

TirePAC

The Political Action Committee for the Tire Industry

Dear TIA Member:

Donald J. Trump will be the 45th President of the United States of America. The President-Elect plans to focus his time in office on cutting regulations, boosting energy exploration, and adopting a far more aggressive trade-enforcement posture. Trump will propose a tax plan that would boost economic growth through a series of tax cuts. He has also pledged to reverse many of President Obama's executive orders.

TIA believes its members could see positive change under Trump's administration in the areas of: estate tax reform, individual tax reform, business tax reform, Obamacare repeal, infrastructure funding, and marketplace fairness.



For the first time in decades, TIA held a mock presidential election in the TIA booth at GTE. Voting was staged at \$1 per vote and attendees had the opportunity to vote as many times as they wanted with all proceeds benefitting the PAC. Through four days of balloting, votes totaled 725 by the end of the show. In the end, Trump beat Clinton among GTE attendees by the following percentage:

Trump: 56.81%

Clinton: 43.19%

(Johnson and Stein received 0%)

We thank all those who participated!



We also thank all those who bought squares on the TirePAC board. For another consecutive year, we sold out all 100 squares on the board.

The winners were as follows:

1st Place: Bob Hendry- \$500

(Winnings donated back to PAC)

2nd Place: John Derringer- \$250

3rd Place: Mike Wolfe- \$100

(Winnings donated back to PAC)

With so many important legislative initiatives on the horizon, we continue our fundraising efforts to support the TirePAC fund and wish for your participation.

TirePAC contributions give candidates and officeholders a clear idea of where TIA stands on an issue and represents the association's interest. Whereas, when you give personal money directly to a candidate or officeholder they know that you like them personally. The TirePAC expands your influence beyond your own legislative district. It helps direct money to candidates and officeholders you may not know about who support your issues and need our support. The TirePAC makes a carefully studied, well-informed decision on whom to support. The TirePAC makes decisions about candidates and officeholders based on inside knowledge of what really happens to your issues during a legislative session, voting record or things that do not show up in votes.

If you want to find out more about getting involved with TIA's government affairs efforts, please contact me or Roy Littlefield IV (rlittlefield2@tireindustry.org) to find out how.

We expect 2017 to be a monumental year for federal legislation and you can expect TIA to be in the forefront fighting for you in Washington, D.C.

Sincerely,



Dick Gust

Government Affairs Committee Chairman

What a Trump Presidency Looks Like for the Tire Industry

Roy Littlefield IV

President-Elect Donald J. Trump plans to focus his time in office on cutting regulations, boosting energy exploration, and adopting a far more aggressive trade-enforcement posture. Trump will propose a tax plan that would boost economic growth through a series of tax cuts. He has also pledged to reverse many of President Obama's executive orders.



So what does this mean for our industry? Let's take a look at a series of issues and how they might play out under a Trump administration.

Estate Tax

Under current law, if you die with an estate valued in excess of \$5.45 million, you pay a tax of 40% on the excess value.

The Trump Plan will repeal the death tax, but capital gains held until death and valued over \$10 million will be subject to tax to exempt small businesses and family farms. To prevent abuse, contributions of appreciated assets into a private charity established by the decedent or the decedent's relatives will be disallowed.

President-Elect Trump claimed throughout his campaign that he will fully repeal this tax. With a Republican Congress, he should be able to accomplish this. Last year, the House passed a bill calling for full repeal but the democratic controlled Senate never voted on the bill. The estate tax would have never stood a chance of passing with a newly elected democratic Senate or President but with the entire legislature in control by the Republicans, repeal is a real possibility once again.

Cooperate Taxes

In terms of business taxes, corporations currently pay tax at a rate of 35%. Trump's proposal would cut the rate to 15%, while eliminating most business deductions. This would make U.S. companies more competitive in the global economy, argues Trump.

Trump also makes significant changes in the "pass through" taxation. Under current law, S corporations and partnerships do not pay entity-level tax; instead, the income is allocated to the owners, who pay the corresponding tax at the individual level, based on the applicable individual rates laid out above.

Trump in his plan, would provide a unified business rate of 15%. This means not only would corporations pay tax at that rate, but all business income – even the income earned by an individual from an S corporation, partnership, or sole-proprietorship and reported on the individual's tax return — will be subject to the same 15% rate as proposed. This is a huge change from the current tax rate of 39.6%.

Tax Plan for Individuals

As far as individual taxes, Trump highlights the following plans to benefit all Americans:

- Reduce taxes across-the-board, especially for working and middle-income Americans who will receive a massive tax reduction.
- Ensure the rich will pay their fair share, but no one will pay so much that it destroys jobs or undermines our ability to compete.
- Eliminate special interest loopholes, make our business tax rate more competitive to keep jobs in America, create new opportunities and revitalize our economy.
- Reduce the cost of childcare by allowing families to fully deduct the average cost of childcare from their taxes, including stay-at-home parents.



