

# A Fork in the Road: What to Expect from Washington in 2026



Private Club Consultants

Brad D. Steele, J.D.

Founder



# Private Club Consultants

- PCC was created to provide in-depth legal and operational answers for the club industry
- We help club leaders:
  - Modernize their club's bylaws, rules and other governance documents
  - Minimize legal liability from staff, members and guests
  - Protect their private and tax-exempt status, and
  - Implement federal and state legislative and regulatory mandates
- We are “Your Trusted Source For Answers”



# Our Trip



Balance of Power  
Legislative Outlook  
Regulatory Outlook  
The Midterm Elections

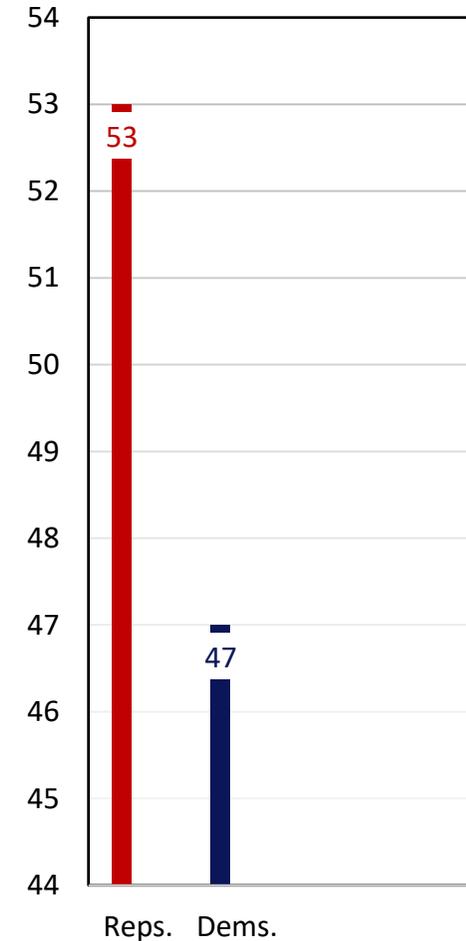


# Balance of Power



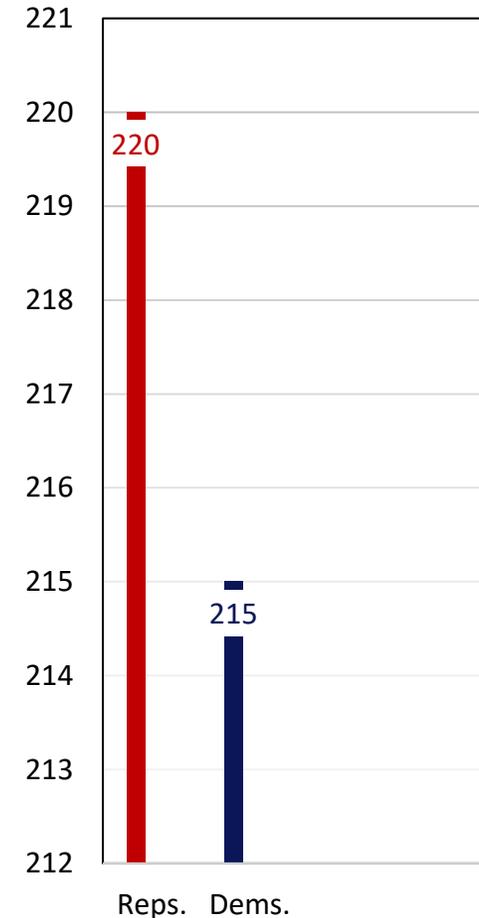
# Senate

- Republicans have the majority
  - Sen. John Thune (SD) – Majority Leader
  - Rs need 60 votes to pass anything – so life is tough now
- 2026
  - 13 Ds up – 3 in jeopardy
    - GA, MI & NH – retirements in MI & NH
  - 22 Rs up – 7 in jeopardy
    - AK, IA, LA, ME, NC, OH & TX – retirements in IA & NC; primary in LA & TX
    - R victories in '24 were with establishment Rs – so primaries will be key....



