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# A look ahead: President Donald Trump's second term

Six key issues to watch

## Introduction

The outcomes of the 2024 US election will significantly change the public policy environment in Washington in the years ahead. Business organizations and governments worldwide are considering how a second Trump administration and new Washington environment will impact them. While his campaign offered a window into the potential policies of Trump's second term, we can also draw upon his first term's priorities and actions to provide a more complete picture of the incoming administration.

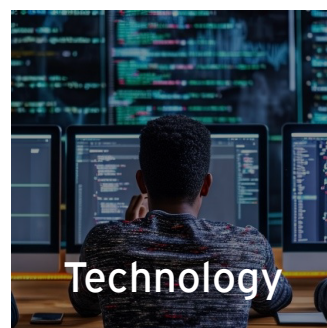
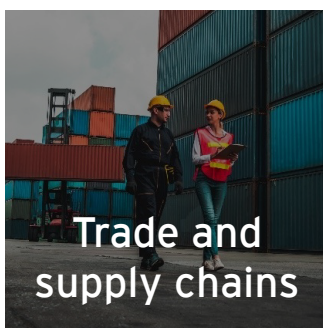
This publication provides a rundown of how a second Trump administration may shape the economic landscape moving forward in six key issue areas: tax, trade and supply chains, technology, regulatory environment, climate and workforce.

President Donald Trump will need to work with Congress to enact lasting change on many of these issues – he will benefit from Republican control of both chambers for at least the first two years of his term. The GOP-

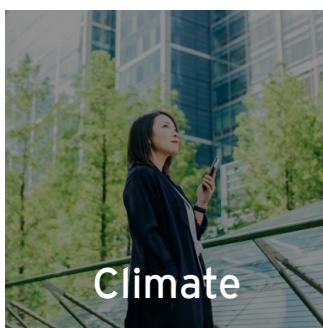
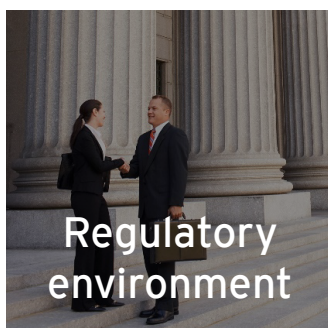
controlled Senate will enable a smoother and swifter path to confirmation of Cabinet and other high-level political appointees (where a simple majority is needed) and thus a potentially quick start to implementing his policy agenda.

The GOP trifecta also could allow for more sweeping legislative change. Importantly with respect to tax policy, congressional procedures allow for passage by a simple majority in the Senate; so, even in a closely divided Congress, tax legislation is one priority that can advance with Republican control of Congress and the White House, as we saw in 2017. Some suggest the tax reform package, for example, could move within the first few months of the new Congress. Other Republican policy priorities would require some bipartisan cooperation because Republicans will not have the requisite votes.





## Key issues for business



## Quick take: Trump's approach to six key issues

1. **Tax:** Expiration of many provisions in Trump's signature Tax Cuts and Jobs Act (TCJA) will drive the debate in Congress early on – Trump supports a TCJA extension and an even lower corporate rate for some domestic corporations at 15%. The second Trump administration's tax policy approach is likely to focus on preserving current rates, further reducing tax rates where possible, promoting onshoring and growing the US economy.
2. **Trade and supply chains:** Trump's second-term trade agenda will be driven by an "America First" posture and policy – prioritizing domestic and nearshoring efforts and broadly expanding tariffs.
3. **Technology:** Tech, particularly artificial intelligence (AI), remains an important policy issue in Washington. Trump's technology policy will be informed by the pursuit of free speech principles and is likely to be a custom-made approach, departing from President Joe Biden's approach in many areas and driven by his administration's interactions with big tech and social media platforms.
4. **Regulatory environment:** Recent presidents of both parties have increasingly relied on executive powers to make policy, causing pendulum swings in regulation. This trend is expected to continue with Trump's second term. Recent Supreme Court decisions limiting some regulatory authority will impact Trump's actions, and though we still expect a new set of regulatory priorities and a "lighter touch" regulatory environment overall, the impact could be uneven depending on the industry.
5. **Climate and environment:** Trump's second term is likely to mirror his first term on climate and environmental policy – seeking to reverse Biden's energy initiatives and a focus on increasing domestic energy production from more traditional fuel sources. His expected light-touch regulatory posture is likely to extend to the climate, energy and environmental space.
6. **Workforce:** On labor, immigration, diversity and inclusion, and other workforce issues, Trump will generally seek to halt or undo the Biden administration's rulemakings and policies, reshape the federal workforce and more closely mirror initiatives and actions of his first administration.

