



Republicans Expand Hold on Senate, Democrats Win the House

How Will a Divided Congress Affect Contractor Priorities?

The Inside Scoop From ACCA

As the dust settles after a highly contentious Election Day, our country appears to be even more divided. The Democrats, for the first time since 2010, have gained majority control of the House of Representatives, while the Republicans expanded their majority in the Senate. Although a handful of seats are too close to call, it's safe to say that ACCA's government relations team will be working with a **very** divided government in Washington.

ACCA expects the Democrats in the House to make a strong push on legislation that is intended to shore up their support among suburban voters, who were critical to their return to power. The symbolic first 100 days of the new House Majority's agenda will likely include shoring up the Affordable Care Act (Obamacare), lowering prescription drug cost legislation, protecting the "Dreamers" from deportation, and pushing legislation requiring expanded background checks on gun purchases and other modest gun control measures.

Other Democratic priorities for the 116th Congress are likely to include ethics reform, healthcare, climate change/environment legislation, more rigorous oversight of federal agencies, revisiting the 2017 tax reform package, and infrastructure investments.

Most of these legislative pushes in the House will be dead on arrival in the Senate, which remains controlled by the Republicans. The Democrats first 100 days will be more about messaging than actually getting legislation signed by the President. They will push legislation that is important to their base but has little to no chance of being signed into law. This is common for whichever political party takes control of Congress during the presidency of the opposing party. After the first 100 days, expect the House Democrats to exercise their oversight authority and put the Trump Administration under a microscope, with routine committee investigations

of the President, the White House, and the regulatory agencies who have rolled back some of what the previous administration issued.

Although the government is divided, and just about everyone is sick of politics, ACCA is well positioned to make an impact on Capitol Hill if Congress actually gets to work. ACCA has cultivated relationships with many of the House Democrats who will now be taking over the Committee Chairmanships.

ACCA also has the advantage that every single Member of Congress relies on our industry to stay comfortable, keep their IT systems cool, and ensure their food is fresh. Contractors also employ millions of people in their districts and are the backbone of the U.S. economy. ACCA reminds Congress of this each time we visit Capitol Hill!

ACCA will be creating a set of legislative priorities to guide our mission on Capitol Hill. But, we know that some of the most important issues remain healthcare, workforce programs, efficiency programs, regulatory reform, and expanding tax reform.

Workforce development and healthcare remain contractor priorities. The Strengthening Career and Technical Education for the 21st Century (Perkins funding) passed in 2018 and increased funding for technical education programs. ACCA will work to build on this success and our great relationships with Congressmen Bobby Scott and Frank Pallone, the likely Chairs of the Education Committee and Energy & Commerce Committee respectively will be very important to this success. Senator Lamar Alexander of Tennessee will likely remain the Chair of the Health, Education, Labor & Pension Committee, and ACCA sees our connection to him as very important. Senator Alexander's home state of Tennessee will be led by Bill Lee, president of Lee Company – an ACCA Member – who has firsthand knowledge how important workforce and healthcare are to contractors.

As ACCA continues to fight efforts to increase lab-tested HVAC equipment efficiencies, we will count on our strong relationship with Senator Barasso who chairs the Senate Environment Committee as well as Congresswoman Eddie Bernice Johnson, who will likely chair the House Science Committee. Congressman Frank Pallone will also play an important role in these discussions as likely-Chair of the House Energy & Commerce Committee. ACCA will continue to advocate that the federal government should promote the value and importance of a quality HVAC installation, instead of forcing higher efficiencies on the equipment.

ACCA will fight to expand and make permanent many of the provisions in the Tax Cuts and Jobs Act that passed in December 2017. This legislation expanded the amount families can protect from the estate and gift tax to nearly \$12 million per family and \$24 million per couple. Some of the more important provisions included the new small business deduction of 20 percent and the immediate expensing of HVAC equipment, versus the 39-year schedule that previously existed. Earlier this year, the House passed the Tax Reform 2.0 package which would have locked in these provisions permanently. That effort was mostly about campaign messaging, but ACCA will fight to see these provisions made permanent in the 116th Congress (2019-2020).

ACCA is also excited that the 3 HVAC contractors currently serving in Congress were re-elected. Randy Weber, Markwayne Mullin, and Daniel Webster, have been ACCA friends for several years and we will continue to count on their deep knowledge of the industry as ACCA looks to them for leadership on our policy priorities.

The next two years give ACCA an opportunity to create new bipartisan coalitions to drive workforce development legislation, healthcare reform, and common-sense energy policies. We're excited for these opportunities and I hope you'll be engaged with us as we fight on your behalf.

For those of you who want additional details on the political maps, attached are some charts and tables for you to view.

On behalf of ACCA's Advocacy and Political Action Committee, thank you for your strong support of ACCA. We're excited for 2019 and beyond!

