permanent Select on Intelligence	Devin Nunes (CA-22)	Dutch Ruppersberger (MD-02)

114th Legislative Agenda

With the elections already in the rear view mirror, attention is beginning to shift to the agenda for the incoming 114th Congress — one that will be a staging area for the 2016 presidential elections, and offer a glimpse at the Republican agenda for that contest. With much left unresolved from the first two years of President Obama's second term, the potential for compromise exists, although the road ahead remains uncertain.

Tax Policy

Once the issue of tax extenders is resolved, whether in the lame duck or early in the 114th Congress, the subject of comprehensive tax reform is expected to receive much attention in the next Congress. Leadership changes on the tax-writing committees, House Ways and Means and Senate Finance, will mean large changes for tax policy in the 114th Congress. When Senator Orrin Hatch (R-UT) replaces Senator Ron Wyden (D-OR) as Finance Committee Chairman and Wyden becomes the Ranking Member, there will be a huge shifts in the Committee's approaches to such issues as tax reform, inversions and renewable energy tax credits as Hatch and Wyden have very different views.

Hatch has expressed concerns about certain aspects of corporate inversions, and says that the issue should only be addressed as part of comprehensive tax reform. The changes are not likely to be as dramatic when either the current Budget Committee Chairman Paul Ryan (R-WI) or Congressman Kevin Brady (R-TX) succeeds Congressman Dave Camp (R-MI) as Ways and Means Committee Chairman. A critical early issue for the Ways and Means Committee will be whether the incoming Chair will start from scratch and produce his own tax reform bill or use the text of Chairman Camp's bill as a starting point. This could affect both the course of any tax reform discussions and give some indication of whether, and if so when, tax reform legislation will be considered in the next Congress.

Both Republicans and Democrats have voiced support for the concept of comprehensive tax reform, but they have very different visions of what such reform means. For many Republicans, comprehensive tax reform means reducing both individual and corporate tax rates, especially reducing corporate tax rates to bring them into line with the rates in many other countries, a step which they say is necessary to make the United States more globally competitive. Many Republicans are willing to enact such tax cuts without offsets for the lost revenue. Cutting tax rates to such levels without offsets will require either or both huge spending cuts or a tremendous increase in the deficit. Even those Republicans who do not want to balloon the deficit and who therefore support offsets for

lost revenue will be required to support reducing or ending many popular current individual tax preferences in order to reduce tax rates to the level that they seek.

In contrast, President Obama and a majority of Congressional Democrats support revenue-neutral tax reform that will require offsets for revenue lost through cutting tax rates, and they are less willing to curb many current tax preferences simply to achieve a specific level of reduction in tax rates. Under this approach, any spending increases or revenue lost would have to be paid for. A revenue-neutral approach would likely make it impossible to cut federal spending to the levels that most Congressional Republicans would support.

Republican control of the Senate will ease the path for Speaker Boehner and Majority Leader McConnell to pursue a coordinated strategy on tax reform. It also will assist Congressional Republicans who wish to lay the foundation for making the 2016 presidential election a referendum on cutting federal spending and for signaling what they would do about taxes if they win the White House. However, the Republican Senate majority for the upcoming Congress remains far short of the 60 votes required to break a filibuster, and President Obama retains his power to veto any tax reform legislation. As the 2016 presidential campaigns ramp up by the end of 2015, the window for enacting tax reform legislation will close rapidly, if it has not already done so.

When current Ways and Means Chairman Camp released a comprehensive tax reform proposal in February 2014 that included many painful and politically unpopular proposals affecting individual tax preferences, House Republican leadership effectively shelved the proposal. If any progress is to be made on tax reform in the next Congress, given the political landscape, corporate tax reform and international tax reform look to be more politically viable candidates for action than individual taxes and tax preferences. Presently, it is difficult to envision a scenario in which individual rates and tax preferences are addressed until one party controls both the White House and Congress.

Budget

The Congressional budget process, established in 1974, was designed as an annual process by which the House and Senate set discretionary limits on all of the appropriations bills and periodically sets deficit reduction targets for entitlement spending and revenues. Both the House and Senate would pass budget resolutions establishing these targets and agree on a final set of numbers in a conference report.

The authors of the original Congressional Budget Act had envisioned that this new Congressional budget resolution process would allow Congress to set deficit reduction goals and if they were not met by September, Congress would have a fast track procedure called “reconciliation” that could be used to reduce the deficit to the goals outlined in the Budget Resolution.

Since 2001, however, the budget process has only been used to advance the tax and entitlement legislative goals of the Congress and the President. President Bush and the Republican Congress used the fast track reconciliation process in 2001 and 2003 to pass tax cuts and President Obama and the Democratic Congress used it in 2009 to enact part of the Affordable Care Act and legislation to lower the cost of college loans.

Under reconciliation procedures, Senate Republicans could pass legislation lowering taxes and reducing entitlement spending with only a majority vote (51 votes), thus making it immune to a filibuster. Furthermore, there is a time limit on consideration of the legislation — 20 hours total and all amendments offered to the bill must meet a strict germaneness test or be subject to a 60 vote threshold required for passage.

The reconciliation process only allows for budget related legislation to get these legislative protections, i.e. taxes and mandatory or entitlement spending. If provisions in the reconciliation legislation are not budget legislation and do not have save or spend money, they can be subject to the so-called “Byrd Rule”, named after the late Senator Robert

Byrd of West Virginia. This provides a point of order against any provision that is deemed “extraneous” to the underlying reconciliation-budget legislation. The proponents of these extraneous provision must get 60 votes to keep them in the underlying bill.