# House of Representatives

- Rs have control, sort of
  - They have two seats *less* than in 2024
    - Need 218 for majority (Rs won 3 seats by a total of 7,300 votes)
      - difference between majority and minority
  - Rs redistricting in FL, MO, NE, NC, OH & TX
  - Ds doing so in CA, IL, MD, NY, UT (court ordered) & VA
- Speaker still has a numbers issue
  - Takes a majority (usually 218) to pass anything
  - 218-214 now, with 1 D and 2 R vacancies
    - Speaker can't lose more than 1 R vote on anything



# Legislative Outlook



# Tough Year in 2025

- Little legislative success for clubs
  - 2025 had the fewest votes cast in the House in a non-election year since 1991
    - The House was out of session for nearly 4 months
      - The August recess – 1.5-month break
      - Mid-Sept. to mid-Nov. during the shutdown
      - Then most days from Thanksgiving to New Years
  - Total of 362 votes in 2025
    - 2nd lowest number of votes in 25 years (lowest being 2020 – during COVID)
  - Most Rs were displeased with the lack of activity
    - But...with a small majority and no likelihood of success in the Senate, it made sense
    - Now though, it may come back to bite Rs in midterms as they have little to run on....



# The One Big Beautiful Bill

- These are the biggest benefits for club members and clubs:
  - Keeps current individual income tax rates and makes them permanent
    - 10%, 12%, 22%, 24%, 32%, 35% and 37%
  - Keeps corporate tax rate at 21% and makes it permanent
  - Keeps the capital gains tax rate at 20% and makes it permanent
  - Raises the SALT deduction cap – valid from 1/1/25 to 12/31/29
    - Provides an increase of up to \$40K, but must earn <\$500K (phases out above that)
    - Both cap and salary limit increase 1%/year over
    - Reverts to \$10K cap in 1/1/30, but not earnings threshold
  - Raises the total compensation needed to receive a 1099-MISC/NEC from \$600 to \$2,000
    - Starts 1/1/26



# The One Big Beautiful Bill

- The 2024 campaign pledges:
  - No tax on tips – valid from 1/1/25 to 12/31/28
    - Provides up to a \$25K deduction (total – single or joint filers), must earn <\$150K/\$300K (phases out)
    - Worker must work in a job that “customarily and regularly” receives tips
      - Bartenders, wait staff, bar backs, expeditors, bussers, food prep. workers, dishwashers and host staff
      - Chefs, cooks and bakers made it, too – if they get tipped then those tips are tax free
      - Caddies, golf/tennis pros, exercise and group fitness instructors and massage therapists
      - Locker room attendants, parking/valet workers and charter bus drivers
      - Bellhops, concierges, housekeeping workers, barbers and salon workers
  - Worker must disclose all tips, and pay FICA & state taxes on those tips
  - Service charges/automatic gratuities aren’t tips – must be renamed & state the member may opt out, then they’ll be a tip for purposes of the law (\$ must then go to staff)
    - Add a “recommended tip” line, then add a 2nd line to add/subtract/remove the tip
    - If the club needs that service charge \$, don’t make this change (not required to)



# The One Big Beautiful Bill

- The 2024 campaign pledges:
  - No tax on tips – continued:
    - IRS to modify income tax withholding requirements for taxable years *after* 12/31/25
    - IRS has proposed a new W-2 with lines for tips and the tipped occupation code (!)
  - No tax on overtime – valid from 1/1/25 to 12/31/28
    - Provides up to a \$12.5K/\$25K deduction, must earn <\$150K/\$300K (phases out)
    - Only applies to the “half ” payment of the “time and a half” of OT (IRS to modify withholding, too)
  - No tax on car loan interest – valid from 1/1/25 to 12/31/28
    - Provides up to a \$10K deduction, must earn <\$100K/\$200K (phases out)
    - Must be a loan for a domestically made car
  - No tax on Social Security benefits – valid 1/1/25 to 12/31/28
    - Provides up to a \$6K deduction, must earn <\$75K/\$150K (phases out)
    - This is in addition to the \$2K deduction already offered to those over 65



