In classic Greek mythology, a golden apple of discord inscribed "For the fairest" was awarded to Aphrodite, beginning a chain of events that led to the Trojan War. GrayRobinson's newsletter reports on the most recent issues, individuals, and discourse deemed fairest in Washington.

September 11, 2020

And we're back

It's a sad day, as this day always is, at the end of a short but busy week. The Senate did not approve a new pandemic relief package yesterday, and it seems unlikely that Congress will pass new relief before the November 3 elections. The House is still scheduled to start its pre-elections recess on October 3, with the Senate following a week later.

Governors ask for more pandemic relief

The governors of Kansas, Guam, New Mexico, and Minnesota appeared before the House Financial Services Committee yesterday to ask for additional federal funding to support their pandemic responses. Despite federal assistance from the CARES Act and other measures, states are facing deficits from a combination of emergency-related expenses and reduced revenues. Most states are prohibited by statute or constitution from operating at a deficit, meaning that extreme cuts will be necessary without additional federal support. Witnesses noted that state and local government layoffs and austerity measures exacerbated and extended the last economic downturn. The House-passed HEROES Act would have provided additional funding to states and territories, but Republican members of the Committee argued that the states had not yet spent all the money committed by the CARES Act.

House Small Business discusses TILA-style requirements for small business loans

Should Truth in Lending-style disclosure requirements apply to small business loans as well as to consumer loans? Three witnesses appeared before the House Small Business Committee on Wednesday to say that they should, as too many alternative lenders don't provide interest rate and fee information in ways that allow borrowers to compare total costs. Small Business Committee Chairwoman Nydia Velázquez (D-NY) has introduced a bill to impose

TILA-style requirements on small businesses, and California and New York have passed legislation of their own to address this.

Senate Banking Committee witnesses call for adjustments to the MSLP

Witnesses representing the capital markets, commercial real estate, and the AFL-CIO appeared before the Senate Banking Committee on Wednesday to talk about the Federal Reserve's lending facilities, and specifically about the relatively low use of the five facilities within the Main Street Lending Program (MSLP). The CARES Act made $500 billion available through the Fed's emergency lending facility, and about $250 billion of that remains unused. Treasury's investment of $75 million in the MSLP should provide up to $600 billion in credit to eligible businesses, but uptake has been slow. Senate Banking Committee Chairman Mike Crapo (R-ID) has called for the Treasury and the Federal Reserve to expand the MSLP to include a lending facility for asset-based businesses, and to make the program available to commercial real estate businesses through that or a separate facility. Hal Scott, President of the Committee on Capital Markets Regulation said that the Fed should provide 100% backing for MSLP loans, eliminating the need for banks to make underwriting decisions. Jeffrey DeBoer, President and CEO of the Real Estate Roundtable agreed with that and called for changes to small business lending eligibility rules that would allow lending to commercial real estate businesses. William Spriggs, Chief Economist of the AFL-CIO, endorsed those changes and said the Fed should also be able to lend to public entities.

CFPB proposes new category of qualified mortgages

Last month the Consumer Financial Protection Bureau (CFPB) announced plans to create a new category of Seasoned Qualified Mortgages (Seasoned QMs) to broaden the range of mortgages eligible for guarantees by the government-sponsored enterprises (GSEs). Under the proposed rule, first-lien, fixed rate mortgages that meet certain underwriting requirements are held on the creditor's portfolio and have met certain performance standards over a 36-month period would be considered Seasoned QMs. CFPB Director Kathleen Kraninger said this proposal would "encourage safe and responsible innovation in the mortgage origination market." Comments on the proposed rule are due to the CFPB by September 28.

CFPB seeks comment on consumer credit cards

The CFPB also published two requests for comment on the consumer credit card market. The Bureau is reviewing its rules implementing the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), and wants feedback about the impact of these rules on small entities. Separately, the Bureau is asking for more general comments to inform a broader review of the consumer credit card market. Comments on both requests are due by October 27.

The Week Ahead

- **September 14 at 12:00 noon** House Oversight Subcommittee on Government Operations holds a "Postal Update" hearing.

