



Podcast Transcript

37th Annual Legislative Seminar – Congressman Mike Carey (R-OH)

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Lee: Welcome to “The Cloakroom with Peter Roskam.” Former Congressman Peter Roskam leads BakerHostetler’s Federal Policy team. Through interviews with leading members of Congress, Peter provides an insightful, firsthand view into the latest policy and political debates on Capitol Hill.

In today’s episode, Peter is joined at the 37th Annual Legislative Seminar in Washington by his BakerHostetler colleague, former Congressman Heath Shuler, and Congressman Mike Carey, a Republican from Ohio. Carey was first elected to the House in 2021, representing a district that includes Columbus. He is a member of the tax-writing Ways and Means Committee and the House Administration Committee. Before his election to Congress, Carey was an energy company executive and also served in the Army National Guard.

Peter, Heath and Congressman Carey discussed future tax legislation and efforts to promote domestic energy supply.

Let's listen in to "The Cloakroom with Peter Roskam."

Roskam: Thank you for taking the time. You walk in like you own the place. You're looking pretty comfortable.

Carey: Yeah. I'll tell you...

Roskam: You need the mic.

Carey: How many people are from Cleveland?

Roskam: There we go.

Carey: Was that not the worst night last night? I mean, I got back to the hotel and we were up 22 to nothing and then a 44 to 11 run. It was the worst in finals in what, 20 or 13 years or something like that? So, I'm awake now. A lot of coffee was infused. Terrible night for us.

Roskam: Those swings sound like a lot like Congress these days.

Carey: Yeah, sort of.

Roskam: So, hey, let's start out. You have a particularly unique background in that for years, you were an energy lobbyist. And so, you were on the, and when I'm describing you outside of your presence, I will, my high praise is somebody who has what I call a get it factor. You have a high get it factor. You go in with Mike Carey, he gets it. He knows what you're trying to do. He understands the way the world works and he gets it. Give us a sense, based on your experience advocating on the energy side, now you're on the policy side, where do you think we're going? Because we really don't have an energy policy in this country. We run our energy policy through your committee, the Ways and Means Committee, through tax policy. Where are we? What is happening?

Carey: I think first off, I mean, all of you, if you're in the energy space, I mean, if you are in a state that is deregulated, I think that you find that every state feels that they're going to have an energy policy. And if it is in a state that has term limits, generally it is about every three years, right? So, and then you have, whether you're in the MISO, BJM, or whatever it is, everybody seems to focus on a state energy policy, but then understanding from the tax perspective, which is the Ways and Means Committee, there is a large component of energy that falls within tax. Now, I don't know whether you have ENC members coming. They'll largely probably argue that they are the bastion of energy thought, but that is not true. Tax is really where it is.

90% of all of the reconciliation package came through the Ways and Means Committee. So, Ways and Means is an interesting committee in the fact that it is the oldest committee set up in 1787. In fact, the Ways and Means Committee, just as a tutorial, the Ways and Means Committee was a committee that up until the 1970s, nobody really viewed themselves as a Republican or a Democrat when you were on Ways and Means. You just viewed yourself as a Ways and

Means member. In fact, the power of Ways and Means with Wilbur Mills was so strong and then you saw it crystallized with Dan Rostenkowski. But with Wilbur Mills, it was so strong that by 1974, the whole reason we have a budget committee was to take away power from the Ways and Means Committee.

And so, the Budget Act of 1974 created the Budget Committee and that is why you have oversight. But when it comes to the Ways and Means and in the tax base, the one thing that you find is that it is a very complicated issue. But we are at a really critical point in our country where it is no longer picking winners and losers. It is not that you have renewables against natural gas or nukes against coal or vice versa. The issue that we have now is the fact that demand is so high all across the country. So, it is not a matter of, well, I want this slice of the pie. The fact is the pie is too small.

And so, what we have to do is look to grow that pie. And it is a cliché statement, but all of the above process is in fact the way to go. It doesn't matter. It is when people come in and they talk to our colleagues and they say, well, you need to be for this energy form because of X, Y and Z. No, that is not the reason. Don't pick why. It is need. That is all that really matters. We need energy, period. So, I think within the tax base, and I think if you saw within the reconciliation plan, there were several provisions within the IRA. Unfortunately, in D.C., we tend to have this belief that one side is always right and the other side is always wrong, but there is no monopoly on a good idea.

