

House Passes Build Back Better Act

By: Julianna Moyer & Galen Schuerlein

Early Friday morning, the U.S. House of Representatives approved President Biden's sweeping social and climate spending proposal known as the [Build Back Better Framework](#). Key provisions in the approximately \$2 trillion bill ([H.R. 5376](#)) include comprehensive climate programs and tax incentives, paid family leave, universal preschool, and subsidy expansions under the Affordable Care Act. The bill also raises taxes for high-income individuals, establishes a Medicare drug price negotiation program, and extends the child tax credit for an additional year while making it permanently refundable.

SUMMARY¹

Climate and Clean Energy: \$555 billion – Includes investments and incentives for electric vehicles, including \$100 million in grants for states to build up electric vehicle infrastructure, and offers funding for high speed rail, hazardous fuel reduction, forest management, coastal restoration, and soil conservation. Also includes funding for the reduction of greenhouse gases. Provides funding for lead remediation grants and replacement of lead water lines. Includes a provision to create a Civilian Climate Corps to take part in environmental and climate projects. Increases fees on the oil and gas industry and provides equipment upgrade incentives for fuel companies and distributors to support the sale and storage of biofuels.

Universal Preschool and Child Care: \$400 billion – Includes provisions to offer free, universal preschool for all 3-and 4-year-olds. Under the plan, states will receive federal funding to support a phased-in expansion of income eligibility during FY2022 – FY2024. Also offers support for child care costs – families earning less than \$300,000 per year would spend no more than 7 percent of their income on child care; offers tax credits of up to \$300 per child, per month.

Child Tax Credit: \$200 billion – Expands the Child Tax Credit for another year.

SALT Cap: Increases the \$10,000 cap on the state and local income tax deduction to \$80,000 through 2030. In 2031, the cap would be returned to \$10,000, then expire.

Reduce Healthcare Premiums: \$165 billion – Offers funding to reduce premiums for individuals covered through the Affordable Care Act.

Other healthcare provisions: Expands Medicare coverage to cover hearing aids; provides funding for maternal health, community violence, disadvantaged farmers, nutrition and pandemic preparation; places a cap (\$2,000) on Medicare Part D out-of-pocket costs for seniors and places a cap of \$35 per dose for insulin; establishes a Medicare drug negotiation program.

¹ NOTE: *Figures listed where available and applicable. Monetary figures and provisions are subject to change as the bill moves through the legislative process. The below is not an exhaustive list but touches on most of the major provisions in each category.*

Home Care: \$150 billion – Provides funding designated for a Medicaid program to support home health care.

Affordable Housing: \$150 billion – Funding to increase housing affordability by building new rental and single-family homes and provide rental and down payment assistance.

Immigration: \$100 billion – Individuals living in the U.S. prior to January 2, 2011 would become eligible for renewable parole grants for five years after paying a fee and completing security and background checks.

Worker Training and Higher Education: \$40 billion – Increase the value for Pell Grants and provide funding for grant programs and expanded federal financial aid for eligible students with DACA, TPS and DED status; invest in Historically Black Colleges and Universities (HBCUs) and Hispanic- and other Minority-Serving institutions.

Paid Family and Medical Leave: Eligible workers would receive up to four weeks of paid leave to take care of a child, other family member, or to recover from sickness. Eligible workers would be entitled to the benefit within a one-year period, starting in 2024. President Biden originally proposed 12 weeks of paid leave.

The version which was sent to the House floor included a manager's amendment, which removed \$2 billion in funding for administrative expenses related to the paid leave program, among other changes.

Revenue Increases/Business Provisions:

- 15% minimum tax on large corporations with reported income over \$1 billion. U.S. companies with foreign parent companies would need to have at least \$100 million in income.
- Attempts to discourage profit-shifting by multinational companies, and a 15% global intangible low-taxed income rate and a \$15.8 foreign-derived intangible income rate.
- A 1% tax on corporate stock buybacks by publicly traded U.S. corporations, including any subsidiary.
- Additional enforcement measures for large corporations and high-income earners at the Internal Revenue Service.
- An additional 5% tax on those earning more than \$10 million a year and another 3% tax increase on those earning \$25 million or more.
- Provisions to limit business losses for very wealthy individuals and adds a 3.8% Medicare tax for particular individuals earning more than \$400,000 per year who did not pay the tax previously.

H.R. 5376 now heads to the U.S. Senate, where it will likely undergo significant changes. Senate Majority Leader Chuck Schumer has indicated he aims to pass the bill by the Christmas holiday, but he will need the backing of moderate Democratic Sens. Kyrsten Sinema (Arizona) and Joe Manchin (West Virginia), who have not yet pledged support for the bill. If the Senate makes changes, the modified measure would return to the House for final approval.

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