



American Jobs Plan overview

An overview of President Biden's \$2 trillion
American Jobs Plan and Made in America Tax
Plan

April 29, 2021

American Jobs Plan summary

BACKGROUND: On March 31st, President Biden released his \$2 trillion American Jobs Plan, a proposal to restore and upgrade US infrastructure, and his Made in America Tax Plan, a proposal to overhaul the corporate tax code and fully fund the American Jobs Plan within 15 years. The American Jobs Plan focuses on:



Repairing highways, roads, and bridges



Expanding high-speed broadband internet access



Completing and upgrading new schools



Shifting towards clean energy

Purpose



- Rebuild US infrastructure after decades of disinvestment
- Create millions of jobs
- Position the US to out-compete China

Outlook

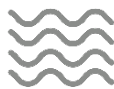


- Republican support for the plan in the Senate appears unlikely
- To avoid the filibuster, Democrats would need the support of their entire caucus plus ten Republican senators
- Democrats could use budget reconciliation to pass the legislation with a simple majority, which they already used to pass the American Rescue Plan

Key spending provisions in President Biden's \$2 trillion American Jobs Plan



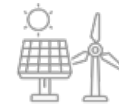
Transportation infrastructure



Water infrastructure



Digital infrastructure and rural broadband expansion



Energy infrastructure



Affordable housing construction and retrofits



Early and K-12 education, and community colleges



Upgrades to veterans' hospitals and federal buildings



Care for elderly individuals and individuals with disabilities



Manufacturing and research



Workforce development

Biden tax agenda



In a sentence: Biden plans to increase taxes on businesses, wealthy individuals, and investors. The hikes on businesses will pay for infrastructure and clean energy, while the others will pay for domestic priorities like childcare and pre-kindergarten.

TAX HIKES ON BUSINESSES

- Raise the corporate tax rate from 21% to 28%
 - Trump permanently reduced this rate from 35% to 21% in the 2017 TCJA
- Limit tax preferences for “pass through” companies like limited-liability companies or partnerships
- Treasury Secretary Janet Yellen Increase the global minimum tax from 13% to 21%
 - Treasury Secretary Janet Yellen has been in discussions with her global counterparts about this
- End federal subsidies for fossil fuel companies
- Force multinational corporations to pay the US tax rate instead of lower rates that foreign subsidiaries pay

TAX HIKES ON INDIVIDUALS AND INVESTORS

- Raise the highest rate of income tax from 37% to 39.6%
 - **This won’t affect anyone earning less than \$400,000 per year**
- Increase tax on wealthy investors
 - Rep. Fazio (D-OR) has proposed a financial transactions tax, and Biden supports investigating one
- Increase capital gains tax for those earning over \$1 million
 - Biden wants to increase the maximum rate of CGT from just over 20% to nearly 40%
- Broaden the scope of the estate tax



\$2.1 trillion*

The amount that Biden’s tax plan will raise, the Tax Policy Center estimates



\$60 billion

Of Biden’s \$1.9 trillion American Rescue Plan was funded through tax hikes

*This estimate is based on Biden’s tax plan during his campaign

S O U R C E Washington Post, Investopedia, Bloomberg, GovTrack, Tax Policy Center, CNBC, CNN, Forbes.

Key revenue provisions in President Biden's Made in America Tax Plan, included in the American Jobs Plan

 <p>Raising corporate tax rate to 28%</p>	 <p>Raising tax on US firms' foreign income, including a 21% global minimum tax</p>	 <p>Altering taxes on foreign corporations</p>	 <p>Discouraging US firms from claiming residence in other countries</p>
 <p>Discouraging job offshoring</p>	 <p>Removing deduction on foreign-derived intangible income (FDII)</p>	 <p>Instituting minimum tax of 15% on corporate book income</p>	 <p>Removing fossil fuel tax preferences</p>
 <p>Increasing corporate enforcement</p>			

Biden faces stiff opposition over the proposed tax hikes

1 Lobbyists berated the proposals

- The US Chamber of Commerce, Business Roundtable and RATE coalition have all criticized the proposal to raise the corporate tax rate
- Trump reduced the corporate tax rate from 35% to 21% in 2017
- Dozens of the largest US firms paid no federal corporate income tax in 2020

2 Sen. Manchin opposes the tax proposal

- Sen. Manchin (D-WV), a centrist Democrat whose vote is critical in an evenly divided upper chamber, said he would vote against raising the tax rate to 28% and believes he has the support of other Democratic senators on the issue
- Sen. Manchin believes the corporate rate should be 25%

3 Amazon's Jeff Bezos supports a tax hike

- Jeff Bezos, the head of Amazon, supports a corporate tax increase
- Biden has attacked Amazon for exploiting tax loopholes
- Several other companies are considering whether they should fight the proposed hike, since the plan will give a vital boost to infrastructure

Key players take sides

✓ YES

"We recognize this investment will require concessions from all sides..."

JEFF BEZOS
AMAZON CEO

✗ NO

"The bill, basically, is not going to end up that way."

JOE MANCHIN
SENATOR (D-WV)

Budget reconciliation overview



Allows for quick legislating

- Created via the Congressional Budget Act of 1974
- Provides an expedited process for passing congressional measures related to the budget



Cannot be filibustered

- Debate in Senate is limited to 20 hours
- Allows passage of certain legislation by simple majority



Provisions must abide by the "Byrd rule"

- Must have a non-incidental effect on the budget
- Must not change overall spending/revenue
- Must not add to the deficit outside the budget window covered by the bill

Budget reconciliation process

Both House and Senate pass a budget resolution which includes reconciliation instructions (No filibuster - simple majority vote in both chambers)



Instructed committees develop and vote on policy recommendations related to the instructions (simple majority vote)



Budget committees bundle proposals into budget measure and vote (simple majority vote)



Full House votes (rules for debate and final passage are by simple majority vote)

Senate debate limited to 20 hours (no filibuster) but unlimited amendments can be offered (vote-a-rama)



President signs budget reconciliation measure

Senate Republicans unveiled a \$568B infrastructure package

The proposal is meant to serve as a counteroffer to the American Jobs Plan, President Biden's proposed infrastructure package



Overview of the GOP counterproposal

- Emphasizes spending on “traditional” infrastructure — including roads, ports, and airports — as well as water infrastructure and expanded broadband
- Proposed revenue sources include repurposing federal funds and instituting user fees



Key differences from the American Jobs Plan

- Includes \$568B in spending versus \$2T in President Biden's American Jobs Plan
- Does not call for spending on emissions reduction or racial justice
- Maintains key provisions from President Trump's Tax Cuts and Jobs Act, including a corporate tax rate of 21% — compared to Biden's proposal of 28%



Outlook

- Sen. Joe Manchin (D-WV), a key Senate swing vote, expressed support for the GOP package
- Most other Democratic policymakers are likely to oppose the plan, in part because it includes substantially lower funding levels than the American Jobs Plan
- Biden is working to reach a bipartisan infrastructure agreement, but the prospect of a deal is uncertain