# Concerns with the One Big Beautiful Bill

- House and Senate Republicans are worried about the cost of the bill
  - Are the Medicaid, Energy, Education, and SNAP cuts going to amount to what's expected??
    - Medicaid and SNAP “cuts” aren't cuts – savings only realized if people leave the programs
      - If they leave Medicaid, they'll still get sick but have no ins. = higher costs for us when they don't pay
  - President sees tariffs as a way to raise revenue...but what impact are they having (and are they legal??)
    - If they stay in place, then they damage businesses and increase prices
      - If businesses eat those higher costs, then profits (and stock prices) go down
      - If businesses pass on those higher costs, then inflation goes up
- In FY25, the federal deficit was \$1.8T (\$40B less from FY24), but the national debt jumped \$2.2T
  - If the debt keeps going up, Rs fear voter backlash for huge deficits
  - If prices keep going up, Rs fear affordability will be the issue in midterms

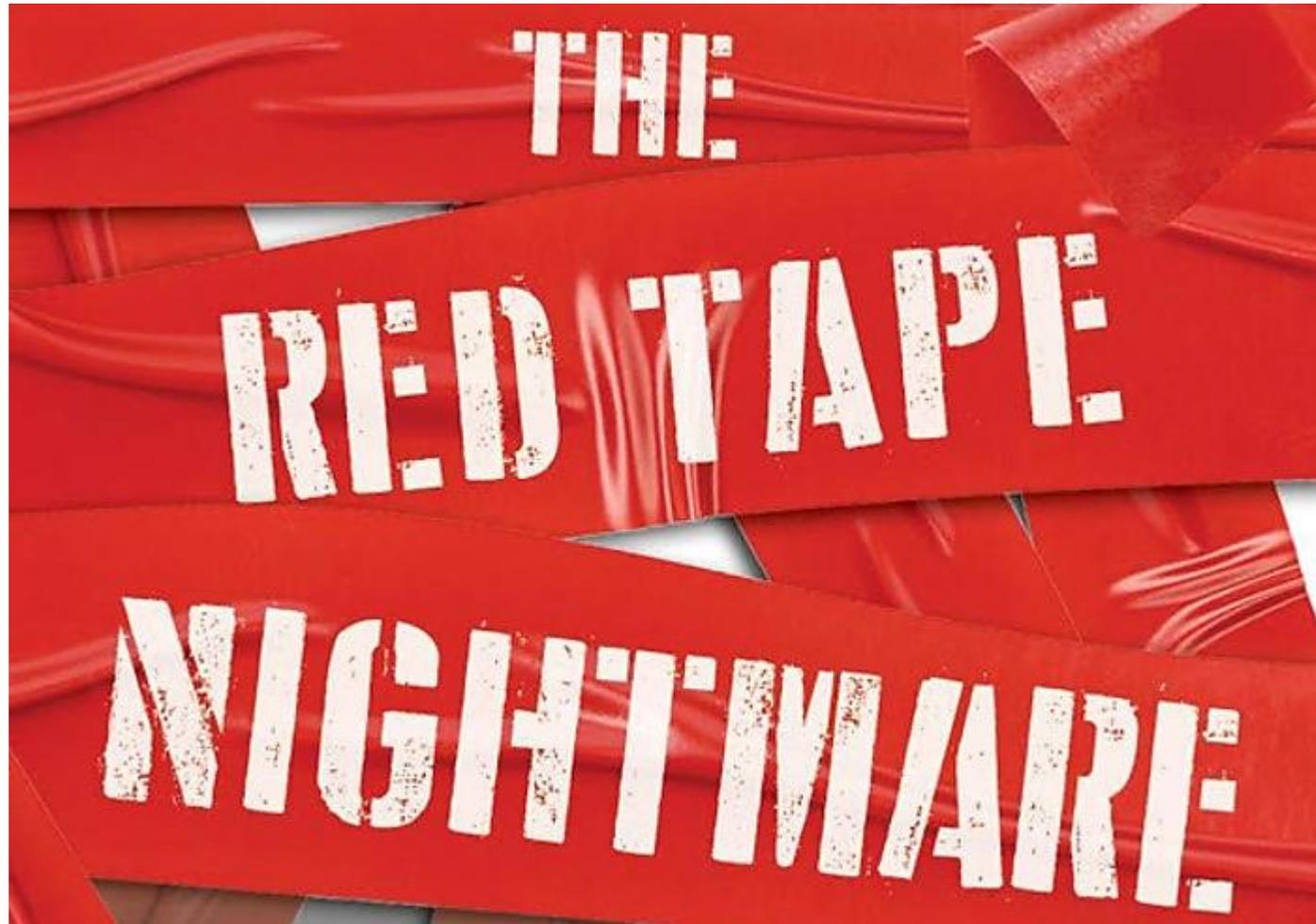


# The Next Reconciliation Bills??

- House Republican leaders might want at least 1 or 2 more reconciliation bills
  - They cannot pass anything else of note
  - One could come before the elections to help offset the OBBB
    - This was promised to House Freedom Caucus members for their votes on the OBBB
    - Most “politically acceptable” spending cuts were already been taken in OBBB
    - The only cuts left to make are to Medicare and Social Security (political death to most)