TIA offers support to Senator John Thune at an Estate Tax Repeal press conference.

Obamacare

Trump claims that one of his first acts in office will be to repeal and replace Obamacare. Trump believes every American deserves access to high quality, affordable healthcare, not just insurance. He adds that no person should be required to buy insurance unless he or she wants to. In many respects, Obamacare has failed on cost and quality to American citizens.

Trump calls for a patient centered healthcare system that allows families and their doctors to be primary decision makers. Trump also calls for the sale of health insurance across state lines in an attempt to increase competition and lower costs. To add, Trump's system would allow individuals to fully deduct health insurance premium payments from their tax returns under the current tax system. It would also allow individuals to use Health Savings Accounts (HSAs). As well as, require price transparency from all healthcare providers, especially doctors and healthcare organizations like clinics and hospitals. His plan would also Block-grant Medicaid to the states.

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Trump Presidency

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Trump states that by following free market principles and working together to create sound public policy, this will broaden healthcare access, make healthcare more affordable and improve the quality of the care available to all Americans.

Energy

President-Elect Trump wants to make America energy independent. He hopes to create millions of jobs with the changes in regulations towards the energy sector. Trump hopes to unleash an energy revolution that American will be able to thrive off of.

Trump outlines the following energy proposals as part of his plan:

- Rescind all job-destroying Obama executive actions. Mr. Trump will reduce and eliminate all barriers to responsible energy production, creating at least a half million jobs a year, \$30 billion in higher wages, and cheaper energy.
- Encourage the use of natural gas and other American energy resources that will both reduce emissions but also reduce the price of energy and increase our economic output.
- Open onshore and offshore leasing on federal lands, eliminate moratorium on coal leasing, and open shale energy deposits.
- Become, and stay, totally independent of any need to import energy from the OPEC cartel or any nations hostile to our interests.
- Unleash America's \$50 trillion in untapped shale, oil, and natural gas reserves, plus hundreds of years in clean coal reserves.

These plans, hope to make America a leader and top producer in energy so that the country can be self-sustaining.

Infrastructure/Highway Funding

In his victory speech for President, Trump claimed that we must rebuild America's infrastructure. He said this must start with our roads, bridges, tunnels, airports, railroads, ports and waterways, and pipelines. Trump plans to pursue an "America's Infrastructure First" policy that supports investments in transportation, clean water, a modern and reliable electricity grid, telecommunications, security infrastructure, and other pressing domestic infrastructure needs. Trump has called for flexibility to the states to use funds as they see fit, rather than the federal government deciding.

He hopes to create thousands of new jobs in construction, steel manufacturing, and other sectors to build the transportation, water, telecommunications and energy infrastructure needed to enable new economic development in the U.S., all of which will generate new tax revenues. In addition, Trump aimed to leverage new revenues and work with financing authorities, public-private partnerships, and other prudent funding opportunities. In connecting the energy, he wants to approve private sector energy infrastructure projects—including pipelines and coal export facilities—to better connect American coal and shale energy production with markets and consumers.

Trump understands that although Congress passed a 5-year highway bill last year, more money for infrastructure will be

needed before that time and there are many more looming projects that still need money or are underfunded.

Regulation

Trump recognizes the burdensome effects over regulation is having on American businesses and in his campaign offered to curb regulations by 80%. Last year, OSHA conducted over 40,000 inspections on businesses and we hope for this to be drastically reduced under a Trump administration.

Trump plans to cut regulations by doing the following:

- Ask all Department heads to submit a list of every wasteful and unnecessary regulation which kills jobs, and which does not improve public safety, and eliminate them.
- Reform the entire regulatory code to ensure that we keep jobs and wealth in America.
- End the radical regulations that force jobs out of our communities and inner cities. We will stop punishing Americans for working and doing business in the United States.
- Issue a temporary moratorium on new agency regulations that are not compelled by Congress or public safety in order to give our American companies the certainty they need to reinvest in our community, get cash off of the sidelines, start hiring again, and expanding businesses. We will no longer regulate our companies and our jobs out of existence.
- Cancel immediately all illegal and overreaching executive orders.
- Eliminate our most intrusive regulations, like the Waters of the U.S. Rule. We will also scrap the EPA's so-called Clean Power Plan which the government estimates will cost \$7.2 billion a year.
- Decrease the size of our already bloated government after a thorough agency review.

Marketplace Fairness

President-Elect Trump appears to support Marketplace Fairness based off statements he has made. Trump claims: "Amazon doesn't pay tax.... And a lot of people think Amazon should be paying tax, and they're not, and they're destroying department stores and retailing all over the country..." This signals Trump would support legislation to tax merchandise purchased online. A philosophy House Republicans have fought against as they have seen such an act as a tax increase.

