

## Cozen Currents: Who Will Be a Heartbeat Away from the Oldest President in History?



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### The Cozen Lens

- Amidst a narrowly divided electorate and election of an aging president, the VP may buck history and actually matter on this year's ballot.
- Congress' effort to pass a bipartisan tax bill this year is a preview of the broader tax reform negotiations coming in 2025 when much of the Trump-era Tax Cuts and Jobs Act expires.
- In New York and Pennsylvania, kitchen table issues such as housing, crime, and education are dominating local politics.

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### Does the VP Choice Matter in 2024?

**The Understudy in the Spotlight.** The vice presidency — a role with all the scrutiny in the world but few actual explicit powers — is a difficult and often frustrating office. Every cycle is different, but 2024 is putting special emphasis on the position.

- Barring a black swan event, the country will have the first presidential rematch since 1956, bringing extra attention to the only difference between now and last time: former President Trump's VP pick.
- To be clear, Vice President Harris is here to stay. The last time a president switched the bottom of the ticket after completing a first term and won another was in 1944, when FDR selected Harry Truman. Even if it was a certainty Harris would be an electoral drag, the lack of confidence displayed by replacing her would be worse than keeping her.
- Three-quarters of voters think President Biden is too old, while half say the same for Trump. Meanwhile, amid a narrowly divided Senate, Harris broke the 192-year old record for the most tiebreaker votes ever in December. All of this means the VP has arguably never been more important.

**Decisions, Decisions.** Numerous factors go into the VP pick, most of which usually matter little. But with the last few elections decided by tens of thousands of votes, things at the margins can be make-or-break.

- Geography suggests Trump should want to appeal to either one of three Rust Belt swing states (WI, MI, PA), two Sun Belt states (AZ, NV), or two Southern ones (GA, NC). Appointing a minority candidate could increase recent GOP gains among Hispanic or Black voters, while a woman may help defuse the abortion issue. Another MAGA-type candidate could boost base turnout while a moderate could appeal to the Trump-averse suburbs or Trump-skeptical Republicans.
- Evidence is inconclusive on whether a ticket receives a bonus in a VP candidate's home state or region. A pick can influence how voters perceive a presidential candidate's ideology, but both Trump and Biden are well-established in the political landscape.
- Despite much speculation, it's not clear if Harris will be a boon or burden. Her approval ratings are almost identical to Biden's. However, New York Times/Siena College polling found she would actually perform better than Biden in the general election against Trump. She outperforms Biden with voters that are nonwhite or younger than 30 — two groups from which the president is bleeding support.

**The Apprentice 2.0.** In between baiting the media by raising speculation, Trump is calling around

soliciting advice on who his running mate should be. Some names have begun rising to the top.

- The four main candidates being thrown around at the moment are Rep. Elise Stefanik (R-NY), Governor Kristi Noem (R-SD), Senator Tim Scott (R-SC), and former presidential candidate Vivek Ramaswamy. The most important quality for Trump is far and away loyalty. His only and essentially token opposition in the Republican primary, former Governor Nikki Haley (R-SC), seems to have **burned** too many bridges to be considered.
- Some close allies within his inner circle are mobilizing against **Scott**, who voted to certify the 2020 election results, criticized Trump after the “Unite the Right” Charlottesville rally, and is the least-MAGA option listed above. Ramaswamy has stated he would pardon Trump on “Day One,” which is a priority for someone under indictment for 91 felonies.
- It’s important to emphasize that the choice will be a personal decision of Trump, for whatever that’s worth. The former reality TV star has an adept understanding of stoking the media and loves to surprise. Don’t be surprised if the pick ends up coming out of right field.

### **The Tax Code is Determined by the Victors**

**The First Act.** Congress’ \$78 billion tax deal cleared its first major hurdle last week with a bipartisan 357-70 vote advancing the legislation out of the House despite some internal House GOP concerns.

- The tax **package** would restore a popular trio of business tax breaks, expand the Child Tax Credit (CTC), bolster aid to victims of major disasters, and eliminate double taxation of businesses operating in the US and Taiwan.
- Senate Republicans are more **skeptical** of the legislation than their House counterparts, having been cut out of the bill’s negotiations from the start. The lead GOP senator on the Senate Finance Committee, Senator Mike Crapo (R-ID), who is also a member of Senate GOP leadership, is seeking changes to the bill before it can pass.
- The bill’s fate in the Senate is made more complicated by the upper chamber’s focus on the supplemental funding package and FY24 funding legislation this month. Finding time to mark up the tax bill and consider it on the floor could prove challenging before the end of March.

**2025’s Trillion Dollar Tax Prize.** The intra- and inter-party disputes delaying the tax bill are just a preview of what is to come in 2025.

