

S-CORP Midterm Recap

November 10, 2022

S-CORP Midterm Recap

Key Questions / Agenda

- Are polls broken?
- Where do things stand?
- What does this mean for Lame Duck?
- What does this mean for 2023 & 199A?
- Q&A



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Are the Polls Broken?

- In the last three cycles, the polls have tended (not always) to undercount R's
- This time around, the polls tended to undercount D's
- How can polls play their traditional role if they produce random results?
- In GA, NV, WI and OH, the polls undercounted D's by small but meaningful amounts
- These were the good ones...

	Democrat	Republican	Spread
Georgia	Raphael Warnock	Herschel Walker	
RCP Average	47.4	48.8	-1.4
Result	49.2	48.7	0.5
Error	-1.8	0.1	-1.9
Nevada	Catherine Cortez Masto	Adam Laxalt	
RCP Average	45.4	48.8	-3.4
Result	47.2	49.9	-2.7
Error	-1.8	-1.1	-0.7
Wisconsin	Mandela Barnes	Ron Johnson	
RCP Average	46.6	50.2	-3.6
Result	49.3	50.5	-1.2
Error	-2.7	-0.3	-2.4
Ohio	Tim Ryan	JD Vance	
RCP Average	43.8	51.8	-8.0
Result	46.7	53.2	-6.5
Error	-2.9	-1.4	-1.5

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Are the Polls Broken?

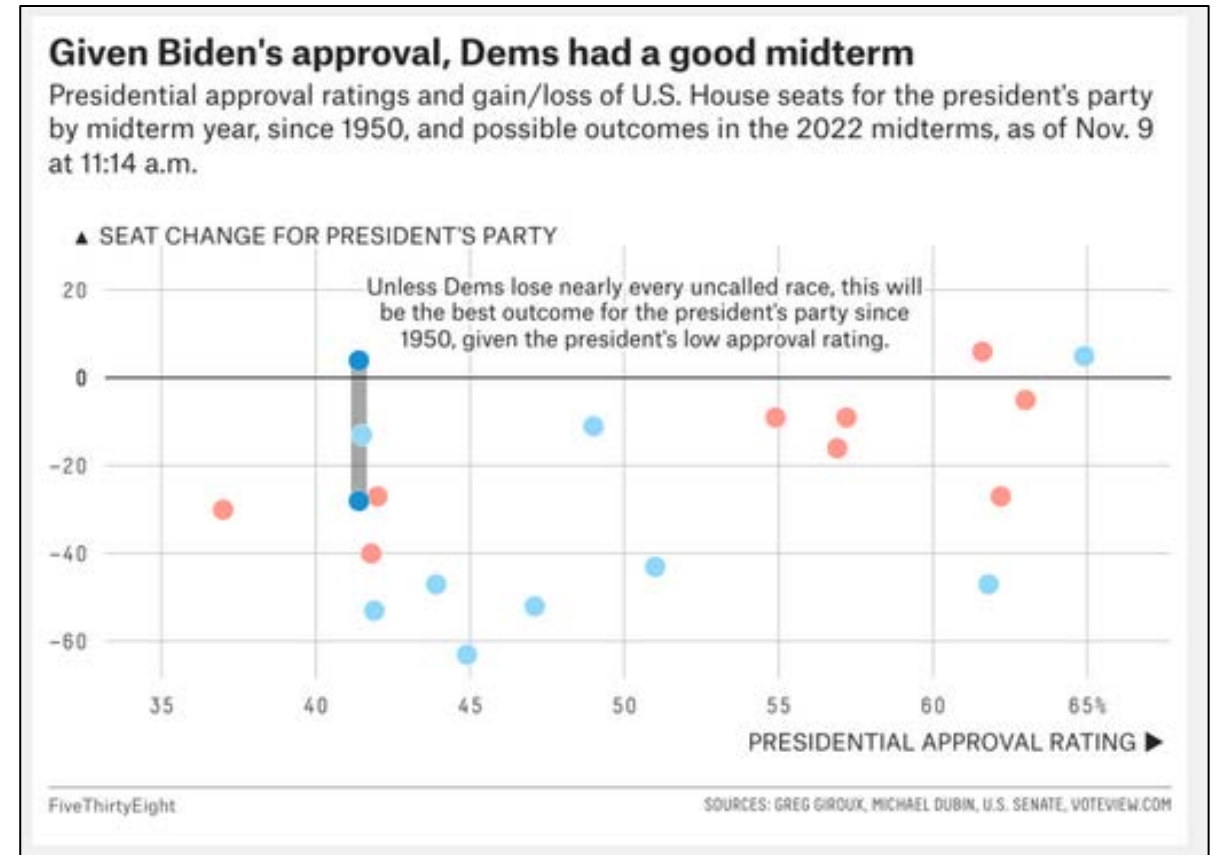
- And these were the bad ones...
- Keep in mind these are the RCP averages, so they reflect the combined results of multiple polls, both R, D and independent
- How do you understate Senator Hassan's support by 8.5% and Senator Rubio's support by 7.7%?