# Tax



One of Trump's signature accomplishments in his first term in office was passage of the 2017 TCJA, and he has repeatedly vowed to make key provisions of the law permanent and further reduce the corporate tax rate for some domestic corporations with production in the US to 15% (from the current rate of 21%). The second Trump administration's tax policy approach will focus on efforts to further reduce tax rates, promote onshoring and grow the US economy.

Given that most TCJA provisions are set to expire at the end of 2025, combined with other scheduled tax changes and related issues, the 2025 tax debate will be contentious and touch every part of the US economy. Congressional procedures allow for tax bills to be passed by a simple majority in the Senate; so, even in a closely divided Congress, tax legislation is one priority that can advance with Republican control of both Congress and the White House.

In addition to the points above, Trump's tax policy priorities will include:

- ▶ Expanding tax breaks for households, small businesses and corporations
- ▶ Exempting tips, overtime pay and Social Security benefits from income taxes
- ▶ Restoring the state and local tax deduction
- ▶ Ending US income taxes on Americans living abroad
- ▶ Exempting certain occupations, such as first responders and military, from income taxes
- ▶ Permanently lowering individual and estate tax rates across the board
- ▶ Increasing tax incentives for first-time homebuyers
- ▶ Increasing tax incentives for domestic vehicle manufacturing
- ▶ Repealing tax incentives included in the Inflation Reduction Act, particularly the increased coal excise tax and credits for electric vehicles, while increasing tax breaks for producers of oil, gas and coal

# Trade and supply chains



Tariffs on imported goods were among the most-discussed policy levers on the Trump campaign trail and stand to be a key component of his second-term trade agenda. His administration is expected to use trade policy to incentivize domestic manufacturing, shore up supply chains, address trade imbalances and target China and other countries of concern.

The Trump campaign's America First trade approach has suggested:

- ▶ A 10% to 20% baseline tariff for all imports
- ▶ A 60% tariff on all goods imported from China
- ▶ 25% to 100% tariffs on Mexican imports if Mexico fails to stem the flow of immigrants and illegal drugs across the US's southern border
- ▶ Tariffs on any imports of electric vehicles made in Mexico by Chinese companies
- ▶ Promoting the Trump Reciprocal Trade Act, a policy where the US would impose "reciprocal, identical" tariffs on countries that impose tariffs on the US

Some of these campaign promises will require congressional action to enact, which will slow or potentially impede their progress. Others may evolve based on negotiations with trading partners. Retaliation from other jurisdictions also could alter the Trump administration's trade approach.

Trump's approach is significantly focused on an "economic decoupling" from China, particularly removing Chinese

involvement in the US tech sector and export controls on semiconductors and chipmaking equipment. He has committed to revoking China's "most favored nation" trade status, phasing out all Chinese imports of essential goods and supporting new rules to stop both US companies from investing in China and Chinese companies from purchasing assets in the US.

The US-Mexico-Canada Agreement (USMCA) will provide a clear view of the second Trump administration's approach to free trade agreements. The USMCA entered into force in July 2020 and is largely seen as the most significant development of Trump's trade agenda during his first administration. It aimed to establish "[more balanced, reciprocal trade supporting high-paying jobs for Americans](#)," including by updating the agreement to cover new developments such as digital trade and tightening the rules allowing auto manufacturers to benefit from the agreement's lower tariffs. Trump is expected to invoke the six-year review provision in the USMCA to further push for changes beneficial to the US, including new restrictions so that China does not sell vehicles into the US indirectly through either trading partner.

