

On March 31, 2021, President Biden announced the first of a two-part infrastructure proposal, the American Jobs Plan, which includes the Made in America Tax Plan. According to the Administration's [fact sheet](#), the 8-year, \$2.25 trillion proposal includes funding for transportation – highways, roads, bridges, ports, airports, and transit – as well as water, broadband, schools, housing, and the electric grid.

The American Jobs Plan also includes significant investments in manufacturing, research and development, and job training, with a goal of “strengthening our infrastructure and competitiveness” and “creating the good-paying, union jobs of the future.” Of note, this package is separate from the surface transportation reauthorization, which will need to be addressed before the expiration of the one-year extension of the Fixing America's Transportation (FAST) Act on September 30, 2021. The second half of President Biden's proposal, the American Families Plan, is expected later in April and has a reported \$1 trillion price tag with a targeted focus on social programs.

The American Jobs Plan represents the first step towards the much-anticipated and necessary infrastructure package. While the Biden Administration released a framework, Congress must draft and pass the legislation. Legislation may not mirror the Administration's framework; however, the most recent COVID-19 relief package (the *American Rescue Plan Act*), closely followed the Administration's American Rescue Plan framework, and could be an indication of the congressional infrastructure approach. During a recent hearing, House Transportation and Infrastructure Committee Chairman Peter DeFazio (D-OR) – who will play a significant role in shaping the transportation portion of the package – suggested that he would take his cues from the Administration regarding the package's size and scope.

Speaker Nancy Pelosi (D-CA) is reportedly aiming to pass the package prior to the July 4th Congressional recess; however, that date may be pushed later into July. Speaker Pelosi currently has a very small margin in the House, and will need to keep Democratic caucus support to advance the package. Several Democratic Representatives from the northeast stated they would not vote for a package that includes tax changes unless Congress also repeals the State and Local Tax (SALT) caps.

While infrastructure is traditionally bipartisan, Republican support for the expansive infrastructure package is unlikely. During a March 25th House Transportation and Infrastructure hearing, Ranking Member Sam Graves (R-MO) urged U.S. Department of Transportation Secretary Buttigieg to direct investment to traditional infrastructure areas. President Biden's plan is a far more expensive and expansive proposal than envisioned by Rep. Graves. The \$2.25 trillion plan would be the largest single investment in infrastructure in American history, and President Biden's plan to fund it with roll-backs of former President Trump's signature tax cut bill of 2017 will find little support from congressional Republicans.

Senate Majority Leader Chuck Schumer (D-NY) has already appealed to the Senate Parliamentarian to allow Democrats more than one reconciliation bill for the FY 2021 budget resolution. Should Democrats fail to secure bipartisan support, it is likely that the infrastructure package will be pushed through using the reconciliation process.

Woven throughout the \$2.25 trillion package are the Administration's priorities of addressing climate change, tackling racial inequity, creating jobs, and continuing to mitigate the effects of the COVID-19 pandemic. The proposal includes measures to address historically disadvantaged communities, support for electric vehicles, elimination of tax preferences for fossil fuel companies, and a focus on clean energy aimed to propel President Biden's goal of achieving 100 percent carbon-pollution free power by 2035 and net-zero emissions by 2050.

In addition to policy priorities, various incentives, and proposed tax credits – the Administration proposes funding levels for key programs:

- **\$621 billion for transportation infrastructure and resilience.**
 - \$115 billion for the modernization of roads, highways, streets, and bridges in need of critical repair.
 - \$20 billion for road safety.
 - \$85 billion to modernize and expand transit.
 - \$80 billion for Amtrak.
 - \$174 billion to invest in plug-in electric vehicles (EVs), including electrifying school buses and the federal fleet.
 - \$25 billion for airports.
 - \$17 billion for ports.
 - \$20 billion to “redress historic inequities,” including reconnecting communities that were impacted by historic investments.
 - \$25 billion for projects that will benefit the regional or national economy.
 - \$50 billion for resiliency to (1) “safeguard critical infrastructure and services, and defend vulnerable communities”; and (2) “maximize the resilience of land and water resources to protect communities and the environment.”
- **\$111 billion for clean water and water infrastructure investments.**
 - \$45 billion for the Environmental Protection Agency's Drinking Water State Revolving Fund and Water Infrastructure Improvements for the Nation Act (WIIN) grants.
 - \$56 billion for states, Tribes, territories, and disadvantaged communities to upgrade and modernize water infrastructure.
 - \$10 billion for per- and polyfluoroalkyl substances (PFAS) monitoring and remediation.
- **\$100 billion for broadband to achieve 100 percent high-speed broadband coverage and reduce the cost of internet service, among other things.**

