

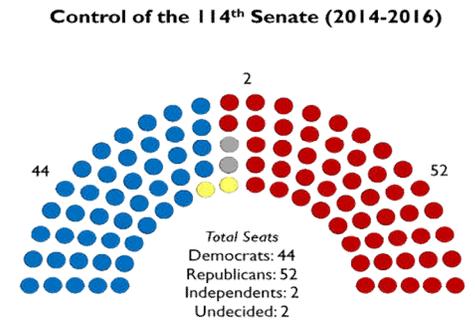


## Post-Election Briefing | Impact of 2014 Election Results on the Refreshment Services Industry

NAMA's Government Affairs Division actively followed the 2014 election that culminated on Tuesday. Even though Democrats had a few unexpected wins, the election was very successful for Republicans at all levels, especially at the gubernatorial, U.S. House and Senate levels.

### U.S. House and Senate

Republicans won most of this year's competitive House and Senate races, however they did lose one House seat in Florida and another has not been called in Nebraska, but the Republican incumbent is trailing. Republicans picked up a net gain of 13 House seats to have a majority of 243 to 179, with 13 undecided. This is the largest majority that the Republicans have held in the House since World War II. In the Senate, Republicans won enough seats to take the majority from the Democrats with a net gain of 7 seats for a majority of 52 to 44, with 2 independents and 2 undecided races.



#### ***What does this mean for governing?***

The larger House majority may provide Speaker Boehner with more flexibility within the Republican caucus, creating opportunities for business-friendly tax policies, immigration and energy policies, with enough support in both political parties to become a reality. Even with the Republican gains in the Senate they are still short of the 60 vote filibuster supermajority, meaning that they will have to secure some bi-partisan support for measures they pass to ensure a veto-proof vote. Further, more Senate Republicans than Democrats are up for election in 2016. Many of these Republicans are in swing states, forcing them to govern in a more bi-partisan fashion. The impact of this is unknown, but could create an environment to work across the aisle for compromise and bi-partisan legislation. However, it is not likely that the current trend of stalemate as it relates to legislation will dramatically change.

#### ***What does this mean for the industry?***

Calorie Disclosure Agriculture Appropriations Bill Language: With the Republicans gaining a larger margin in the House and taking control of the Senate, it is highly likely that they will choose to pass a continuing resolution (CR) instead of an omnibus appropriations bill during the upcoming lame duck session. The reasoning is that Republicans would rather pass a CR to keep the current level of funding and pass a new appropriations bill next year with a larger majority in the House and control of the Senate. This would provide them with more leverage to draft and pass appropriations bills that more closely reflect their agenda, instead of passing them as an omnibus in the lame duck session with a Democrat-controlled senate. Therefore, it is highly likely that NAMA will have to advocate for the calorie disclosure language that is currently included in the FY 2015 Agriculture Appropriations Bill to be included again in the FY 2016 Agriculture Appropriations bill next year.

Calorie Disclosure Pending Regulation: With a Republican controlled Senate, it is more likely that the industry could obtain support for legislation and/or oversight measures to alleviate any burdens that may be created for small businesses from regulations issued related to calorie disclosure on vended products.

Taxes: With the results of the election, it is expected that key tax extending provisions, including the extension of bonus depreciation and acceleration of AMT credits in lieu of bonus depreciation and enhanced charitable deduction for contributions of food inventory, will pass during the lame duck session in December.

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## Ballot Initiatives

A limited number of localities and states included ballot initiatives that impact the refreshment services industry. Most of these states and localities are located in the western part of the country and the results were mixed.

**GMO Labeling** – A Colorado ballot initiative to require the labeling of foods that do or may contain genetically modified organisms, or GMOs was soundly defeated by a roughly two-to-one margin. Oregon's Measure 92 which would have required GMO-labeling was voted down by a narrow 50.7% to 49.3% margin. A Maui County, Hawaii ballot initiative to temporarily ban genetically engineered crops narrowly passed 50 percent to 48 percent—a difference of just 1,077 votes.

**Sugar Sweetened Beverage Taxes** – Berkeley, California citizens passed a tax of 1 cent per ounce on sugary drinks, a similar initiative was defeated in San Francisco when it failed to garner the necessary two-thirds majority.

**Workers' Rights** – Massachusetts voters passed a paid sick leave law that requires businesses with more than eleven employees to provide up to 40 hours of sick leave annually. A similar plan also passed in the New Jersey cities of Trenton and Montclair and another in Oakland, California.