In closing, if Trump can find a way to work with Republicans in the House and Senate, he has the opportunity to accomplish great chance in his time as president. Given that the Republicans will hold a majority in the House, Senate, and control the Presidency, they have the opportunity to reshape many policies that were enacted over the last 8 years. Trump has an aggressive game plan for his first 100 days in office, but he must have cooperation with Congress to accomplish these tasks.

President-Elect Trump will change the American political landscape at home and abroad on his mission to "Make America Great Again." ★

Temporary Injunction Blocks Overtime Rules

In a surprising but very welcome turn of events, on November 22nd Judge Mazzant of the District Court for the Eastern District of Texas issued a temporary injunction indefinitely blocking the new overtime rules from going into effect.

In his decision, the Judge stated that the new rules were outside the scope of the DOL's regulatory authority and contrary to congressional intent. Specifically, the Judge found that Congress intended the overtime exemptions to be delineated based on an employee's duties and that the new rules would raise the salary threshold so high that they would effectively "supplant the duties test." Although the government argued that the injunction should only apply in those states involved in the case, Judge Mazzant rejected this approach and instead issued the injunction nationwide (which he has the authority to do as a federal judge).

This ruling creates even more questions about the future of the overtime rule. As to the temporary injunction itself, prior to the case being concluded, there are two ways that the temporary injunction could be lifted. First, Judge Mazzant could lift the injunction. However, given the language in his decision, this seems unlikely. Second, the Fifth Circuit Court of Appeals, on an appeal by the government, could overturn the temporary injunction. Given the Fifth Circuit's conservative swing this too is unlikely. It is more likely that the case will continue on its current course, which could result in a final decision that the DOL lacked the authority to promulgate the regulations which would then be subject to an appeal and could drag on for a long time.

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Thus, it now looks likely that the overtime rules will not go into effect before Donald Trump becomes president. As we previously reported, had the rules gone into effect as scheduled December 1, the rules would have been in effect for almost two months before Trump took office, which might have made them politically unpalatable for the new Administration to change, particularly given Trump's populist base of support.

Now, that the rules have been stayed we may see the new Trump Administration be more aggressive about engaging in the notice and comment process to change or repeal the rule or pushing for legislation to do the same (though such legislation would need bipartisan support to overcome a filibuster in the Senate).

There is also still the slight chance that the regulation could be subject to review and disapproval under the Congressional Review Act (CRA). As we have previously discussed, the overtime rules were issued on May 23, before the estimated May 31 cut-off date



for regulations that may be subject to review and disapproval under the CRA. The latest report from the non-partisan Congressional Research Service is now estimating a May 30 cut-off date. However, the overtime rules are still technically on the list of regulations that might be subject to CRA disapproval because the 60 legislative days that must pass before a regulation is out of the CRA window haven't passed yet for the overtime rules.

On November 18th, we attended a meeting with Speaker Ryan's Chief of Staff, David Hoppe. Mr. Hoppe indicated that they are very mindful of the CRA calendar and will be trying to wrap up the lame duck session as quickly as possible. However, there are a number of big items that they will be trying to get out the door before the close of the session – specifically a clean continuing resolution to fund the government through March 31, 2017, the Water Resources Development Act, the 21st Century Cures Act and the National Defense Authorization Act. The House (which has been in session less days than the Senate and is therefore the one by which the CRA deadline will be measured) is currently scheduled to be back in session on November 29 and be in session through December 16. Even if the House is able to quickly tackle its big to-do list and wrap things up early by December 9, as Mr. Hoppe indicated the Speaker is hoping, that will still mean another week of days in legislative session which will be enough to get the overtime rules passed the 60-day mark. It now remains to be seen whether, in light of the injunction, the House Republicans will try to push for an even earlier recess date to ensure that the overtime rules do not clear the CRA window.

TIA had been working effortlessly to delay the new overtime rule. ★

PASSAGE OF THE RPM ACT IS CRITICAL TO THE FUTURE OF MOTORSPORTS

The future of motorsports remains in jeopardy! The Recognizing the Protection of Motorsports (RPM) Act is critical to protecting the industry now and in the future.

Background: In July 2015, the U.S. Environmental Protection Agency (EPA) introduced a proposal that would have prohibited the conversion of street vehicles into race cars used exclusively for the track. While the EPA has withdrawn the proposal, the agency continues to assert authority under the Clean Air Act to regulate the modification of vehicles used for competition. Congressional action is the only way to guarantee that street vehicles can continue to be modified for the track, well into the future.

