

A View from the Swamp

Fall Preview.

Outlook for DC this Fall.....



Agenda

- Build Back Better
- Bipartisan Infrastructure Package
- Debt Limit
- Appropriations
- Covid
- Supreme Court
- Unknown Unknowns

Build Back Better

The budget resolution calls for \$3.5 trillion in spending

- **PERSONAL**

- Paid Family and Medical Leave - House Bill
- Expanding Medicare to include dental, vision, hearing benefits and lowering the eligibility age - House Bill
- Child Tax Credit/EITC/CDCTC extension
- Health equity (maternal, behavioral, and racial justice health investments)
- Long-term care for seniors and persons with disabilities (HCBS)
- Government to negotiate with drugmakers and peg prices for medications in the U.S. relative to their cost in other countries
- .

- **EDUCATION**

- School Construction - House Bill
- \$2 billion for grants to expand research and development infrastructure at the nation's minority-serving colleges and universities - House Bill
- Eliminate tuition at the nation's community colleges. - House Bill
- Increase the Pell Grant by \$500.- House Bill,

- **INFRASTRUCTURE**

- Addressing health care provider shortages (Graduate Medical Education)
- Pro-worker incentives and worker support
- New tax credits to issuers of bonds used for state and local infrastructure projects

Build Back Better

- **CLIMATE**

- Tax incentives for carbon-free energy, energy efficiency and zero-emission vehicles.
- Civilian Climate Corps
- Invest in agricultural practices, forestry and other natural systems to increase carbon sequestration, improve community resilience and prevent wildfires.

- **HOUSING**

- SALT cap relief (not in base text)
- Housing incentives
- Incentivized Rehabilitation

Build Back Better

\$3.5 Trillion spending = 1.75 Trillion in new revenue

- **Corporate and international tax reform**
 - Corporate Rate - **House Bill 26.5%**
 - Pass-Through limited to “remedial method”, removes optionality - **Wyden Discussion**
 - GILTI at 16.5%; - **House Bill**
 - BEAT at 12.5%, with a two-year delayed effective date - **House Bill**
- **Tax fairness for high-income individuals**
 - IRS tax enforcement
 - tax equal to 3% of a taxpayer’s modified adjusted gross income in excess of \$5 million (or in excess of \$2.5 million for a married individual filing separately). **House Bill**
- Carried interest increased holding period from 3yrs to 5yrs (but it sounds like nothing like the enterprise value Wyden, Levin policies) - **House Bill**
- Some estate tax changes, details uncertain, possibly focused on passive ownership with exemptions for active owners and family farms
- Statutory capital gains rate up to 25% (presumed 28.8% effective)

Build Back Better

House Mark - programs of interest

• TRANSPORTATION

- **Affordable Housing Access Program** \$10 billion to support access to affordable housing and enhance mobility for low-income individuals and residents of disadvantaged or persistent poverty communities.
- **Neighborhood Access and Equity Grants** \$4 billion to support neighborhood equity, safety, and affordable transportation access.
- **Local Transportation Priorities.** \$6 billion to advance local surface transportation projects.
- **Economic Development Administration.** \$5.5 billion to the Economic Development Administration (EDA), broken down as follows: \$4 billion to invest in the creation of regional innovation hubs; \$1 billion for EDA's Economic Adjustment Assistance program to fund predevelopment activities and provide assistance to energy and industrial transition communities; and \$500 million for public works projects.

• WAYS AND MEANS - Bonds

- Allowing state and local governments that issue qualified infrastructure bonds to receive a tax credit for a portion of the interest they pay, similar to Build America Bonds. The credit would be 35% of interest paid for bonds issued from 2022 through 2024, phasing down to 28% for bonds issued in 2027 and later years.
- Restoring a tax exemption for interest on advance refunding bonds, State and local governments used those bonds to refinance their debt and access lower interest rates.
- Establishing a 30% tax credit for state, local, and tribal governments to operate and maintain government-owned broadband systems.
- Making permanent and expanding the New Markets Tax Credit, offered to taxpayers that invest in lower-income communities.
- .