- **\$100 billion for power infrastructure to include:**
 - \$16 billion for plugging orphan oil and gas wells and cleaning up abandoned mines.
 - \$5 billion for the remediation and redevelopment of Brownfield and Superfund sites.
 - \$10 billion for a Civilian Climate Corps program.
- **\$300 billion for housing-related investment.**
 - \$213 billion to “build, preserve, and retrofit” over two million homes and commercial buildings.
 - \$20 billion worth of tax credits through the Neighborhood Homes Investment Act.
 - \$40 billion for infrastructure improvements in the public housing system.
 - \$27 billion for a Clean Energy and Sustainability Accelerator, intended to “mobilize private investment into distributed energy resources; retrofits of residential, commercial and municipal buildings; and clean transportation.”
- **\$112 billion for education investments.**
 - \$100 billion to upgrade and build new public schools.
 - \$12 billion for community college infrastructure.
- **\$25 billion to upgrade child care facilities and increase the availability of adequate child care.**
- **\$18 billion for the modernization of VA hospitals and clinics.**
- **\$10 billion for federal building upgrades.**
- **\$180 billion investment in research and development and technology.**
 - \$50 billion for a new technology directorate for the National Science Foundation (NSF).
 - \$30 billion for research and development that spurs job creation and innovation.
 - \$40 billion for upgrades to laboratory research infrastructure.
 - \$35 billion for clean energy technology and jobs, including \$5 billion for climate-focused research and \$15 billion for climate demonstration projects (including “utility-scale energy storage, carbon capture and storage, hydrogen, advanced nuclear, rare earth element separations, floating offshore wind, biofuel/bioproducts, quantum computing, and electric vehicles”).
 - \$10 billion for research and development investment at Historically Black College and Universities (HBCUs).
 - \$15 billion to create up to 200 research incubator centers of excellence at HBCUs and other Minority Serving Institutions (MSIs).
- **\$300 billion for small businesses and manufacturers.**
 - \$50 billion for a new Department of Commerce office to monitor “domestic industrial capacity and funding investments to support production of critical goods.”
 - \$50 billion in semiconductor manufacturing and research.
 - \$30 billion for investments in “medical countermeasures manufacturing; research and development; and related biopreparedness and biosecurity” intended to help protect citizens from future pandemics.
 - \$46 billion to help the federal government purchase additional EVs and charging infrastructure.
 - \$20 billion for regional innovation funds and a Community Revitalization Fund.
 - \$14 billion for the National Institute of Standards and Technology.
 - \$52 billion for investment in domestic manufacturers.
 - \$31 billion for small business incubators and innovation hubs.
 - \$5 billion for a Rural Partnership Programs to assist with economic growth in rural and Tribal communities.
- **\$100 billion for workforce development.**
 - \$40 billion for a new Dislocated Workers Program.
 - \$12 billion for targeted workforce development opportunities in underserved communities.
 - \$48 billion in American workforce development infrastructure and worker protection.
- **\$400 billion for “expanding access to quality, affordable home- or community-based care for aging relatives and people with disabilities.”**

Made in America Tax Plan

President Biden is proposing \$2 trillion in corporate tax increases over 15 years to help offset the cost of the infrastructure components of the plan. Broadly speaking, the revenue-raising side of the Made in America Tax Plan reverses many changes included in the Tax Cuts and Jobs Act (TCJA) passed in 2017, and closely tracks with President Biden’s campaign proposals. Among other tax provisions, the plan raises the corporate tax rate to 28% (from 21%); strengthens a minimum tax on multinational corporations by doubling its rate to 21% and requiring companies to calculate that tax on a country-by-country basis; and imposes a 15% minimum tax on companies’ book income (which is the income corporations use to report their profits to shareholders). The American Jobs Plan also eliminates tax breaks available for fossil fuel companies, makes it more difficult for businesses to deduct expenses associated with offshoring jobs, and boosts IRS funding for enforcement actions against corporations.

Looking ahead to the American Families Plan, we expect President Biden to announce proposals affecting taxes on high-income individuals’ income, capital gains, estate taxes, and a potential extension of the expanded child tax credit.

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