BUSINESSES SEE HOPE FOR STALLED AGENDA AFTER MIDTERM ELECTIONS

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American businesses are hoping the dust will settle from Tuesday’s GOP takeover of Congress with new attention on corporate taxes, immigration, trade and energy, top priorities that have eluded breakthroughs in recent years.

A post-election landscape that includes a more sharply divided government is likely to lead to continued frustration over some items on businesses’ wish list. At the same time, a reshaped political landscape could lead Congress and the White House to seek legislative breakthroughs on some economic issues before the 2016 election season heats up.

“What we hope the next Congress will do is focus on policies that drive competitiveness and drive growth,” said Aric Newhouse, a top executive at the National Association of Manufacturers.

A Republican takeover of the Senate, alongside GOP control of the House, won’t automatically eliminate logjams that have plagued lawmaking in Washington for years, especially when the upper chamber needs 60 votes to bring key pieces of legislation to a vote and President Barack Obama wields a veto pen.

Still, business groups are counting on the end of four years of divisive politics, through expanded GOP ranks in both chambers, to help move some popular bills that they say have the potential to boost economic growth.

Senate Republican leader Mitch McConnell of Kentucky, who won re-election Tuesday night and stands to become majority leader, and other GOP lawmakers have expressed interest in working with Mr. Obama on issues of mutual interest, including a tax overhaul and trade policy. Added Republican votes also could put pressure on the administration in sensitive areas such as the Keystone XL pipeline, which has been blocked so far.

Another factor helping businesses’ priorities: The 2014 election marks the first recent contest in which the nation doesn’t face the prospect of an economic earthquake tied to Washington’s debates over taxes and spending policies.

After the 2008 election, the new Obama administration and Congress were focused on dousing a financial crisis and deep recession. The 2010 election, with its wave of tea party victories, paved the way for a standoff over raising the federal debt ceiling. The 2012 election moved immediately into the fiscal cliff, when Congress and the White House sparred over individual tax rates and a host of other budget issues. Those kinds of short-term crises aren’t expected to be repeated under Mr. McConnell, who negotiated resolutions of both standoffs.

Now, faster U.S. economic growth, stronger job creation and the lowest federal budget deficit since before the financial crisis have put U.S. businesses on a firmer footing and eased many of their worries about Washington.
That is driving a focus on longer-run concerns that united the business community, such as easing regulations and overhauling the federal tax code.

“Tax reform, tax reform and tax reform,” said John Engler, president of the Business Roundtable, when asked Tuesday about the top priorities of his group, which comprises chief executives of top U.S. corporations.

Businesses complain about the U.S. tax system’s comparatively high corporate rate, as well as its unusual global reach. Most nations tax only profits earned within their borders. But different industries and firms have different preferences when it comes to overhauling the rules. That has led to significant divisions within the corporate community.

Small businesses also are focused on rewriting tax rules. But many of them pay through the individual tax code, not the corporate tax code. They want Congress to make the individual tax system more business-friendly, too, for example by lowering top personal rates while narrowing deductions. “We are still absolutely advocating for comprehensive tax reform,” said Matt Turkstra, manager of legislative affairs for the National Federation of Independent Business.

The widespread dissatisfaction voters expressed about the nation’s direction creates an opening for businesses to make the case for a change of course. “Most Americans are uncomfortable,” said Mr. Engler, a former GOP governor of Michigan. “They do think the country is not headed in the right direction. They have the sense that something’s wrong, something is not working, and there’s some holding-accountable going on.”

In the short run, business leaders hope Congress will extend a batch of temporary tax breaks that have recently expired, affecting a number of industries. Lawmakers are expected to try to address those in the coming lame-duck session.

As a result of the legislative delays, “there are a lot of areas where end-of-year decisions are in limbo” for businesses, said Mr. Engler. He also hopes Congress will take a closer look at regulatory costs he says are being imposed by agency actions, including environmental and health-care agencies.

The business community will continue its push to overhaul immigration laws with a focus on expanding the available workforce of legal immigrants, despite resistance in the GOP-controlled House.