Build Back Better



- "the most consequential piece of legislation for working families since FDR and the New Deal of the 1930s." -**Sanders**
- "I do not believe we have the luxury of failure if we are to provide a good future for ourselves and our children." -**Schumer**
- "What does it take?" Pelosi, D-Calif., said when asked about whether a reconciliation bill spending less than \$3.5 trillion could pass the House. "Where would you cut? Child care? Family medical leave paid for? Universal pre-K? Home health care, so important?" - **Pelosi**

Build Back Better



- "I do not support a bill that costs \$3.5 trillion -- and in the coming months, I will work in good faith to develop this legislation with my colleagues and the administration to strengthen Arizona's economy and help Arizona's everyday families get ahead" - **Sinema**
- "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," - **Manchin**
- Senate Parliamentarian Elizabeth Macdonough

Build Back Better



- "Good luck tanking your own party's investment on childcare, climate action, and infrastructure while presuming you'll survive a 3 vote House margin." - **Ocasio-Cortez**



- "\$3.5 trillion is the floor." - **Tlaib**



Build Back Better



Bipartisan Infrastructure Bill



Bipartisan Infrastructure Bill

PAST REAUTHORIZATIONS

2015 \$303 Billion 2 yrs

2012 \$105 Billion 2 yrs

2005 \$244 over 5 yrs

\$550 billion in new spending, \$1.2 trillion total over five years

The bill also features a \$118 billion bailout of the Highway Trust Fund from the Treasury's general fund.

Bipartisan Infrastructure Bill

	PROGRAM	AMOUNT
	ROADS, BRIDGES, MAJOR PROJECTS	\$110 BILLION
	POWER GRID INFRASTRUCTURE	\$73 BILLION
	PASSENGER, FREIGHT RAIL	\$66 BILLION
	BROADBAND INFRASTRUCTURE	\$65 BILLION
	WATER INFRASTRUCTURE	\$55 BILLION
	PUBLIC TRANSIT	\$39 BILLION

	PROGRAM	AMOUNT
	INFRASTRUCTURE RESILIENCE	\$46 BILLION
	AIRPORTS	\$25 BILLION
	PORTS AND WATERWAYS	\$17 BILLION
	SAFETY	\$11 BILLION
	ELECTRIC CAR/BUS INFRASTRUCTURE	\$15 BILLION

Bipartisan Infrastructure Bill

What isn't there

- R&D and Manufacturing
 - Housing, Schools and Buildings
 - Home and Community-based care
 - Clean Energy Tax Credits
-
- **What was scaled back**
 - Electric Vehicle adoption spending cut by 90%
 - Reconnecting disadvantaged communities

But wait.....



that stuff is in and funded in Build Back Better....

Debit Limit

CURRENT STALE MATE



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

September 8, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Madam Speaker:

Given this uncertainty, the Treasury Department is not able to provide a specific estimate of how long the extraordinary measures will last. However, based on our best and most recent information, the most likely outcome is that cash and extraordinary measures will be exhausted during the month of October. We will continue to update Congress as more information becomes available.

PATH FORWARD

Republicans aim to sit on the sidelines and let Democrats either take the heat for a default that could leave financial markets in chaos, among other things, or take full responsibility for raising what they call an out-of-control federal debt.

