

THE DEMOCRATIC RECONCILIATION PACKAGE

Various House committees of jurisdiction completed work on their respective components of a reconciliation package – a \$3.5 trillion package with provisions that must carry significant budgetary impact. Since all committees cleared their respective portions of the legislation on Wednesday, September 15th, the compiled legislation is now set to proceed to the House floor for a final vote within the coming weeks.

However, there is significant controversy regarding the package’s legislative future – especially due to conflicting perspectives within the Democratic party regarding the bill’s large price tag. The package’s future seems even more uncertain in the Senate, where the 50-50 split means that not even one Democrat can cross party lines to vote against the package. As the reconciliation process plays out in the Senate, there is high certainty that the legislation will change significantly from what we see in the House version.

Below are the top priorities included in each House committee of jurisdiction:

1) FORESTRY

\$40 billion for a program to combat forest fires and further resilient forests.

2) RURAL U.S.

\$18 billion for rural jobs, renewable energy, water, and rural community growth.

3) RESEARCH

\$7.75 billion for agriculture research, innovation, and infrastructure.



Agriculture



Education & Labor

1) CHILD CARE

\$450 billion for childcare and early childhood learning, including free preschool.

2) HIGHER ED

\$111 billion for higher education, including two years of free community college.

3) SCHOOLS

\$82 billion to rebuild public elementary and secondary schools requiring repair.

1) CLEAN ENERGY

\$150 billion for a new Clean Electricity Performance Program.

2) HEALTHCARE

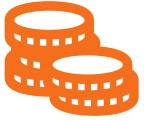
Strengthened ACA and Medicare programs with \$35 billion for public health infrastructure.

3) WATER

\$500 million for an HHS low-income water customer assistance program



Energy & Commerce



Financial Services

1) HOUSING

\$77.3 billion for public housing programs and \$75 billion for Housing Choice Vouchers.

2) ASSISTANCE

\$15 billion for rental assistance projects and \$10 billion for down payment assistance.

3) FLOODS

Clearing the \$20.5 billion of FEMA debt for the National Flood Insurance Program.

1) CYBER DEFENSE

\$400 million for multi-factor authentication, endpoint detection, and cloud security.

2) WORKFORCE

\$100 million for cybersecurity workforce and education programs.

3) STATES

\$50 million for the Multi-State Information Sharing and Analysis Center.



Homeland Security



Judiciary

1) IMMIGRATION

Provides permanent citizenship opportunity to Dreamers and essential workers.

2) WORKERS

Supporting U.S. businesses with their abilities to attract a highly skilled workforce.

3) VIOLENCE

\$2.5 billion for DOJ to reduce community violence through intervention.

1) RESILIENCY

\$9.5 billion for dedicated coastal restoration and climate resiliency projects.

2) CORPS

\$3 billion to support the creation of a Civilian Climate Corps at DOI.

3) MINES

\$2.5 billion allocated to abandoned hardrock mine cleanup.



Natural Resources



Oversight & Reform

1) USPS

\$7 billion for electric vehicle infrastructure for the U.S. Postal Service.

2) GSA

\$5 billion for electric vehicle infrastructure for the General Services Admin.

3) TECHNOLOGY

\$1 billion for the Technology Modernization Fund to upgrade federal IT systems.

1) DOE

\$15.6 billion for DOE labs, R&D, nuclear energy projects, and renewable energy initiatives.

2) NSF

\$11 billion for NSF research and STEM education funding.

3) NASA

\$4.4 billion for NASA facilities, climate change research, and IT improvements.



Science, Space & Technology



Small Business

1) VENTURE

\$9.5 billion for venture programs in underserved markets under the SBIC program.

2) LOANS

\$4.5 billion for direct lending opportunities under the SBA's 7(a) lending program.

3) ACCELERATOR

Establishes a \$1 billion Uplift Accelerator for small entities from HBCUs & MSIs.

1) HOUSING

\$10 billion for affordable housing and enhanced transit mobility for low-income communities.

2) RAIL

\$10 billion for planning and development of high-speed rail projects.