Business groups had been among the most influential proponents of an overhaul, including a path to citizenship for many of the illegal immigrants living in the U.S. But the House has shied away from voting on the issue, with lawmakers largely calling for tougher security at the Southern border.

Mr. Obama’s expected executive action later this year to grant new protections — such as safe harbor from deportation and work permits — to many illegal immigrants with significant U.S. ties, could harden resistance among Republicans to considering the issue.

“It’s not clear to me how much oxygen will be left in the room to do something positive,” said Tamar Jacoby, president of ImmigrationWorks USA, an advocacy group that represents businesses supporting an immigration overhaul. To the extent that Congress can tackle immigration, businesses want to overhaul the legal immigration system so that workers in more sectors are able to apply for visas and employers can count on retaining a legal workforce.
“It is and always will be fixing the legal system so it works for the future,” Ms. Jacoby said.

An area where businesses see movement is trade policy. The Obama administration is negotiating deals with Asia-Pacific countries and the European Union that are much more popular among Republican lawmakers than Democrats.

Senate Majority Leader Harry Reid dealt a blow to Mr. Obama’s trade policy in January, when he dismissed legislation that would ease passage of the international agreements. His comments came just hours after Mr. Obama endorsed the legislation in his State of the Union address.

The Nevada Democrat’s rebuke pushed a potentially divisive campaign issue to the sidelines during the election year, but Republican gains throughout Congress could help revive the measure in coming months. Still, the administration and Republicans would have to produce a handful of Senate Democrats who support the trade bill in order to bring it to a vote, and fast-track legislation faces an uncertain fate in the House, where some conservative Republicans are wary of granting Mr. Obama more power to clinch overseas deals.

Business leaders are calling on Mr. Obama to embrace his trade policy more openly after the election, including during a trip to Asia this month. Administration officials see the Asia-Pacific framework, known as the Trans-Pacific Partnership, as an economic legacy for the president.

“We are looking for signals following the election that he will move on trade-promotion authority,” said Myron Brilliant, executive vice president at the U.S. Chamber of Commerce, the largest business lobby.

U.S. Trade Representative Mike Froman has said that the U.S., Japan and 10 other Asia-Pacific countries are drawing closer to forming a bloc that would lower tariffs and set rules of the road for about one-third of global trade. Holding up an agreement is a dispute with Japan about opening up that country’s traditional agricultural markets.

Democrats eyeing the deal will scrutinize what the agreement means for issues ranging from patent protection for drugs overseas to the ways companies can challenge government regulations they view as unfair.

GOP gains won’t necessarily help with the renewal of the Export-Import Bank, a federal agency that supports the sale of U.S. goods overseas. Some conservatives have pushed to wind down the bank, saying it interferes with the market and creates unnecessary taxpayer risk. Many businesses say the bank helps U.S. companies compete with foreign firms that enjoy similar support from their governments in their home countries.

Some of the nation’s top business lobbying groups, including the Chamber of Commerce and the American Petroleum Institute, hope a GOP-controlled Senate will finally be able to pass legislation approving the Keystone XL pipeline after several attempts to circumvent Mr. Obama’s authority in the past few years have failed on Capitol Hill.

Senate Republicans, with support from a handful of Democrats, will likely have at least 60 votes to pass legislation that approves the long-delayed project, which would send up to 830,000 barrels of oil through the center of the country to Gulf Coast refineries. The House, which remains in Republican hands after Tuesday’s elections, is expected to follow suit.
That would leave the onus on Mr. Obama to either sign or veto the bill, and Republican aides say they may seek to attach the measure to a must-pass piece of legislation that the president wouldn’t want to veto, such as a spending bill.

The 1700-mile oil-sands pipeline has become a political flashpoint in the nation’s debate over climate change, the economy and energy independence. TransCanada, the Calgary, Alberta, company seeking to build the project, first filed its application at the U.S. State Department to receive the necessary federal approval to cross the Canadian-U.S. border in September 2008.

Mr. Obama has shown in the past that he isn’t afraid to oppose congressional action on Keystone, so he could veto any bill that reaches his desk approving Keystone. He is expected to make a final decision on Keystone only after litigation is resolved in Nebraska, where a ruling is likely by year’s end.