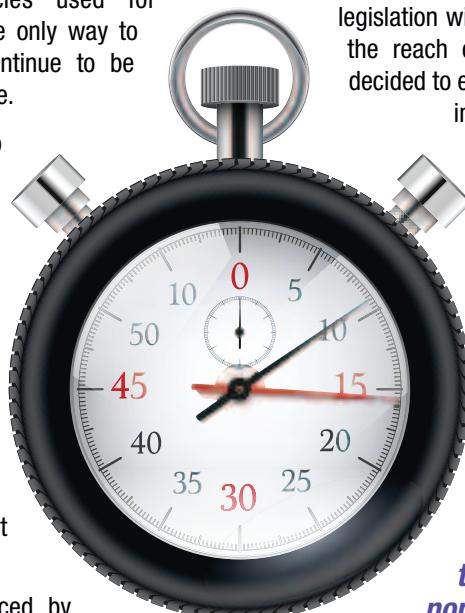
Race fans and parts makers are urged to support the Recognizing the Protection of Motorsports (RPM) Act of 2016, a bipartisan bill in Congress that will confirm that it has always been Congress' intent that racecars are not included in the Clean Air Act's definition of "motor vehicle." The RPM Act makes clear that it has always been legal to modify a street vehicle into a racecar used exclusively at the track, and confirms that modifying these vehicles for exclusive track use would not be considered tampering.

- House bill (H.R. 4715) was introduced by Rep. Patrick McHenry (R-NC).
- Senate bill (S. 2659) was introduced by Senator Richard Burr (R-NC).

Clean Air Act prohibits the EPA from regulating racecars used exclusively on the track. When Congress amended the law in 1990 to authorize the EPA to regulate nonroad vehicles, it expressly exempted "vehicles used solely for competition" to ensure there was no confusion about the regulatory exclusion.

However, despite recently withdrawing troubling language from a proposed rule, the EPA maintains that converting a motor vehicle's emissions' system is "tampering" and that a vehicle is forever a "motor vehicle" subject to the Clean Air Act, even if it is unregistered, the license have been plates removed and the vehicle is never driven on the highway. It is at the EPA's discretion when it can enforce this authority.

The RPM Act would address this vulnerability and provide the public and regulated industry with certainty regarding how the Clean Air Act is applied, and allow Congress to confirm that it has ultimate authority.



IMPACT ON RACERS:

The EPA's enforcement authority could affect any vehicle, including sports cars, sedans and hatch-backs, that starts its life as a street car or motorcycle if it was originally certified to federal emissions standards. Federal emissions standards have been effective since 1968, so the EPA's prohibition would cover all motor vehicles dating back to that year. Note, the EPA is not claiming authority over purpose-built racecars like those used today in NASCAR, or "nonroad vehicles" (dirt bikes, ATVs, snowmobiles and boats) that are used exclusively for racing.

IMPACT ON MOTORSPORTS AND INDUSTRY:

The EPA continues to claim that it has the authority to regulate street cars modified exclusively for the track. Only clarifying legislation will confirm that such activity is legal and beyond the reach of future EPA regulations. Further, if the EPA decided to enforce this authority, it would have a devastating impact on motorsports since many types of racing

rely on production vehicles that have been modified for use strictly at the track. It would also decimate the industry that supplies the products used in motorsports. The specialty equipment automotive aftermarket employs about one million Americans across all 50 states. Current retail sales of racing products make up a \$1.4 billion annual market.

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IMPLICATIONS FOR FUTURE REGULATIONS:

Regulators have already targeted manufacturers, distributors and retailers under current Clean Air Act authority. Installers may be the next target. Even if the EPA doesn't go after individual racers, this uncertainty could have a chilling effect on the supply chain. Legitimate racing products may no longer be developed and sold, and businesses may no longer be willing to modify vehicles

TIA continues to partner closely with SEMA on efforts to pass the RPM Act and in 2016 we obtained over 100 bi-partisan co-sponsors on the bill and we will continue these efforts in the 115th Congress. ★

A Look at the Senate Results

In Pennsylvania, GOP Sen. Pat Toomey won a narrow victory for his second term over Democratic challenger Katie McGinty. It was a race Democrats expected to win going into the night — and one that many Republicans felt nearly as sure they'd lose.

The story was the same in Wisconsin, where GOP Sen. Ron Johnson, written off for months by his own party, won re-election against former Democratic Sen. Russ Feingold in a rematch.

In Missouri and North Carolina, where entrenched GOP incumbents Roy Blunt and Richard Burr faced unexpectedly strong challenges from Democrats, both prevailed in the end.

Democrats did grab a Republican-held seat in Illinois, where GOP Sen. Mark Kirk lost to Democratic Rep. Tammy Duckworth, a double-amputee Iraq war vet. That stood as the one Democratic pickup as the early morning hours ticked toward Wednesday.

The other bright spot for Democrats was in Nevada, where Minority Leader Harry Reid's retirement after five terms created a vacancy and the one Democratic-held seat that was closely contested. Reid maneuvered to fill it with his hand-picked successor, Catherine Cortez Masto, Nevada's former attorney general who spoke often of her family's immigrant roots in a state with heavy Latino turnout.