  - BUT, with the OBBB not tracking well and no real reason for more reconciliation bills (like expiring tax cuts), there isn't an appetite for another fight on such bills for many House and Senate Rs
  - And...president says he sees no reason for any other legislation – likely because he's not on the ballot...
- So, there could be...nothing
  - The House and Senate Rs will just be looking at the economy and hoping
  - The president will be messaging whatever he wants



# Regulatory Outlook



# Proposed Regulations

- OSHA's Heat Injury & Illness Prevention Rule
  - Requires a heat injury & illness prevention plan to identify heat hazards in work sites
    - Identify indoor areas with hazardous heat exposure and develop/implement a monitoring plan
    - Monitor outdoor heat conditions by tracking local heat index forecasts
    - Club must implement control measures at or above the Initial Heat Trigger (heat index of 90)
      - Provide cool drinking water and break areas with cooling measures; 15-min. paid rest breaks every 2 hours when heat index triggers are met; and provide alerts for areas that exceed 120
  - The hope is for a better deal w/ this Admin. – looking for no/higher heat triggers
    - NV Rule – offer water/cooling measures and breaks when needed – not specific heat index
  - OSHA finished a round of public hearings on the rule – expect something soon
- Of course, states will do more of this themselves
  - CA, MD, MN, OR, and WA already have heat rules

