

# Bond Case Briefs

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## Biden, Senators Agree to Roughly \$1 Trillion Infrastructure Plan.

### **Plan secures bipartisan agreement on overhauling the nation's transportation, water and broadband infrastructure**

WASHINGTON—President Biden and a group of 10 centrist senators agreed to a roughly \$1 trillion infrastructure plan Thursday, securing a long-sought bipartisan deal that lawmakers and the White House will now attempt to shepherd through Congress alongside a broader package sought by Democrats.

Mr. Biden and Democratic leaders said that advancing the deal on transportation, water and broadband infrastructure will hinge on the passage of more elements of Mr. Biden's \$4 trillion economic agenda. The two-track process sets up weeks of delicate negotiations to gather support for both the bipartisan plan and a separate Democratic proposal, a challenging task in the 50-50 Senate and the narrowly Democratic-controlled House.

"What we agreed on today is what we could agree on. The physical infrastructure. There's no agreement on the rest," said Mr. Biden, who said he wouldn't sign the bipartisan deal into law until a bill containing the rest of his agenda also is on his desk. "If this is the only one that comes to me, I'm not signing it."

With \$579 billion of spending above expected federal levels and a total of \$973 billion of investment over five years and \$1.2 trillion if continued over eight, the agreement will make new investments in the electrical grid, transit, roads and bridges and other forms of infrastructure.

The cost of the spending will be covered by repurposing existing federal funds, public-private partnerships and revenue collected from enhanced enforcement at the Internal Revenue Service, according to a list distributed by the White House. The list also included sales from the strategic petroleum reserve and wireless-spectrum auction sales among the other revenue raisers.

Emerging from a noontime meeting at the White House to announce the deal, Republicans and Democrats cast the agreement as proof that bipartisan progress is still possible in a polarized Washington.

"We've agreed on the price tag, the scope and how to pay for it," said Sen. Susan Collins (R., Maine) on Thursday. "It was not easy to get agreement on all three, but it was essential."

Mr. Biden framed the infrastructure investment as critical to compete with global rivals. "We're in a race with China and the rest of the world for the 21st century," he said. "This agreement signals to the world that we can function, deliver and do significant things."

In trading Thursday, shares of machinery giant Caterpillar Inc., building-materials supplier Martin Marietta Materials Inc. and construction-aggregates producer Vulcan Materials Co. moved higher on news of the agreement.

President Biden's infrastructure plan calls for non-traditional projects like the removal of some highways. What Democrats want for cities like Baltimore says a lot about the President's goals in the next wave of development. Photo: Carlos Waters/WSJ

While the framework between the bipartisan group of lawmakers and the White House marks an important step toward a final agreement, passing the legislation will require top Democrats to walk a tightrope between maintaining Republican support for one package and unifying Democrats around a second.

Senate Majority Leader Chuck Schumer (D., N.Y.) has said the Senate will simultaneously move forward with both a bipartisan agreement and a larger bill that includes spending on education, healthcare, and antipoverty efforts. Democrats can skirt the 60-vote threshold for advancing most Senate legislation through a budget process called reconciliation, which requires only a simple majority.

House Speaker Nancy Pelosi (D., Calif.) said that the House won't take up the bipartisan agreement until the Senate approves a package through reconciliation.

"I said there won't be an infrastructure bill unless we have a reconciliation bill, plain and simple," Mrs. Pelosi said.

Senate Majority Whip Dick Durbin (D., Ill.) said passing two complex bills through different procedures at the same time would be challenging. The reconciliation process alone is time-consuming and complicated, he noted.

"I don't know that it's possible, but we'll see," he said. Mr. Durbin added that he wasn't sure how Democratic leaders would be able to give liberal Democrats the reassurance they are seeking, given the procedural complexities. "That's the tough part," he said.

If some Democrats ultimately oppose the bipartisan infrastructure package, Republicans would need to sign on in larger numbers to ensure its passage. A group of 21 Senators, including 11 Republicans, have previously lent their support to the bipartisan efforts, though some of those lawmakers said Thursday they were still reviewing details of the emerging deal.

Sen. Rob Portman (R., Ohio), the lead Republican negotiator, spoke with Senate Minority Leader Mitch McConnell (R., Ky.) and other top Republicans Thursday morning to discuss the agreement. Mr. Portman said Mr. McConnell told him he was open-minded about the framework.

But late Thursday, Mr. McConnell criticized Mr. Biden's decision to commit to passing a separate, broader package.

"Less than two hours after publicly commending our colleagues and actually endorsing the bipartisan agreement, the president took the extraordinary step of threatening to veto it," Mr. McConnell said.

"That's not the way to show you're serious about getting a bipartisan outcome," he added.

A previous effort to craft an infrastructure agreement between the White House and a separate group of Senate Republicans fell apart earlier this month, with the GOP group proposing roughly \$300 billion in funding above baseline levels.

Sen. John Thune (R., S.D.), the No. 2 Senate Republican, said the plan's funding for transit was potentially a problem for him. He said wasn't yet sure if the plan would win 60 votes and would need to discuss it with other Republicans. "We're going to have to socialize that," Mr. Thune said.

Much of the negotiations between the bipartisan group and the White House, which took place in marathon sessions in rooms around the Capitol in recent weeks, focused on the question of how to finance the spending. The White House had originally proposed paying for the infrastructure spending with tax increases on corporations, part of a broader tax agenda that also included rate increases on high earners.

But Republicans rejected any tax increases that would alter elements of the 2017 tax law, passed with only GOP votes, and the bipartisan group instead included indexing the gas tax to inflation and charging fees on electric vehicles in drafts of their plan. The White House staunchly opposed those two ideas, though, with the group debating alternatives, including how much money could be raised from enhanced IRS enforcement.

Lawmakers expect to raise about \$100 billion through public-private partnerships and direct-pay municipal bonds, according to someone familiar with the discussions, and generate a net of about \$100 billion by investing \$40 billion in the IRS to collect taxes that are owed but not paid. They also repurpose about \$80 billion from prior pandemic relief bills to pay for the package, which Mr. Portman said would increase to about \$125 billion in repurposed prior aid, when including previously approved broadband funding and money from states returning unused unemployment benefits.

The plan also includes \$20 billion in funding for an infrastructure financing authority, which Sen. Mark Warner (D., Va.), one of the negotiators, said would yield \$180 billion in infrastructure spending.

Lawmakers and aides expect bringing all 50 Democrats together on a second, reconciliation package to be a complicated, lengthy process. Sen. Bernie Sanders (I., Vt.), the chairman of the Senate Budget Committee, has floated a \$6 trillion package Democrats could consider through reconciliation, proposing investments beyond what Mr. Biden has included in his agenda.

Two centrist Democrats who have emphasized bipartisanship, Sen. Joe Manchin of West Virginia and Arizona Sen. Kyrsten Sinema, indicated Thursday they would be willing to work with party colleagues on helping craft a reconciliation plan.

But Mr. Manchin signaled discomfort with its proposed multitrillion-dollar cost, of which half is expected to be paid for with new revenue. "That sounds extremely, extremely high, for us to take on that much debt," he said.

Mr. Warner said that completing the overall agreement will take some time.

"Until it's signed by the president, anything can happen," he said.

## **The Wall Street Journal**

By Andrew Duehren, Kristina Peterson and Sabrina Siddiqui

Updated June 24, 2021 5:54 pm ET