



Policy Resolution Group Reconciliation & Infrastructure Update

August 5, 2022

Please find below the latest edition of the Policy Resolution Group's FY2022 Budget Reconciliation & Infrastructure Update.

Included in this newsletter are sections on:

- State of Infrastructure and Reconciliation Negotiations
- Liam Donovan's Bottom Line
- PRG Podcasts
- Document Library

State of Infrastructure and Reconciliation Negotiations

After a week of suspense, Senator Kyrsten Sinema (D-AZ) voiced her support for the Manchin-Schumer reconciliation deal titled the Inflation Reduction Act after Majority Leader Schumer agreed to her three changes: eliminating the carried interest provisions, sparing accelerated depreciation from the Book Minimum Tax, and including an additional \$5 million in drought resilience spending. The only question that remains now is the actual timing of passage as the legislation still needs to be finalized and the "Byrd Bath" needs to be completed. Adding to the time needed to pass the legislation is the so-called "vote-a-rama," where Senators will be able to offer an unlimited number of amendments to the legislation that are almost certain to fail. After the legislation is approved by the Senate, it will then go to the House, where swift passage is expected, and then, finally, to President Biden's desk for signature.

Liam Donovan's Bottom Line

After a week of suspense, speculation, and intense Sinema-watching, Democrats secured their 50th vote for the Inflation Reduction Act last night, with Majority Leader Chuck Schumer (D-NY) signaling an intention to begin consideration of the reconciliation package on Saturday pending the blessing of the parliamentarian. Barring any procedural hiccups, this could set up passage of the bill as soon Monday, with the House returning soon after to send it to the President's desk.

Locking in Sinema's support at this juncture makes the parliamentarian's final "Byrd baths" of the bill's various sections the last major hurdle Democrats face before passage. Republicans are challenging every aspect of the bill, probing for weak spots in provisions that stray close to the line

between budgetary and policy impact, or that otherwise run afoul of the Byrd Rule. Some portions of the bill have taken longer than others, and one core structural element of the bill—its drug pricing title—has been in flux for weeks. The bill's energy tax title features several targets for Byrd scrutiny ranging from content sourcing requirements for electric vehicles to labor stipulations for clean energy projects. Should any politically important elements run into trouble, Democrats would have to determine whether to redraft and resubmit or to drop and move on in the interest of time. Barring that, they hope to wrap up in time for a Saturday vote on a motion to proceed.

Proceeding to the bill, whenever it might occur, kicks off a process that should move fairly quickly: 20 hours of debate, divided evenly (Dems will yield back), followed by a rapid fire "vote-a-rama" in which Senators can offer as many amendments as they desire. With Sinema's public backing, Schumer can breathe easier about the possibility of rogue GOP amendments being adopted during the course of the legislative gauntlet, and Republicans can focus their attention on scoring political points rather than poison pills. [As discussed in last week's update, actually winning amendment votes requires proposed changes to be Byrd-compliant and, among other things, revenue-neutral or better lest they be subject to a 60-vote threshold.] Should any changes actually be adopted on the floor, Schumer would likely offer a "wraparound" amendment to restore the bill to its desired form before final passage, a tactic some including Manchin have previously expressed misgivings about.

So, what did Schumer have to give up to close the deal? Sinema, whose consistent opposition to rate hikes helped both whittle down the bill's size and reorient its revenue structure, took aim at the bill's two primary tax increases. The bill's changes to carried interest treatment were struck altogether, a fact that featured into both her statement and virtually every headline associated with the announcement. [My friend Jim Lucier of Capital Alpha rightly called the carried interest provision the McGuffin in the IRA saga.] But the bigger change from a revenue standpoint, and to the broader business community, was a move to spare accelerated depreciation from the Book Minimum Tax, a change sought by everyone from the National Association of Manufacturers to ACORE to the Wall Street Journal editorial page. Together these changes created a significant revenue hole that had to be filled to satisfy Manchin's deficit reduction goals. To that end, Democrats tapped an old offset from the House-passed BBB, a 1 percent excise tax on corporate stock buybacks.

