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WHAT DEMOCRAT JOE BIDEN'S PRESIDENCY MIGHT MEAN FOR TEXAS BUSINESSES

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WASHINGTON - When Alicia Makaye talks to fellow small business owners in North Texas and beyond, the owner of a Richardson information technology company hears a persistent worry about President-elect Joe Biden's incoming administration.

The concern? The possibility of another government-led shutdown due to the coronavirus outbreak.

"I don't know if we could handle another one," she said, taking measure of the fragile economy that's taken hold even as encouraging advancements are being made on the COVID-19 vaccine front. "Small business owners - we're very, very nervous."

Makaye herself is confident that Biden, a Democrat, will lead the country out of the pandemic and into prosperity. She conceded that others "don't have a lot of hope," underscoring the challenges the new White House will face both in terms of policy and perception.

When it comes to the Biden administration's impact on Texas' business community, the first and last word will likely be the coronavirus: How quickly can a vaccine be distributed? What kind of relief can be provided in the meantime? When will the economy return to full speed?

But business leaders in the Lone Star State are preparing for the leadership change on multiple fronts, with feelings about that transition varying by industry, size and financial flexibility.

Biden isn't likely to take the same deregulatory approach as outgoing President Donald Trump, a Republican who oversaw a hard-charging economy pre-pandemic. But the new commander in chief also isn't likely to mimic Trump in lashing out at businesses over social media.

The Democrat is certain to take a more conventional approach to policy-making, providing businesses much-needed certainty on everything from trade to health care. But that certainty includes Biden's stated desire to roll back some of the business tax cuts enacted under Trump.

Some of Biden's rhetoric, paired with the demands of his

party's progressive wing, has alarmed key Texas industries like oil and gas. But Congress is likely to moderate the new president, who's already been pitching himself as a relative centrist who's ready to compromise.

Indeed, among the most critical factors in determining what a Biden administration will mean for Texas businesses won't be resolved until January, when two Senate runoffs in Georgia will determine whether the GOP maintains control of that chamber.

"A large part of this depends on Georgia," said Justin Yancy, executive director of the Texas Business Leadership Council, stressing the importance of Republicans keeping their narrow majority in Congress' upper chamber.

CORONAVIRUS RESPONSE NO. 1

No matter the partisan makeup in Congress - where Democrats run the House - Biden has made clear that combatting the coronavirus is at the top of his agenda.

The pandemic has crippled the country, combining an escalating health crisis with a devastating economic slowdown. Congress worked with Trump months ago to approve trillions of dollars in relief for businesses and others. But the aid, never enough for many, has started to lose its punch.

Even if Congress succeeds in approving a new package before year's end, there will still be tremendous need.

Hundreds of thousands of Texans have lost their jobs over the course of the outbreak. Those struggles have produced ripple effects as many Texans find themselves with less or no money to spend. Industries ranging from restaurants to airlines to hotels have been battered.

The impacts are wide-ranging.

Makaye said her IT firm has been forced to cut back the amount they charge to clients who are really struggling. But her outfit, which had to go through a round of furloughs, is also seeing clients' needs multiply, given how many businesses have transitioned to remote work.

"We are expected to do more with less," she said.

That dynamic has caused many small business owners to implore Washington, now and in the months to come, to provide additional financial relief through the Paycheck Protection Program - or, at the very least, to ensure that

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the assistance is given favorable tax treatment.

In the end, though, the vaccine is key, said Mary Elizabeth McNeely, owner of a North Texas tech consulting firm. "It will take two things to get the economy back on its feet: a rollback of shutdown regulations and the full economic re-involvement from currently sheltering residents," she said. "I can't see anything other than a vaccine that would realistically get both of those processes started."

Vaccine distribution has begun, helping allay the pervasive fears about another shutdown.

Biden stoked those worries at one point by saying he would listen to health experts if they recommended shutting down, but he's since said "there's no circumstance which I can see that would require total national shutdown."

