



Business Implications of the State of the Union

Updated 25 February 2026

The State of the Union (SOTU) often generates more headlines than actionable points for business leaders. This year's SOTU was no different, somewhat lighter on domestic policy proposals than in the past and clearly looking towards the midterm elections.¹ Here are several key takeaways:

A relatively light domestic agenda before the midterms; low probability of near-term action

- The President announced a “ratepayer protection pledge” requiring major tech companies to develop on-site power generation for AI data centers. Some companies are already building dedicated data centers, often focusing on nuclear power.
- Tapping into public discontent with health insurers, the President promoted ending payments to insurers and substituting direct payments to individuals; this is unlikely to pass, however. Greater price transparency is important and popular, as are efforts to lower the cost of drugs.
- Given the significant attention in the speech, the Administration very clearly thinks it still has a political advantage on immigration, and this will likely feature prominently in the Fall campaign.
- The President pushed the SAVE America Act, which would require voters to prove citizenship and require states to submit their voter rolls to the Department of

Homeland Security (DHS). The bill faces a difficult prospect in the Senate.

Tariff policy requires monitoring

- The reference to the Supreme Court’s tariffs decision as merely an “unfortunate ruling” struck a fairly moderate tone. Stating that “Congressional action will not be necessary” likely signals the Administration realizes the new tariffs could not get through Congress.
- The Administration will most likely continue to pursue alternative tariffs mechanisms, which will continue to place uncertainty upon business operations and strategic planning.

Economic policy

- The Administration is clearly focusing on issues relating to “affordability” but by pointing to economic statistics rather than many new proposals outside healthcare and housing.
- The President’s comments on the current DHS shutdown may indicate a tougher line ahead, even in areas where DHS still has money to spend. The President highlighted tax cuts, tax-free accounts for children, and the “warrior dividend” every US servicemember received last year. He also claimed that he “will always protect Social Security and Medicare” and announced a plan to offer Federal retirement plans to non-Federal workers with up to a \$1,000 Federal matching contribution, which will require Congressional action.

Geopolitics

- The President began the section by speaking of “security for Americans abroad” rather than a broader statement of US interests in the world. The Administration signaled a very tough line on Iran by stating that Iran will never possess a nuclear weapon.
- The statement that NATO members really are “friends and allies” was welcome; on Ukraine, however, the presentation was very neutral, with simply a statement that the President is pursuing “peace” in “a brutal war,” with no supportive words for Ukraine.

What this means for business: With Congress unlikely to pass major new laws before the election, businesses should focus on possible regulatory changes, executive actions, and ongoing budget uncertainty in the months ahead. Attempts to get proposals through Congress still face the reality of obtaining 60 votes in the Senate—with some Democratic support—and thus a difficult prospect in an election year. Some measures, such as the Congressional stock trading ban, may pass, and Congress could take some action on health care. But as the Administration has not yet submitted a 2027 budget, the prospects

for Congress passing a budget on time by September 30 in an election year seem dim unless Congress can agree a continuing resolution to keep funding going through at least the election.

1. [Full Transcript of Trump's State of the Union Address](#). *The New York Times*. February 25, 2026.

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