



MEMORANDUM

To: Association Members

From: National Restaurant Association – Public Affairs Team
Sean Kennedy, Executive Vice President

Re: Election 2024 Preview – What to Watch, What to Expect

Date: October 31, 2024

The United States is in a record-breaking period of “change elections.” In each of the last five national elections, there has been a change in party control of the U.S. House of Representatives, U.S. Senate, or the White House. We have every expectation that the 2024 elections will continue this streak.

This memo aims to offer the likely course of action for some of our industry’s priority issues under the array of possible election outcomes. We will share the key federal races and presidential battleground states we’ll be watching on Election Night. Finally, we will look at key state races and initiatives at the local level.

We will provide an update after the election with the major results, although there is a very good chance that final results for key races will not be determined for days or even weeks after the election. We’ll also offer a webinar for our members offering more perspective and expectations for 2025.

While no one knows how this election is going to turn out, we are confident that the Association – and therefore the industry – will be appropriately engaged with both political parties at the highest levels in 2025. We look forward to working with our membership to advance our strategic advocacy goals in whatever configuration of control prevails on Election Day.

Do not hesitate to contact any of us on the Public Affairs team with questions.

MAJOR RESTAURANT INDUSTRY ISSUES – WHERE THE CANDIDATES STAND, OUR OUTLOOK

TAX AND ECONOMIC POLICY

Harris Platform	Trump Platform
Increase corporate rate 21% → 28%, increase taxation of stock buybacks	Decrease corporate rate 21% → 20%
Remove tax on tips, eliminate tip credit	Remove tax on tips
Retain TCJA tax cuts for those making under \$400k, but increase taxes on corporations and individuals making more than \$400k	Extend or make permanent TCJA cuts, including 20% tax deduction for pass-through businesses that is set to expire (199a)
Extend \$3,600 child tax credit, provide \$6,000 tax credit for families with newborns	

Our Outlook

- Assuming a divided government, we predict a compromise tax bill would address the expiring provisions of the Tax Cut and Jobs Act, including the child tax credit and bipartisan business tax provisions (including 199a).
 - Bipartisan agreement to extend some tariffs to offset the budgetary impact.
- “No Taxes on Tips” is likely set aside in a Harris Administration. It would be a priority under a Trump Administration, but the cost and complexity of the issue make it an uphill push in Congress.

TARIFF POLICY

Harris Platform	Trump Platform
Maintain current tariff approach, including tariffs on Chinese electric cars and solar panels	20% tariff on most imports
Maintain tariffs on the import of certain products to increase domestic production.	Increase tariffs on Chinese goods to 60%, phase out Chinese imports of essential goods.

Our Outlook

- Assuming a divided government, a Harris Administration will maintain the Biden/Trump path to limit China’s anticompetitive behavior via tariffs, although at lower levels than a Trump Administration. Likely more hesitancy to impose tariffs that could negatively affect US manufacturers and consumers.
- A Trump Administration will likely take aggressive steps on tariffs to decouple the US/China economies, as well as promote US production of essential goods.

IMMIGRATION POLICY

Harris Platform	Trump Platform
Comprehensive immigration reform, including border security and path to citizenship	Sweeping mass deportation of undocumented immigrants
Increased hiring of border security agents and officers, immigration judges, asylum officers	Executive orders to place limiting conditions on immigration
Continue automatic citizenship for children of undocumented immigrants born in the U.S. (“Dreamers”)	End automatic citizenship for children of undocumented immigrants born in the US

Our Outlook

- Assuming a divided government, both Harris and Trump Administrations will see their priority elements of immigration reform (pathway to citizenship / border security, respectively) falter in Congress.
- A bipartisan security/immigration agreement was reached by a small group of Senators in 2024 and embraced by the Biden/Harris Administration but rejected by the GOP leadership at the urging of former President Trump. It is unclear if this agreement can be resurrected with broader support post-election.

LABOR AND WORKFORCE POLICY

Harris Platform	Trump Platform
Continuation of Biden-era approach to Overtime, Joint Employer regulation	Expected to withdraw support of Overtime, Noncompete, and Joint Employer rules
Six months of paid family/medical leave for working individuals, with those earning less than \$75,000 receiving full wage replacement.	In 2020, called for paid family leave through parents borrowing against future child tax credits, rather than a new source of funding to take leave.
Commitment to passing the “Protecting the Right to Organize Act” (PRO Act) to enhance ability to join unions and strike	JD Vance (as Senator) has consistently opposed the PRO Act.

Our Outlook

Much of the Harris or Trump labor policies will be implemented by executive/regulatory authority, rather than via congressional legislation. A recent Supreme Court decision gives federal courts more authority to rein in regulations the judiciary feels exceed the agency’s authority. This decision will likely temper federal regulators from enacting overly partisan rules moving forward.

ELECTION NIGHT – THE WINNING PATH TO 270 ELECTORAL VOTES

As Al Gore and Hillary Clinton can painfully attest, prevailing in the popular vote does not translate into the winning the Presidency. The Electoral College is all that matters, and the race to secure the necessary 270 electoral votes represents a series of potential winning pathways for both candidates.

At this point, there are essentially seven states in play for the Electoral College... the “Blue Wall” of Michigan, Pennsylvania, and Wisconsin, and the “Sun Belt” of Nevada, Arizona, Georgia, and North Carolina.

If Trump and Harris prevail in the states where they are currently leading, their winning path will include one of two things happening:

- Trump must win one of the “Blue Wall” states.
- Harris must win Pennsylvania, North Carolina, or Georgia.

To be clear, Trump can win a Blue Wall state and still lose the election, and Harris can win one of her trio and still fall short of 270. But we see no viable paths for Trump or Harris if they do not hit their respective marks.