The reconciliation process could allow a Republican Congress to pass tax and spending legislation, perhaps focused on lowering taxes and repealing part of the Affordable Care Act, but if President Obama vetoed such legislation, the Republican Congress would need a 2/3rds vote in both houses of Congress to override the veto and have the legislation become law. Since the passage of the 1974 budget act, no President has had a veto of a reconciliation bill overridden by Congress.

If Congress and the President could reach an agreement on a tax and spending package, it is possible that the Congressional leaders would use the reconciliation process to hasten passage of such legislation, as the Republican Congress and President Clinton did in their 1997 budget agreement.

Appropriations

Once Congress completes the Fiscal Year 2015 appropriations process, it will begin work on the Fiscal Year 2016 appropriations bills that will be needed to fund the federal government beginning on October 1, 2015.

Unless Congress changes provisions in the 2011 Budget Control Act, which capped appropriations levels until 2021 and set up a “sequester” process that would cut these levels across the board by approximately eight percent, total appropriated spending will decline from 2016 through 2021.

Congress put the sequester provision, or across the board cuts, into the 2011 Budget Control Act as an incentive to force passage of legislation to reduce spending on entitlement programs and to raise revenue by limiting certain tax deductions, credits and exemptions.

MAJOR STAGES OF THE BUDGET RECONCILIATION PROCESS

Budget resolution adopted that includes reconciliation instructions for committees	Committees report legislation in response to reconciliation instructions	Budget Committee packages the committee legislation together into one bill and reports bill to full chamber	Reconciliation bill considered on the floor under expedited procedures limiting time and prohibiting filibuster in the Senate	Differences resolved between House and Senate in conference	Reconciliation bill enacted into law or vetoed
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However, Congress failed to pass such legislation limiting entitlements and raising revenue thus triggering the across the board cuts in Fiscal Year 2013, but the Murray-Ryan compromise in 2013 lowered the sequester amount for Fiscal Years 2014 and 2015.

President Obama will likely call for undoing the sequester for Fiscal Year 2016 and Congress and the President will possibly reach a compromise on the across the board cuts before the Fiscal Year 2016 appropriations process is completed in late 2015. If no deal is reached, the eight percent across the board cuts will take place again and reduce appropriations by \$92 billion in Fiscal Year 2016.

Health Care

With the Republican takeover of the Senate, the prospect of legislation curtailing the Affordable Care Act again enters the picture. For over four years, House Republicans have passed dozens of ACA-focused bills, none of which saw floor activity in the Democratic Senate. The new Senate Republican majority will likely seek a swift vote on ACA repeal. However, once the dust settles from a contentious debate and legislating reality sets in, the Senate Republican majority will have to approach the ACA as a law to be reformed, rather than a law that can be repealed.

A divided Washington — Democratic president, Republican Congress — necessitates bipartisan agreement for any bill to become law. Certain provisions contained in the ACA and byproducts of the law's implementation enjoy bipartisan opposition. These include the medical device tax, individual and employer mandates, and loss of pre-ACA health plans. For Congress to enact any changes impacting the law, the president will have to view them as improving the law or the changes will have to occur as part of a larger compromise (e.g., Medicare physician payment reform, budget reconciliation/deficit reduction compromise).

Beyond health reform, the 114th Congress will have to address two vital health care funding measures. First, the nation's response to the Ebola outbreak and the requisite debate over funding for the CDC and NIH will require broad consensus and thoughtful debate likely to take up a significant portion of the legislative calendar. Second, the Medicare payment formula for physicians (known as the "SGR") must be fixed by March 31, 2015 when current payment levels will be significantly reduced. Addressing both health care priorities will cost substantial amounts of federal funding, the source of which has long prevented bipartisan comprehensive in the past.

Energy and Environment

Continued Republican control of the House of Representatives and the Republican takeover of the

Senate will result in early consideration of a number of energy and environmental issues that have thus far died a quick death in the Senate. From legislation approving the Keystone pipeline to bills limiting the regulatory authority of the Environmental Protection Agency (EPA), Democrats and the Obama Administration will be forced to either negotiate with Republicans, sustain a filibuster in the Senate or wield the veto pen.

Continuity on energy and environmental policy will be the rule in the House, with Representative Fred Upton remaining the chairman of the powerful House Energy and Commerce Committee and overseer of both the Department of Energy and the EPA. Rep. Upton will continue his support for a pro-production policy that emphasizes approval of the Keystone pipeline, easing regulations generally for permitting oil and gas pipelines, expediting the approval of US exports of liquefied natural gas (LNG) and curtailing the EPA's regulatory agenda. Representative Rob Bishop of Utah is likely to become the next chairman of the House Natural Resources Committee, where he is expected to continue retiring Chairman Doc Hastings' emphasis on expanding the permitting of federal lands for oil and gas production.

Alaska Senator Lisa Murkowski, longtime ranking member of the Senate Energy and Natural Resources Committee, brings a well-established agenda to her new role as chair that is generally consistent with the priorities of pro-production Republican policymakers in the House. Ms. Murkowski supports approval of the Keystone pipeline, greater exports of LNG and condensates, increased oil and gas production onshore and offshore, and a rollback of EPA regulations. One notable difference between Senator Murkowski and her House Republican colleagues has been her willingness to work with Democrats to consider alternatives to Yucca Mountain in dealing with the disposal of the nation's nuclear waste. Murkowski will also wield the power of the purse over the EPA and the Department of the Interior as the new chair of the Senate Appropriations Subcommittee on Interior, Environment and Related Agencies.