	<u>Democrat</u>	<u>Republican</u>	<u>Spread</u>
Arizona	Mark Kelly	Blake Masters	
RCP Average	48.0	48.3	-0.3
Result	51.4	46.4	5.0
Error	-3.4	1.9	-5.3
Colorado	Michael Bennet	Joe O'Dea	
RCP Average	50.0	44.3	5.7
Result	54.9	42.5	12.4
Error	-4.9	1.8	-6.7
New Hampshire	Maggie Hassan	Don Bolduc	
RCP Average	48.7	47.3	1.4
Result	54	44.1	9.9
Error	-5.3	3.2	-8.5
Pennsylvania	John Fetterman	Mehmet Oz	
RCP Average	46.8	47.2	-0.4
Result	50.3	47.2	3.1
Error	-3.5	0.0	-3.5
Florida	Val Demings	Marco Rubio	
RCP Average	43.6	52.4	-8.8
Result	41.2	57.7	-16.5
Error	2.4	-5.3	7.7

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What about the other rules?

- What about the generic ballot, presidential popularity, right track/wrong track
- It's a midterm and the President is unpopular
- That used to mean big losses for the President's party
- This time, likely to be "best outcome for the President's party since 1950"
FiveThirtyEight



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Lessons

- Candidate quality makes a difference
 - Trump candidates underperformed
 - Contrast with Michael Lawler in NY-17 defeating DCCC head Sean Patrick Maloney
- Good gubernatorial candidates make a difference too
 - DeSantis won Miami by 11.3 points (highest for a GOP candidate in 40 years)
 - DeWine won OH by 15 points
 - Mastriano lost PA by 14 points
- Quality of campaigns makes a huge difference
 - You can't buy a Senate seat
- Dobbs decision played a significant role
 - Single women and young voters

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Where do things stand?

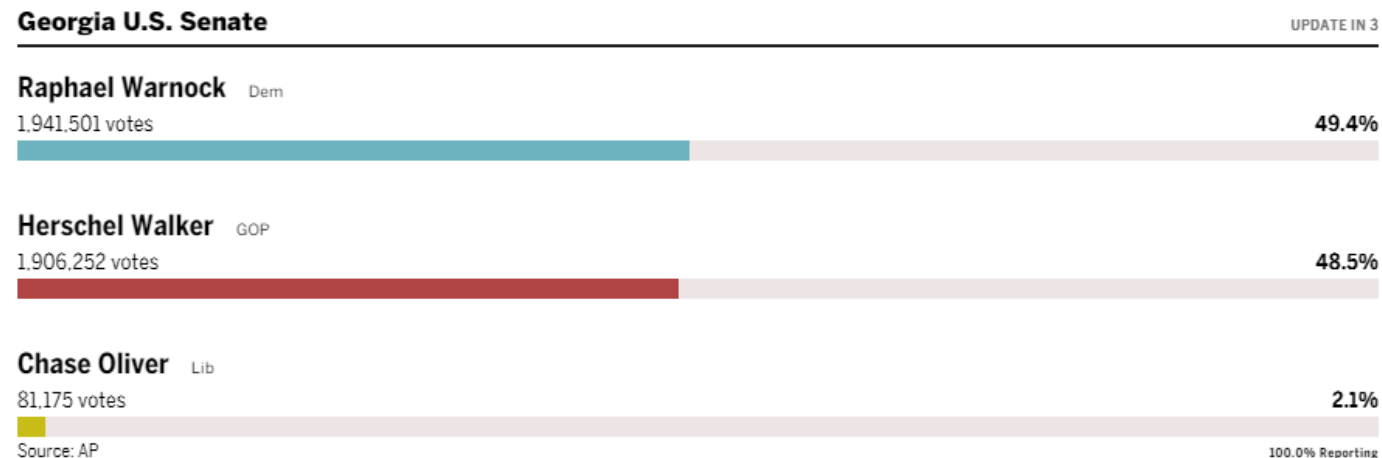
- The House will likely flip to Republican control...
- ...but it's not a lock and their majority would be historically small
- Latest numbers:
<https://docs.google.com/spreadsheets/d/1s-SH7EKOsn9IT32CWak5bYh9mMpkKnyaYGKWAJVSJY/edit#gid=0>
- We might not know who's running the House for weeks