Details on the precise changes Sinema made to the Book Minimum Tax are still forthcoming, and reports have been heavily inflected with manufacturing-centric messaging rather than cost recovery particulars. Initial scores of the respective changes come in at the low end, from the depreciation fix to the buyback tax, so there may be some attenuation beneath the surface, but make no mistake—even relatively minor changes to the Book Minimum Tax are the primary concession, and the driver of the surprise pay-for swap. Sinema also scored at least one more parochial win for her state, securing \$5 billion in funding for drought resilience funding supported by her western colleagues.

With Sinema's backing, the path to passage is clear, even if the exact timeline remains somewhat in flux. If Democrats are to vote on Saturday, the proverbial pens need to be down on the final text in short order. With Manchin and Sinema's terms in hand, nobody else would seem to have the leverage—or the chutzpah—to alter the deal as it stands. (Bernie Sanders has indicated that he will seek changes on the floor, but any such votes will fail, and he is certain to vote for the final product.) This leaves Senate parliamentarian Elizabeth MacDonough as the last source of any potential surprises, and even there, a motivated majority can theoretically work their will. The House stands

to return to Washington and pass the Senate version of IRA, which would then go to President Biden for his signature.

After 18 months of building the reconciliation plane in the air, Democrats are suddenly on a glide path to enactment.

PRG Podcasts

Need more PRG? Try listening to our podcasts!

The Lobby Shop - On this episode, the Lobby Shop team is joined by very special guest, PRG Senior Principal Yasmin Nelson! Tune in to hear about Yasmin's transition from working in the Senate, where she met with advocates who wanted to bring awareness to their issues, to her work now at Bracewell's Policy Resolution Group, where she is on the other side advocating policy issues by connecting with staffers, members of Congress, and members of the administration. Yasmin also shares details about some of the important work that she is currently doing with Mothering Justice, including the historic launch of the Mamas' Caucus. The newly formed congressional caucus advocates for mothers of color and their families and empowers them to be engaged and hold those in charge accountable to make the changes they want to see. This is an episode that you won't want to miss! Listen [HERE](#).

Document Library

Inflation Reduction Act of 2022

For Inflation Reduction Act of 2022 legislative text click [HERE](#).

For the One-Page Summary click [HERE](#).

For the Tax Summary click [HERE](#).

For the Prescription Drugs Summary click [HERE](#).

For the Energy Security and Climate Change Investments Summary click [HERE](#).

For the Agriculture, Nutrition, and Forestry Summary click [HERE](#).

For a Summary of Changes to Environment and Public Works Reconciliation Title click [HERE](#).

For the House Build Back Better Stock Buy Back provision click [HERE](#).

FY23 Budget

For President Biden's Budget Request for Fiscal Year 2023 click [HERE](#).

For Analytical Perspectives on the FY23 Budget Request click [HERE](#).

For the FY23 Budget Request Appendix click [HERE](#).

For Supplemental Materials on the FY23 Budget Request click [HERE](#).

Center for American Progress Letter

For a memo issued by Patrick Gaspard, CEO of the Center for American Progress Action Fund urging Democratic offices to pass a skinnier version of the Build Back Better plan click [HERE](#).

Bill Text and Summaries

For the House Committee on Rules information page on the Build Back Better Act, including recordings of committee meetings and proposed amendments click [HERE](#).

House Bill Text and Comparisons:

- For the House Rules Committee Print of the Build Back Better Act released on November 3 click [HERE](#).
- For the 1st Manager’s Amendment adopted and agreed to on November 6, 2021 click [HERE](#).
- For the 2nd Manager’s Amendment adopted and agreed to on November 18, 2021 click [HERE](#).
- For a comparative print between the November 3 print and the October 28 print click [HERE](#).
- For a comparative print between the November 3 print and the initial text of H.R. 5376 click [HERE](#).
- For the House Committee on Rules page on the Build Back Better Act, including announcements, videos, bill text, amendments, and votes click [HERE](#).