Senator Lamar Alexander will become the new chair of the Senate's Energy and Water Appropriations Subcommittee, where he will likely seek to move research and development dollars from energy efficiency and renewable energy programs to DOE's basic science budget. He can be expected to take particular aim at funding for wind energy programs.

The change in leadership on the Senate Environment and Public Works Committee will be dramatic, with Senator Jim Inhofe expected to take over from Senator Barbara Boxer.

Inhofe will strongly oppose the EPA's regulatory agenda, and he will vigorously exercise his oversight powers in challenging the science and rationale underlying EPA's work. Senator Inhofe also favors legislation to repeal or reform the Renewable Fuels Standard, an effort that will be coordinated in both chambers in the 114th Congress.

Financial Services

There will be new Banking Committee leadership on both sides of the aisle in the next Congress. With the retirement at the end of this Congress of Chairman Tim Johnson (D-SD) and a Republican Senate majority next year, Senator Richard Shelby (R-AL) is expected to become the Chairman and Senator Sherrod Brown (D-OH) or Senator Chuck Schumer (D-NY) are contenders to serve as the Ranking Member. Because he already served as Banking Chair from 2003-2007, Shelby is limited to a single two-year term unless he can obtain a waiver from his Republican colleagues. As a result, many believe that Shelby and his Republican Banking Committee colleagues will pursue a relatively narrow, less ideological legislative agenda than their House Republican counterparts and focus keenly on those bills Shelby believes have a realistic chance of becoming law in the next Congress.

Senator Shelby is a strong critic of the Dodd-Frank Act and has expressed particular concerns about the Financial Stability Oversight Council (FSOC) and its process for designating financial institutions as systemically important (SIFIs), the Consumer Financial Protection Bureau (CFPB), and the pervasive role in the housing finance system of the GSEs, Fannie Mae and Freddie Mac. With two current vacancies on the Federal Reserve Board, Shelby and the Republican Banking Committee majority could make it very difficult for President Obama to get his nominees confirmed. While Shelby and Brown have very different views on most financial services issues, neither is considered a great ally of the largest banks. Thus, there may be common ground in advocating for measures that would be helpful to comparatively smaller financial institutions, such as regulatory relief or raising the minimum dollar threshold for potential SIFI designation.

In the House, Congressman Frank Lucas (R-OK), the term-limited Agriculture Committee Chairman, has indicated that he may mount a campaign against current Financial Services Committee Chairman Jeb Hensarling (R-TX) and seek to become Chair. Hensarling insists he already has the required Republican Steering Committee support to be recommended for another term and most believe he is likely to continue as Chairman. Congresswoman Maxine Waters (D-CA) will continue as the Ranking Member.

Assuming that Hensarling continues as Chair, his legislative agenda will probably not differ materially from the issues he pursued in this Congress. With the expectation of a better reception in a Republican-controlled Senate, many, if not most, of the bills addressing the CFPB or Dodd-Frank generally that passed the House in this Congress and then were not considered in the Senate will surely be reintroduced and passed by the House again. If a long-term extension of TRIA is not achieved in the lame duck session and only a short-term (or no) extension becomes law, then the question of TRIA reauthorization will certainly be an important early item on the Committee's agenda. Hensarling will renew his efforts to end or drastically scale back the TRIA program as he believes that federal government should no longer be involved and that the private sector should be assuming the responsibility for any such coverage. Similarly, with the authorization of the Export-Import Bank expiring at the end of June 2015, Hensarling will attempt to kill funding for the Bank.

One area where there could be movement in Hensarling's direction is on the future of Fannie Mae and Freddie Mac. If Chairman Shelby offers a housing finance reform bill, it surely will not look like the Johnson-Crapo bill that was before the Banking Committee in this Congress. While Hensarling's views on housing finance reform, as reflected in the PATH Act, could be more favorably received next year, there is still no reason to believe that this bill can even make it through the House, let alone be passed by the Senate and get to the president's desk.

Having control of both the Senate and the House next year, Banking and Financial Services Committee Republicans will be able to proceed in a more coordinated manner. Nonetheless, with 60 votes still needed to break a filibuster, it will remain difficult for the Senate to pass anything except noncontroversial financial services legislation. Moreover, if Congressional Republicans somehow manage to pass consequential legislation through both bodies and such legislation conflicts with the core values of most Democrats, the president can be expected to use his veto power as necessary.

Technology and Telecommunications

While a comprehensive rewrite of the Telecommunications Act is unlikely next year, legislative activity will ramp up early in the next Congress. After issuing five white papers and hosting various bipartisan listening sessions throughout this past year, House Commerce Committee Republicans are currently drafting their Communications Act update, with a comprehensive discussion draft expected to be released for comment in the first or second quarter of 2015. The power shift in the Senate increases the likelihood of legislative activity on telecommunications

and technology issues. Under incoming Chairman Thune's leadership, though, the Senate Commerce Committee will likely proceed more slowly than its House counterpart, as they have yet to take an in depth look at various issues that would need to be addressed in a potential Communications Act update. Chairman Thune will likely hold a series of information gathering hearings to determine which telecommunications priorities should be incorporated into any draft legislation. Increased Federal Communications Commission (FCC) and Federal Trade Commission (FTC) agency oversight will also be a priority in a Republican controlled Congress.

