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Biden \$2.25 trillion infrastructure package calls for massive tax increases on businesses

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President wants to hike taxes, including corporate rate, to fund new spending

President Biden on Wednesday laid out a sweeping \$2.25 trillion infrastructure package and an array of corporate tax increases to pay for the plan, touting his proposals as a “once-in-a-generation” investment in roads, bridges, broadband and manufacturing.

But he faces an uphill climb to get much of the proposal through Congress, where Republicans are uniformly opposed to the tax hikes and Democrats are plotting to attach their own priorities to the massive plan.

In a speech in Pittsburgh, Mr. Biden did not shy away from the size of his plan, touting the package as the largest American jobs investment since World War II.

“I am convinced if we act now, in 50 years people are going to look back and say this was the moment that America won the future,” he said.

Mr. Biden said the proposals he outlined Wednesday make up part one of his new spending proposals. He plans to speak more about priorities in health care, child care and what advocates call “human infrastructure” in a few weeks.

“It’s not a plan that tinkers around the edges,” the president said. “It’s a once-in-a-generation investment in America — unlike anything we’ve seen or done since we built the interstate highway system and the Space Race decades ago.”

He said his proposal would create millions of jobs and enable the U.S. to stay ahead of China in the jockeying among world superpowers.

“It’s big, yes. It’s bold, yes. And we can get it done,” he said. “It’s time to build our economy from the bottom up and from the middle out, not the top down.”

The plan includes \$620 billion for transportation infrastructure, including an estimated 20,000 miles of roadway repair, \$650 billion for universal broadband, clean water, upgrades to the electric grid and affordable housing, \$400 billion for caregiving initiatives for seniors and the disabled, and \$580 billion for research and development, manufacturing and training.

To pay for the new spending, Mr. Biden wants to increase the U.S. corporate tax rate from 21% to 28%, increase the global minimum tax rate applied to U.S. corporations to 21%, impose a minimum 15% tax on income companies use to report profits, and eliminate tax breaks for fossil fuel companies, among other changes to the tax code.

Mr. Biden vowed to have a “good faith” negotiation with any Republicans who want to get something done.

“There’s no reason why it can’t be bipartisan,” the president said from Pittsburgh, where Mr. Biden kicked off his 2020 presidential bid nearly two years ago. “The divisions of the moment shouldn’t stop us from doing the right thing for the future.”

But his promise to bring bipartisanship to Washington has run headfirst into deep partisan divisions on Capitol Hill.

Democrats ushered through Mr. Biden’s \$1.9 trillion “American Rescue Plan” through a streamlined process, known as budget reconciliation, without Republican support.

And he is navigating rough waters on infrastructure.

Republicans scoffed at the price tag of the package, as well as the proposed tax increases the president is seeking to pay for his vision. They have cast the proposal as a grab bag of liberal policies and warned that raising taxes on businesses and wealthy Americans will hurt economic growth and flatten paychecks.

Senate Minority Leader Mitch McConnell of Kentucky likened the package to a “Trojan horse.”

“It’s called infrastructure. But inside the Trojan horse is going to be more borrowed money and massive tax increases on all the productive parts of our economy,” Mr. McConnell said.

Former President Donald Trump helped frame the opposition, saying Mr. Biden’s “radical plan” helps China and other nations, and “will crush American workers and decimate U.S. manufacturing, while giving special tax privileges to outsourcers, foreign and giant multinational corporations.”

“It is the exact OPPOSITE of putting America First — it is putting America LAST!” he said in a statement.

Senate Majority Leader Charles E. Schumer, New York Democrat, anticipated the GOP blowback. His office has signaled that he could try to rely on budget reconciliation to circumvent Republican opponents.

“Addressing infrastructure, climate and environmental justice together, and creating millions of good-paying jobs, is just the right combination to meet head on the challenges that America now faces,” Mr. Schumer said Wednesday.

Still, Mr. Schumer and House Speaker Nancy Pelosi have little room for error given their slim majorities in the Senate and House, and they will have to figure out how to please both the liberal and moderate members in their ranks.

Rep. Alexandria Ocasio-Cortez of New York has said Mr. Biden’s proposal “is not nearly enough” and “needs to be way bigger.”

Reps. Bill Pascrell and Josh Gottheimer of New Jersey and Tom Suozzi of New York, meanwhile, are demanding that Mr. Biden's plans repeal a \$10,000 cap on the state and local tax deduction, known as SALT in tax-speak, that was one of the more contentious features of the Trump tax cuts in 2017.

Mr. McConnell mocked House Democrats for settling on a tax break that overwhelmingly flows to the wealthy as their line in the sand.

"Don't worry, coastal elites — House Democrats are demanding a special SALT carve-out that would cut taxes for wealthy people in blue states," he said.

Business groups said there are viable ways to pay for much-needed infrastructure without an across-the-board corporate tax rate hike.

"Too many companies are currently paying little to no corporate income tax, while others pay full freight," said Michael Hanson, senior executive vice president of public affairs at the Retail Industry Leaders Association. "This disparity needs to be addressed — whether it's closing loopholes or reinstating some form of minimum corporate tax — before raising the corporate rate a single point."

The bulk of the money would be spent over eight years, spanning Mr. Biden's would-be two terms in office.

But the White House estimated that the structure of the tax increases means the plan would take about 15 years to fully balance before reducing the debt — a bit of budget trickery that assumes Congress won't try to cut the taxes after all the money is out the door.

Federal budget accounting is fast becoming irrelevant, said Chris Edwards, director of tax policy studies at the Cato Institute, a libertarian think tank.

"Presidents used to try to make the numbers add up, but that's gone out the window because the government seems to be able to borrow trillions of dollars from global capital markets with little short-term damage," Mr. Edwards said. "But all the borrowing will undermine our standard of living in the long run."

Mr. Edwards said the plan lays the groundwork for massive amounts of "corporate welfare" to major companies such as GE, AT&T and Tesla.

"Then Biden turns around and wants to hike corporate taxes on these same companies, which would undermine their capital investment in these same activities such as broadband," he said. "Biden's plan would be a giant, wasteful circular flow of money from corporations, through Washington, then back to corporations."