Senate Bill Text:

- For the Senate legislative text for “Title I - Committee on Agriculture, Nutrition, and Forestry” click [HERE](#).
- For the Senate legislative text for “Title II - Committee on Health, Education, Labor, and Pensions” click [HERE](#).
- For the Senate Legislative Text for “Title III – Committee on Environment and Public Works” click [HERE](#).
- For the Senate legislative text for “Title IV - Committee on Banking, Housing, and Urban Affairs” click [HERE](#).
- For the Senate legislative text for “Title V - Committee on Homeland Security and Governmental Affairs” click [HERE](#).
- For the Senate legislative text for “Title VII – Committee on Energy and Natural Resources” click [HERE](#).
- For the Senate legislative text for “Title VIII - Committee on Commerce, Science, and Transportation” click [HERE](#).
- For the Senate legislative text for “Title IX - Committee on Indian Affairs” click [HERE](#).
- For the Senate legislative text for “Title X - Committee on Small Business and Entrepreneurship” click [HERE](#).
- For the Senate legislative text for “Title XI - Committee on Veterans' Affairs” click [HERE](#).
- For the Senate legislative text for “Title XII - Committee on Finance” click [HERE](#).

Summaries and Fact Sheets:

- For a section-by-section summary of the Build Back Better Act click [HERE](#).
- For a fact sheet on the agriculture provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the homeland security provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the science, space, and technology provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the energy & commerce provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the judiciary provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the small business provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the education & labor provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the natural resources provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the financial services provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the oversight and reform provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the transportation & infrastructure provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the veterans' affairs provisions in the Build Back Better Act click [HERE](#).
- For a fact sheet on the ways & means provisions in the Build Back Better Act click [HERE](#).

Budgetary Effects

For the Congressional Budget Office's summary of the cost estimate for H.R. 5376, the Build Back Better Act, click [HERE](#).

For a December 8 update from the Congressional Budget Office on the budgetary effects of the Build Back Better Act, click [HERE](#).

For the Congressional Budget Office's report on the budgetary effects of making specified policies in the Build Back Better Act permanent, click [HERE](#).

House bill:

- For the Congressional Budget Office's estimated budgetary effects of the Homeland Security provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office's estimated budgetary effects of the Small Business provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office's estimated budgetary effects of the Veterans Affairs provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office's estimated budgetary effects of the Science, Space, and Technology provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office's estimated budgetary effects of the Transportation and Infrastructure provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office's estimated budgetary effects of the Oversight and Reform provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office's estimated budgetary effects of the Financial Services provisions in the Build Back Better Act click [HERE](#).

- For the Congressional Budget Office’s estimated budgetary effects of the Energy and Commerce provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Judiciary provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Ways and Means provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Education and Labor provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Natural Resources provisions in the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Agriculture provisions in the Build Back Better Act click [HERE](#).

Senate bill:

- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title I - Committee on Agriculture, Nutrition, and Forestry” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title II - Committee on Health, Education, Labor, and Pensions” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title III – Committee on Environment and Public Works” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title IV - Committee on Banking, Housing, and Urban Affairs” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title V - Committee on Homeland Security and Governmental Affairs” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title VII - Committee on Energy and Natural Resources” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title VIII - Committee on Commerce, Science, and Transportation” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title IX - Committee on Indian Affairs” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title X - Committee on Small Business and Entrepreneurship” of the Build Back Better Act click [HERE](#).
- For the Congressional Budget Office’s estimated budgetary effects of the Senate’s “Title XI - Committee on Veterans' Affairs” of the Build Back Better Act click [HERE](#).
- For the Joint Committee on Taxation’s preliminary review of estimated budgetary effects of the Senate’s “Title XII - Committee on Finance” of the Build Back Better Act click [HERE](#).

Other Budgetary Estimates:

- For the Joint Committee on Taxation’s Estimated Budget Effects of the Build Back Better Act click [HERE](#).

- For the White House’s preliminary budgetary estimates of the Build Back Better Act click [HERE](#).
- For a Dear Colleague Letter from the Speaker of the House issued on November 4 regarding the preliminary budget estimate of the Build Back Better Act click [HERE](#).

October 28 Text

For the House Rules Committee Print of the Build Back Better Act released on October 28 click [HERE](#).

For a section-by-section summary of the Build Back Better Act click [HERE](#).

For the Build Back Better Framework released on October 28 click [HERE](#).

For the White House fact sheet on the Build Back Better Framework released on October 28 click [HERE](#).