Any legislative push will also be influenced by the FCC's adoption of network neutrality rules, which may occur as early as at the FCC's upcoming December 11th open meeting. Thirteen Senate Democrats have urged the FCC to reclassify broadband under Title II of the Communications Act, giving the FCC more regulatory authority to prohibit Internet Service Providers (ISPs) from charging customers for faster access, often called "paid prioritization." Several House Democrats have floated varying proposals calling for the FCC to rely on both Title II with a mixture of forbearance and section 706 of the Act. Ranking Member Waxman (D-CA), for example, has proposed reclassifying broadband under Title II, forbearing from certain elements of Title II, and using section 706 authority to enforce the net neutrality rules. FCC Chairman Tom Wheeler recently floated his own "hybrid" proposal, which proposes to separate broadband into two categories — one between consumers and ISPs and another between ISPs and content companies — and partially reclassify the latter category under Title II. The other wrinkle in the net neutrality debate is whether the rules should extend to wireless providers. Regardless, any type of network neutrality regulation will come under attack in a Republican controlled Congress, with House and Senate Republicans attempting to override any FCC action. The order will also undoubtedly face a broad spectrum of court challenges.

Despite the recent delay of the incentive auction start date until early 2016, spectrum issues will remain in the forefront at both the FCC and on the Hill. The FCC is expected to issue a public notice seeking comment on how the auction will be conducted. On the Hill, Senators Rubio (R-FL) and Booker (D-NJ) will likely reintroduce their bipartisan Wi-Fi Innovation Act to expand access to unlicensed spectrum, with the House companion bill also being reintroduced by Representatives Issa (R-CA), Eshoo (D-CA), Latta (R-OH) and Matsui (D-CA). Both the Senate and House Commerce Committees will likely increase their attention on spectrum issues in the next Congress.

Data Protection and Cybersecurity

Fueled by a string of high profile data breaches, privacy and data security issues will remain in the spotlight in the 114th Congress. Currently 47 states have enacted data breach laws, but no national data breach law has been enacted. This past year, Senators Leahy (D-VT), Blumenthal (D-CT), Carper (D-DE), Blunt (R-MO) and Rockefeller (D-WV) all introduced different versions of data security bills, and members will likely renew data breach legislative efforts to enact federal baseline standards. Issues in play will continue to be state preemption, notification content and timing, and safe harbor provisions. Given the ongoing reports of industry data breaches and the rapidly expanding "Internet of Things", industry enactment of a federal data breach bill is possible in the upcoming Congress.

While Congress made some progress on cybersecurity legislation in the 113th Congress, the failure of the Senate Democrats to bring any meaningful cybersecurity legislation the floor stalled efforts for a comprehensive bill. With Republicans now in charge of the Senate, it is more likely that cybersecurity legislation will be a priority for both bodies in the 114th Congress.

The House has passed numerous cybersecurity bills in the 113th Congress, primarily codifying existing Federal cybersecurity programs, providing increased Federal research and development and enhancing cyber workforce training. However, the House-passed Cyber Intelligence Sharing and Protection Act (CISPA) is seen as the most critical piece of legislation necessary to protect critical infrastructure against cyber threats. CISPA was sponsored by House Intelligence Committee Chairman Mike Rogers (R-MI) and Ranking Member Dutch Ruppersberger (D-MD). It provides for information sharing between the federal government and private sector, and provides liability protections for companies that share cyber threat information with the government. CISPA has been criticized by privacy rights advocates. With the retirement of the bills lead sponsor, Rep. Mike Rogers (R-MI), a different House Republican will need to champion a new version of the bill in the 114th Congress.

The President has threatened to veto CISPA due to concerns about individual privacy. Despite this controversy, Senate Intelligence Committee Chairman Diane Feinstein (D-CA) and Ranking Member Saxby Chambliss (R-GA) introduced a Senate companion bill to CISPA. Their bill, the Cyber Information Sharing Act of 2014 (CISA), was passed out of the Senate Intelligence Committee in July 2014, by a vote of 12-4. The Administration has raised privacy concerns, but has

yet to threaten a veto. It is not expected that this bill will come to the floor for a vote during the lame duck given the concerns of some Democrats on privacy issues and the amount of floor time necessary pass this bill. Sen. Chambliss is retiring at the end of this Congress, but it is likely that the next Republican Chair of the Intelligence Committee will want to move similar information sharing legislation.

With Republicans in control of both bodies of Congress the chances of passage of cybersecurity legislation greatly improves, but they will have to address some of the individual privacy issues to avoid a potential Presidential veto.

National Security

The Republican takeover of the Senate, coupled with the strengthened Republican control of the House will give House leadership and chairmen complete control of the national security agenda in the Congress. That shift may not produce dramatic changes in US national security policy, but it is likely to affect spending levels and priorities. The President will continue to chart the course of US defense and foreign policy, as well as the priorities of the administration on Homeland Security issues.

Senator John McCain is likely to become Chairman of the Senate Armed Services Committee. As one of the President's harshest critics, particularly on issues of national security, he will have a platform to challenge the Administration and to press the Administration to consider Republican's views on defense issues. Senator McCain has called for congressional authorization of US military action against ISIS and sharply criticized US policy toward Syria and the middle east generally. He will now have a greater platform to advance those issues and conduct oversight hearings to support his general view that the Obama administration has not had the proper priorities on defense policy and spending. Investigations and hearings regarding the rise of ISIS/ISIL and the conduct of US foreign policy and defense planning in the middle east are more likely on both sides of the Capitol.