3) LOCAL

\$6 billion towards the advancement of local surface transportation projects.



Transportation & Infrastructure



Veterans' Affairs

1) CAPITAL

\$15.2 billion for the VA's capital investment to be used for maintenance.

2) MEDICAL

Almost \$2 billion for the VA to be able to lease new medical facilities.

3) STAFF

\$375 million to enhance staffing at VA clinics through more residency positions.

1) DRUG PRICING

Allows govt. to request lower drug prices from companies and to cap price at inflation.

2) PAID LEAVE

Authorizes up to 12 weeks of paid medical and family leave.

3) TAX CREDITS

Expands several tax credits and makes many credits officially permanent.



Ways & Means

SOURCES OF NEW REVENUE

While the package largely focuses on implementing programs that will carry significant budgetary impact, the House Ways and Means Committee's portion of the legislation includes several tax increases on both high-earning individuals and companies, which are aimed towards generating approximately \$2.06 trillion over the next ten years to fund at least some components of the legislation.

The future of these proposals in the Senate appear murky, especially due to opposition from moderate Democrats and key Democratic leaders of jurisdiction. Senate committees have not yet begun their markup process.

- 1 Increases the top corporate tax rate to 26.5%.
Provides an estimated \$703.7 billion.
- 2 Applies the NIIT to income over \$400,000.
Provides an estimated \$183.2 billion.
- 3 Increases the high-earning individual tax to 39.6%.
Provides an estimated \$157.3 billion.
- 4 Makes the active passthrough losses limitation permanent.
Provides an estimated \$133.8 billion.
- 5 Increases taxes on tobacco products and nicotine.
Provides an estimated \$97.9 billion.
- 6 Imposes limitation on business income deduction.
Provides an estimated \$79.4 billion.
- 7 Increases tax rate for capital gains to 25%.
Provides an estimated \$78.1 billion.
- 8 Implements planned estate tax exemption decrease.
Provides an estimated \$65.2 billion.
- 9 Implements limits on interest costs for multinational corps.
Provides an estimated \$57.3 billion.
- 10 Increases GILT tax rate and amends FTC calculations.
Provides an estimated \$54.5 billion.
- 11 Decreases foreign intangible income deduction.
Provides an estimated \$24.2 billion.
- 12 Changing deduction for highly compensated employees.
Provides an estimated \$16.3 billion.

LAWMAKER PERSPECTIVES



REPRESENTATIVE NANCY PELOSI (D-CA)

Speaker of the U.S. House of Representatives

“

On Wednesday, September 15, we will come closer to achieving President Biden's and Congressional Democrats' vision to Build Back Better. We reach this important milestone with gratitude for the Committee Chairs, Members and Staff and indeed to our entire House Democratic Caucus. We are now prepared to continue negotiations with the White House and Senate to reach reconciliation on legislation that meets the everyday needs of the American people and that addresses the climate crisis.



SENATOR MITCH MCCONNELL (R-KY)

Senate Minority Leader

”

Trillions more borrowing and trillions more spending when inflation is already sticking American families with higher costs. Their borrowing and spending are historically abnormal. Democrats keep boasting about how wild and revolutionary their partisan vision is! So, our friends across the aisle should not expect traditional bipartisan borrowing to finance their nontraditional reckless taxing and spending spree. That's not how this works.



SENATOR JOE MANCHIN (D-WV)