So sometimes you have to figure out there is that the purgatory position, if you will, in the middle someplace where you have to say, okay, this is making sense. Maybe this is where we need to tweak. And I think if you look as far as energy goes, and I'm digressing, but if you look where energy goes and you look at the reconciliation plan that we put out through the Ways and Means Committee, it was, I think, a very good compromise. Ultimately, I think it was, I think in the end, it turned out to be okay through the Senate process. But tax, energy, need. That is where we're going and that is what we need to do as the demand is hitting the grid.

Roskam: Let me just press in on that a little bit because this AI factor and data centers and so forth, I mean, it is exacerbating this need. How do you think about this in terms of your own constituency in central Ohio and these different hot spots across the country where people are trying to get a handle on this?

Carey: I mean, I think the number one thing is, I can't remember if it was Sunday's New York Times or whether it was Monday's New York Times, but I can't tell you how many articles in the New York Times focused on AI. I mean, it was almost like it was in the art section. I think it was in Sunday's because they had the forum, which is the only time that I view that as a fictional paper. Of course, it is a New York Times, so I like it because it is predictable. But if you look at what they were talking about, it was all the articles focused on AI. Business section, front page section. So, it is increasingly become a hot button issue.

But as it relates to data centers, in Columbus, Ohio and central Ohio, we're the fourth largest region for data center development. And again, as I talk about the need for energy, it is also an understanding of what a data center is, because you will have certain groups that will oppose a data center predicated on the fact that it is going to take too much energy, it is going to take too much water, but they don't really know what the data center does. And so unfortunately, I think what you're seeing is you're finding a rush and you see this in the many different states. I know that we have it in Ohio where the state legislature, I believe the state legislature, I just read something, I think it was yesterday, where the state legislature is going to put together almost like a select committee to study data centers in their role in terms of energy.

Data centers are going to be built. I mean, that is the bottom line. I think it is up to the individual community as to whether they want that data center. And I think you're seeing a rush by certain people, whether it is township trustees, city council, you've seen city councils that have simply banned them altogether, you're seeing people that are losing elections predicated on the one thing data centers. And Peter, you've been around this town for a long time. You have Dante's levels of hell. And as it looks to government affairs representatives, I think you had for such a long-time tobacco lobbyists then fossil energy lobbyists. Boy, data centers are right there. People just intrinsically don't like that phrase.

And I think a large part it is just because I give the example of when I went into Madison County when I was running for the first time in 2021, and just for the record guys I had not been elected to an office prior to 2021 since 1989 and that was student council president at East Clinton High School. We only had 90 kids in the class so the Pickens was poor. But I went into Madison County, I went into London and we, as you do a livestock auction, you're able to buy like the grand champion chicken, right? Or the grand champion rabbit or duck or something. You can't ever afford the hogs or the cattle, but you can go in with somebody to do it. But it was because everything was reasonable. And then literally just last year, I was having a hard time bidding because the people that were doing solar development were now buying everything.

So, my point was they became involved in the community. They became involved in the sports leagues. They became involved, and I think a lot of times with the data centers, they are so new. They're not involved. People don't know. They're being purchased by groups that nobody knows what the land is going to be used for, and so it scares them, just like with solar panels. A lot of it is going to be education. But again, no matter where they go, they are going to go. There is only one country that doesn't want us to have data centers.

Roskam: China.

Carey: That is right.

Shuler: Well, let's dive deeper into that. We need a lot of energy.

Carey: Absolutely.

Shuler: And you're working on some legislation that talks about a domestic production across the board. Tell us about your legislation. What's the impact going to be? What do you hope to accomplish?

Carey: Well, I mean, I just, I think okay, so I mean, you're all, you all watch this and you all understand. So, the way that Congress is supposed to work, the budget committee is supposed to set parameters in terms of a budget and in terms of a spend. Then what we are supposed to do is then it is supposed to go to the committees of jurisdiction, all 12 of them, the budget committee sets the spend. Committees of jurisdiction then go back and say, okay, we will meet this spend, okay, to that number. Reconciliation came out. Budget committee set a spend number. Wasn't realistic, but they set the spend number. I was put on Ways and Means, or I was put on budget two weeks before we had to develop the budget. But I'm a Ways and Means person on budget, so I don't know whether that means I'm a snitch or what that means I am for the Ways and Means.

Shuler: Conflict of interest. The budget guy.

Carey: Yeah, actually. Well, there's enough Ways and Means members on that committee. Gratison, anybody from Cincinnati? Gratison, who sat on, he is a Cincinnati Republican, but he actually sat on budget and on Ways, so he was a Ways and Means appointee. But anyway, I digress. So, the committees of jurisdiction, like we in the Ways and Means Committee, spent 90 hours going through all of the pieces and parts that were going to be in the reconciliation plan as it related to what was going to be in our portfolio within the reconciliation. All committees of jurisdiction get it. We go to the budget committee and what is supposed to be commonplace is that budget just simply okays it. The problem was we had a handful of members that didn't like what we in the committees of jurisdiction after 90 some hours on Ways and Means and probably 70 in E&C and financial services, veteran affairs. So, we had to do a manager's amendment in order to get a bill out of budget.