House Races 2022		
	Democrat	Republican
Called 10am on 11/9	179	199
Most Recent Called	198	211
Currently Leading	214	221

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Where do things stand?

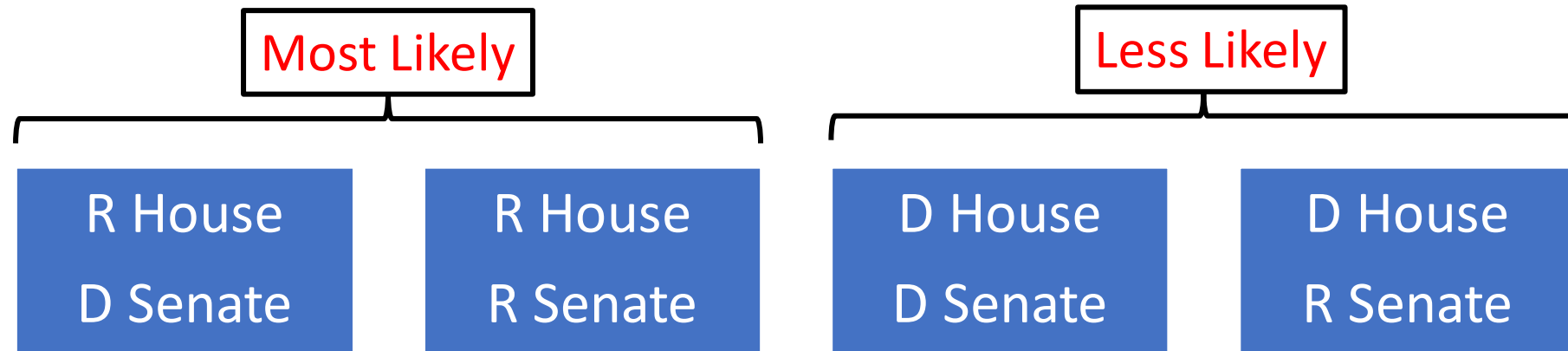
- The Senate continues to be evenly divided
- For all the drama, only one seat flipped (PA) and R's have a chance to flip NV
- That would give Republicans a 50-49 advantage with only GA remaining
- That race is scheduled for a run-off on December 6th



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Where do things stand?

- So really, all four possible outcomes remain on the table:

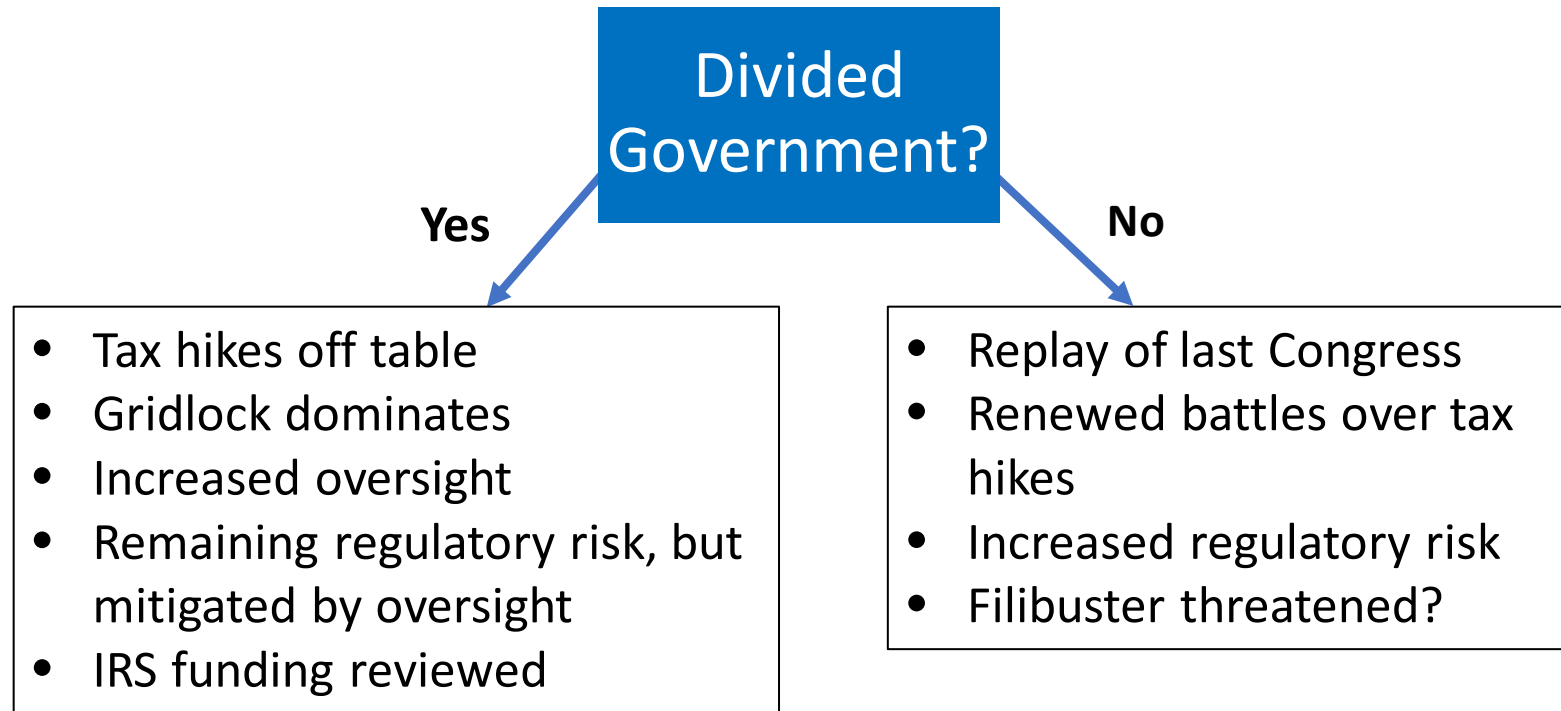


- How should Main Street think about it?

