

## Biden signs American Rescue Plan into law

President Biden on March 11 signed the American Rescue Plan into law, capping an eight-week sprint by congressional Democrats and the White House to enact the sweeping \$1.9 trillion tax-and-spending package aimed at addressing the continuing economic and health impacts of the coronavirus pandemic.

**URL:** <https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-117HR1319EAS.pdf>

The new law, among other things, extends and enhances a number of current-law tax incentives for businesses, provides another round of direct economic impact payments for certain individuals, temporarily enhances several tax credits aimed at low- and middle-income workers and families, and provides funding relief for cash-strapped multiemployer and single-employer pension plans. It also includes a handful of revenue offsets that were added in large part to ensure the broader measure complied with budget reconciliation rules under which the bill was passed.

On the spending side, the law includes substantial assistance to state and local governments, increased funding to speed vaccine production and distribution, another extension – through September 6, 2021 – of the federal supplement to state-level unemployment benefits, plus additional funds for housing and nutrition assistance.

For a more extensive overview of the final version of the American Rescue Plan, including a detailed discussion of its revenue provisions, see *Tax News & Views*, Vol. 22, No. 11, Mar. 10, 2021. (Also see separate coverage in this edition for an alert from Deloitte Tax addressing compensation and benefits provisions in the new law.)

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210310\\_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210310_1.html)

### What's next?

Enactment of the American Rescue Plan marks the completion of the Biden administration's first major fiscal initiative.

Attention is likely now to turn to an economic recovery package – dubbed by the White House as the “Build Back Better” plan – that the president and congressional Democrats hope to move later this year. The Build Back Better plan is expected to emphasize infrastructure investment and climate change mitigation, while potentially also calling for additional health care spending and incentives for research and development and domestic manufacturing. (See separate coverage in this issue for details on a House Ways and Means subcommittee hearing on the potential role of the tax code in addressing infrastructure issues.)

But many critical questions remain unresolved at this point – including the overall price tag of the potential package and the extent to which it should be paid for, if at all, through tax increases. These issues could help determine whether Democrats and Republicans are able to work together on a bipartisan bill or whether Democrats again attempt to leverage the budget reconciliation process to eliminate the need to gain support from congressional Republicans. (To utilize reconciliation, congressional Democrats would have to adopt a budget resolution for upcoming fiscal year 2022 – a process that itself could prove challenging due to the

varying fiscal views of moderates and progressives within their caucus.) The concerns of certain moderate Democratic senators notwithstanding, changing the Senate’s filibuster rule (the procedural rule that requires 60 votes to end debate) also has not been entirely ruled out.

We may get a clearer idea of the tax and spending proposals President Biden intends to pursue when he releases his budget proposal for fiscal year 2022 later this spring.

— Alex Brosseau  
Tax Policy Group  
Deloitte Tax LLP

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