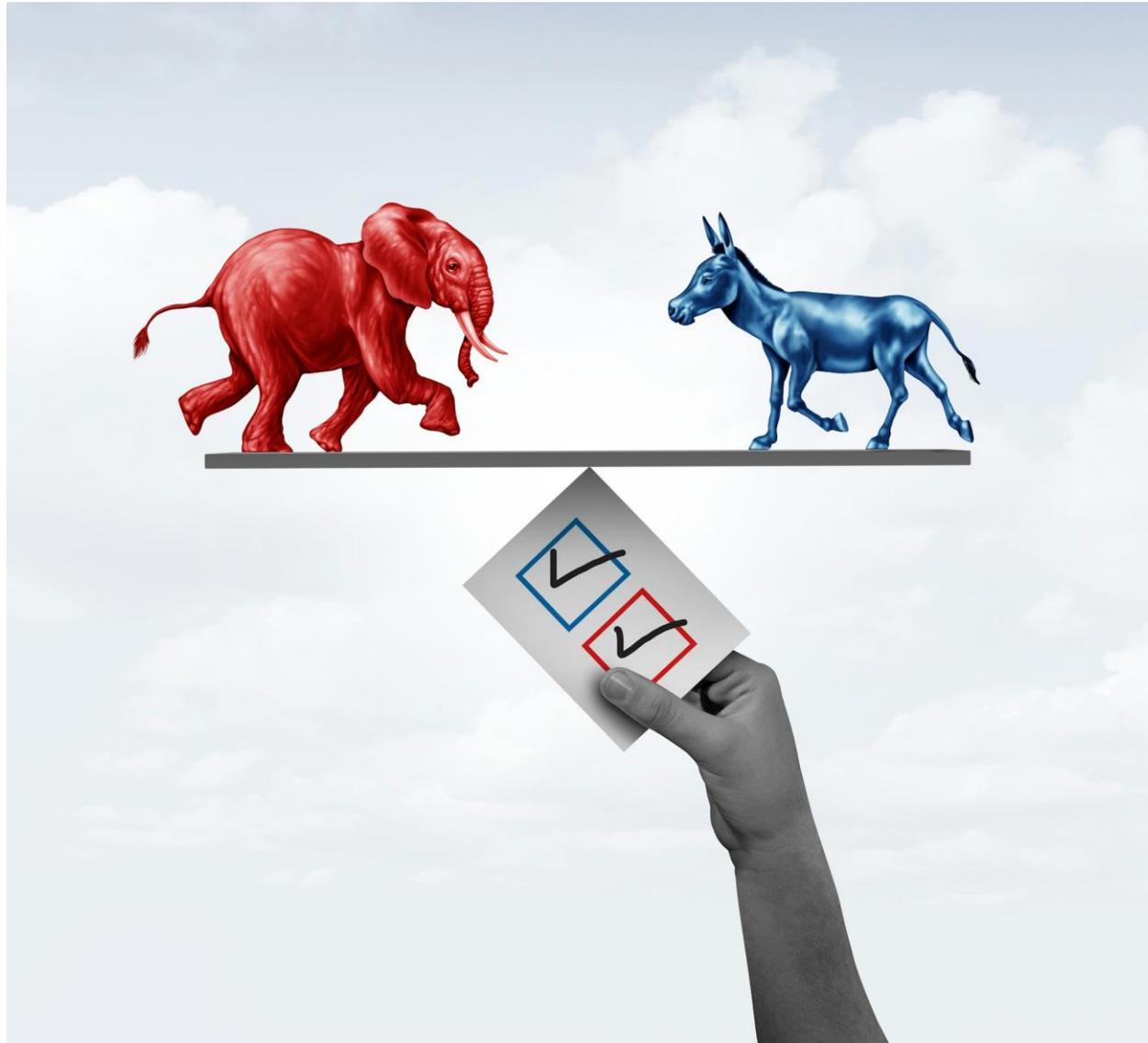


# Current Regulations

- FTC's Rule on Unfair or Deceptive Fees - went into effect 5/12/25
  - Only applies to clubs with overnight rooms - must display "total price" with all mandatory fees
    - Questions regarding whether FTC applies to us?
  - CA and MN already have "junk fees" rules
- NLRB's Independent Contractor Ruling and Jt. Employer Rule will be removed
- DOL's Independent Contractor Classification Rule will not be enforced by DOL
  - Modern Worker Empowerment Act - Sen. Scott (R-SC) would set federal IC test
- DOL's new OT Exemption Rule
  - Old rule was rejected by federal courts with new one coming soon?
    - We'll likely be looking at an increase to the minimum weekly salary threshold...again
      - Not as high as Biden's \$1,128/week, but more than the \$684/week now



# The Midterm Elections



# AL, FL, MD, NC, PA, SC, & VA Senate Races

- Senate races to watch
  - AL: Open R, but R will win
  - FL: Sen. Ashley Moody (R) – will win
  - NC (open R): former RNC Chair Michael Whatley (R) vs. former Gov. Roy Cooper (D)
  - SC: Sen. Lindsey Graham (R) – will win
  - VA: Sen. Mark Warner (D) – will win
  - MD and PA have no Senate races



# AL, FL, MD, NC, PA, SC, & VA House Races

- House of Representatives races to watch
  - FL:
    - Dist. 7 (R+5): Rep. Cory Mills (R);
    - Dist. 13 (R+5): Rep. Anna Paulina Luna (R);
    - Dist. 23 (D+2): Rep. Jared Moskowitz (D)
  - MD:
    - Dist. 1 (R+8): Rep. Andy Harris (R)
  - NC:
    - Dist. 1 (R+5): Rep. Don Davis (D)
  - PA:
    - Dist. 8 (R+4): Rep. Rob Bresnahan (R)
  - VA:
    - Dist. 1 (R+3): Rep. Rob Wittman (R);
    - Dist. 2 (R+0): Rep. Jen Kiggans (R);
    - Dist. 7 (D+2): Rep. Eugene Vindman (D)
  - Likely no changes in total Rs and Ds in AL and SC delegations