And even though Biden's tenure will likely be judged by how he handles the pandemic, it isn't the only issue.

PREPARING FOR NEW ADMINISTRATION

Many business leaders in Texas and beyond have been proactive in preparing for a Biden administration. The business community, which must consider reality in terms of dollars and cents, has generally moved quicker than the GOP in accepting the election results.

To get the view of Big Business, The Dallas Morning News reached out to a dozen of North Texas' largest publicly traded companies about the incoming Biden presidency.

Some – such as Energy Transfer Partners, led by Trump booster Kelcy Warren – didn't respond. Others, such as McKesson Corp., declined to comment. Still others, such as Southwest Airlines, deferred to industry groups like Airlines for America, which has vowed to work with Biden.

But a spokesman for Exxon Mobil, the Irving-based energy giant, didn't hesitate to congratulate the president-elect.

The company pledged to "work with the administration and members of Congress to support market-based policies to promote economic recovery, affordable energy development and management of environmental issues, including the important issue of climate change."

A spokesman for AT&T, the Dallas-based telecom and media titan, likewise said there are "clear areas for cooperation for a swift and lasting economic recovery

and a more inclusive and equitable technology access."

Among them, per the spokesman: Making "internet connectivity accessible and affordable for everyone." Holding the "big online tech companies more accountable given their sizable influence on markets and society." Working "toward equal justice for every American."

The Texas business agenda for a Biden administration goes on from there.

Some business leaders expressed hope that the new president would be able to broker a deal on immigration, perhaps to provide permanent legal status to so-called "Dreamers." Others shared optimism that Biden might make added investments in education and workforce training.

STABILITY WANTED

Nothing gets mentioned more than the prospect that Biden will bring relative stability after Trump's helter-skelter approach.

Yancy, the director of the Texas executive group, recalled the months-long effort under Trump to revamp a trade deal between the U.S., Mexico and Canada – a major priority in a trade-heavy state like Texas. He said "oftentimes we would hear that meetings were going really well."

"Then there was a tweet," **Yancy** said, explaining how Trump would scramble the negotiations with a surprise social media missive.

The new tri-nation accord was ultimately secured, and **Yancy** made clear Trump deserves credit for that and other economic gains made pre-pandemic. But some Lone Star State outfits are still looking at the Biden administration as needed relief from four years of impulsive policy-making.

Ralph Bradley is chief executive of Jammy Inc., a Fort Worth auto-parts importer that's been hammered by tariffs Trump imposed on goods brought to the U.S. from China. He said the uncertainty surrounding the import levies has been just as damaging as the added surcharge.

"As long as we can see some long-term strategy from the administration ... businesses will find a way to work around whatever hassles are posed," he said, explaining that he

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would gladly exchange a rollback of some business tax cuts for Biden removing the tariffs.

Others see Biden's predictability as a negative, in that he's vowed to take actions that would work against certain Texas industries.

There are the proposed corporate tax increases, which would reverse Trump-era changes that many business leaders credit for driving economic growth before COVID-19 hit. There's also the Democrat's inclination toward undoing some of the business-backed deregulation enacted by Trump.

Then there's Biden's treatment of the oil and gas business, a cornerstone of Texas' economy.

The former vice president created a stir late in the campaign by saying he would "transition from the oil industry," echoing rhetoric from his party's progressive wing. His team walked back the comment - saying Biden would only get rid of fossil fuel subsidies - but the damage was done.

"There is still legitimate concern," said Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association, an oil and gas industry group.

Even if Biden narrows his focus to his more specific campaign proposal to ban new oil and gas drilling permits on federal lands and waters, including parts of the Gulf of Mexico, it "would have a very negative impact on our industry overall," Longanecker said.

Those sort of issues explain why so much attention is being paid to the Senate runoffs.

If Democrats win both of those races, they will win control of the Senate, allowing Biden much more freedom to pursue his policy agenda. But if Republicans hold onto at least one of those seats, they will maintain their majority, allowing them to serve as a brake on Democratic ambitions.