



Association of Equipment Manufacturers

American Jobs Plan overview | 04.07.2021

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



Key revenue provisions in President Biden's Made in America Tax Plan



Raising corporate tax rate to 28%



Raising tax on US firms' foreign income



Altering taxes on foreign corporations



Discouraging US firms from claiming residence in other countries



Discouraging job offshoring



Removing deduction on foreign-derived intangible income (FDII)



Instituting minimum tax of 15% on corporate book income



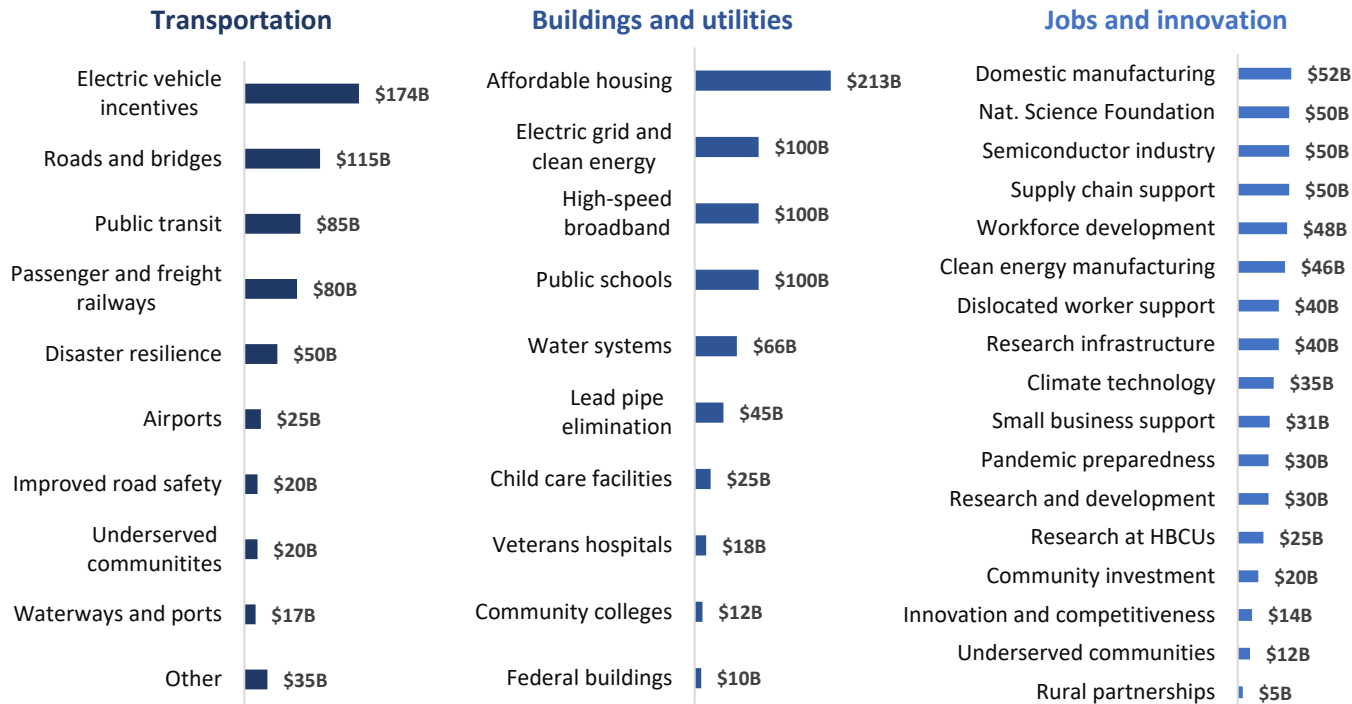
Removing fossil fuel tax preferences



Increasing corporate enforcement



American Jobs Plan estimated spending, by category



SOURCE The New York Times, The White House.



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)



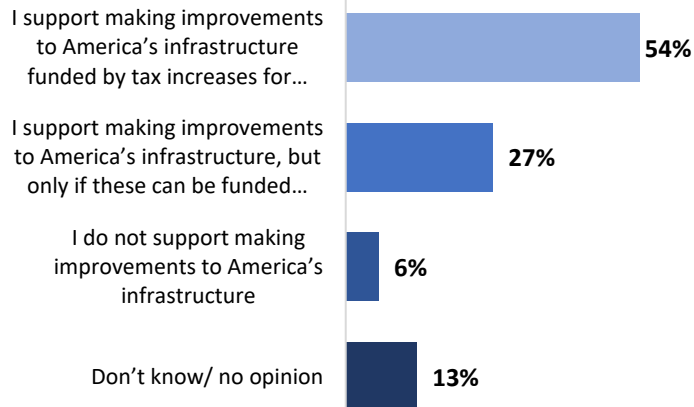
President signs budget reconciliation measure



Passing the American Jobs Plan presents challenges for Democrats

As you may know, the Biden administration is putting together a \$3 trillion infrastructure plan to address a variety of priorities. This plan is expected to include tax increases for those making more than \$400,000, as well as increases to the corporate tax rate in order to balance spending. Which of the following comes closest to your opinion?

MORNING CONSULT AND POLITICO POLL OF 2,043 REGISTERED VOTERS
CONDUCTED MARCH 26-29, 2021



OUTLOOK

- **Republicans** say the plan goes **too far beyond** traditional infrastructure spending and denounce the proposed tax hikes
 - **Senate Minority Leader Mitch McConnell (R-KY)** labeled the plan as a “Trojan horse” for “more borrowed money, and massive tax increases”
 - McConnell announced that **the package “is not going to get support from [Republicans]”**
- Democrats may rely on **budget reconciliation** to pass the package, but party unity is tenuous
 - Some **progressives** have said that the bill is **not large enough**
 - **Blue-state Democrats** are pushing for the plan to repeal Trump-era limits on state and local tax (**SALT**) deductions





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