So, to really say that rank and file members, to really discuss the energy position, there were things that we discussed on Ways, E&C, that really just weren't simply addressed. And so, what we have attempted to do, Fitz has got a bill on some of the provisions within the IRA. I have an original co-sponsor, Mike Waller is one of those. But we're going to try to do an all of the above approach. And that is going to be something that we hope, because it is an issue that I understand, but I think people know that I'm agnostic when it comes to energy. It is just I want it. I want all of it that we can possibly have because we will need it all. And so, what we're attempting to do is trying to lift all ships. And so, whether that is, I mean, you're going to have to have a component that the environmentalists want. but you're going to have to have a component that labor needs, what business needs.

And so, what I think is if you do it in the right way and you do it in the open, we can put together from a tax perspective, because I'm not, I have to be cognizant of the fact that it is a committee of jurisdiction. And so, I'd have to look at the tax provisions. And I think there are a lot of things within the IRA. I think there are a

lot of things that have yet to be thought of. But so, I think we're going to start, make a marker. But we've got a, we only have, what, 20 some days before the election in terms of legislative days. And I don't see anything happening right now, but we will have a draft and we'll be working with the members on both sides to try to get something out.

Roskam: It seems like you're right in the middle, Mike, of these big swings in terms of energy orthodoxy, for lack of a better characterization. And it strikes me that looking at how renewables were treated during the IRA in the Biden administration, it was like a Mardi Gras. It was like, hey, this is great. And there weren't a lot of strategic thinkers at the time on the renewable side that I've observed that said, we need to develop relationships with Republicans because it becomes so tribal. The GOP gets really focused on fossil fuels. The Democrats get really focused on renewables. And it strikes me that you're one of these people that is saying, hey, wait a second, these are not mutually exclusive. And there is room for everybody and we're going to need this energy.

I mean, that is the bottom line. There is an inevitability that you've that you've described. So, as you think back, looking at these large swings and shifting away from energy for a second, look at these big, big pieces of legislation. The Tax Cuts and Jobs Act, the Inflation Reduction Act, the Big Beautiful Bill. You were active in the Big Beautiful Bill. What would you say are things that you'd, when you're talking to folks at home, you go, this is great stuff. When you're thinking about it further, where would you say, hey, we could do better here or the next time around, let's take a look at this.

Carey: That is a great question, Peter. First off, I mean, if you look at the reconciliation package, which is what we call it in my office, we don't make clever names for anything. So, we call it what it is, which is reconciliation, which is a tool, of course, you don't need to have the 60-vote threshold in the Senate. So, reconciliation, reconciliation. So, which I digress, but reconciliation 2.0 is reconciliation in name only. It is like saying an NA beer is a beer.

But any rate, in the reconciliation package, again, I think the number that was set by the budget committee was not a realistic number to do all the things that were needed. We had members on the floor, members of our conference that came to me and said, yeah, well, I didn't like it because you didn't make the R&D tax credit permanent. I had another member come up to me and say, yeah, I didn't like your version because, well, you didn't make the child tax credit permanent. And I said to those individuals, in no uncertain terms, then why did you set a number that was unrealistic? Because we could only operate within the boundaries that we had.

So, having said that, I think the committees of jurisdiction, given the number that they had, did everything they possibly could do to meet that number. And so, we, and if you look at provisions within the reconciliation package, and if you're all tax, and I'll nerd out on the tax base guys, but if you looked at the Smith, Wyden bill, which 70% of the reconciliation package was predicated on the Smith, Wyden bill, which on the Ways and Means Committee, which is the committee

where all good things flow, by the way, the Ways and Means Committee, Smith, Wyden Bill passed out of our committee 41 to 3. And then it passed on the floor of the House.

Now, we couldn't get it through the Senate, but if you look at the provisions, that is the R&D, that is the expensing, that is a child tax credit. That is all the things that everybody in a _____ permanency and funding. All the things that everybody, in a bipartisan way, we were able to accomplish, but then when we added the 2017 tax provisions, then it took ownership from the gentleman across the street. So, and that is when it became partisan. I think in the end, I think if you look, the tax on tips and no tax on overtime, again, to the number and the reason of the number is to meet the overall budget parameters.