Beyond the broad deployment of tariffs covered above, Trump is also expected to continue trade policy trends seen in his first administration, which imposed a series of tariffs on Chinese imports and generally favored bilateral over multilateral trade agreements.

# Technology



The technology policy of the second Trump administration will be defined by the pursuit of a US competitive edge against China and differing approaches to AI, social media and big tech.

On AI, Trump has pledged to repeal Biden's expansive landmark [AI executive order](#), instead expressing support for AI development and innovation founded on the promotion of free speech and gaining a US competitive edge. However, regulation of AI across the states is expected to advance, and likely in a fragmented manner, complicating the regulatory landscape for AI technology development in the country.

Much of the Trump campaign's technology-related policy positions have centered on big tech, social media and free speech. In a second term, he has [committed](#) to "passing a digital bill of rights, and enacting landmark legislation to drastically limit the ability of big social media platforms to

restrict free speech." And, based on past comments and actions, Trump may pursue a repeal of the liability shield under Section 230, created as a part of the Communications Decency Act of 1996. Such a move, however, would require congressional action.

Trump will likely continue some of the current administration's antitrust enforcement trends, particularly regarding big tech firms focused on social media and free speech-related concerns, though the focus and impact to various industries may differ. It is also possible the administration could seek to undo the Federal Communications Commission's recent adoption of proposals to reclassify broadband internet access service as a Title II common carrier service and to repeal net neutrality rules reinstated under Biden.

# Regulatory environment



Recent presidents of both parties have increasingly relied on the executive branch to pursue policy goals, partly because of increasingly polarized Congresses with narrow majorities. Policymaking through regulation is far less durable than legislation and can lead to a regulatory environment with pendulum swings from one administration to the next. Trump's second term is expected to continue this trend, with a strong reliance on early and decisive executive action, including to overturn a number of Biden administration policies, and a concerted shift in regulatory tone from the Biden administration. The Supreme Court's recent decisions limiting regulatory authority (including [Loper Bright Enterprises v. Raimondo](#), also known as the reversal of "Chevron deference," [SEC v. Jarkesy](#) and [Corner Post, Inc. v. the Fed](#)) will impact the second Trump administration's ability to put new regulations in place.

The Trump administration is expected to shift regulatory priorities and in many cases embrace largely deregulatory policies. This includes continuing trends from his first administration such as streamlining regulations, loosening restrictions on smaller banks and influencing the actions of independent federal agencies. He is also expected to focus on reducing the size of the federal workforce and overall regulatory burden. In an expansion of his first term's "2 for 1" [executive order](#) aimed at reducing regulations, Trump has pledged in a second term to eliminate 10 regulations for every new one his administration finalizes. Who is nominated to lead regulatory agencies will directly impact regulatory priorities.

The second Trump administration may strike a notable change in regulatory tone in other areas:

- ▶ In a stark departure from the current administration, Trump has embraced **digital assets and the crypto industry**, and his administration would likely adopt a correspondingly light-touch regulatory posture. During his campaign, he made several crypto commitments, including establishing a "strategic national bitcoin stockpile" and a stablecoin framework with stablecoins tied to the US dollar, as well as a presidential advisory council tasked with designing bitcoin and crypto regulatory guidance. He also stated he would defend crypto mining, the ability to self-custody crypto assets and the privacy of crypto transactions.
- ▶ In the area of **antitrust enforcement**, Trump may refocus and reorient enforcement activities of the Federal Trade Commission and Department of Justice, with an uneven effect depending on industry – for example, while big tech and social media companies would likely feel continued pressure, there may be less scrutiny of private equity deals.
- ▶ **Housing** availability and affordability was a much-discussed issue on the campaign trail, and some of the policy proposals Trump floated fall into the confines of the regulatory environment. This includes a proposal to scale back regulatory and administrative burdens for housing construction and opening tracts of federal land for development.



