

Cozen Currents: A Shotgun Marriage of Bipartisanship

The Cozen Lens

- The House of Representatives in the 118th Congress has acted more like a parliamentary government than a majoritarian institution, an unusual set-up that may be destined to repeat itself if neither party can win a large majority come November.
- While not the dominant electoral economic issue, housing costs are receiving increasing attention among policymakers, with lawmakers and President Biden eyeing proposals to lower them.
- Electric vehicles are on the precipice of joining other consumer items as objects whose existence is intrinsically tied to political identity and the culture wars.

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Coalitions of the Willing

The House Becomes the Senate. Obstruction from conservative, anti-establishment Republicans has forced House Speaker Mike Johnson (R-LA) to rely on large bipartisan majorities, instead of simple party-line support, to advance most meaningful pieces of legislation.

- To date, the National Defense Authorization Act, FY24 government funding, tax reform, a reauthorization of the intelligence community's spy powers, and last month's foreign aid package were all passed out of the Republican-led House with Democratic support.
- For Johnson, the bipartisan streak is more a matter of necessity than choice. Three conservative lawmakers placed on the powerful House Rules Committee by former Speaker Kevin McCarthy (R-CA) have blocked a number of major bills from advancing to the House floor along traditional party lines. Yet other conservative lawmakers have leveraged the GOP's slim majority to tank an unprecedented number of procedural votes on the floor.
- One result of the forced coalition-style majority is that the bipartisan negotiations around "must pass" legislation have unveiled intra- and inter-party dividing lines between those lawmakers willing to join the other party in passing major bills and those who stick to their partisan identity.

Unlikely Partners. Per a recent analysis by 538, the House Republican majority is made up of five distinct ideological coalitions, while House Democrats fall into three.

- Within the Republican majority, the furthest right coalition is the "Far-Right Obstructionists," within which sits most of the House Freedom Caucus and the GOP lawmakers most willing to block must pass legislation. To their left sit the second-most conservative coalition, the "Far-Right Establishment," the largest GOP coalition and a group that includes Johnson and much of House GOP leadership. These lawmakers support some bipartisan "must pass" legislation, but also many of the far-right's messaging bills. Just to their left sit "Old Guard Republicans," a fairly conservative group that remains supportive of bipartisan spending and foreign aid packages.
- For Democrats, the majority of the party, including Minority Leader Hakeem Jeffries (D-NY), falls into the "Core Democrats" category. 538 found that this group is equally likely to vote with or against the establishment. Furthest to the left are "Progressive Democrats," a group of lawmakers that includes the members of "the Squad" and has often broken with the party on foreign policy.
- Most bipartisanship can be found among the two GOP and one Democratic coalition at the center. Many of the GOP lawmakers interested in compromise reside among the 71 members



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of the “Compromise Conservatives” and “Moderate Republicans.” These members have voted against conservative messaging bills and sought compromise beyond “must pass” legislation. Their counterparts across the aisle are the “Moderate Democrats,” a group of lawmakers that include three Democrats representing Trump-leaning congressional districts who are willing to buck the party to demonstrate their moderate bona fides.

A Bipartisan Future. A key question heading into the election is whether the conditions that created this shotgun marriage will repeat themselves next year.

- One indication that coalitions could play a role in the next Congress is the potential for the House to be governed by a slim majority no matter which party wins in November. Recent ratings from analysts at the Cook Political Report suggest only 44 House races are considered “competitive,” with each party defending about half of the competitive districts. Similarly, the generic ballot, which measures which party Americans would prefer controls Congress, shows Democrats favored by only seven-tenths of a percentage point as of May 8.
- If either party wins a landslide victory on election night, the importance of the intra-party coalitions will fade.

Housing Policy and Politics

Bipartisan Legislative Hope? President Biden has proposed several legislative measures to address the persistently high cost of housing, but not all of them are likely to garner bipartisan support.

- Biden’s call to expand the Low Income Housing Tax Credit (LIHTC) has seen support, including in the bipartisan tax package from this year, which includes a provision to restore the ceiling of the LIHTC to 12.5 percent, up from nine percent. This package has stalled in this Congress, but with taxes on the agenda in 2025, it is likely this credit will feature in those talks.
- Some of Biden’s other proposals, though, such as a trio of tax credits aimed at lowering housing prices by subsidizing demand and expanding supply, have more of a partisan tinge and likely face a greater uphill battle. Even if they may not become law, their headline-grabbing nature makes them an important election messaging tool.
- Members are also taking their own initiative to propose housing-related measures, including several bipartisan bills in the Senate aimed at lowering various housing-related costs. Still, the lack of unity among key Senate leaders means these proposals have a limited chance of success and will almost certainly need to be attached to a larger legislative package.