Cortez Masto will become the first Latina U.S. senator. She beat Republican Rep. Joe Heck, who struggled with sharing the ticket with Donald Trump, first endorsing and then un-endorsing Trump to the disgust of some GOP voters.

Indeed the Senate races were shadowed every step of the way by the polarizing presidential race between Clinton and Trump.

Yet in the end, Trump was apparently not the drag on GOP candidates widely anticipated. Republicans like Johnson who endorsed him and stuck with it won re-election, as did others like Pennsylvania's Toomey who never backed Trump until the very end. And so did a few like GOP Sen. John McCain of Arizona who un-endorsed Trump after audio emerged of him boasting of groping women.

McCain, at age 80, won his sixth term in quite possibly his final campaign. The 2008 GOP presidential nominee was re-elected without much difficulty despite early predictions of a competitive race, and struck a reflective note ahead of the outcome.

"While as Yogi Berra said, 'I hate to make predictions, especially about the future,' I'm not sure how many more I have in me," McCain said.

In Indiana, GOP Rep. Todd Young beat former Democratic senator and governor Evan Bayh, who mounted a much-ballyhooed comeback bid, but wilted under scrutiny. And in Florida, GOP Sen. Marco Rubio beat Democratic Rep. Patrick Murphy, giving Rubio a platform from which he could mount another bid for president in 2020. ★



FEDERAL ELECTION OVERVIEW AND CONGRESSIONAL OUTLOOK

Presidential Election Results

Although Secretary Clinton won the popular vote, she was unable to secure the delegates needed in key states of the electoral college.

A total of 270 Electoral College votes were needed to secure the presidency, and leading into Election Day, "swing states," or those states where the race remained close, accounted for roughly 171 Electoral College votes. Those swing states included: Arizona, Colorado, Florida, Georgia, Iowa, Maine, Michigan, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Pennsylvania, Virginia, and Wisconsin.

Of the swing states that have been finalized, President-elect Trump was able to secure roughly 126 Electoral College votes, while Secretary Clinton received an estimated 36.

Trump Transition

For the President-elect Trump team, there is little time to enjoy the victory, as the organization must now fully pivot to issues



surrounding the upcoming presidential transition. President-elect Trump will take office on January 20, 2017, and his transition team has just over two months to start assembling his new administration and setting policy goals for the next four years. There are over 4,000 jobs that require presidential appointment, but President-elect Trump will not be starting from scratch.

The Trump transition has been in place since April and currently has over 100 staff members focused on making policy and hiring suggestions in all sectors of government such as the military, agriculture, science, and trade, to name just a few.

President-elect Trump will likely begin by assembling his core team of White House advisors and immediately begin vetting Cabinet nominees. In addition to Senator Sessions, other Trump insiders such as Vice President-elect Pence, former Speaker of the

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House Newt Gingrich, and former New York City Mayor Rudolph Giuliani. Additionally, some of these advisors are reportedly being considered for positions within the new Trump Administration. For example, Rudy Giuliani's name has been leaked as a possible nominee for Attorney General and Newt Gingrich is being considered as a candidate for Secretary of State.



It remains too early to make full-scale predictions on a Trump cabinet at this time, but there is no question that the transition team will move quickly to fill key positions in preparation for Inauguration Day. Additionally, because President-elect Trump will oversee a Republican-controlled Congress, the transition team will also focus on what the legislative priorities will be for the incoming Republican president.

Senate Election Results

In the Senate, Republicans will hold a 51 seat majority (net loss of 2), Democrats will hold 46 (net gain of 2), there will be a run off in Louisiana in December (with Republicans likely to win the seat) and there are 2 Independents in the Senate. Republicans will keep control of the Senate in the 115th Congress.

Of the 34 Senate races throughout the country, 11 were considered competitive. Of those races, Republicans won eight seats.

Senate Freshman Class

The 115th Congress will welcome at least six new members to the United States Senate. A brief overview of the Senate freshman class is below. Again, please note that the Louisiana Senate race will not be officially determined until December 10 when John Kennedy (R) and Foster Campbell (D) will compete in a runoff, which John Kennedy is highly favored to win.