And so, as it relates to where do I think we can do more, I think you're seeing that with what Fitts is trying to do within the energy space. And I think even what we're going to try to do in the energy space, it is not so much fixing as it is course correcting. And hopefully when you have a short period of time, you have 90 hours on Ways and Means Committee, rank and file members, whether they're Democrat or Republican, don't simply, they haven't spent the time looking at a lot of these issues. So hopefully that is what we can do in our process.

So, and I think the Senate did a great job. I mean, I hate to say that as a House guy, I think, they picked up on where we left it in the House and the provisions that many of which I favored, and I think Jon Husted and Bernie Moreno from our state delegation did a very good job of advocating on behalf of, the hospitals and some of the other, the issues that were concerned from the House version. But I think in the end, in making things permanent, extending rural hospitals, I think, in the end, I think it was a better package. So yeah, I mean, there is always going to be things, but when you have a majority of two, and after last night, we'll see if, what that means.

Roskam: Right. So, you mentioned Ohio. Let's focus in on your district for a second, because you represent an interesting slice of sunshine, basically. So, you've got, you cover the spectrum. So, you live in downtown Columbus, which a blue part of an otherwise red leaning district. You've got the environment around. What are the, number one, what are you hearing from folks at home? When they're seeing you at the grocery store, they're seeing you around town, what are they talking to you about? And where do you think this thing lands, all the overseas activity? And let me stipulate this. On Sunday afternoon, I'm at home in suburban Chicago and my wife and I pull into a gas station that we searched for on her app. And Elizabeth said, hey, premium gas is \$6.17 over on Winfield Road. And I'm like, let's make an outing to Winfield Road and let's go on a date. So, we fill up a third of a tank of gas was 40 bucks. Okay. What are your people telling you?

Carey: Well, obviously you don't have kids that are eight and four because you just basically want to go to the closest gas station and then, because the screaming is going to continue. You'll spend that little extra money. No, that is 100% guys. I mean, the bottom line is that what the voter, what your constituents, their view of energy policy. We can go into what is the best tax policy, what is the best for

distribution, what is delivery, what is the price at the bus bar, what are some of the things that we can do to, on the back end to help with the data centers. These are all great debates. But in the end, the folks that do most of the living, breathing, and dying in this country, their view of energy policy is what they see within half mile of their house at the gas station. And that is what we have to be mindful of.

And so, I do believe it is a problem. Now, I have the added benefit or curse of understanding energy policy and understanding that we're not getting any gas from the straits. I mean that is just not happening guys I mean it is not 1976, 1977. We're not, we don't have the Shah we're not reliant on the Shah of Iran and why the Ayatollah Khomeini came in and had there been Google the Ayatollah would have never taken office or never would have taken over in Iran but that I digress on that. But if you look at energy policy I do think if we can get this straightened out, I think you'll see a major drop in gas prices. I really do. But that doesn't take away the problem.

And so, you just have to say. You have to address the problem straight on. Yeah, I know it is a problem. But the other thing is, I think from the farming standpoint, I mean, that is the other thing, diesel. I mean, I know you weren't looking for diesel for your Cummins engine truck in the suburbs of Chicago. But diesel prices are through the roof. And so, I have that, razor's edge of a district where you have the very urban areas. I have a district that is 23% minority, right? I have the largest concentration of Nepalese, Bhutanese, first generation Armenians, Albanians, Pakistani. I mean, I have a very diverse, growing, I'm the only Republican elected in the city of Columbus, but yet I go out and I split counties with Warren Davidson and Jim Jordan. So, I really...

Roskam: Good luck at those Lincoln dates.

Carey: Yeah, they weren't real happy about my Haiti vote. I do think that what most people talk about in the energy space is gas. I mean, that is what it is. And I think some of the consumer pricing is, I think you look at price of eggs, for example. I mean, so there are certain wins, but as you address within the reconciliation package, you have to talk about those things where you have been successful. And I think the child tax credit, I think that people are seeing more money with their tax returns. We know that is a fact that is undisputed. But the issue is that only happens one time, guys. Right? So, they see that one time. So, they're happy once. It is just like in campaigning. You got to say your name seven times before somebody remembers it. They see gas more than seven times. They see the price of gas. They see the price of gas fluctuation. So again, that goes in the vernacular of what they believe is energy policy. And so that is the big issue right now, without a doubt.

Shuler: Let's move away. Let's stay on tax policy, but let's move away from the energy side and talk about the IVF, the family tax credit that you put together on that. Obviously, President Trump talked about that very favorably on the campaign. But then you also have a section of the Republican Party that is not in favor of IVF. How do you balance that and hope to get that policy across the finish line?