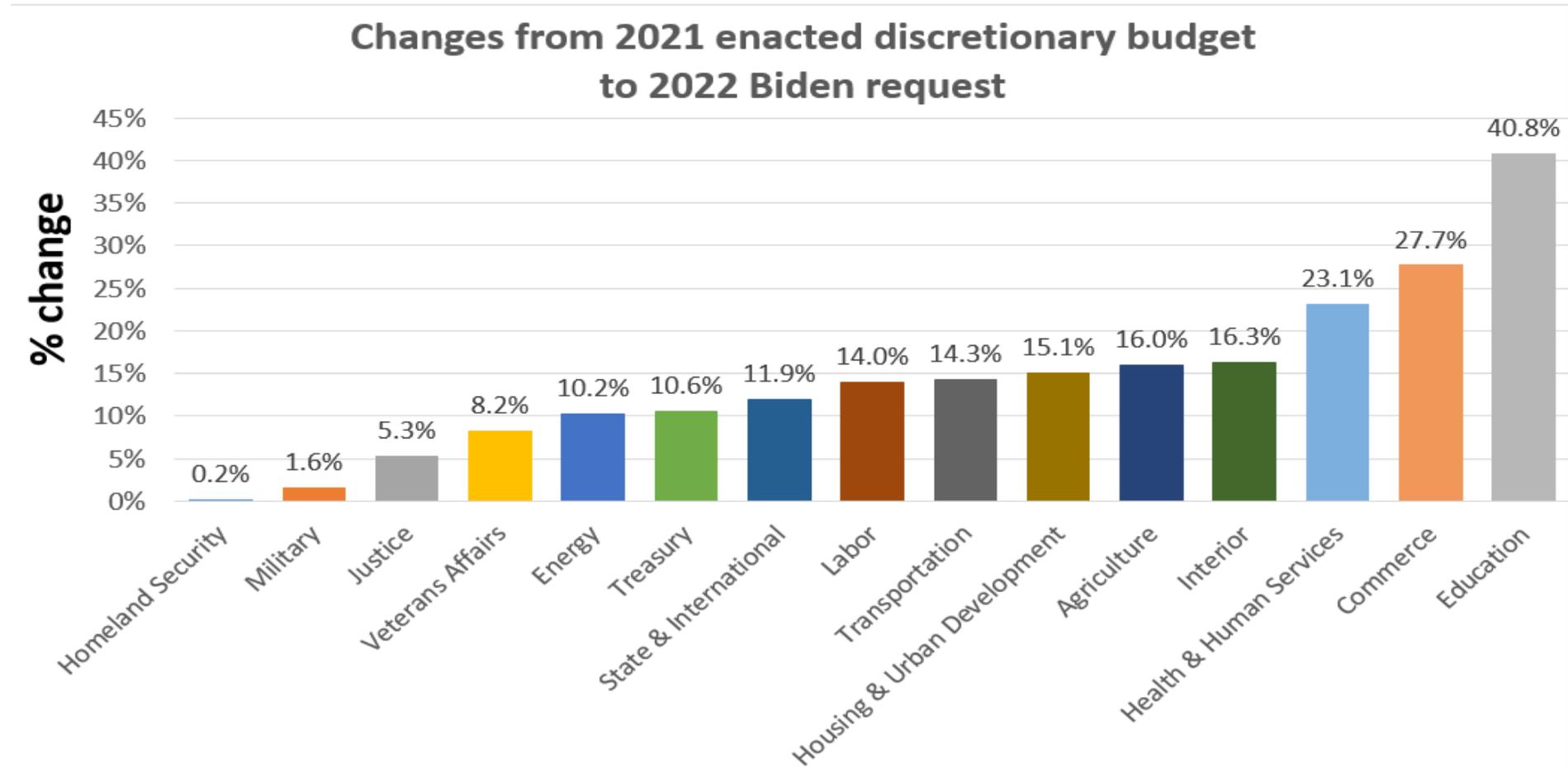
CR with Disaster Spending

Which won't get 60 votes in the Senate at least the first two times.

Reconciliation

Which means could speed up process

Appropriations



Appropriations

Congress started marking up individual appropriations bills for Fiscal Year (FY) 2022 in June.

House has passed 10 of 12

Senate has passed 3 out of Committee

CR to Dec expected. Omni-Bus/Mini-Bus

Discretionary spending levels are no longer subject to caps, as they were for the 10 years between FY 2012 and FY 2021.

The Biden Administration made discretionary funding request of \$1.522 trillion, 8.6 percent more than the FY 2021 level

The House has passed bills XXX over 2021 levels.