Tammy Duckworth (D-IL)

Democratic member of the U.S. House of Representatives since 2013

- Previously served as Assistant Secretary for Public and Intergovernmental Affairs in the Department of Veterans Affairs in the Obama Administration and is the former director of the Illinois Department of Veterans Affairs
- First disabled woman to be elected to Congress; suffered severe combat wounds in the Iraq War
- Sits on the House Oversight and Government Reform Committee and the House Armed Services Committee

Catherine Cortez Masto (D-NV)

- Former Nevada Attorney General; served during mortgage crisis in Nevada
- Former federal prosecutor in Washington State
- First Latino woman to be elected to the Senate; has pushed for immigration overhaul
- Close ties to retiring Senate Minority Leader Harry Reid (D-NV)

Kamala Harris (D-CA)

- Current California Attorney General; first woman elected to that position
- First Indian-American to serve in the U.S. Senate; first African-American senator from California; the daughter of immigrants from India and Jamaica
- Has the support of major labor unions, environmental organizations, and pro-choice groups

Chris Van Hollen (D-MD)

- Democratic member of the U.S. House of Representatives since 2003
- Former chairman of the Democratic Congressional Campaign Committee
- Ranking Member on House Budget Committee
- Previously served in the Maryland House and Maryland Senate
- Previously worked as a lawyer, gubernatorial aide, and congressional aide

Todd Young (R-IN)

- Republican member of the U.S. House of Representatives since 2011
- Sits on the House Ways & Means Committee
- Served in the U.S. Marine Corps
- Previously worked as a congressional aide, an attorney, and for the conservative think tank, the Heritage Foundation

Louisiana – TBD

Louisiana will hold a runoff on December 10 between John Kennedy (R) and Foster Campbell (D). Kennedy is heavily favored.

Control of the Senate in the 115th Congress

Republicans will continue to control the Senate in the next Congress, but neither Senate Republicans nor Senate Democrats have announced when each caucus will hold leadership elections. However, there are some safe assumptions with respect to leadership positions that can be made. Senator Mitch McConnell (R-KY) and Senator John Cornyn (R-TX) will continue to serve as the top two Republicans in the Senate as Majority Leader and Majority Whip.



Roy Littlefield with newly elected Maryland Senator Chris Van Hollen

With Senator Harry Reid (D-NV) retiring, Senator Chuck Schumer (D-NY) is expected to become the next Minority Leader in the 115th Congress. However, there could be a race for the position of Minority Whip between Senator Dick Durbin (D-IL), who currently holds the title, and Senator Patty Murray (D-WA). Durbin supporters say he has the votes, but Senator Murray has yet to indicate her

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intentions publicly. It is unclear if the unexpected presidential outcome will factor in Senator Murray's decision-making whether or not to challenge Senator Durbin.

Some changes to committee leadership within both parties will also occur. Seniority, or "order of service," dictates almost everything in the United States Senate, from service on a committee to office space selections. While Senate leadership positions are elected within each caucus, committee leadership posts – the chair and ranking member – are given to senators with the most seniority. If a senator declines the offer, the gavel will then usually pass to the next senator in line, and so on. Occasionally, leadership will step in and influence the process by offering other enticements, etc., but for the most part, the Senate process is rooted in seniority.



House Freshman Class

Come January, there will be 48 members of the incoming House freshman class. Of those, 23 are Republicans, 25 are Democrats, and the freshman class will represent 11 percent of the total House. At least 29 of these freshmen secured open seats in districts where they were essentially assured victory due to the fact that districts were drawn to guarantee election by someone in their party.

Control of the House in the 115th Congress

House Republican leadership is currently scheduled to meet on Tuesday, November 15, 2016 to nominate leadership positions for the next Congress. While House Speaker Paul Ryan (R-WI) has indicated that he fully intends to maintain his job as Speaker, some of the most conservative factions within the Republican caucus are

calling for a delay to the leadership nominations. This would allow conservative Republicans more time to see how Speaker Ryan handles the end-of-the-year spending battle before making any decisions about leadership.

To date, no Republicans have suggested an alternative to Representative Ryan for the Speaker's job, and if the nominations move forward as planned next week, it is highly unlikely that there will

TIA's Roy Littlefield IV with recently re-elected Congressman John Delaney (D-MD-6)



be enough time to put forth an alternative candidate and whip the votes needed to win a nomination. However, there is no question that Speaker Ryan's relationship with President-elect Trump has

become strained throughout the campaign, and it is unclear what role, if any, President-elect Trump will play in the Speaker's nomination. If President-elect Trump chooses to wade into internal House discussions by encouraging that the leadership vote be delayed, it is uncertain how the Republican caucus will respond.

Republican Representatives Kevin McCarthy (R-CA) and Steve Scalise (R-LA) are expected to remain as the Majority Leader and Majority Whip, and Democrats are likely to maintain Representative Nancy Pelosi (D-CA) as Minority Leader, with Representatives Steny Hoyer (D-MD) and Jim Clyburn (D-SC) retaining their posts as Minority Whip and Assistant Democratic Leader. Leadership votes among the entire conference will be held in January once the new Congress is convened.