September 27 Text

For the text of H.R. 5376 the Build Back Better Act as reported by the House Committee on the Budget on September 27 click [HERE](#).

For the report from the Committee on the Budget to accompany H.R. 5376 click [HERE](#).

Background Material

For the Congressional Research Service report on “The Senate’s ‘Byrd Rule’” click [HERE](#).

Provisional Text

For a preliminary budget reconciliation framework signed by Sen. Joe Manchin (D-WV) and Sen. Majority Leader Chuck Schumer (D-NY) on July 28 click [HERE](#).

For the House Committee on the Budget’s full text of the Build Back Better Act click [HERE](#).

- For Part 1 of the House Committee on the Budget’s report on the Build Back Better act click [HERE](#).
- For Part 2 of the House Committee on the Budget’s report on the Build Back Better act click [HERE](#).
- For Part 3 of the House Committee on the Budget’s report on the Build Back Better act click [HERE](#).

For the summary of the Senate budget resolution click [HERE](#).

- For the text of the Senate budget resolution click [HERE](#).
- For the committee print to accompany the FY22 budget resolution click [HERE](#).
- For Senate Majority Leader Chuck Schumer’s (D-NY) dear colleague letter regarding the climate impacts of the budget resolution click [HERE](#).

For the summary of the House budget resolution click [HERE](#).

- For the text of House Resolution advancing the bipartisan infrastructure agreement, the Senate budget resolution, and H.R. 4 the John R. Lewis Voting Rights Advancement Act of 2021 click [HERE](#).

For a summary of Sen. Ron Wyden’s (D-OR) proposals for tighter tax rules on partnerships and an excise tax on stock buybacks click [HERE](#).

- For the text of Sen. Wyden’s proposals click [HERE](#).

Markups

Agriculture: For the text of the House Agriculture Committee print containing legislative proposals click [HERE](#).

- For a summary of the proposals click [HERE](#).

Education and Labor: For the text of the House Committee on Education & Labor print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairman Bobby Scott (D-VA) click [HERE](#).

Energy and Commerce: For a fact sheet of the House Committee on Energy and Commerce markup of the Build Back Better Act click [HERE](#).

- For a memorandum on the markup click [HERE](#).
- For Subtitle A on Air Pollution click [HERE](#).
- For Subtitle B on Hazardous Materials click [HERE](#).
- For Subtitle C on Drinking Water click [HERE](#).
- For Subtitle D on Energy click [HERE](#).
- For Subtitle E on Drug Pricing click [HERE](#).
- For Subtitle F on Affordable Care Coverage click [HERE](#).
- For Subtitle G on Medicaid click [HERE](#).
- For subtitle H on CHIP click [HERE](#).
- For subtitle I on Medicare click [HERE](#).
- For subtitle J on Public Health click [HERE](#).
- For subtitle K on Next Generation 9-1-1 click [HERE](#).
- For subtitle L on Wireless Connectivity click [HERE](#).
- For subtitle M on Distance Learning click [HERE](#).
- For subtitle N on the Manufacturing Supply Chain click [HERE](#).
- For subtitle O on FTC Privacy Enforcement click [HERE](#).
- For subtitle P on the Department of Commerce Inspector General click [HERE](#).
- For a full committee action summary click [HERE](#).

Financial Services: For the text of the House Committee on Financial Services click [HERE](#).

- For an amendment in the nature of substitute offered by Chairwoman Maxine Waters (D-CA) click [HERE](#).
- For the committee Memorandum click [HERE](#).
- For the text of H.R. 5195, the “Native American Housing Assistance and Self-Determination Reauthorization Act of 2021” click [HERE](#).
- For the text of H.R. 5196, the “Expediting Assistance to Renters and Landlords Act of 2021” click [HERE](#).

Homeland Security: For the committee print of the reconciliation of the House Homeland Security Committee print containing legislative proposals click [HERE](#).

- For the amendments adopted click [HERE](#).

Judiciary: For the text of the House Committee on the Judiciary print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairman Jerrold Nadler (D-NY) click [HERE](#).

Natural Resources: For the text of the House Natural Resources Committee print containing legislative proposals click [HERE](#).

