

Client Alert

The Biden Infrastructure and Jobs Plan: Highlights of \$2 Trillion Proposal That Would Remake Transportation and Energy Sectors, Address Inequality, and Increase Taxes on Corporations

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At an event in Pittsburgh, PA, yesterday, President Biden unveiled his plans for creating jobs and growing the economy by investing more than \$2 trillion in infrastructure, improving access to childcare and educational opportunities, and reforming the corporate tax system. Dubbed the American Jobs Plan, the proposal fulfills a number of campaign promises and incorporates many of the legislative proposals for transforming the power generation and transportation sectors, improving racial equity and economic opportunity for all Americans, and strengthening the country's labor force and communities that have passed the Democratic led House of Representatives over the past two years.

Although President Biden's agenda is organized around two broad themes of increasing investment in the nation's physical infrastructure and improving employment, education, and community development opportunities, it lacks details for how many of these programs will be established, funded, or implemented. The release of this proposal represents the first step in a long and uncertain legislative process that will require the cooperation of a closely divided and highly partisan Congress to become law.

President Biden's plan includes a combination of direct federal spending over eight years as well as new tax credits, government procurement policies, and other financial incentives to attract public and private investment. Among other things, the plan proposes \$174 billion for development and deployment of electric vehicle infrastructure, \$115 billion to modernize bridges and roads, \$110 billion for water infrastructure, \$100 billion for upgraded transmission lines, \$400 billion for home healthcare and elderly care facilities and workers, \$137 billion for schools, and \$300 billion for manufacturing and small business programs.

The plan would be paid for over a period of 15 years through increased taxes, including a proposal to increase the corporate tax rate to 28%, eliminate tax breaks for the fossil fuel industry and certain corporate activities, and restore the so-called Superfund tax. The proposal would not change funding for the Highway Trust Fund or reform the gas tax used to pay for highways and transit programs, which face a funding shortfall due to increased vehicle efficiency and the transition to electric vehicles.

A summary of the American Jobs Plan follows:

The plan includes almost \$1 trillion in investment in traditional infrastructure projects and another \$1 trillion in education, workforce, and manufacturing initiatives, including:

Transportation Infrastructure and Resiliency (\$621 billion)

- \$174 billion to support the development and deployment of electric vehicle infrastructure, including building 500,000 EV charging stations by 2030, replacing 50,000 diesel engines from the transit fleet, and electrifying 20 percent of school buses.
- \$115 billion to modernize bridges (including 10,000 smaller bridges) and 20,000 miles of highways, roads, and main streets.
- \$85 billion for transit.
- \$80 billion for Amtrak’s repair backlog.
- \$50 billion to invest in improving resiliency of infrastructure by rebuilding above existing codes and standards and to protect infrastructure in communities that are most vulnerable (physically and financially) to climate change.
- \$25 billion for airports.
- \$25 billion for complicated transportation projects that would benefit a regional or the national economy but are not appropriate for existing programs.
- \$20 billion for a new program to reconnect neighborhoods, often low income or minority communities, that were physically divided by past transportation projects and cut off from broader economic opportunities.
- \$20 billion to improve road safety, including a new Safe Streets for All program, and support for vision zero plans to reduce fatalities involving pedestrians and bicyclists.
- \$17 billion for inland waterways and ports, including a Healthy Ports initiative to mitigate cumulative impacts of air pollution on neighborhoods near ports.
- Will support coordinated infrastructure permitting that includes stakeholder engagement and consultation and “maximizes equity, health, and environmental benefits.”

Water, Broadband, and Electric Transmission Infrastructure (\$111 billion)

- Investments to replace 100% of the nation’s lead pipes and service lines for both homes as well as schools and childcare facilities.
- \$45 billion in the Drinking Water State Revolving Loan Fund and the Water Infrastructure Improvements for the Nation Act grants.
- \$56 billion in grants and low-cost loans for modernize drinking water, wastewater and stormwater systems.
- \$10 billion to monitor and remediate PFAS in drinking water and to invest in rural water systems and household well and wastewater systems.

High-Speed Broadband Infrastructure (\$100 billion)

- Goal of achieving 100 % nationwide coverage.
- Support for networks owned by local governments, non-profits and cooperatives, including disclosure of prices and removing barriers that prevent increased competition from locally publicly owned and rural electric coops.

Investments in Improvements to the Electrical Grid (\$100 billion)

- Support for purchasing clean energy for federal buildings.
- Establishment of an Energy Efficiency and Clean Energy Standard.
- Establishment of investment tax credit for the building of 20 gigawatts of high-voltage capacity power lines.

Plugging Orphan Oil and Gas Wells and Cleaning Abandoned Mine Sites (\$16 billion)

Remediation and Investment in Brownfield and Superfund sites (\$5 billion)

Civilian Climate Corps (\$10 billion)

Retrofit Homes and Commercial Buildings and Reform Building Standards (\$213 billion)

- \$213 billion to produce, preserve, and retrofit more than two million affordable and sustainable places to live including:
 - \$20 billion worth of Neighborhood Homes Investment Act (NHIA) tax credits to build and rehabilitate about 500,000 homes for low- and middle-income homebuyers.
 - \$40 billion to improve housing infrastructure addressing life-safety and imminent hazard concerns and improve energy efficiency.
 - \$27 billion for a Clean Energy and Sustainability Accelerator to spur private investment into distributed energy resources; retrofits of residential, commercial and municipal buildings; and clean transportation.
- Eliminate state and local exclusionary zoning laws and land use policies to promote multi-unit housing and housing closer to transportation and economic development opportunities.
- Produce, preserve, and retrofit more than a million energy efficient and electrified housing units using tax credits, formula funding, grants, and project-based rental assistance

Modernize Schools, Community Colleges, and Early Education Facilities (\$137 billion)

- \$100 billion to upgrade and build new public schools, through \$50 billion in direct grants and an additional \$50 billion leveraged through bonds.
- \$12 billion for community college facilities and technology with a focus on servicing education deserts in rural communities.
- \$25 billion to help upgrade child care facilities and increase the supply of child care through a Child Care Growth and Innovation Fund for states and an expanded tax credit to encourage businesses to build child care facilities at places of work.