Carey: Well, I mean, again, it doesn't matter. What you have to look at is what can get votes. I mean, in the end, it doesn't matter how right something is or how clever it is or how much it costs. It just matters can you get the votes through the House and can you get it on the House agenda and can you get it through the committee of jurisdiction, which the way we had designed it, it would go through Ways. It is not a balancing act. I mean, I don't want to do this, but I mean, everybody knows somebody that's gone through IVF. Everybody. I'm 55 years old. I have, I'm not going to tell you how old Megan is. She is back at the hotel, but I don't know if she is listening, so we better. But I'm 55 and I have an eight-year-old and a four-year-old. So that is becoming increasingly popular. And the party that is pro-life should be pro all life. If somebody wants to have a family, they ought to be able to have a family.

And so, we live in an area and a community that, the cost of IVF is not prohibitive of people that want it. But, there are a lot of people, guys like I grew up with, back home, they just can't simply afford it. So that is why I think the tax policy, again, I think in the end, it is the right issue. And this is where, for whatever you think of the president, I do believe that he has the ability to talk about an issue like this in our circle and be able to convince members that otherwise would not be supportive of such an issue. And so, I applaud him for saying what he did in the campaign. We'll have our bill out. I know there is a number of other pieces of legislation, but it is something that I mean, I know so many people that are going through it right now. And we all do. So, it is a balancing act, but it is, in the end, I think it is the right thing.

Roskam: Mike, take us out a couple of years for the first time since 2016, Donald Trump won't be on the ballot. And so, a lot of, set aside what the Democrats are dealing with because it is basically open field running for them. How do you, not look at candidates right now, but directionally, where do you think the Republican Party is going? And let me put a couple of caveats on it. Historically, the GOP has been a free trade party. Historically, the GOP has been against state ownership and state stakes in companies and those types of things. Where do you think the GOP ends up in the next 10 years? Is it more of a populist party, which some of these trends are right now, or does it revert back to a traditional conservative, Wall Street Journal editorial page party?

Carey: Well, I think you, it is hard to really say that, folks. I mean, you know this. I mean, and you can't judge, I mean, I know you had Diana here. You can't really judge where the party is going predicated on what you see on MSNBC or on Fox News. You just simply can't. And I think, Peter, you were not, you weren't in office, but if you were, if you remember what happened in 1992 with Bill Clinton you had the Democratic Party that in many people's view had gone so far to the left. And then yet all of a sudden you had Bill Clinton and Al Gore that came in more of the mainstream Democrat, moved them to the center. And then you had George Bush not knowing how much a gallon of milk was and all that type of stuff and showed the detachment. So, you saw that party go more to, and so if you listen to Clinton's speeches before Congress now, I mean, they're reminiscent of a lot of the things that many Republicans are saying today.

So, I think if you look at, again, this is a, and I'm a big history, not a historian, if you will. There is Vandenberg, who was a senator out of Michigan back in the 1940s, in the middle of the 20th century. This was a guy that came in under, he was a Republican when there were only 20 Republicans or 13 Republicans in the Senate. It is an amazing number. And he came into the Republican Party when the Republican Party was the isolationist party. They wanted us to do nothing with foreign involvement. Yet by the end of the 1950s, before he ultimately passed but left office, he was the one that helped foster what we now consider NATO and all of that. So, you saw the, and he was, became the middle of the Republican Party from an isolationist party.

So, I think things evolve. And so, right now, I think, you do have that populist message. But the populist message was coined in many ways by Dick Gephardt. I mean, he was making a whole presidential run in the 1980s predicated on the fact of populism and trade. But yet you also had one of our Ohio congressmen that was smashing Toshiba cassette players. My 25-year-old doesn't know what that is but smashing on the Capitol. So, I think we're evolving. I think good ideas will resonate. And so, but the way the party system is now with, having phones and 15 seconds of fame and everybody wanted to chinwag, I think it is just going to be your message and how your message works and who gravitates towards it. I mean, I don't have any problem with being bipartisan and getting things done. So, we'll see what happens. And I'm sure the, I can't be clairvoyant enough to tell you where the party is going to be. But I think that it is an amorphous thing. I mean, I think eventually we'll get there. I think it'll be based on the candidate.

Roskam: Well, Congressman Mike Carey, thank you for joining us today.

Carey: Thanks guys!

Lee: Thank you, Peter, Heath and Congressman Carey. If you have any questions for Peter, his full contact information is in the show notes. As always, thanks for listening to BakerHosts and "The Cloakroom with Peter Roskam."

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