Appropriations

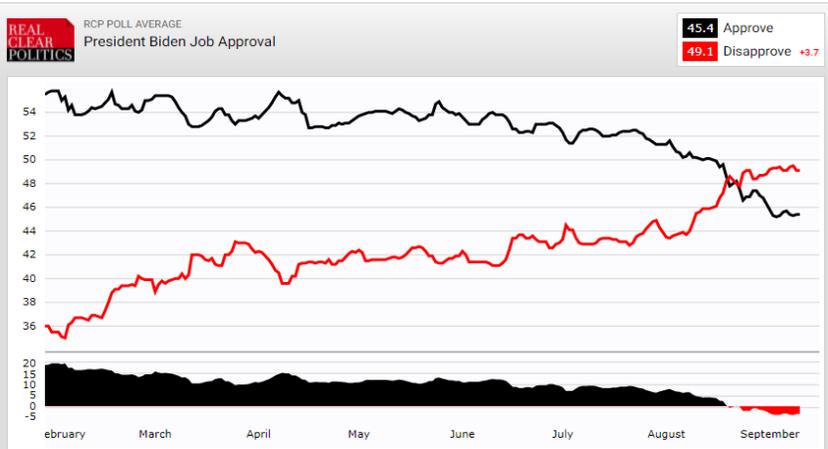
Appropriations STATUS: FY 2022 House

Item	House	Senate
302(b)	Approved by full committee on June 29 by a vote of 33 to 25	N/A
Agriculture	Passed by the House on July 29 as part of seven-bill minibus by a 219-208 vote	Approved by subcommittee on August 2; approved by full committee on August 4 by a 25-5 vote
Commerce, Justice, Science	House passed rule for bill on July 28 but did not complete consideration	N/A
Defense	Approved by full committee on July 13 by a 33 to 23 vote	N/A
Energy and Water Development	Passed by the House on July 29 as part of seven-bill minibus by a 219-208 vote	Approved by full committee on August 4 by a 25-5 vote
Financial Services and General Government	Passed by the House on July 29 as part of seven-bill minibus by a 219-208 vote	N/A
Homeland Security	Approved by full committee on July 13 by a vote of 33 to 24	N/A
Interior, Environment	Passed by the House on July 29 as part of seven-bill minibus by a 219-208 vote	N/A
Labor, HHS, Education	Passed by the House on July 29 as part of seven-bill minibus by a 219-208 vote	N/A
Legislative Branch	Passed by House on July 28 by a 215-207 vote	N/A
Military Construction, VA	Passed by the House on July 29 as part of seven-bill minibus by a 219-208 vote	Approved by full committee on August 4 by a 25-5 vote
State, Foreign Operations	Passed by House on July 28 by a 217-212 vote	N/A
Transportation, HUD	Passed by the House on July 29 as part of seven-bill minibus by a 219-208 vote	N/A

COVID



We've been patient, but our patience is wearing thin. And your refusal has cost all of us,



COVID



PATH OUT OF THE PANDEMIC: PRESIDENT BIDEN'S COVID-19 ACTION PLAN

SEPTEMBER 2021



THE WHITE HOUSE
WASHINGTON

- Vaccine requirements for health facilities that receive federal funding, federal employers and contractors, and businesses with more than 100 employees.
- The new vaccine requirements cover approximately 100 million workers, about two-thirds of all American workers, according to Biden.
- The Labor Department and Occupational Safety and Health Administration are expected to issue a rule "in the coming weeks" that will lay out the exact timeframe for the new requirements.

COVID

Covid-19 Relief Law	10-year deficit effects (in billions)
Health and international aid (Public Law 116-123)	\$8.0
Families First Coronavirus Response Act (Public Law 116-127)	\$192.0
CARES Act (Public Law 116-136)	\$1,721.0
Paycheck Protection Program and health-care funds (Public Law 116-139)	\$483.0
Year-end spending and coronavirus relief package (Public Law 116-260)	\$868.0
American Rescue Plan Act (Public Law 117-2)	\$1,856.0

Coronavirus response laws estimated to cost more than \$5 trillion over a decade

The Court

HEALTH CARE

American Hospital Association v. Becerra, No. 20-1114

Issue(s): (1) Whether deference under *Chevron U.S.A. v. Natural Resources Defense Council* permits the Department of Health and Human Services to set reimbursement rates based on acquisition cost and vary such rates by hospital group if it has not collected adequate hospital acquisition cost survey data; and (2) whether petitioners' suit challenging HHS's adjustments is precluded by 42 U.S.C. § 1395l(t)(12).

