

## CLIENT ALERT

### Biden Administration Plans Tax Bill to Fund Economic Recovery, Appoints Lily Batchelder to Assistant Secretary for Tax Policy, U.S. Department of Treasury

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The Biden Administration reportedly is planning a new tax bill to fund the next round of economic initiatives, which could be paid for by increases to both the corporate tax rate and individual rate for high earners. The planned bill likely would fund infrastructure improvements, climate change projects, and assistance for lower income individuals, and would follow the “paying their fair share” initiatives announced by Biden during his campaign. The details and effective dates for these tax changes are yet to be announced and will likely be the subject of intense debate and negotiation.

Although Democrats likely will attempt to seek bipartisan support for the legislative package, rumors indicate that some are prepared to pursue a bill along party lines using the budget reconciliation package that was used for the recent COVID-19 stimulus measure. Republicans and Democrats have long sought to collaborate on an infrastructure package to improve roads, bridges, and rail, while also modernizing clean water mechanisms, expanding access to broadband in both rural and urban settings, and updating critical components to accommodate electric vehicles. Increasing corporate and individual tax rates as a pay-for, however, may render the proposal unworkable for the majority of Republicans, despite the fact that the proposal would not incorporate more progressive policies like the wealth tax supported by Senator Elizabeth Warren (D-MA). Additionally, Republican support notwithstanding, Democrats must also keep their entire caucus in the Senate, a group of just 50, to even pass legislation along party lines. Moderate Democrats like Senator Joe Manchin (D-WV) could easily be swayed to oppose the legislation, particularly if it favors green energy to the detriment on fossil fuels like coal, a traditional source of jobs in his home state.

The Biden Administration also recently announced the nomination of Lily Batchelder to be the next Assistant Secretary (Tax Policy) at the Department of Treasury. Once confirmed, she will serve as the top tax official at the Treasury Department and will be integral to the implementation of any new tax law. Ms. Batchelder’s focus areas align well with the policy initiatives under discussion by the Biden Administration. Ms. Batchelder is currently a professor at NYU School of Law, where her principal areas of research and teaching are domestic federal tax issues, such as federal income taxes, wealth transfer taxes, and social insurance. Ms. Batchelder previously worked on the Biden administration’s Treasury transition team, as Deputy Director of the White House Economic Counsel, and as Majority Chief Counsel for the U.S. Senate Committee on Finance.

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