Trade

The 114th Congress will face a backlog of trade-related legislation that may not move in the lame duck session. The US Generalized System of Preferences (GSP) program expired in July 2013. While GSP authority has lapsed in the past, Congress has generally moved quickly to reinstate it with retroactive effect. This is now the longest period that GSP has been expired and US businesses face nearly \$2 million in additional duties per day on products that would otherwise be duty free under GSP. The 113th Congress also failed to pass a Miscellaneous Tariff Bill (MTB). The MTB is

the traditional vehicle for duty reductions or suspensions for products that are not domestically available or there is no domestic opposition. The MTB promotes US manufacturing and exports. There will likely be a significant push by stakeholders to move GSP and MTB early in the 114th Congress. Historically, both types of legislation have enjoyed bipartisan support but that was insufficient to overcome the unprecedented gridlock of the 113th Congress.

The 114th Congress will also feel pressure to move forward the stalled Customs Reauthorization bill. The Customs Reauthorization legislation is intended to address Customs and Border Protection's dual role of trade facilitation and assisting with homeland security through a multilayered approach to cargo security.

On the global stage, the Administration will continue to negotiate ambitious free trade agreements with Europe and Pacific Rim countries. The Trans-Pacific Partnership (TPP) seeks an ambitious free trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam. Despite nearly 20 rounds of negotiations the parties have not yet finalized the agreement. On October 27, the Ministers and Heads of Delegation of the TPP countries issued a joint statement that "the shape of an ambitious, comprehensive, high standard and balanced deal is crystallizing." Negotiations will likely continue in 2015. The Transatlantic Trade and Investment Partnership (TTIP) negotiations with Europe will continue to move forward in 2015. The recently concluded Canada-EU trade agreement may act as a catalyst to reenergize the US-EU negotiations as US exporters do not want to be at a disadvantage to Canadian competitors. Congressional stakeholders will continue to closely follow the negotiations.

Congress may also need to consider Trade Promotion Authority (TPA) which would provide for straight "up-or-down" votes on TPP and TTIP. The Administration is negotiating the United States' most ambitious (and complex) free trade agreements without a clear set of objectives from the Congress that will ultimately have to pass the agreements. US trading partners are unlikely to table their best deals or even conclude the negotiations if the deal could be amended by Congress. TPA will almost certainly be needed in order to advance the US trade agenda through these agreements.

Native Americans

Two western state members will lead committees with jurisdiction of Indian Country in the 114th Congress and will bring to the gavel unique perspectives on water and land issues. Current Vice-Chairman of the Senate Indian Affairs

Committee, John Barrasso (WY), is expected to become Chairman of the Indian Affairs Committee while Rob Bishop (UT) will replace the retiring Doc Hastings (WA) and chair the House Natural Resources committee. Don Young (AK) is expected to continue to helm the Subcommittee on Indian and Alaska Native Affairs.

Republican leadership likely will be focused on a legislative agenda promoting economic and natural resource development on tribal lands. Representative Bishop's authorship of a successful tribal energy development bill in the current Congress is instructive. For his part, Indian and Alaska Native Affairs Subcommittee Chairman Young can be counted on to continue both his stalwart support of the 8-A business development program, which has been crucial to economic development for Alaska Natives, and his fierce criticism of the Administration. On the Senate side, Senator Barrasso has long supported energy development and updating water delivery infrastructure in Indian country. However Mr. Barrasso's prior professional experience as a doctor and focus on health care issues in the Senate leaves open the possibility that he will build on outgoing Chairman Jon Tester's (MT) substantial work on Native health Issues.

With the possibility of reauthorizations of housing, transportation and telecom legislation we expect both committees to continue their aggressive approach in addressing Indian Country concerns through these legislative packages.

Lame Duck Session

November 12 – December 11

When Congress returns on November 12, one of the few “must-pass” items it will have to address before adjourning for the year is how to fund the federal government after December 11 when the current Continuing Resolution (CR) expires. Having captured control of the Senate and added to their House majority, many believe that Congressional Republicans have little incentive to engage in serious lawmaking or do any more than they absolutely have to in the lame duck as they will have more leverage to pursue their agenda in the next Congress.

Senator Mitch McConnell, the incoming Majority Leader, has spoken of his desire to clear the decks of funding issues so that republicans can start with a clean slate in the next Congress. The question to be determined during the lame duck is whether the current Congress can agree on an omnibus appropriations bill to fund the government through September 30, 2015, the end of the current fiscal year, or whether the federal government will continue to be funded through one or more CRs funding most federal departments, agencies and accounts at their current levels.

CR/ITFA

Before departing for the last weeks of campaigning, Congress and the President approved a short-term Fiscal Year 2015 (FY15) Continuing Resolution (CR), funding the federal government through December 11, 2014 at the same levels that were in place before the CR's passage. In addition to providing emergency funding to combat Ebola, expressing support for the Syrian forces fighting ISIL and authorizing funding to respond to aggression in Ukraine, the CR extended the authorization for the Export-Import Bank of the United States through June 30, 2015, and extended the Internet Tax Freedom Act (ITFA) through December 11, 2014

There are four basic options on the table for continuing federal agency funding: a second short-term CR (likely until February or March 2015); a longer-term CR funding the federal government through September 30, 2015 when FY 2015 expires; an Omnibus appropriations bill setting new spending levels for FY 2015 for all federal departments, agencies and accounts; or a so-called “Mini-bus” appropriations bill that sets FY 2015 spending levels for some departments, agencies and accounts, accompanied by a CR for those functions that were not a part of the “Mini-bus”.