American Medical Association v. Becerra, No. 20-429

Issue(s): (1) Whether the Department of Health and Human Services' rule for the Title X family planning program — which prohibits and compels certain pregnancy-related speech between a Title X provider and her patient, proscribing abortion-related information but requiring information about non-abortion options — is arbitrary and capricious; (2) whether the rule violates the Title X appropriations act, which requires that “all pregnancy counseling” under Title X “shall be nondirective”; and (3) whether the rule violates Section 1554 of the Affordable Care Act, which requires that HHS “shall not promulgate any regulation” that harms patient care in any one of six ways, including by “interfer[ing] with communications” between a patient and her provider.

Becerra v. Empire Health Foundation, No. 20-1312

Issue(s): Whether, for purposes of calculating additional payment for hospitals that serve a “significantly disproportionate number of low-income patients,” the secretary of health and human services has permissibly included in a hospital's Medicare fraction all of the hospital's patient days of individuals who satisfy the requirements to be entitled to Medicare Part A benefits, regardless of whether Medicare paid the hospital for those particular days.

Becerra v. Mayor and City Council of Baltimore, No. 20-454

Issue(s): (1) Whether the Department of Health and Human Services' rule, which prohibits Title X projects from providing referrals for abortion as a method of family planning, falls within the agency's statutory authority; and (2) whether the rule is the product of reasoned decisionmaking.

The Court

IMMIGRATION

Johnson v. Arteaga-Martinez, No. 19-896

Issue(s): Whether an alien who is detained under 8 U.S.C. § 1231 is entitled by statute, after six months of detention, to a bond hearing at which the government must prove to an immigration judge by clear and convincing evidence that the alien is a flight risk or a danger to the community.

Garland v. Gonzalez, No. 20-322

Issue(s): (1) Whether an alien who is detained under 8 U.S.C. § 1231 is entitled by statute, after six months of detention, to a bond hearing at which the government must prove to an immigration judge that the alien is a flight risk or a danger to the community; and (2) whether, under 8 U. S. C. § 1252(f)(1), the courts below had jurisdiction to grant classwide injunctive relief.

FIRST AMENDMENT

Houston Community College System v. Wilson, No. 20-804 Issue(s): Whether the First Amendment restricts the authority of an elected body to issue a censure resolution in response to a member's speech.

Thus far, 31 cases have been accepted for argument during the Supreme Court's October 2021 Term. Eighteen of those cases are set for argument in October or November 2021. The remaining thirteen cases have been accepted for consideration by the Court but have not yet been set for argument.

Upcoming Deadlines

- | | | | |
|---|-----------|--|-----------|
| • Funding the Government | 30-Sep-21 | • Charitable Deductions; rollover of Health & Dependent Care Flexible Spending Account funds | 31-Dec-21 |
| • Surface Transportation Authorization | 30-Sep-21 | • “Tax Extenders” – about 20 tax breaks that routinely expire | 31-Dec-21 |
| • National Flood Insurance Program | 30-Sep-21 | • Emergency Injury Disaster Loans Advance Grants | 31-Dec-21 |
| • Authorization of TANF | 30-Sep-21 | • Medicare Radiation Oncology Rules | 31-Dec-21 |
| • COVID-Related Paid Sick Leave | 30-Sep-21 | • Delay of 2% Medicare Sequester | 31-Dec-21 |
| • Increased SNAP Benefits | 30-Sep-21 | • Statutory PAYGO | 31-Dec-21 |
| • Coronavirus Relief Fund for States & Localities | 31-Dec-21 | • Student Loan Executive Order | 31-Jan-22 |
| • Payroll Tax Deferral | 31-Dec-21 | | |
| • Employee Retention Credit | 31-Dec-21 | | |
| • Enhanced Child Tax Credit | 31-Dec-21 | | |
| • Enhanced Child and Dependent Care Tax Credit | 31-Dec-21 | | |

Unknown Unknowns...