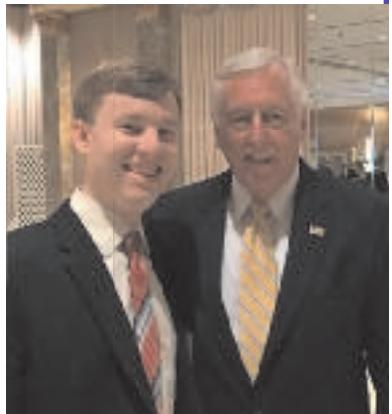
Committee leadership posts will be juggled quite a bit at the start of the next Congress. Republican and Democratic steering committees will start to meet in December to select committee chairs and ranking members, who will later be approved by the larger party caucuses. Two powerful committees of interest include the Appropriations Committee and the Energy & Commerce Committee (E&C), as the chairs of both committees are term-limited[2] and must be replaced. The E&C Committee post is already shaping up to be quite the race among Representatives John Shimkus (R-IL), Greg Walden (R-OR), and Joe Barton (R-TX). Representatives Rodney Frelinghuysen (R-NJ) will likely chair the Appropriations Committee.

While there are still a variety of uncertainties, below is a chart that provides House ratios and the most likely House leadership positions in the next Congress. Please note, individuals in red reflect a change in leadership.

Lame Duck Session of Congress

As Republicans and Democrats in Washington prepare for an incoming Trump Administration in January 2017, there are roughly two months left in the year to finish any business Congress may wish to address before the start of the 115th Congress. As one reporter put it, "Lawmakers returning to the Capitol next week for the lame-duck session face two options: go big or just go home." If Congress decides to just "go home," the only legislation lawmakers will likely finish by the end of the Congress is a funding deal. If Congress decides to "go big" there are a variety of issues that Congress could attempt to complete during the lame duck session.

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Roy Littlefield IV with recently re-elected Democratic Whip Steny Hoyer (D-MD)

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Below is a brief overview of where some of these issues stand. In light of President-elect Trump's victory, it is extremely unlikely that any legislative matter that does not already maintain heavy bipartisan support will move through the process during the lame duck session.



FY 2017 Federal Spending
 Before recessing in late September, Members of Congress passed a continuing resolution (CR) that provided temporary funding for the federal government through December 9, 2016. However, a path forward on full fiscal year 2017 funding has yet to be finalized. At minimum, the one agenda item that Congress must address in the upcoming lame duck session is to finalize FY 2017 appropriations.

Speaker of the House Paul Ryan (R-WI) and Senate Majority Leader Mitch McConnell (R-KY) have both indicated that they would like to see the remaining spending bills bundled into small groups or "minibuses," as opposed to one large catchall "omnibus" package. Democrats disagree and have said they will not support a minibus approach.

The most conservative Republicans have signaled their preference for passing another continuing resolution through the end of the year, extending current governmental funding levels without enacting any new spending measures. Some conservatives are even advocating that FY 2017 appropriations be held over until the 115th Congress because the debt limit suspension expires on March 15, 2017. These Republicans believe that they might be able to use the debt limit issue as leverage during funding negotiations.

Prior to the election results, most Washington insiders would have argued that an omnibus and an extended lame duck session well into December was a likely outcome. However, now that Republicans are looking at a 115th Congress where Republicans control the White House and Congress, the decision may be made to do as little as possible, go home, and start fresh in January with a new Republican Administration and Congress.

Supplemental Spending

In addition to addressing FY 2017 measures, lawmakers are seeking two additional emergency supplemental bills. The White House would like Congress to pass a bill totaling an estimated \$6 billion in emergency defense spending. These funds would be used to pay for troop increases in Iraq, a slower draw-down of troops in Afghanistan, as well as additional air operations in the region. Some Democratic lawmakers argue that any defense spending should be matched by domestic spending, so there may be some initial opposition. Generally, however, it is tough for lawmakers to refuse the military its request for emergency spending.

In addition to the supplemental bill for the Defense Department, there will also likely be a supplemental bill to address recent natural disasters in the United States. Lawmakers from a variety of southeastern states, including Florida and North Carolina, are requesting emergency funding to address damages caused by significant flooding following Hurricane Matthew.

Both the defense and the domestic emergency supplemental bills are likely to pass in the lame duck session. However, the domestic package may face opposition if too many jurisdictions attempt to gain access to those emergency funds.

Tax Extenders

The FY 2016 omnibus spending bill made permanent or extended over 50 tax credits. There are roughly three dozen tax credits set to expire at the end of this calendar year, worth an estimated \$17.7 billion in annual tax relief. Of those expiring credits, about half are energy-related, including provisions focused on investment tax credits for technologies such as qualified fuel cells, microturbines, and thermal energy properties. Some of the other expiring provisions relate to a host of various issues including tuition and education expenses, mortgage insurance, and the horse industry.

