

## Next two weeks ‘critical’ to bipartisan infrastructure talks, Capito says

Negotiations between the White House and Senate Republicans – led by Environment and Public Works Committee ranking member Shelly Moore Capito of West Virginia – on a potential bipartisan infrastructure deal continued this week when Capito, along with other GOP senators, met May 18 with Transportation Secretary Pete Buttigieg, National Economic Adviser Brian Deese, and other administration officials.

At that meeting, participants discussed a revised counterproposal from Senate Republicans that, according to reports, included infrastructure funding exceeding the \$568 billion they called for in the framework they had presented to the White House in late April. (For prior coverage of bipartisan infrastructure negotiations, see *Tax News & Views*, Vol. 22, No. 25, May 14, 2021.) The exact amount of the GOP’s counteroffer has not been revealed, but Senate Majority Leader Mitch McConnell, R-Ky., has said he would not accept a package of more than \$800 billion.

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210514\\_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210514_1.html)

Biden’s American Jobs Plan calls for investing an estimated \$2.7 trillion (over eight years) in transportation infrastructure, broadband, the electric grid, water systems, schools, manufacturing, renewable energy, and more, and would be paid for largely through increased taxes on corporations. (For details, see *Tax News & Views*, Vol. 22, No. 19, Apr. 9, 2021.)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210409\\_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210409_1.html)

The president’s American Families Plan calls for \$1.8 trillion over 10 years in proposed spending and tax credits for what the administration has called “human infrastructure” such as education, child care, health care, and paid family leave, and would be paid for primarily with tax increases on taxpayers with taxable income greater than \$400,000 per year. (For details, see *Tax News & Views*, Vol. 22, No. 23, Apr. 30, 2021.)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210430\\_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210430_1.html)

### Few details

Although few details of the latest Senate GOP offer were disclosed by meeting participants, Sen. Capito suggested in a television interview May 19 that Republicans in the meeting expressed increased openness to spending on electric vehicle charging stations, one of the president’s infrastructure priorities.

“Our anticipation is that this would be a part of it,” Capito said.

Reports also indicated, however, that there is still considerable distance between the two sides – including on key issues such as the definition of what constitutes “infrastructure,” what the top-line spending number should be, and how the plan should be financed.

“We’ve still got a ways to go,” Capito told reporters after the May 18 meeting.

She also suggested that the next two weeks should be telling in terms of whether a bipartisan infrastructure accord can be reached, while casting some doubt on the July 4 target date offered by House Speaker Nancy Pelosi, D-Calif., for getting a bill through the House.

“[The] next two weeks will probably be the critical time spot,” Capito said. “Right now it is hard for me to see July 4 as an end date.”

The White House was expected to respond to the latest Senate Republican proposal by May 21.

### **House GOP unveils \$400 billion surface transportation reauthorization measure**

In many ways related, and running parallel, to the broader infrastructure negotiations are committee-level discussions around more traditional reauthorizations of spending on federal highway and mass transit programs that must occur prior to their currently scheduled expiration on September 30, 2021.

In recent years, it has been common for lawmakers to enact these reauthorization bills every five years, with congressional taxwriters supplying budget offsets to cover projected shortfalls in the Highway Trust Fund between anticipated excise tax revenues (mostly derived from levies on gas and diesel fuel) and authorized spending.

To that end, House Transportation and Infrastructure (T&I) Committee ranking member Sam Graves, R-Mo., on May 19 introduced a five-year, \$400 billion transportation reauthorization measure known as the Surface Transportation Advanced through Reform, Technology, & Efficient Review (STARTER) Act 2.0.

[URL: https://graves.house.gov/media-center/press-releases/graves-introduces-starter-act-20-investment-roads-bridges-transit-and](https://graves.house.gov/media-center/press-releases/graves-introduces-starter-act-20-investment-roads-bridges-transit-and)

But Graves’s proposal will likely only be informative in nature. For their parts, both T&I Committee Chairman Peter DeFazio, D-Ore., and Senate Environment and Public Works Committee Chairman Tom Carper, D-Del., have indicated they plan to advance their own, five-year surface transportation bills in the coming weeks.

Exactly how those bills will factor into the ongoing discussions around broader infrastructure investment is unclear. However, if the White House and Republicans are able to strike a bipartisan deal, it seems likely that the resulting legislation would also reauthorize highway programs beyond September 30.

### **Progressives pressure Biden to abandon talks with GOP**

In a sign of the tenuous state of the on-going bipartisan negotiations, however, a group of almost 60 House progressive Democrats sent a letter to Speaker Pelosi and Senate Majority Leader Charles Schumer, D-N.Y., on May 17 urging the White House to abandon talks with Republicans and instead pursue large-scale legislation along the lines of proposals laid out by President Biden this spring.

[URL: https://jayapal.house.gov/wp-content/uploads/2021/05/Jayapal\\_Size-Scope-Speed-Letter.pdf](https://jayapal.house.gov/wp-content/uploads/2021/05/Jayapal_Size-Scope-Speed-Letter.pdf)

“[W]e believe that robust legislation comprising the American Jobs Plan and American Families Plan must be enacted as rapidly as possible, preferably as a single, ambitious package combining physical and social investments hand in hand,” the letter states.

That same sentiment was expressed across the Capitol by Sen. Kristin Gillibrand, D-N.Y., who also indicated she favored moving a more sweeping package under the filibuster-proof budget reconciliation process. According to Gillibrand, continued negotiations with the GOP would be “a terrible political misstep.”

But even a partisan bill moved under the fast-track budget reconciliation process would present challenges for congressional Democrats, who hold very narrow majorities in both chambers and who likely could not afford to lose a single vote in the 50-50 Senate.

To that point, Senate Finance Committee member Sheldon Whitehouse, D-R.I., remarked May 19 that although a large-scale bill moved under reconciliation “would be quicker and easier, ...we don’t seem to have the votes for it.”

### **Yellen reiterates support for corporate tax hikes**

Also coloring Democratic positioning on infrastructure this week were comments made by Treasury Secretary Janet Yellen at a May 18 event sponsored by the US Chamber of Commerce.

In her remarks, Yellen reiterated the administration’s support for the American Jobs Plan’s approach of financing infrastructure investments through tax increases on the business sector – a stance that likely runs counter to what the White House could achieve through negotiations with Republicans, who remain staunchly opposed to tax increases.

“We are confident that the investments and tax proposals in the jobs plan, taken as a package, will enhance the net profitability of our corporations and improve their global competitiveness,” Yellen said.

She continued: “We believe the corporate sector can contribute to this effort by bearing its fair share. At the same time, we want to eliminate incentives...for moving their operations overseas and shifting profits to low-tax countries.”

### **‘Green Book’ release pushed to May 28**

In other developments, the White House Office of Management and Budget announced this week that President Biden’s first official budget proposal – along with the Treasury Department’s so-called “Green Book,” which will provide more granular details on the administration’s tax and revenue policies, their projected impact on federal receipts, and, possibly, their effective dates – will now be released on May 28. (OMB had previously indicated that the budget and Green Book would be unveiled on May 27.)

The details in the Green Book are likely to influence subsequent infrastructure legislation that is marked up in the congressional taxwriting committees and moves through Congress.

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