Given majority support in both the House and Senate in this Congress for enacting a permanent ban on internet access taxes under the ITFA, it is possible that a permanent ban on such taxation or a lengthy extension of the existing ban will be included in the bill funding the federal government after December 11. At a minimum, the ITFA ban is likely to be extended for the duration of the bill funding the federal government whether that bill turns out to be a CR, an Omnibus or a “Mini-bus”. With the Terrorism Risk Insurance Act (TRIA) expiring on December

31, 2014, an extension of TRIA's authorization for a period yet to be determined is also expected to be included in the December bill funding the government.

Senator Barbara Mikulski (D-MD), the current Chair of the Senate Appropriations Committee, and her House Appropriations counterpart, Congressman Hal Rogers (R-KY), insist they are prepared to present and pass an Omnibus during the lame duck. Both have been strong proponents of a return to regular order rather than continuing to fund the government through CRs. However, passing an Omnibus, or even a “Mini-bus”, during a lame duck session will be an extremely challenging task as many Republicans see little to gain from negotiations with Democrats before taking control in the 114th Congress. While a number of the most conservative members of the Republican conference in both the Senate and the House support passage of a short-term CR followed by an Omnibus at reduced spending levels, most observers believe that McConnell's notion of “clearing the decks” will likely result in passage of a long-term CR funding the federal government at current levels for the remainder of FY 2015.

Market Place Fairness Act

An attempt is expected to be made during the lame duck to combine the Marketplace Fairness Act (MFA) with the ITFA ban on internet access taxes and include the MFA in the legislative vehicle used to fund the federal government. The MFA would enable state governments to collect sales taxes and use taxes from remote retailers with no physical presence in their state by allowing states to require online and other out-of-state retailers to collect sales and use tax. While MFA is very popular with “bricks and mortar” retailers who say that it would level the playing field with online sellers, the bill is controversial and is unlikely to be included in its current form as it is strongly

opposed by current Senate Finance Committee Chairman Ron Wyden (D-OR).

Authorization of Use of Military Force

Since President Obama ordered air strikes against ISIS forces in Iraq and Syria, some members of Congress have called for a vote on a resolution to authorize the use of military force (AUMF) in the region, rather than rely on resolutions passed in the months following the 9/11 attacks. During the lame duck session, Congress may consider a resolution on AUMF, which will provide an opportunity for debate on the current policy and its execution as well as the general issue of the obligation of a commander in chief to seek congressional authorization for military action. Speaker of the House John Boehner has suggested he would delay a vote on AUMF until the new Congress takes office in January, but a vote on the issue seems likely in the near future.

Tax Extenders

On December 31, 2013, more than 50 temporary tax laws, known as “tax extenders,” expired. In what has become a frequent, recurring exercise, Congress is expected to vote on these expired tax extenders before the end of this year at which time most, if not all, of these provisions are expected to be temporarily extended for one or two years, with perhaps a few of the provisions being made permanent. Despite a desire by conservative Republicans who would like to defer addressing tax extenders until 2015. The risks to taxpayers and to the 2014 tax filing season from Congressional inaction still make it likely that tax extenders issues will be addressed and resolved during the lame duck session.

In October 6th letters to Senate Finance Committee Chairman Ron Wyden (D-OR) and House Ways and Means

Chairman Dave Camp (R-MI), IRS Commissioner John Koskinen warned that delay in passing the tax extenders will cause “serious problems” for IRS tax administration next year. Koskinen cautioned that the failure of Congress to act creates “serious operational and compliance risks” for the IRS. Chairman Wyden and Chairman Camp say that they are in ongoing discussions about how best to address tax extenders. Many observers believe that a one-year extension of most, but not all, of the tax extenders included in the Senate EXPIRE Act package, with perhaps a handful of the provisions being made permanent, could end up becoming the agreed compromise.

Each expired tax provision which is included in the EXPIRE Act is listed and briefly described below. Among the key items are the state and local sales tax deduction, the tuition and fees deduction for college students or their parents for tuition, books and supplies, various energy tax credits, and mortgage debt relief to prevent amounts forgiven or discharged as part of a foreclosure, short sale, or loan modification from being included in a borrower’s income for tax purposes.

Catalogue of Expiring Tax Provisions

The IRS has already communicated to Congress that decisions about renewing tax provisions that expired at the end of 2013 must be made by soon in order to avoid substantial disruptions to next year’s tax-filing season. IRS Commissioner John Koskinen, in a letter to Capitol Hill the week before the election, noted that if the debate on the so-called tax-extendors package “persists into December or later, [it] could force the IRS to postpone the opening of the 2015 filing season and delay the processing of tax refunds for millions of taxpayers.” Listed below is the universe of expiring tax provisions that are included in this extenders debate.

Federal Tax Provisions That Expired in 2013

Provision (Code section)	Expiration Date
1 Credit for certain nonbusiness energy property (sec. 25C(g))	12/31/13
2 Alternative fuel vehicle refueling property (non-hydrogen refueling property) (sec. 30C(g)(2))	12/31/13
3 Credit for two- or three-wheeled plug-in electric vehicles (sec. 30D(g))	12/31/13
4 Credit for health insurance costs of eligible individuals (sec. 35(a))	12/31/13