Senate Majority Leader Mitch McConnell (R-KY) has indicated a willingness to address tax extenders during the lame duck session, but it remains unclear what an extenders package may look like. Some lawmakers have proposed rolling all of the energy-related tax provisions into a single package, while others would like to see a larger more robust package. House Ways and Means Committee Chairman Kevin Brady (R-TX) has argued against an across-the-board extension, but he has indicated a willingness to move those extenders that have bipartisan support. Senate Finance Committee Chairman Orrin Hatch (R-UT) has acknowledged that there are requests to do an extenders package, but he hasn't yet indicated what he thinks the best path forward may be.

Energy Bill

Congress has been working on a comprehensive energy bill for two years and conferees have been negotiating a final package since this summer. Senate conferees sent a compromise proposal to the House in October, and discussions are expected to ramp up once Congress returns next week.

Negotiations have continued to focus on LNG terminal and pipeline permitting, energy subsidies, energy efficiency, and grid modernization, among others. One sticking point is the permanent reauthorization of the Land and Water Conservation Fund (LWCF), which uses revenue generated from offshore oil and gas royalties to fund the purchase of land for conservation and wildlife protection purposes. The fund was reauthorized in last year's omnibus appropriations bill for three years, and the permanent reauthorization language included in the Senate bill is backed by Democrats and some Republicans.

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Federal Election Overview and Congressional Outlook*Continued from page 9*

Many regard this language as the “silver bullet” to advancing the underlying legislation through the Senate, but the provision faces strong opposition from House Republicans, especially House Natural Resources Chairman Rob Bishop (R-UT), who has regularly advocated for reforms to the LWCF and strongly opposes any effort to permanently reauthorize LWCF.

An additional point of contention is a provision to direct federal agencies to treat biomass as “carbon-neutral” in certain circumstances. Environmentalists are pushing hard to ensure this language will not end up in the final package. The House bill also includes portions of 37 separate bills, some of which the White House has threatened to veto.

Nomination to the U.S. Supreme Court

Republican Majority Leader Mitch McConnell (R-KY) has consistently maintained that Republicans will block any action to

confirm a nominee during the Obama Administration. He has argued that the American voters should have a voice in the process, ensuring that the next president be the one to nominate the next justice. Despite taking heavy criticism from some, this strategy appears to have paid dividends to Republicans. With Republicans controlling the White House, Senate, and House of Representatives beginning in January 2017, the Merrick Garland nomination is now officially off the table. Additionally, as Senate Republicans begin to formulate a plan for moving forward on the nomination of a conservative judge to the Supreme Court of United States (SCOTUS), it is entirely possible that Senate Republicans may also make an argument for “going nuclear” and eliminating the right to filibuster Supreme Court justices, just as Democrats did for lower court judges in 2013. If so, the change would allow for nominees to be confirmed with a standard majority of 51 votes, instead of the 60 votes currently needed to break a filibuster. ★

OTR Conference is heading to **Hawaiii!**

TENTATIVE SCHEDULE

WEDNESDAY, FEBRUARY 15, 2017

12:00 p.m. - 8:00 p.m.	Conference Registration
2:00 p.m. - 5:00 p.m.	General Session
5:00 p.m. - 8:00 p.m.	Kick-Off Gathering—Featuring Supplier Sponsored Tabletop Displays

THURSDAY, FEBRUARY 16, 2017

6:30 a.m. - 8:00 a.m.	Breakfast
8:00 a.m. - 11:00 a.m.	General Session
12:00 p.m. - 3:00 p.m.	Leisure Programs: -Catamaran Boat Tour Oahu/Ocean Voyage Tour
12:00 p.m. - 3:00 p.m.	-Hollywood's "Hawaii Backlot" Movie Tour
12:00 p.m. - 3:00 p.m.	-RAPTOR Multi-Passenger ATV Adventure! (waitlist only)
12:00 p.m. - 5:00 p.m.	-Polynesian Cultural Center
12:00 p.m.	-Golf Tournament
7:30 p.m. - 9:00 p.m.	Mix & Mingle Reception

FRIDAY, FEBRUARY 17, 2017

7:00 a.m. - 8:30 a.m.	Breakfast
8:30 a.m. - 12:00 p.m.	General Session
2:30 p.m. - 5:30 p.m.	Breakout Sessions
12:00 p.m. - 2:00 p.m.	Networking Social &
Final Tabletop Viewing	
7:00 p.m. - 7:30 p.m.	Cocktail Reception
7:30 p.m. - 10:00 p.m.	Friday Night Finale

SATURDAY, FEBRUARY 18, 2017

7:30 a.m. - 9:30 a.m.	Farewell Breakfast
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Register online at
www.tireindustry.org

You MUST be registered to attend the OTR conference first in order to reserve a room at Turtle Bay Resort, utilizing the discounted group room block. Once conference registration is complete with payment, you'll receive a confirmation email, which will include a hotel reservation link to secure lodging. No more than one room per registered delegate. Feel free to contact lpindell@tireindustry.org with any questions.

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