Sincerely,

Todd Washam

ACCA

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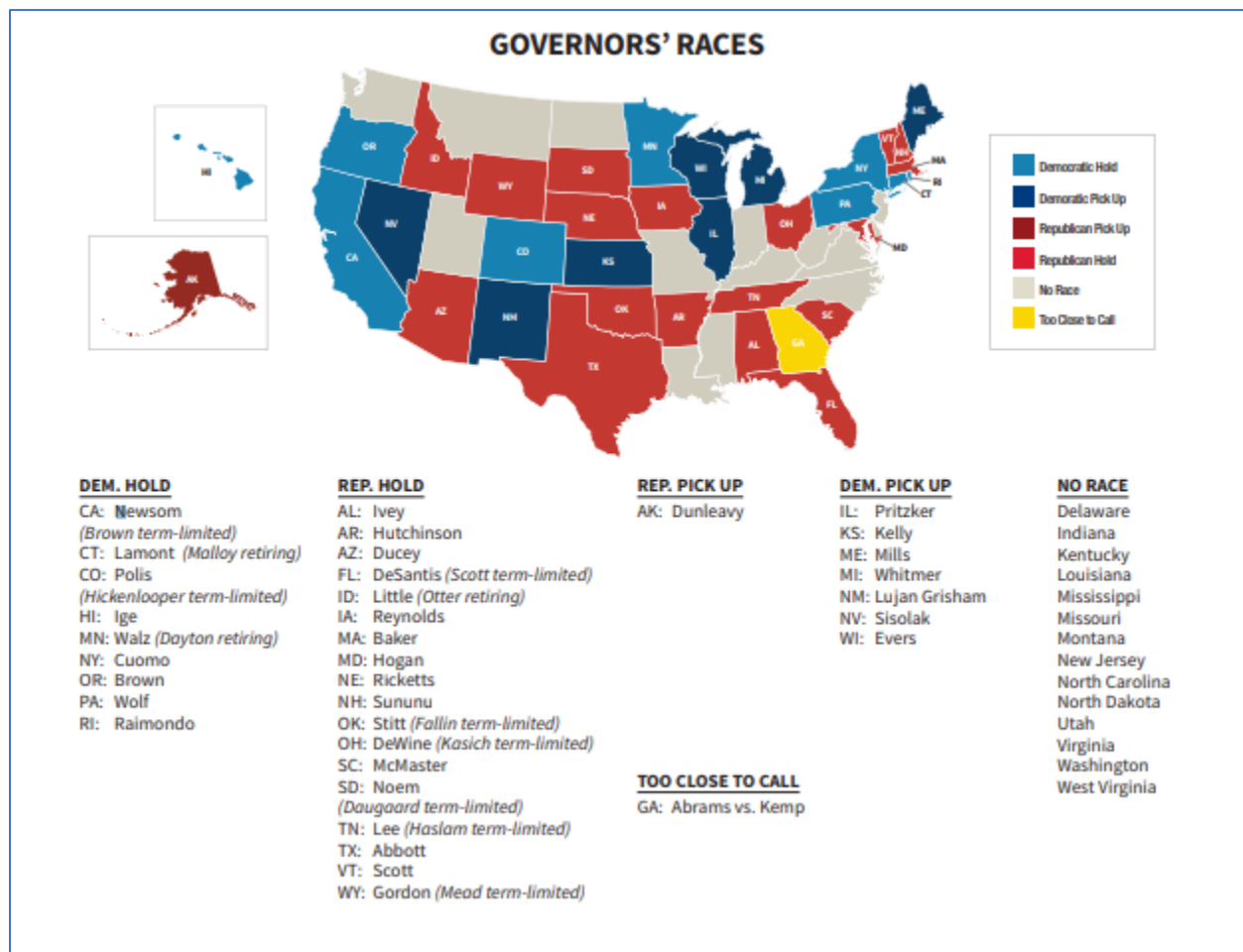
MID-TERM ELECTION RESULTS – GOVERNOR RACES

DEMOCRATS PICK UP SEVEN GOVERNORSHIPS

- After a near-historic high of 33 governorships held by Republicans in 2018, Democrats are pleased to have picked up at least seven seats last night – Illinois, Kansas, Maine, Michigan, New Mexico, Nevada, and Wisconsin.

UNDECIDED/RUNOFFS:

- Three gubernatorial races remain uncalled at this time: Alaska, Connecticut, and Georgia.
- In Alaska, Mark Begich trails Mike Dunleavy 37.5% to 45%, with 98% reporting.
- Connecticut Democrat Ned Lamont leads Republican Bob Stefanowski by about a percentage point with 91% reporting.
- Georgia's race is widely expected to go to a runoff, with the results almost evenly divided and Democrat Stacey Abrams refusing to concede to Brian Kemp.