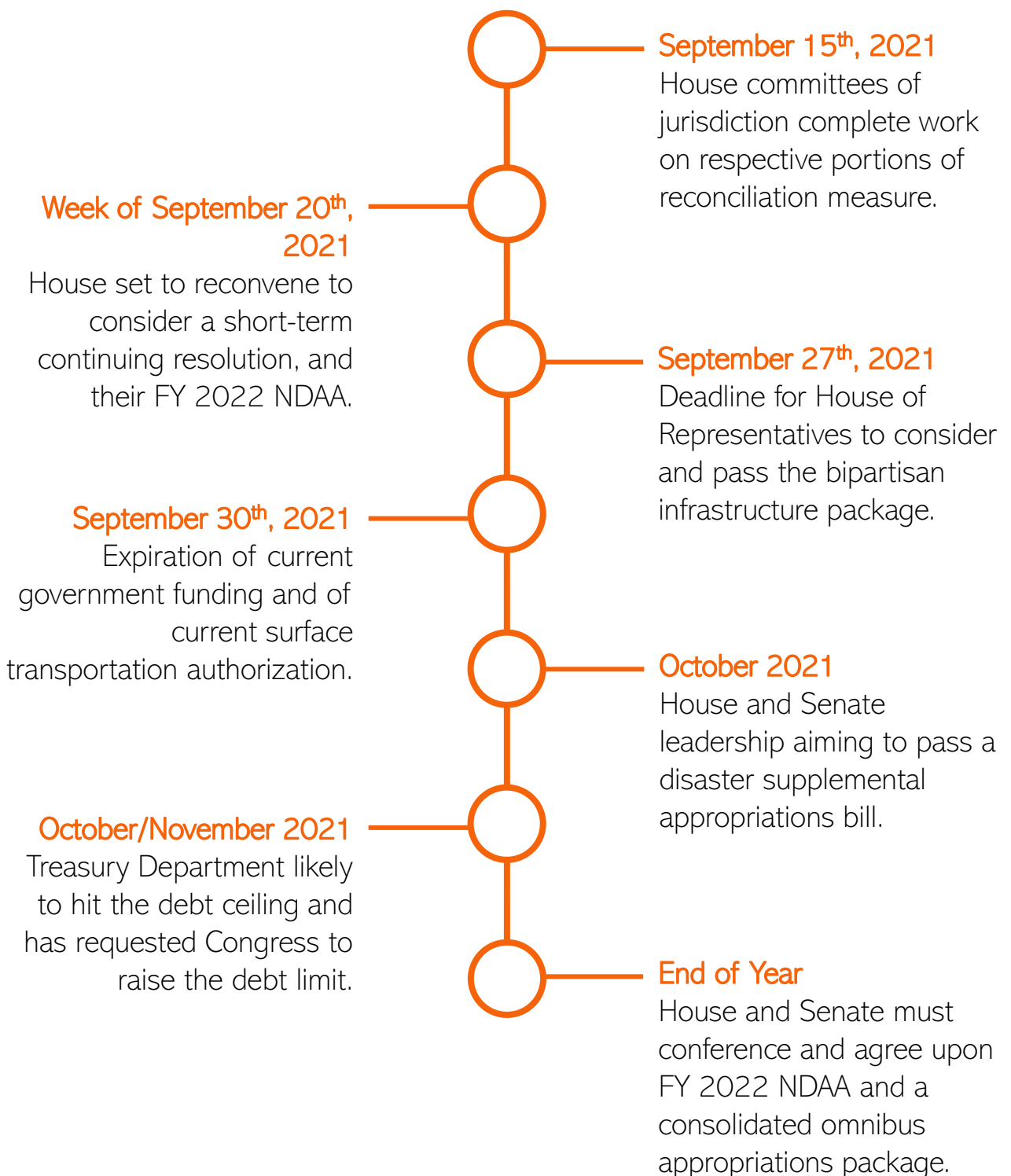
Moderate Democrat

“

I, for one, won't support a \$3.5 trillion bill, or anywhere near that level of additional spending, without greater clarity about why Congress chooses to ignore the serious effects inflation and debt have on existing government programs. Establishing an artificial \$3.5 trillion spending number and then reverse-engineering the partisan social priorities that should be funded isn't how you make good policy. While my fellow Democrats will disagree, I believe that spending trillions more dollars not only ignores present economic reality, but makes it certain that America will be fiscally weakened when it faces a future recession or national emergency.

WHAT'S ON THE AGENDA FOR THE REST OF THE YEAR?

As House committees have now completed their work on the reconciliation package, there still remain several must-pass looming priorities for the rest of the year. With these additional priorities at play, there is even more question surrounding passage of the reconciliation measure.



There is no agreed upon timeline for when House and Senate Democrats will agree on a final reconciliation bill.