- **September 16 at 10:00 a.m.** The Securities and Exchange Commission holds an open meeting to consider changes to the shareholder-proposal process and the requirements for resubmitting proposals under Rule 14a-8. The meeting will be webcast live at www.sec.gov.

- **September 16 at 12:00 noon** House Financial Services Committee holds a hearing on "Prioritizing Fannie's and Freddie's Capital over America's Homeowners and Renters? A Review of the Federal Housing Finance Agency's Response to the COVID-19 Pandemic."

- **September 16 at 2:30 p.m.** Senate Budget Committee holds a roundtable to examine federal housing assistance programs.

- **September 16 at 2:30 p.m.** Senate Judiciary Subcommittee on Intellectual Property holds a hearing on "Are Reforms to Section 1201 Needed and Warranted?"

- **September 17 at 12:00 p.m.** House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets holds a hearing on "Insider Trading and Stock Option Grants: An Examination of Corporate Integrity in the COVID-19 Pandemic."

The Ellis Insight
Jim Ellis reports on political news

President

Florida: For the past several weeks, the Trafalgar Group has been attempting to quantify the number of "shy Trump voters" in their studies - those preferring President Trump but won't say so - leading to accusations that their polls are outliers. Their latest release comes in Florida. In this case, however, the Trafalgar formula is not particularly out of step with other recent Sunshine State surveys.

According to TG's findings (9/1-3; 1,022 FL likely voters), President Trump has captured the lead over former Vice President Joe Biden in this most important of electoral states, 49-46%, which is not far from the NBC News/Marist College (8/31-9/6; 1,047 FL registered voters; 766 likely voters; live interview) that posts President Trump to a one-point, 48-47%, edge among registered voters, while he and former Vice President Joe Biden are tied at 48% among likely voters.

The previous two Florida polls, from Quinnipiac University and Morning Consult, gave Mr. Biden leads of three and two points, respectively. Within the same time frame, the Democracy Institute released numbers yielding President Trump a three-point, 47-44%, edge.

Michigan: In another swing state, Michigan, the Glengariff Group (9/1-3; 600 MI likely voters) finds Mr. Biden leading 47-42%, which is a closer spread than seen in most current surveys. Among the latest polls, Benenson Strategy/GS Strategy for AARP, Hodas & Associates, and Morning Consult, all of which conducted studies between August 11th and September 8th, projected Mr. Biden to leads of 7, 11, and 10 points, respectively.

Missouri: Still closing, but in a reversed manner, We Ask America (9/1-3; 500 MO likely voters; live interview) projects that President Trump's Missouri advantage over Mr. Biden is dropping to five percentage points, 49-45%. This, while the same sampling universe detects an expanding margin for Gov. Mike Parson (R) in his election battle with State Auditor Nicole Galloway. That contest is breaking 54-41% in Mr. Parson's favor.

Pennsylvania: As we have witnessed quite a few times during this unique election cycle, we again see multiple pollsters surveying the same electorate within a similar time frame and reporting diverse results. This time, the site is the Keystone State of Pennsylvania. Quinnipiac University (8/28-9/1; 1,107 PA likely voters; live interview) finds Joe Biden holding an eight-point, 52-44%, advantage in their latest survey. Rasmussen Reports, just completing their poll immediately before the Q-Poll began (8/25-27; 1,000 PA likely voters), concluded the two candidates were tied at 46%, apiece. Among those who said they are "certain to vote," which translated into 82% of those responding, President Trump held a 51-49% edge.

During the same period, Monmouth University (8/28-31; 400 PA voters with high, medium, and low voter turnout projection models), one of just six polling entities to receive an A+ rating from the FiveThirtyEight statistical organization rating system, projects a Pennsylvania result closer to Rasmussen with electorate falling between one and three points in Mr. Biden's favor among likely voters depending upon the turnout factor.