MID-TERM ELECTION RESULTS – HOUSE & SENATE

TOPLINE TAKEAWAYS:

- Outcome was largely as predicted; Democrats gain control of the House and Republicans grow their majority in the Senate.
- Trump factor cut both ways; the President's aggressive campaign push clearly helped Senate Republicans in Red States but may have contributed to GOP losses in suburban House districts.
- The Democratic Caucus is more diverse (with more women and minorities) yet, at the same time, moderate Democrats made gains.
- The House Republican Conference will be more conservative in the 116th Congress. They face a hard, but achievable, path back to the majority in 2020. They will need President Trump's help to do it.

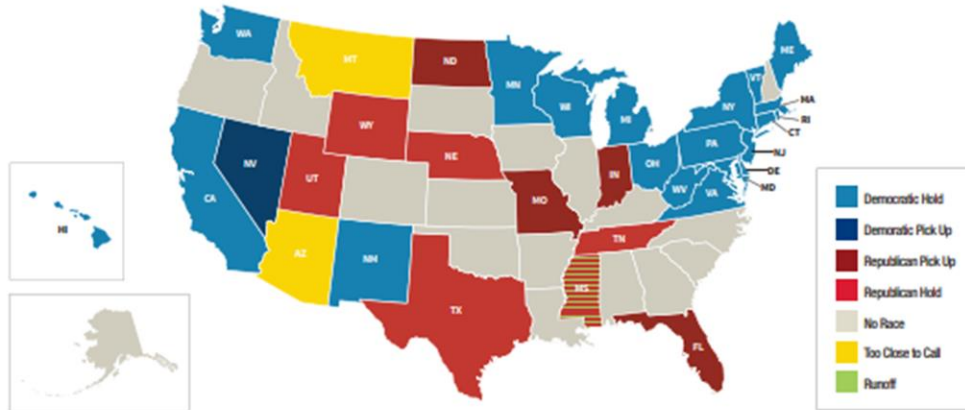
UNDECIDED:

- Three Senate races are undecided at this time: Florida, Montana, and Arizona.
- In Florida, Rick Scott leads incumbent Senator Bill Nelson 50.2% with 100% reporting.
- In Montana, Senator John Tester trails Matt Rosendale 47.8% to 49.3%.
- Martha McSally has a slight edge over Kyrsten Sinema in Arizona by one percentage point.
- In the House, AZ-01, CA-10, CA-25, CA-39, CA-45, CA-48, CA-49, GA-06, GA-07, ME-02, MI-08, MN-01, MT-01, NJ-03, NM-02, NY-22, NC-09, TX-23, UT-04, WA-03, and WA-08 are all too close to call.

RUNOFFS:

- In the Mississippi Senate race, Republican Cindy Hyde-Smith and Democrat Mike Espy will go to runoff which will be held on Nov. 27.

U.S. SENATE



DEM. HOLD

CA: Feinstein
CT: Murphy
DE: Carper
HI: Hirono
MA: Warren
MD: Cardin
ME: King
MI: Stabenow
MN: Klobuchar
MN: Smith
NM: Heinrich
NJ: Menendez
NY: Gillibrand
OH: Brown
PA: Casey
RI: Whitehouse
VA: Kaine
VT: Sanders
WA: Cantwell
WI: Baldwin
WV: Manchin

REP. HOLD

MS: Wicker
NE: Fischer
TN: Blackburn
TX: Cruz
UT: Romney
WY: Barrasso
(Corker retiring)
(Hatch retiring)

REP. PICK UP

FL: Scott
IN: Braun
MO: Hawley
ND: Cramer

DEM. PICK UP

NV: Rosen

NO RACE

Alabama
Alaska
Arkansas
Colorado
Georgia
Idaho
Illinois
Iowa
Kansas
Kentucky
Louisiana
New Hampshire
North Carolina
Oklahoma
Oregon
South Carolina
South Dakota

TOO CLOSE TO CALL

AZ: McSally vs. Sinema
MT: Rosendale vs. Tester

RUNOFF

MS: Hyde-Smith vs. Espy

GOP Expands Senate Majority

Prior to Nov. 6, Republicans held a slim 51-49 majority. With Democrats defending 26 seats to just nine for Republicans, the Republicans emerged with an early net gain of three seats, leaving the GOP with a 52-45 majority. Two races are still to be called and the Mississippi Senate contest is headed to a Nov. 27 runoff. In 2020, Democrats will be defending 12 seats while 21 Republican seats will be contested.

U.S. HOUSE OF REPRESENTATIVES

Democrats Flip the House

Democrats picked up a net gain of 26 seats in the House to give them a majority for the first time since 2010. Prior to the Nov. 6 elections, Republicans held a 235-193 lead, with seven vacancies. The House breakdown now stands at 219 Democrats and 195 Republicans, with 21 seats still undecided.

