

**The New York Times**

DEALBOOK

## Private equity invests in divided government

Two runoff elections in January will decide Georgia's senators, the Senate majority and potential limits on President-elect Joe Biden's agenda. Private equity's preference for the Republican contenders shows up in campaign contributions in races there, noted Ricardo Valadez of the nonprofit Americans for Financial Reform.

Government gridlock protects private equity's business model, ensuring that major changes proposed by Democrats, like Senator Elizabeth Warren's Stop Wall Street Looting Act, won't become law, Mr. Valadez told DealBook.

While Mr. Biden got the most direct contributions associated with private equity in 2020, the Republican senators Mitch McConnell of Kentucky, John Cornyn of Texas and Susan Collins of Maine were the next-biggest recipients, reflecting the sector's preference for divided government.

In Georgia, donations linked to people at Apollo and KKR were in the top 10 contributions for the Republican incumbent David Perdue. His Democratic challenger, Jon Ossoff, appears to have no private equity ties among top donors.

Contributions linked to Blackstone and Roark Capital were among the top donations to the Republican incumbent Kelly Loeffler, who previously worked on Wall Street. Her Democratic challenger, the Rev. Raphael Warnock, counts donors from Insight Partners among his top five givers.

A lucrative tax break is at stake, said Eileen Appelbaum, the co-director of the nonprofit Center for Economic and Policy Research. With Senate control, Democrats could eliminate the favorable tax treatment of carried interest, which would put a big dent in private equity executives' earnings, she told DealBook. Although President Trump has denounced the carried interest loophole, lobbying helped fend off any changes. A Republican-controlled Senate would most likely continue to resist changes to the treatment of investment gains.