

## **Nucor Public Affairs Update**

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## 2022 Midterm Election Wrap-up

The results from the 2022 Midterm Election show that the United States remains politically polarized. After two years of Democrats controlling Congress and the Presidency, divided government will return to Washington, D.C. in January, with Republicans taking over control of the House of Representatives for the 2023-2024 session. While a divided Congress will likely lead to gridlock, the next two years also have the potential to result in a favorable environment for the construction industry and the greater economy.

#### **U.S.** House of Representatives

Going into the election, Republicans were expected to pick up dozens of new House of Representatives seats given persistent high inflation and President Biden's low approval ratings. In the end, Republicans did win back the majority, but by only a narrow margin. While all 435 House seats were on the ballot, only 26 seats (6% of the races) changed from one party to the other in the 2022 midterms.

When the new Congress begins in January, California Republican Kevin McCarthy is expected to be elected Speaker of the House, though it is not guaranteed given divisions in the Republican Caucus. Representative Steve Scalise of Louisiana will be Majority Leader, Representative Tom Emmer of Minnesota will be Majority Whip, and Representative Elise Stefanik of New York will serve another term as Republican Conference Chair.

Democrats have already elected a new group of younger leaders to lead the party in the minority when the new Congress begins. New York Representative Hakeem Jeffries was elected Minority Leader, Representative Katherine Clark of Massachusetts was elected Minority Whip, and California Representative Pete Aguilar was elected Chairman of the Democratic Caucus. South Carolina Representative Jim Clyburn was also elected to remain in leadership as Assistant Minority Leader and will support the new generation of leaders.

#### U.S. Senate

In the U.S. Senate, Democrats managed to maintain their majority for the next two years, which was helped when Lt. Governor John Fetterman's victory in Pennsylvania flipped a previously Republican Senate seat to the Democrats. As a result, Senator Chuck Schumer of New York will continue to serve as Majority Leader of the U.S. Senate for the upcoming term, and Kentucky Senator Mitch McConnell will continue to serve as Minority Leader.

#### State Government

Thirty-six states held elections for governor and incumbent parties retained power in the vast majority of those races. Democrats were able to capture three Governor's Offices previously held by Republicans – Arizona, Maryland and Massachusetts – while Republicans beat an incumbent Democrat in Nevada.



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Following the election, Republicans control the House, Senate and Governor's Office in 23 states, compared to 24 before the election. Democrats control all three branches in 17 states, compared to 14 previously, while power is split between the two parties in 10 states.

### **Election Impact on Federal & State Policymaking**

With divided government at the federal level, gridlock is likely when it comes to major policy legislation given the differences in priorities between the two parties. It will be very difficult to pass meaningful legislation in the next Congress. Fortunately, major construction spending legislation – including the Infrastructure Investment & Jobs Act, the CHIPS Act, and the Inflation Reduction Act – passed in the last Congress and the impact of this new spending will start to be felt in significant ways in the construction market in 2023 and beyond. These three pieces of legislation combined represent nearly \$2 trillion in spending, which will further stimulate demand in what has been a strong and resilient non-residential construction market.

Given the likelihood of gridlock at the federal level, policymaking will need to happen at the state level. As mentioned above, State Departments of Transportation will start spending the money from the federal infrastructure bill next year. States are also competing to land new semiconductor factories as a result of the CHIPS Act. There will also be a lot of activity at state utility commissions in the next few years as renewable electricity generation projects continue to be proposed and transmission projects come up for approval to move this renewable energy to end-users. Significant amounts of funding for clean energy projects and electric grid resiliency were included in the Inflation Reduction Act.

After the New Year, there will be an increased focus on the 2024 presidential election, which will also impact actions on Capitol Hill. Shortly after the election, former President Trump announced his campaign to win back the presidency in 2024, and current President Joe Biden is expected to seek reelection.