Science, Space, and Technology: For the committee print of the House Science, Space, and Technology Committee print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairwoman Eddie Bernice Johnson (D-TX) click [HERE](#).

Small Business: For the text of the House Committee on Small Business print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairwoman Nydia Velázquez (D-NY) click [HERE](#).

Transportation and Infrastructure: For the text of the House Transportation and Infrastructure Committee print containing legislative proposals click [HERE](#).

- For the amendment in nature of a substitute click [HERE](#).

Ways and Means: For a summary of the House Ways and Means Committee markup of the Build Back Better Act click [HERE](#).

- For a memorandum on the markup click [HERE](#).
- For a section-by-section summary of subtitles A-E click [HERE](#).
 - For Subtitle A on Universal Paid Family and Medical Leave click [HERE](#).
 - For Subtitle B on Retirement click [HERE](#).
 - For Subtitle C on Child Care Access and Equity click [HERE](#).
 - For Subtitle D on Trade Adjustment Assistance click [HERE](#).
 - For Subtitle E, Part 1 on Health Careers click [HERE](#). For Part 2 on Elder Justice click [HERE](#). For Part 3 on Skilled Nursing Facilities click [HERE](#). For Part 4 on Medicare Dental, Hearing, and Vision Coverage click [HERE](#).
- For a section-by-section summary of Subtitle F-J click [HERE](#).
 - For legislative recommendations relating to infrastructure financing, green energy, social safety net, and prescription drugs click [HERE](#).
 - For the estimated budgetary effects of the revenue provisions from the Joint Committee on Taxation click [HERE](#).
 - For the estimated distributional effects of the revenue provisions from the Joint Committee on Taxation click [HERE](#).
 - For a description of the Chairman’s Amendment in the Nature of a Substitute from the Joint Committee on Taxation click [HERE](#).
 - For a summary of Subtitle F on Infrastructure from the Joint Committee on Taxation click [HERE](#).
 - For a summary of Subtitle G on Green Energy from the Joint Committee on Taxation click [HERE](#).

- For a summary of Subtitle H on the Social Safety Net from the Joint Committee on Taxation click [HERE](#).
- For a summary of Subtitle J on Drug Pricing from the Joint Committee on Taxation click [HERE](#).
- For a section-by-section summary of Subtitle I click [HERE](#).
 - For legislative recommendations relating to Funding Our Priorities click [HERE](#).
- For the Joint Committee on Taxation’s estimated budgetary effects of legislative recommendations relating to infrastructure financing and community development, green energy, social safety net, responsibly funding our priorities, and drug pricing click [HERE](#).
- For the final vote results click [HERE](#).

Letters

For a letter for Senate Majority Leader Chuck Schumer on the environmental benefits of the infrastructure bill and reconciliation bill see [HERE](#).

For Senator Joe Manchin’s Opinion piece calling for a strategic pause on spending click [HERE](#).

For a letter from Rep. Stephanie Murphy (D-FL) and Rep. Henry Cuellar (D-TX) rejecting deficit spending except on climate policy click [HERE](#).

For a letter from Democrats calling for increased support for biofuels click [HERE](#).

For a letter from House Democrats supporting the Polluter Pays Climate Fund Act click [HERE](#).

For a letter from House Democrats supporting an array of international tax provisions see [HERE](#).

For a letter from Democratic governors supporting the budget reconciliation bill click [HERE](#).

For an endorsement of the environmental provisions from a coalition of environmental groups see [HERE](#).

For a letter from the United Mine Workers of America opposing the initial proposal for a Clean Electricity Standard click [HERE](#).

For a letter from America’s Power opposing the Clean Electricity Performance Program click [HERE](#).

For a letter from the National Rural Electric Cooperative Association opposing the Clean Electricity Performance Program click [HERE](#).

For a letter from the American Public Power Association opposing the Clean Electricity Performance Program click [HERE](#).

For a letter from America Electric Power opposing the Clean Electricity Performance Program click [HERE](#).

Other Relevant Materials

For the Republican Energy Climate, & Conservation Task Forces strategy to “Unlock American Resources” click [HERE](#).

For a memo from House Ways & Means Republicans on the Democrats' "War on Energy" click [HERE](#).

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