# U.S. Senate

- Majority will be determined by 10 races
  - Republican seats to watch
    - AK: Sen. Dan Sullivan (R) vs. former Rep. Mary Peltola (D)
    - IA: Open R seat – Rep. Ashley Hinson (R) vs. St. Rep. Josh Turek (D)/St. Sen. James Wahls (D)
    - LA: Sen. Bill Cassidy (R)/St. Treasurer John Fleming (R)/Rep. Julia Letlow (R) vs. Nick Albares (D)
    - ME: Sen. Susan Collins (R) vs. Gov. Janet Mills (D)
    - NC: Open R seat
    - OH: Sen. Jon Husted (R) v. former Sen. Sherrod Brown (D)
    - TX: Sen. John Cornyn (R)/AG Ken Paxton (R) vs. Rep. Jasime Crockett (D)/St. Rep. James Talarico (D)
  - Democrat seats to watch
    - GA: Sen. Jon Ossoff vs. Rep. Mike Collins (R) – will a GA runoff decide majority?
    - MI: Open D seat – former Rep. Mike Rogers (R) vs. Rep. Haley Stevens (D)
    - NH: Open D seat – former Sen. John Sununu (R) vs. Rep. Chris Pappas (D)



# U.S. House of Representatives

- Rs need some luck to keep their majority as Ds just need to flip 3 to retake control
  - Since WWII, Pres.'s party loses an average of 26 seats
  - 38 seats (20 Ds/18 Rs) will determine control of the House – 14 of 18 “toss up” races are held by Rs
  - Rs have 31 retirements so far (Rs only had 20 at this time in 2018 and lost majority)
  - Voters souring on Rs?
    - 4/25 FL Special Election – R won by 14%, but 11/24 R won by 30% = 16-point swing
    - 12/25 TN Special Election – R won by 9%, but 11/24 R won by 22% = 13-point swing
    - 1/26 TX Special Election – D won by 14%, but 11/24 Trump won by 17% = 31-point swing
    - 2/26 LA Special Election – D won by 24%, but 11/24 Trump won by 13% = 37-point swing
- House races to watch
  - MI Dist. 7 (R+0): Rep. Tom Barrett (R) – freshman running for re-election
  - NJ Dist. 7 (R+0): Rep. Tom Kean, Jr. (R) – has always been swing district
  - NY Dist. 17 (D+1): Rep. Mike Lawler (R) – could thus one start the blue wave?
  - OH Dist. 9 (R+5): Rep. Marcy Kaptur (D) – Rs must win to have a chance



# Disclaimer

This PowerPoint is made available by Private Club Consultants (PCC) for informational purposes only. It is not meant to convey a legal position on behalf of any client, nor is it intended to convey specific legal advice. Accordingly, do not act upon this information without seeking counsel from a licensed attorney in your jurisdiction.

The information in this PowerPoint is published “AS IS” and is not guaranteed to be complete, accurate, and/or up-to-date. PCC and/or its owner expressly disclaim all other guarantees, warranties, conditions and representations of any kind, either express or implied, whether arising under any statute, law, commercial use or otherwise, including implied warranties of merchantability, fitness for a particular purpose, title and non-infringement. In no event shall PCC, its owner or any of its partners, officers, employees, agents or affiliates be liable, directly or indirectly, under any theory of law (contract, tort, negligence or otherwise) to you or anyone else for any claims, losses or damages (including, but not limited to, direct, indirect, special, incidental, punitive or consequential damages) resulting from or occasioned by the creation of, use of, or reliance on this information.

This PowerPoint is not intended to create, and receipt of it does not constitute, an attorney-client relationship. Communicating with PCC and/or its owner by email, LinkedIn post, or otherwise does not create an attorney-client relationship for any legal matter. Therefore, any communication or material you transmit to PCC and/or its owner, whether by email, LinkedIn post or otherwise, will not be treated as confidential or proprietary unless both parties have agreed to create such a relationship and it is permitted in the jurisdiction.

In some jurisdictions, the contents of a PowerPoint may be considered attorney advertising. If applicable, please note that prior results do not guarantee a similar outcome.





Your Trusted Source for Answers

Brad D. Steele, J.D.  
Founder

---

Cell/Text: 703.395.5463  
[steele@privateclubconsultants.net](mailto:steele@privateclubconsultants.net)  
[linkedin.com/in/bradsteelepcc](https://www.linkedin.com/in/bradsteelepcc)