While Donald Trump has a clear path to 270 based on winning a Blue Wall state (recall that he won all three states in 2016), Kamala Harris still has more scenarios (wins in other smaller states) to reach a winning number.

CONTROL OF THE SENATE – RACES TO WATCH

Democrats face an uphill battle in their efforts to retain their 51-49 majority in the U. S. Senate. The retirement of Sen. Joe Manchin all but guarantees a GOP flip in ruby-red West Virginia. Democrats are playing defense to hold two seats in states Trump won in 2020 and are playing defense in an additional six states. Republicans are playing defense in two states that have reliably held the party-line (Texas and Florida) but have a surprisingly close race against an independent challenger in Nebraska.

It is worth noting that in 2022, political commentators confidently predicted a “red wave” taking over the House and Senate. Ultimately the GOP underperformed in both chambers. Unlike in 2020, political polling generally was accurate, but there will always be questions of whether polls are accurately fielding the mood of the electorate on issues like immigration and abortion.

Here's our take on how Senate Democrats and Republicans will view if they are having a good night, a better night, or a great night as race results come in on November 5:

	Good Night	Better Night	Great Night
Democrats	Hold AZ (Open) Hold MI (Open) Hold NV (Rosen) Hold PA (Casey) Hold WI (Baldwin)	Hold OH (Brown)	Hold MT (Tester) Win FL (R. Scott) Win NE (Fischer) Win TX (Cruz)
Republicans	Hold FL (R. Scott) Hold NE (Fischer) Hold TX (Cruz) Win WV (Open)	Win MT (Tester) Win OH (Brown)	Win AZ (Open) Win MI (Open) Win NV (Rosen) Win PA (Casey) Win WI (Baldwin)

CONTROL OF THE HOUSE – RACES TO WATCH

Control of the U.S. House of Representatives is too close to call. Democrats need to flip a total of 4 seats to take the majority in the House. They are very bullish on their chances to flip the House for several reasons.

- Democrats have outraised Republicans consistently over the past two years and they have a huge cash advantage.
- Democrats have overperformed in every election since *Roe v. Wade* was overturned by the Supreme Court.
- The most vulnerable sitting Republican Members are in New York and California.

There is only one factoid that drives our predictions on control of the House: Since 1924, the party winning the White House has picked up an average of 15 seats in the House of Representatives. If this holds true, a Trump win is a GOP win in the House – as is a Harris win for House Democrats.

Here's our take on how House Democrats and Republicans will view if they are having a good night, a better night, or a great night as race results come in on November 5:

	Good Night	Better Night	Great Night
Republicans	Hold AZ-1 (Schweikert) Hold CA-22 (Valadao) Hold CA-41 (Calvert) Hold CA-45 (Steel) Hold NY-17 (Lawler) Hold NY-19 (Molinaro) Hold VA-2 (Kiggans) Win AK-AL (Peltola) Win ME-2 (Golden)	Hold AZ-6 (Ciscomani) Hold CA-13 (Duarte) Hold CA-27 (Garcia) Hold NE-2 (Bacon) Hold NY-4 (D’Esposito) Hold PA-10 (Perry) Win MI-7 (Open) Win NC-1 (Davis) Win PA-8 (Cartwright) Win WA-3 (Gluesenkamp-Perez)	Hold NY-22 (Williams) Win CA-9 (Harder) Win MD-6 (Open) Win MI-8 (Open) Win NM-2 (Vasquez) Win OH-9 (Kaptur) Win PA-7 (Wild)
Democrats	Reverse of above results.		Hold AK-AL (Peltola) Hold ME-2 (Golden) Win CA-40 (Kim) Win FL-27 (Salazar) Win MT-1 (Zinke) Win NY-1 (LaLota) Win PA-1 (Fitzpatrick) Win WI-3 (Van Orden)

STATE ELECTIONS – TRIFECTAS AND KEY BALLOT INITIATIVES

There are an array of challenges and opportunities for the restaurant industry at the state level, and the National Restaurant Association and our state partners are engaged in all of them. States that have a “trifecta” (where one party controls both legislative chambers and the governor’s seat) are particularly important — as they have more ability to move legislature that is signed into law. Additionally, there are initiatives that will be on many ballots in various states of importance to our industry.

Trifecta States

Democrat: 17 Republican: 23 Divided: 10

Potential Trifecta Changes

- **Arizona (R):** Democrats hoping to split off the narrow GOP majorities in the legislature.
- **Michigan (D):** Democrats have outspent GOP 4-1 to hold the state House in a toss-up year.
- **Minnesota (D):** Democrats hold a narrow lead, toss-up races in the House, and potential elevation of Governor Walz would create a special election in the Senate.
- **New Hampshire (R):** The northeast’s only GOP trifecta. Democrats are focusing on winning the House and the governor’s race.
- **Pennsylvania (D):** Democrats fighting to hold their one-seat margin in the House.

Key Ballot Measures

Arizona Proposition 138: Advanced by the Arizona Restaurant Association (with support from the National Restaurant Association), it codifies the tip credit in the State Constitution and permits employers to utilize a 25% tip credit for employees whose compensation includes tips or gratuities, but only if the employer can establish that the employee ultimately received the minimum wage plus \$2 for every hour worked when tipped wage plus tips are added together.

Massachusetts Question 5: Advanced by One Fair Wage, it would eliminate the tip credit completely by 2029. The Massachusetts Restaurant Association (with significant support from the National Restaurant Association) has led a campaign that has generated strong opposition to the measure, garnering opposition even from Democratic Governor Maura Healey.

California Proposition 32: A minimum wage ballot measure that has not seen significant spending on either side, it would increase the \$16/hour minimum wage to \$18.00/hour by 2026. Polling shows this is a toss-up vote.