Upgrade Veterans Hospitals and Federal Buildings (\$28 billion)

- \$18 billion for the modernization of Veterans Affairs hospitals and clinics.

- \$10 billion to support investment in a major purchase, construction or renovation of Federal facilities through a bipartisan Federal Capital Revolving Fund.

Create Jobs and Raising Wages for the Care Economy (\$400 billion)

- \$400 billion to expand access to affordable home- or community-based care for aging populations and people with disabilities
 - Expand access to home and community-based services/long-term care services under state-run Medicaid programs
 - Extend the *Money Follows the Person* program to support delivery innovations in long-term care
 - Create infrastructure for home and community-based services caregiving jobs that include benefits and the ability to collectively bargain

Support for Research and Development (\$180 billion)

- \$50 billion for the National Science Foundation for advanced technology jobs manufacturing and programs.
- \$30 billion for research and development to spur innovation and jobs, including in rural areas.
- \$40 billion for improvements to laboratories at federal research centers and Historically Black Colleges and Universities.
- \$35 billion for research and new technology to address climate change.
- \$5 billion for climate focused research.
- \$15 billion for research and development demonstration projects, including utility scale energy storage, floating offshore wind, and carbon capture.
- \$10 billion for research and development opportunities at Historically Black Colleges and Universities.
- \$15 billion to create 200 centers of excellence to serve as research incubators at Historically Black Colleges and Universities.

Support Transformation of Manufacturing Sector and Small Businesses (\$300 billion)

- \$50 billion for new Commerce Department program for monitoring domestic manufacturing capacity and investing in domestic manufacturing of critical goods.
- \$50 billion for semiconductor manufacturing and research.
- \$50 billion to be spent over four years in investing in medical countermeasure research and manufacturing, including increases to the strategic national stockpile, to protect against job losses from the next pandemic.
- Utilize \$46 billion in federal purchasing power to drive innovation and transformation to net-zero emissions by 2050.
- \$20 billion for regional innovation hubs to link urban and rural communities.
- \$52 billion for domestic manufacturing through increased access to capital with a focus on supporting rural manufacturing and clean energy and shoring up the resilience of the domestic supply chain.

- \$31 billion to improve access to capital and research and development funding for small businesses, including to support the growth of entrepreneurship in communities of color and underserved communities.

Workforce Development Initiatives (\$100 billion)

- \$40 billion for a new displaced workers program to support the transition to a clean economy.
- \$12 billion for programs to assist workers facing the greatest challenges finding employment, including for formerly incarcerated individuals.
- Elimination of sub-minimum wage provisions and increased opportunities for workers with disabilities.
- \$48 billion for workforce development and apprenticeship programs.

Expand Opportunities for Labor Unions and Union Jobs

- Create new union jobs to address climate change and build a sustainable infrastructure.
- Tie federal investments in clean energy and infrastructure to prevailing wages and require transportation investments to meet existing transit labor protections.
- Commit to increasing American jobs through Buy America and Ship American provisions.
- Guarantee American workers the choice to join a union by passing the Protecting the Right to Organize (PRO) Act.
- Guarantee union and bargaining rights for public service workers.
- Require that domestic workers receive legal benefits and protections and address gender-based pay inequities.
- \$10 billion to enforce standards related to fair and equal pay, safe and healthy workplaces, and workplaces free from racial, gender, and other forms of discrimination and harassment.

Proposed Reforms Tax Code to Pay for \$2 Trillion Infrastructure and Jobs Plan

- Increase the corporate tax rate to 28 percent (rolling back some of the Trump Administration tax cuts).
- Increase the tax rate on global intangible low-taxed income (GILTI) to 21 percent, require GILTI to be calculated on a country-by-country basis, and eliminate the GILTI exemption for the first 10 percent return on certain foreign assets.
- End the race to the bottom on corporate tax rates by seeking a global agreement on a strong corporate minimum tax.
- Create obstacles for U.S. corporations to invert (a form of tax avoidance where corporations are restructured and a current parent is replaced with a foreign parent).
- Eliminate tax deductions for offshoring jobs and provide tax credits to support onshoring jobs.
- Eliminate the tax incentives for foreign derived intangible income and provide more effective incentives for research and development investment.
- Enact a 15 percent minimum tax on the “book income” of large corporations.

- Eliminate the tax preferences for the fossil fuel industry and restore payments from polluters into the Superfund Trust Fund so that polluting industries help cover the cost of cleanups.
- Invest in the Internal Revenue Service so that it has the resources to effectively enforce the tax laws against corporations.

Democratic leaders in Congress have already said they hope to have legislation approved by July 4, which suggests a willingness to go-it-alone on a partisan basis using the budget reconciliation process, which requires only simple majority votes in the House and Senate. Such an approach could result in legislation that closely mirrors President Biden’s plan. Congressional Republicans have balked at the scope of the plan and the proposed changes to the corporate tax structure, saying they would like to work on a bipartisan basis to pass a more limited measure that focuses on investments in physical infrastructure. One thing to watch for is how Congress’s decision to restore the use of earmarks will factor into the development of infrastructure legislation and whether they will provide an incentive to reach a bipartisan compromise.

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