Biden’s Regulatory Ambition. With limited opportunities for legislative reform over the remainder of the year, Biden is pushing an ambitious regulatory agenda to combat housing costs and the lack of supply.

- Several of the Biden administration’s housing regulatory policies align with its larger campaign against “junk fees,” particularly the focus on tackling closing costs. These include a proposal by the Federal Housing Finance Agency (FHFA) to reform title insurance requirements at Fannie Mae and the Consumer Financial Protection Bureau eyeing the elimination or reduction of a host of potential fees connected with housing costs, including origination fees, appraisal and credit report fees, title insurance, and mortgage discount points.
- Unsurprisingly, many of these proposals have garnered pushback from industry members and lawmakers, including some Democrats. The criticism has mainly focused on the efforts to reform title insurance, which some Republicans have said would increase risk in the housing market.

Trump’s Potential Impacts. During President Trump’s first term, his administration made headlines with the announcement of plans to privatize Freddie Mac and Fannie Mae, and a return to the White House could bring a renewed focus to this effort.

- While Trump has yet to confirm whether he would support this move in a second term, the return of administration officials, such as former FHFA Director Mark Calabria, would likely fuel speculation that this policy could reemerge. Congressional approval would be required to

overhaul Fannie and Freddie's structure, but Calabria would have the authority to change other parts of the entities, including ending their conservatorship.

- Trump's return would also likely see some of the Biden administration's regulatory proposals come under fire. Top targets would include fair housing rules, a version of which the Obama administration established, and Trump rolled back during his first term.

Bumpy Road for EVs

A Developing Political Football. Electric vehicles (EVs) are increasingly being perceived not merely as a mode of transportation but as a political statement.

- In 2021, two dozen Republicans in the House and Senate voted for the Infrastructure Investment and Jobs Act (IIJA) and the \$7.5 billion for thousands of EV charging stations it contains. In 2024, GOP members are lining up to repeal these bipartisan measures, take a pot-shot at cars that run on electricity, and repeal the Biden administration's actions to promote them.
- The political controversy stirred up in Washington trickles down to voters across the country. An April Gallup poll found that 69 percent of GOP voters would not buy an electric car.
- There are many reasons to believe this political association will disappear. In 2000, a quarter of US adults said they'd never get a cellphone. And though Elon Musk has earned the ire of the left, he's won a lot of goodwill from the right. One poll found that 61 percent of Republican voters said Musk is a good ambassador for the market.

2024 as an EV Referendum. Electric vehicles face political risks that did not exist in prior elections and their future is highly dependent on who comes out on top this November.

- Electric vehicles are front and center of President Biden's economic, energy, and industrial policies. Carrots include the billions for chargers in the IIJA, loans from the Loans Program Office, and the marquee Inflation Reduction Act's (IRA) tax credits. Sticks include game-changing tailpipe emissions standards from the Environmental Protection Agency (EPA) that would require the majority of cars and light trucks sold by 2032 be zero-emission and increasing corporate average fuel economy standards.
- Partially in response, the GOP's hostility to EVs has accelerated over the past year. Former President Trump's "bloodbath" comments were used about the supposed fate of the auto industry if the EV transition were to go forward, which he also described as a "transition to hell."
- If divided government persists, so will the lion's share of legislative support for EVs in the IRA and IIJA; Democrats would be sure to use their effective veto to preserve the substance of party accomplishments. However, if Republicans gain unified control of government, all bets are off: EPA and NHTSA rules are certain to be undone, tax credit eligibility is likely to be seriously limited, and the possible hundreds of billions in industry subsidies would be at serious risk.

Sanctions on the Horizon. EVs will be ground zero in the next stage of the trade wars between the US and China.

- China is far and away the dominant leader in the EV space. After over a decade of tens of billions of dollars' worth of government support, the majority of EV production and sales happens in China, and the country has a stranglehold over relevant supply chains.
- With the ability to produce large quantities of cars at rock-bottom prices, this had led to an explosion in exports. Chinese EV exports rose 77 percent last year to 1.2 million cars (about the same amount that the US produced in total). In Europe, a quarter of EV sales in 2024 are expected to be made in China. While the tsunami of Chinese EVs hasn't yet hit American shores, politicians are looking at what's happening elsewhere and getting concerned.
- Biden is announcing today that total US tariffs on Chinese EVs will rise from 27.5 to 102.5 percent. Additionally, Biden may impose restrictions on components that raise data privacy concerns when used in "smart cars" that are connected to the internet and collect user data.