Federal Tax Provisions That Expired in 2013

Provision (Code section)	Expiration Date
5 Second generation biofuel producer credit (formerly cellulosic biofuel producer credit) (sec. 40(b)(6)(J))	12/31/13
6 Incentives for biodiesel and renewable diesel:	12/31/13
a Income tax credits for biodiesel fuel, biodiesel used to produce a qualified mixture, and small agri-biodiesel producers (sec. 40A)	12/31/13
b Income tax credits for renewable diesel fuel and renewable diesel used to produce a qualified mixture (sec. 40A)	12/31/13
c Excise tax credits and outlay payments for biodiesel fuel mixtures (secs. 6426(c)(6) and 6427(e)(6)(B))	12/31/13
d Excise tax credits and outlay payments for renewable diesel fuel mixtures (secs. 6426(c)(6) and 6427(e)(6)(B))	12/31/13
7 Tax credit for research and experimentation expenses (sec. 41(h)(1)(B))	12/31/13
8 Determination of low-income housing credit rate for credit allocations with respect to nonfederally subsidized buildings (sec. 42(b)(2))	12/31/13
9 Beginning-of-construction date for renewable power facilities eligible to claim the electricity production credit or investment credit in lieu of the production credit (secs. 45(d) and 48(a)(5))	12/31/13
10 Treatment of military basic housing allowances for low-income housing credit and for qualified residential rental project exempt facility bonds (secs. 42(g)(1) and 142(d), and sec. 3005(b) of the Housing Assistance Tax Act, as amended (Pub. L. No. 110-289))	12/31/13
11 Credit for production of Indian coal (sec. 45(e)(10)(A)(i))	12/31/13
12 Indian employment tax credit (sec. 45A(f))	12/31/13
13 New markets tax credit (sec. 45D(f))	12/31/13
14 Credit for certain expenditures for maintaining railroad tracks (sec. 45G(f))	12/31/13
15 Credit for construction of new energy efficient homes (sec. 45L(g))	12/31/13
16 Credit for energy efficient appliances (sec. 45M(b))	12/31/13
17 Mine rescue team training credit (sec. 45N)	12/31/13
18 Employer wage credit for activated military reservists (sec. 45P)	12/31/13
19 Work opportunity tax credit (sec. 51(c)(4))	12/31/13
20 Qualified zone academy bonds: allocation of bond limitation (sec. 54E(c)(1))	12/31/13
21 Deduction for certain expenses of elementary and secondary school teachers (sec. 62(a)(2)(D))	12/31/13
22 Discharge of indebtedness on principal residence excluded from gross income of individuals (sec. 108(a)(1)(E))	12/31/13
23 Parity for exclusion from income for employer-provided mass transit and parking benefits (sec. 132(f))	12/31/13
24 Premiums for mortgage insurance deductible as interest that is qualified residence interest (sec. 163(h)(3))	12/31/13
25 Deduction for State and local general sales taxes (sec. 164(b)(5))	12/31/13

Federal Tax Provisions That Expired in 2013

Provision (Code section)	Expiration Date
26 Three-year depreciation for race horses two years old or younger (sec. 168(e)(3)(A))	12/31/13
27 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements (secs. 168(e)(3)(E)(iv), (v), and (ix))	12/31/13
28 Seven-year recovery period for motorsports entertainment complexes (secs. 168(i)(15) and 168(e)(3)(C)(ii))	12/31/13
29 Accelerated depreciation for business property on an Indian reservation (sec. 168(j)(8))	12/31/13
30 Additional first-year depreciation for 50 percent of basis of qualified property (secs. 168(k)(1) and (2) and 460(c)(6)(B))	12/31/13
31 Election to accelerate AMT credits in lieu of additional first-year depreciation (sec. 168(k)(4))	12/31/13
32 Special depreciation allowance for second generation biofuel plant property (sec. 168(l))	12/31/13
33 Special rules for contributions of capital gain real property made for conservation purposes (secs. 170(b)(1)(E) and 170(b)(2)(B))	12/31/13
34 Enhanced charitable deduction for contributions of food inventory (sec. 170(e)(3)(C))	12/31/13
35 Increase in expensing to \$500,000/\$2,000,000 and expansion of definition of section 179 property (secs. 179(b)(1) and (2) and 179(f))	12/31/13
36 Placed-in-service date for partial expensing of certain refinery property (sec. 179C(c)(1))	12/31/13
37 Energy efficient commercial buildings deduction (sec. 179D(h))	12/31/13
38 Election to expense advanced mine safety equipment (sec. 179E(a))	12/31/13
39 Special expensing rules for certain film and television productions (sec. 181(f))	12/31/13
40 Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico (sec. 199(d)(8))	12/31/13
41 Deduction for qualified tuition and related expenses (sec. 222(e))	12/31/13
42 Tax-free distributions from individual retirement plans for charitable purposes (sec. 408(d)(8))	12/31/13
43 Special rule for sales or dispositions to implement Federal Energy Regulatory Commission ("FERC") or State electric restructuring policy (sec. 451(i))	12/31/13
44 Modification of tax treatment of certain payments to controlling exempt organizations (sec. 512(b)(13)(E))	12/31/13
45 Treatment of certain dividends of regulated investment companies ("RICs") (secs. 871(k)(1)(C) and (2)(C), and 881(e)(1)(A) and (2))	12/31/13
46 RIC qualified investment entity treatment under the Foreign Investment in Real Property Tax Act ("FIRPTA") (sec. 897(h)(4))	12/31/13
47 Exceptions under subpart F for active financing income (secs. 953(e)(10) and 954(h)(9))	12/31/13
48 Look-through treatment of payments between related controlled foreign corporations under the foreign personal holding company rules (sec. 954(c)(6))	12/31/13
49 100-percent exclusion for qualified small business stock (sec. 1202(a)(4))	12/31/13
50 Basis adjustment to stock of S corporations making charitable contributions of property (sec. 1367(a)(2))	12/31/13
51 Reduction in S corporation recognition period for built-in gains tax (sec. 1374(d)(7))	12/31/13
52 Empowerment zone tax incentives:	12/31/13
53 Designation of an empowerment zone and of additional empowerment zones (secs. 1391(d)(1)(A)(i) and (h)(2))	12/31/13
a Increased exclusion of gain (attributable to periods through 12/31/18) on the sale of qualified business stock of an empowerment zone business (secs. 1202(a)(2) and 1391(d)(1)(A)(i))	12/31/13
b Empowerment zone tax-exempt bonds (secs. 1394 and 1391(d)(1)(A)(i))	12/31/13
c Empowerment zone employment credit (secs. 1396 and 1391(d)(1)(A)(i))	12/31/13
d Increased expensing under sec. 179 (secs. 1397A and 1391(d)(1)(A)(i))	12/31/13