U.S. jobless rates

Real unemployment rate includes jobless Americans who've left the workforce since the onset of the pandemic

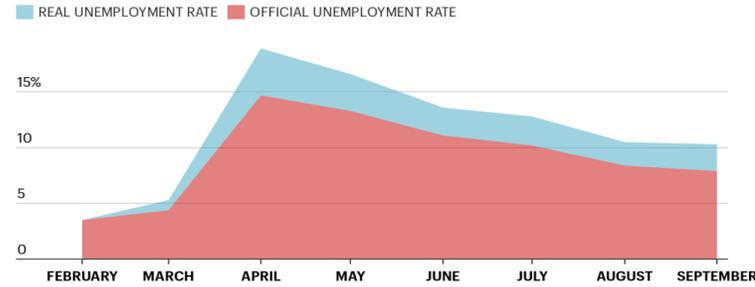


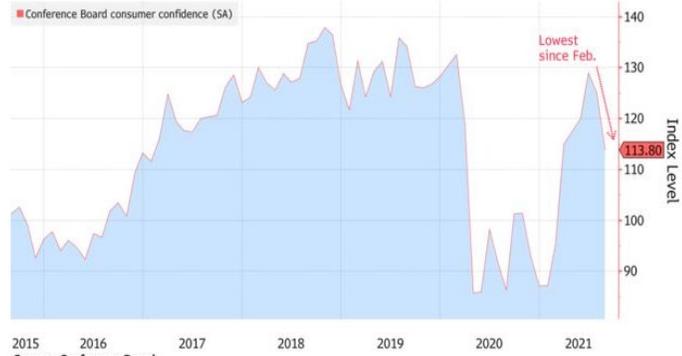
CHART: LANCE LAMBERT • SOURCE: U.S. BUREAU OF LABOR STATISTICS, FORTUNE CALCULATIONS

FORTUNE

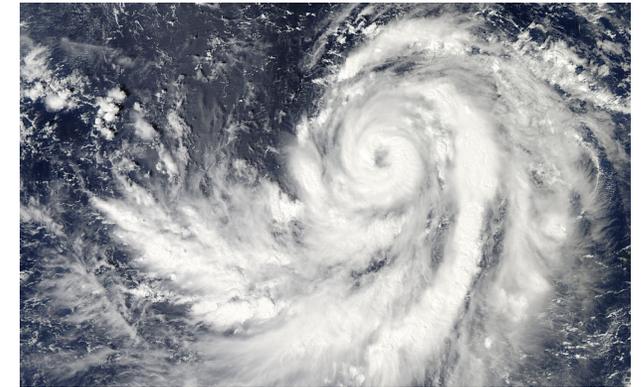
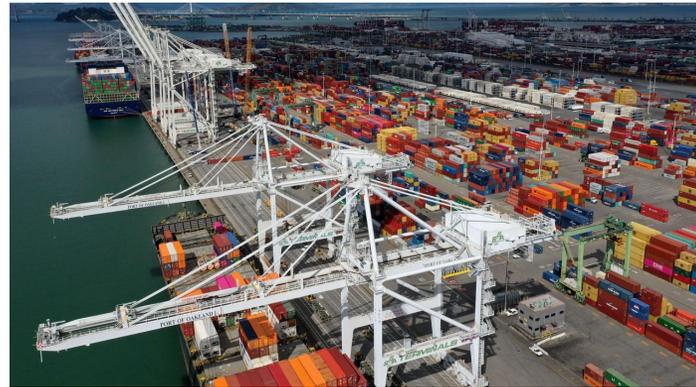


Delta Woes

U.S. consumer confidence plunges to the lowest level in six months



Source: Conference Board



Buckle Up!



Thank you



John R. Russell, IV
Principal
Washington, DC
D +1 202 408 6392
john.russell@dentons.com