A different pair of new Pennsylvania surveys also see the contest closing. Benenson Strategy/GS Strategy for AARP (8/28-9/8; 1,600 PA likely voters; online) found a three-point spread, with Mr. Biden up 49-46%. Local Pennsylvania research firm Susquehanna Polling & Research (8/26-9/4; 498 PA likely voters; live interview) sees the margin between the two national candidates dropping to two points, 44-42%, again in Mr. Biden's favor.

Senate

Arizona: Three different pollsters tested the Arizona Senate race between appointed Sen. Martha McSally (R) and retired astronaut Mark Kelly (D). While the three polling firms active during the first week of September all find Mr. Kelly leading, the point spread ranges from three all the way to 17 points. The high pollster for Kelly is Fox News (8/29-9/1; 772 AZ likely voters) and the three-point low comes from AARP pollster Benenson Strategy Group/GS Strategy (8/28-9/8; 1,600 AZ likely voters).

Michigan: Four pollsters were testing Michigan in early September, and the spread here ranges from a one-point deficit for Republican businessman John James opposite Sen. Gary Peters (D) to a dozen percentage points. Here, the most favorable James pollster is the Republican Tarrance Group (9/1-3; 569 MI registered voters) and the strongest Sen. Peters' survey comes from the London, England-based Redfield & Wilton Strategies (8/30-9/3; 967 MI likely voters).

Minnesota: Countering the recent Harper Polling survey (8/30-9/1; 510 MN likely voters) that found former Rep. Jason Lewis (R) closing to within two points of Sen. Tina Smith (D), Public Policy Polling released their latest Minnesota data (9/3-4; 877 MN voters) that projects an eight-point spread, 49-41%, for the incumbent.

Though PPP did not employ the ideological push questions that are present in some of their polls, it does appear that the sample skews approximately two percentage points in the Democrats' favor. Therefore, the PPP poll realistically suggests that the actual margin is slightly closer than eight points, but more than two.

New Hampshire: Businessman Corky Messner, taking advantage of his large resource advantage, defeated retired Brigadier General Don Bolduc this past Tuesday night in a relatively close an unofficial 51-42% victory margin. This sends Mr. Messner into the general election to face two-term Sen. Jeanne Shaheen, who was a 94% winner in the Democratic primary. The Senator is favored for re-election, but New Hampshire voters have been restless throughout the 21st Century meaning that often the unexpected happens in Granite State politics.

New Mexico: The open New Mexico Senate race has attracted very little national attention, but a new Research & Polling firm study (8/26-9/2; 1,123 NM likely voters; live interview) finds the race a bit closer than presumed. The R&P data finds Rep. Ben Ray

Lujan (D-Nambe) outpolling former Albuquerque television weatherman Mark Ronchetti (R), 49-40%.

Perhaps more disconcerting to the Congressman, Mr. Ronchetti actually leads in the critical Independent sector, 38-36%. The race still must be considered as a clear Democratic favored open seat hold, but more polls such as this will bring more attention to this race.

North Carolina: The Tar Heel State electorate is regularly polled, and the beginning of September is no exception. Again, brandishing wide ranges, seven surveys and/or iterations within such were conducted during the same time frame, and the margin stretches between an even race for Sen. Thom Tillis (R) and former state Senator Cal Cunningham (D) to a ten-point spread.

The even poll came from Monmouth University's (8/29-9/1; 401 NC likely voters) low turnout model (but the high turnout model suggested only a two-point difference), while the high spike came for Mr. Cunningham from Redfield & Wilton Strategies (8/30-9/3; 951 NC likely voters).

Texas: The University of Texas at Tyler released their latest Lone Star State poll (8/28-9/2; 901 TX likely voters) and they find Sen. John Cornyn (R) leading retired Army helicopter pilot M.J. Hegar (D) by a 39-28% margin. The poll is surprising in that both candidates have low support figures. On the presidential question, President Trump leads Democratic nominee Joe Biden by only two points, 48-46%, meaning Sen. Cornyn stands in a much better position than the man leading his party's ticket, but making the high Senate undecided number even more curious.