Federal Tax Provisions That Expired in 2013

Provision (Code section)	Expiration Date
e Nonrecognition of gain on rollover of empowerment zone investments (secs. 1397B and 1391(d)(1)(A)(i))	12/31/13
54 Incentives for alternative fuel and alternative fuel mixtures (other than liquefied hydrogen):9	12/31/13
a Excise tax credits and outlay payments for alternative fuel (secs. 6426(d)(5) and 6427(e)(6)(C))	12/31/13
b Excise tax credits for alternative fuel mixtures (sec. 6426(e)(3))	12/31/13
54 Temporary increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sec. 7652(f))	12/31/13
55 American Samoa economic development credit (sec. 119 of Pub. L. No. 109-432 as amended by sec. 756 of Pub. L. No. 111-312)	12/31/13

Temporary Disaster Relief Federal Tax Provisions That Expired in 2013

Provision (Code section)	Expiration Date
1 New York Liberty Zone: tax-exempt bond financing (sec. 1400L(d)(2)(D))	12/31/13
2 Extension of replacement period for nonrecognition of gain for areas damaged by 2008 Midwestern severe storms, tornados and flooding (sec. 702 of Division C of Pub. L. No. 110-343)	12/31/13

Federal Tax Provisions Expiring in 2014

Provision (Code section)	Expiration Date
1 Incentives for alternative fuel and alternative fuel mixtures involving liquefied hydrogen:	9/30/14
a Excise tax credits and outlay payments for liquefied hydrogen (secs. 6426(d)(5) and 6427(e)(6)(D))	9/30/14
b Excise tax credits for liquefied hydrogen fuel mixtures (sec. 6426(e)(3))	9/30/14
2 Alternative motor vehicle credit for qualified fuel cell motor vehicles (sec. 30B(k)(1))	12/31/14
3 Alternative fuel vehicle refueling property (hydrogen refueling property) (sec. 30C(g)(1))	12/31/14
4 Automatic amortization extension for multiemployer defined benefit pension plans (sec. 431(d)(1)(C))	12/31/14
5 Additional funding rules for multiemployer defined benefit pension plans in endangered or critical status (sec. 432 and sec. 221(c) of Pub. L. No. 109-280)	12/31/14
6 Deemed approval of adoption, use or cessation of shortfall funding method for multiemployer defined benefit pension plans (secs. 201(b) and 221(c) of Pub. L. No. 109-280)	12/31/14

The 114th Congress is expected to address provisions expiring in 2015 and 2016.

Federal Tax Provisions Expiring in 2015

Provision (Code section)	Expiration Date
1 Airport and Airway Trust Fund excise taxes:	

Federal Tax Provisions Expiring in 2015

Provision (Code section)	Expiration Date
a All but 4.3 cents-per-gallon of taxes on noncommercial aviation kerosene and noncommercial aviation gasoline (sec. 4081(d)(2)(B))	09/30/15
b Domestic and international air passenger ticket taxes and ticket tax exemption for aircraft in fractional ownership aircraft programs (secs. 4261(k)(1)(A)(ii) and 4261(j))	09/30/15
c Air cargo tax (sec. 4271(d)(1)(A)(ii))	09/30/15

Federal Tax Provisions Expiring in 2016

Provision (Code section)	Expiration Date
1 Highway Trust Fund excise tax rates:	
a All but 4.3 cents-per-gallon of the taxes on highway gasoline, diesel fuel, kerosene, and alternative fuels (secs. 4041(a) and 4081(d)(1))	09/30/16
b Reduced rate of tax on partially exempt methanol or ethanol fuel (sec. 4041(m))	09/30/16
c Tax on retail sale of heavy highway vehicles (sec. 4051(c))	09/30/16
d Tax on heavy truck tires (sec. 4071(d))	09/30/16
2 Leaking Underground Storage Tank Trust Fund financing rate (secs. 4041(d)(4), 4042(b)(4), and 4081(d)(3))	09/30/16
3 Credit for residential energy property (sec. 25D(g))	12/31/16
4 Increased credit for business solar energy property (sec. 48(a)(2)(A)(i)(II))	12/31/16
5 Credit for hybrid solar lighting systems (sec. 48(a)(3)(A)(ii))	12/31/16
6 Energy credit for geothermal heat pump property, small wind property, and combined heat and power property (secs. 48(a)(3)(A)(vii), 48(c)(4), and 48(c)(3)(A)(iv))	12/31/16
7 Credit for business installation of qualified fuel cells and stationary microturbine power plants (secs. 48(c)(1)(D) and (c)(2)(D))	12/31/16
8 Adjusted gross income (AGI) floor for individuals age 65 and older (and their spouses) remains at 7.5 percent (sec. 213(f))	12/31/16

About Dentons

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