# Climate and environment



During his first term, Trump's climate, environment and energy policies were defined by undoing, reversing or reshaping the Obama administration's accomplishments and commitments, and his second term is likely to take a similar tack. Reversing Biden's energy initiatives and increasing domestic energy production from more traditional fuel sources will be top priorities early in Trump's second term.

Trump's climate policy priorities include:

- ▶ Expanding domestic fossil fuel production by reducing regulatory burdens
- ▶ Rescinding Biden-era Environmental Protection Agency rulemakings (such as higher fuel economy standards, the Clean Power Plan 2.0, the Good Neighbor Plan and revision of the definition of "waters of the United States")
- ▶ Approving more oil and gas extraction
- ▶ Easing environmental regulations on construction and manufacturing
- ▶ Withdrawing the US from major global climate efforts

Trump has expressed desire to push Congress to rescind unspent or unobligated funding from Biden's signature Inflation Reduction Act (though this could be politically challenging) and phase out subsidies for electric vehicles.

Trump is also expected to roll back the Securities and Exchange Commission's climate disclosure rule and has committed to reinstating other first-term limitations on climate-related disclosure requirements, like his [executive order](#) that directed the Department of Labor (DOL) to evaluate energy investments in retirement plans and his administration's rules pertaining to environmental, social and governance factors in 401(k) rules, which were [later walked back](#) by Biden's Labor Department.

# Workforce



On labor, federal workforce, immigration, diversity and inclusion and other workforce issues, Trump will generally seek to halt or undo the Biden administration's rulemakings and policies, reshape the makeup of the federal workforce and more closely mirror initiatives and the posture of his first administration. He has also stated that the combination of his tax and trade policy, along with reduced regulatory burden, would lead to a return of manufacturing jobs to the US from overseas.

The immigration policy of Trump's first administration focused on reducing both legal and illegal immigration with an effort to modernize the legal, employment-based immigration system. His second administration will likely pursue a similar approach. While comprehensive legislative immigration changes are not likely in the coming years, the second Trump administration is expected to use executive authority and regulatory and administrative processes to alter, reorient and slow the overall US immigration system, which could create a challenging, costly and uncertain environment for both businesses and individuals that rely on and interact with the US immigration system. Trump has also vowed to deport

those living in or entering the US illegally and has pledged to reimpose limits on asylum seekers, tighten access to some visa programs, expand his first-term travel ban to additional countries and continue to push to end the Deferred Action for Childhood Arrivals program.

Specific to labor, Trump's second administration would likely seek to overturn the Biden administration's work, including the National Labor Relations Board's joint employer rule and the DOL's expansion of overtime protections, while pushing for rules considered more "employer-friendly," akin to his first administration's joint employer standard and independent contractor rule.

For the federal government, Trump may seek to downsize certain agencies, in both workforce size and scope of mandate, although his authority will be limited without congressional authorization. Trump is also expected to scrutinize both public and private sector efforts related to diversity, equity and inclusion.



# Conclusion

The public policy landscape in 2025 and beyond is poised for considerable change. Trump's second-term policy agenda will be expansive and underpinned by strong executive action early on. A GOP trifecta will increase his ability to push for sweeping legislative and other changes. A top priority for Trump will be building his Cabinet and staffing other key positions necessary to run the federal government. The Republican-controlled Senate will enable a smooth confirmation process for Trump's nominees for his Cabinet-level officials and the more than 1,000 executive branch positions that require Senate confirmation. It should be expected that his incoming administration will be prepared to install appointees more quickly than his first administration.

During the first 100 days of the second Trump administration, we will likely see his top policy priorities emerge through early executive actions highlighting key

areas of focus. In the first 100 days of his previous term, he signed 90 wide-ranging executive actions, including approximately 30 executive orders.

As we have seen in recent years with narrowly divided Congresses and general Washington gridlock, the president's agenda and actions will also be shaped by state governments' responses and court challenges and decisions. And of course, the economy and broader geopolitical landscape – including the evolving events in Ukraine, the Middle East and potentially other areas – will continue to impact the incoming administration's agenda in unforeseen ways.



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