- The \$78 billion bill currently up for consideration in Congress would only serve as a bridge to the bigger negotiations coming in 2025 when trillions worth of individual tax cuts from Republicans’ 2017 tax bill, the Tax Cuts and Jobs Act (TCJA), are set to expire. The winners of the November elections will have an opportunity to reshape domestic tax policy for years to come as a result.
- Failure to extend the cuts would lead to an increase in taxes for the vast majority of Americans beginning in 2026. On the table in 2025 are marginal rates for individual filers, the standard deduction, the deduction for pass-through businesses, enhancement of the CTC, the estate tax, business deductions for R&D, interest, and capital expenses, and **more**.
- The broad range of tax provisions raises the stakes of both the presidential race and congressional elections. Both parties want a chance to leave their mark on tax policy, and whether either can secure unified control of government or are stuck with a divided government will have wide-reaching implications for tax negotiations in 2025.

**The Parties’ Differing Tax Views.** The outcome of the election may not ultimately impact rates for most Americans, but businesses and high-earners face dramatically different scenarios.

- Both former President Trump and President Biden agree the individual tax cuts should be extended in some form or another. For Trump and Republicans, making permanent the lower rates is a legacy issue, part of the reason some Senate Republicans believe the current deal should be put on hold until a potential Trump second term.
- But Biden has promised year after year not to raise taxes on households earning less than \$400,000 annually. Treasury Secretary Janet Yellen recently **told** reporters Biden is “focused on tax fairness,” suggesting he will continue the lower rates for those below \$400,000 in

income.

- Trump reportedly is considering a second effort to lower the corporate tax rate to 15 percent alongside a planned extension of the business deductions currently in play. Biden is diametrically opposed to the plan, having proposed raising the corporate rate in his FY24 budget alongside other revenue raising measures such as modifications to the estate tax, stock buyback taxes, and taxes on unrealized capital gains.

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## The State of the States in 2024

**New York.** Housing and crime are top issues in the Empire State this year.

- Governor Kathy Hochul (D-NY) is pushing again this year for a solution to New York's housing shortage after the legislature did not pass her plan last year. Hochul has been clear that housing is a top priority and has unveiled a proposed [New York Housing Compact](#) to increase housing supply. In her State of the State address last month, she called for tax incentives for housing (including affordable housing), building housing on state-owned land, and increasing building density in New York City, among other provisions.
- In her speech, Hochul also emphasized reducing crime, particularly the organized retail crime that has become more common in major cities in recent years. Crime may be a major issue for voters in an election year and a potential political liability for Democrats. Hochul proposed criminal penalties for resellers of stolen goods including online marketplaces, a task force for retail theft, a state police Grab and Smash Enforcement Unit, and a tax credit for security measures taken by retailers, among other policies. Both housing affordability and crime are among the top issues facing many blue states.
- New York's legislative agenda will have an outsized impact on the race for control of the federal House of Representatives in November. The path to a Democratic House majority runs through the Empire State, where five Republicans represent competitive districts (a sixth is vacant after the expulsion of former Rep. George Santos). House Minority Leader Hakeem Jeffries (D-NY), recognizing this fact, has gotten personally involved in leading the state Democratic Party. Three Democratic state senators are running for Congress this year, including two in key races: John Mannion and Kevin Thomas are challenging Reps. Brandon Williams (R-NY) and Anthony D'Esposito (R-NY), respectively. They'll need to deliver on the Democratic legislative agenda to make a convincing case for their congressional campaigns.

**Pennsylvania.** A politically divided purple state, Pennsylvania serves as a political microcosm of the United States.

- The Keystone State is under divided government. Democrats hold the governorship while Republicans have maintained a long-running state Senate majority. The House is currently tied 101-101 pending a special election in a Democratic-leaning district next week. As a result, Pennsylvania politics is highly transactional and incremental legislation is more likely to pass than sweeping policy changes.
  - Governor Josh Shapiro (D-PA), a rising star in Democratic politics, has promised that 30 percent of Pennsylvania consumers' energy will be renewable by 2030 but hasn't taken major steps on climate thus far. This might be challenging to achieve in a state where fracking is big. Democratic lawmakers have proposed updating the state's Alternative Energy Portfolio Standards to mandate this goal. Passage may be an uphill battle in the divided legislature.
  - Shapiro will give a budget address later today and has highlighted education, public transit, and economic development as top issues. Education has become more politically contentious in recent years, and the legislature must find a replacement for the state's funding formula for schools, which was ruled unconstitutional in court. Shapiro has also proposed major reforms to public higher education. Pennsylvania's legislative session this year could give an example for the nation for governing under divided government and high political polarization.
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