House

CA-50: California's 50th District is regarded as a Republican district, but the new Survey USA open seat poll finds a tight race between former US Rep. Darrell Issa (R) and 2018 congressional candidate Ammar Campa-Najjar (D), a media consultant. The S-USA data (9/4-7; 508 CA-50 likely voters) projects Mr. Issa leading only by one percentage point, 46-45%, and detects a severe gender gap. Men break for Mr. Issa, 56-35%, while women support Mr. Campa-Najjar in a similar 54-36% clip.

FL-27: The 1892 polling organization, which first captured national attention this year with a correct prediction in the CA-25 special election that saw Republican retired fighter pilot

Mike Garcia defeat Democratic state Assemblywoman Christy Smith (D-Newhall/Santa Clarita), released a new South Florida survey this week testing freshman Rep. Donna Shalala (D-Miami) and Spanish language news reporter and 2018 congressional nominee Maria Elvira Salazar (R).

Their poll (9/2-6; 400 FL-27 likely voters) surprisingly finds Ms. Salazar, who lost the 2018 election, 52-46%, now leading Rep. Shalala, 46-43%. This is becoming a race to watch for November.

ME-2: The LOC Wick polling organization conducted a 2nd Congressional District survey in late August of the race between freshman Rep. Jared Golden (D-Lewiston) and former state Representative and businessman Dale Crafts (R). The survey (8/25-28; released 9/8; 400 ME-2 likely voters) finds the freshman Congressman leading Mr. Crafts by a 50-44% vote split. This finding is consistent with other data, though ME-2 is not routinely polled.

NM-2: If the Republicans are to even have the slightest chance of re-capturing the House majority, they must win the 2nd District of New Mexico, which occupies the state's southern sector. In 2018, now-freshman Rep. Xochitl Torres Small (D-Las Cruces) won the open seat contest with a 51-49% margin over then-state Rep. Yvette Herrell (R). The re-match appears just as close. A new Research & Polling, Inc. survey (8/28-9/2; 404 NM-2 likely voters) finds Rep. Torres Small clinging to a 47-45% lead over Ms. Herrell.

New Hampshire: Republicans went to the polls this week to nominate congressional candidates against Democratic Reps. Chris Pappas (D-Manchester) and Ann McLane Kuster (D-Hopkinton/ Nashua) who were unopposed, or virtually unopposed, for re-nomination.

In the eastern 1st District, the seat that has defeated more incumbents than any in the country since 2002, former Trump White House aide Matt Mowers was an easy 60% winner within a field of four candidates. He is an underdog against Rep. Pappas, but the last time an incumbent was re-elected in this seat occurred in 2008. Therefore, a close race could again unfold.

In the western 2nd District, Rep. Kuster seeks a fifth term averaging just 52.5% of the general election vote in her previous four elections. In the Republican primary race, 2018 congressional nominee and former state Representative Steve Negron scored a seven-point, 47-40%, win against former state Representative and military veteran Lynne Blankenbeker. Rep. Kuster is expected to win again in November and exceed her average vote total.

PA-10: In a race that promises to be close throughout the remaining days of the campaign, PA State Auditor Eugene DePasquale (D) has taken a four-point, 50-46%, lead over Rep. Scott Perry (R-Dillsburg/Harrisburg) according to a new GBAO polling organization survey. Earlier in the month, the DFM Research firm found the margin to be two percentage points, also in Mr. DePasquale's favor.

Pulse Research, however, counters those polls in a survey with a large sample but a long testing period. Their data (8/18-9/3; 1,100 PA-10 likely voters) finds Rep. Perry rebounding to capture his own small edge, 46-44%. Obviously, this is a close race and a top national Democratic conversion target.

Governor

New Hampshire: Gov. Chris Sununu (R) seeks a third two-year term and will face state Senate Majority Leader Dan Feltes (D-Concord) in the November election. Sen. Feltes defeated Executive Councilor Andru Volinsky this week, 52-48%.

The turnout pattern was interesting, however. More Republicans (144,640) than Democrats (136,999) voted in the gubernatorial race, but more Democrats (150,796) than Republicans (137,085) cast their ballots in the US Senate contest. It is strange to see such a large voter participation figure flip within a pair of races at the top of a primary ballot.

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