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Keys for New Congress

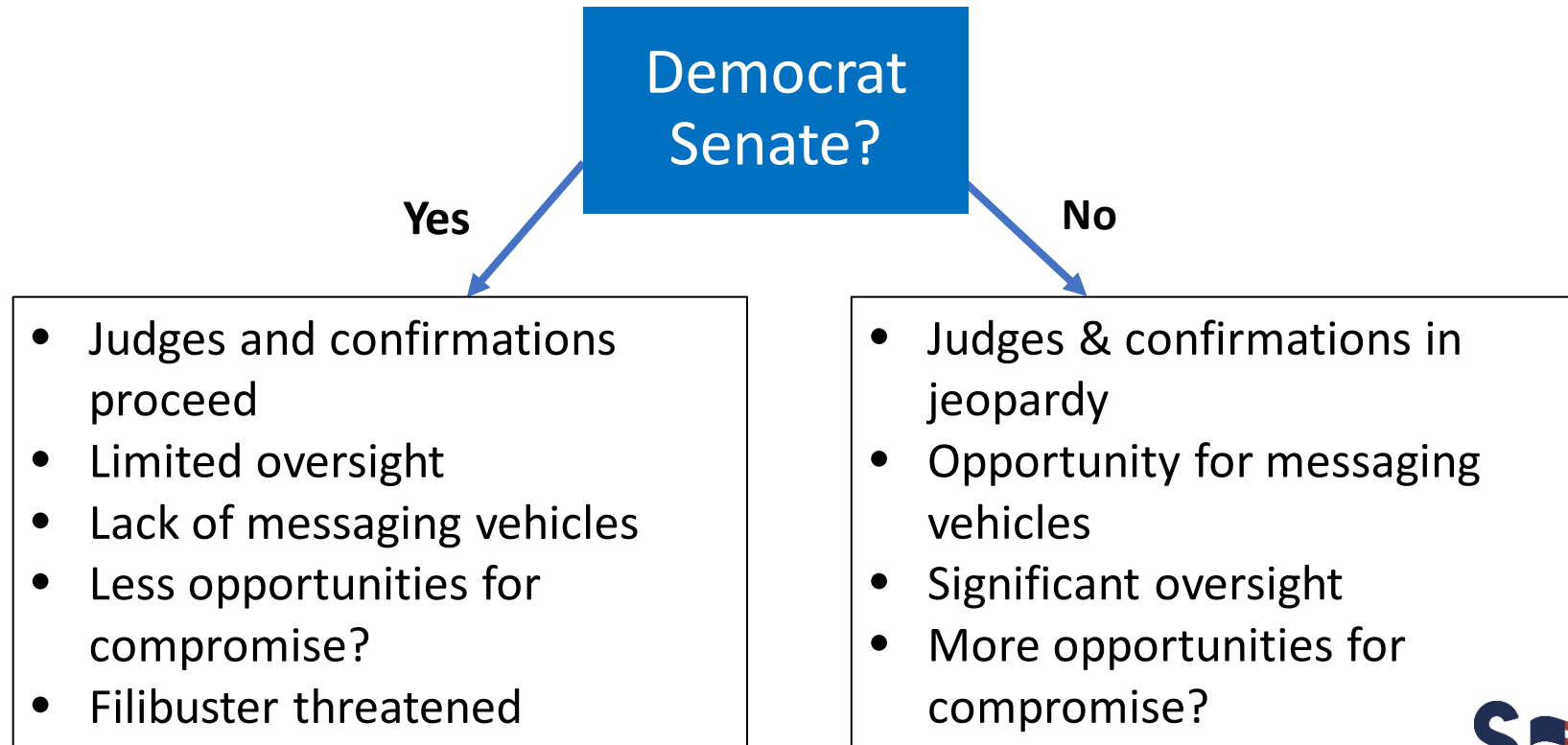
- Main Street can breathe easier if R's take either body –



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Keys for New Congress

- Senate control has its own implications --



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Lame Duck

- Lame Ducks tend to be Lame
- Delay in announcing House & Senate results complicates matters
 - Leadership races, committee ratios, office space
- If Laxalt wins NV and Senate control comes down to a GA runoff (Dec. 6), it could kill momentum for a year-end package
- On the other hand, this is the last chance to move legislation this year with the prospect of a deeply divided Congress next year...
- GOP calculus may have changed

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Lame Duck

- Must Pass
 - Continuing Resolution
 - Sequestration
- Maybe?
 - NDAA
 - Ukraine aid
 - SECURE Act
 - Electoral College reform
- Tax Policies:
 - Extenders
 - R&D (Sec. 174)
 - Interest Expense (Sec. 163)
 - Child Tax Credit

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Next Congress

- 199A permanence – our challenge just got harder
- SALT Parity
 - Finish the job
- Tax Reform
 - Divided government gives us room to build case
 - Unified government means we'll be playing defense for the next two years
- Other issues: IRS funding, loss limitation rules
- Bottom Line: Outlook depends on election results (still) but either way we need to educate lawmakers on 199A to ensure success in the 2025 fiscal cliff battle

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Questions?

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