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Reconciliation Process Update

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Reconciliation

The details of how House Democrats plan to spend and finance their \$3.5 trillion spending bill are coming to light. House committees will finish consideration of their respective portions of the reconciliation bill by tomorrow and report final language to the House Budget Committee to be compiled into a single bill.

The House Ways and Means Committee has released key details of how it would like to provide \$1.2 trillion in tax breaks for families and renewable-energy producers. Of note, nearly half of the tax credits are being spent on the child tax credit. Fast becoming the nemesis of progressives, Senator Manchin very publicly chimed in with his views on these proposals—suggesting means testing for the child tax credit, along with potential work requirements.

Manchin also is questioning, and on one important issue actually opposing, some of the House’s green energy proposals. “The transition is happening,” he said over the weekend. “Now they’re wanting to pay companies for what they’re already doing. It makes no sense to me at all for us to take billions of dollars and pay utilities for what they’re going to do as the market transitions.” Manchin was referring specifically to the House and Energy Commerce Committee’s “Clean Energy Performance Program,” or CEPP, a policy the White House and progressives badly want, because it would effectively overhaul the nation’s electric grid. If Manchin is a “no” on CEPP, which seems to be the case, then it’s likely dead. Even if Manchin approves, the CEPP still faces high hurdles from a certain Byrd Rule challenge by Republicans.

House Democrats are also aiming to raise around \$2 trillion in new taxes and revenue and have settled on a 26.5% corporate tax rate. Other revenue proposals include moving the top capital gains rate to 25%, modifying the Global Intangible Low-Taxed Income (GILTI) regime, increasing taxes on high-income individuals, as well as numerous other revenue proposals, which are outlined [HERE](#).

While House Democrats have settled on pay-fors, there is no indication that Senate Democrats will simply rubber-stamp what the House prefers. It is not a coincidence that every day brings news of another revenue raiser (such as stock buybacks, executive compensation, etc.) being floated by Senate Democrats. Senate Democratic leadership and Senate Finance Committee

Chair Wyden need to have multiple, alternative tax proposals ready to fill any funding voids that occur during the negotiations within their caucus.

Below is a compiled list of the various House committee reconciliation bill drafts.

- Agriculture - [\[PDF\]](#)
- Education and Labor - [\[PDF\]](#)
- Energy and Commerce - [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#)
- Financial Services - [\[PDF\]](#)
- Homeland - [\[PDF\]](#)
- Judiciary - [\[PDF\]](#)
- Natural Resources - [\[PDF\]](#)
- Oversight - [\[PDF\]](#)
- Science, Space, and Technology - [\[PDF\]](#)
- Small Business - [\[PDF\]](#)
- Transportation & Infrastructure - [\[PDF\]](#)
- Ways and Means - [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#) [\[PDF\]](#)
- Veterans' Affairs - [\[PDF\]](#)

Continuing Resolution & Debt Limit

The showdown continues between Democratic and Republican leaders on how to fund the government and address the pending expiration of the debt limit suspension.

House Democratic leaders are now contemplating having a floor vote next week on a continuing resolution (CR) to extend government funding to early December, which may also include language to institute another debt limit suspension. Senate Minority Leader McConnell is steadfast in his position that Democrats must pass the debt limit on their own, recently saying that “it’s their obligation to do it.” Whether McConnell means Republicans would actually filibuster a CR coupled with a debt limit increase is unclear. Notably, the letter signed by 48 Republican senators did not broach the topic. At this point, both sides think the other will ultimately blink.

It is important to highlight that there is no “Big 4” negotiated agreement this Congress, and this represents the first real test for Speaker Pelosi, and leaders Schumer, McConnell, and McCarthy since last year’s COVID emergency relief measures.

Other possible options for the debt limit are combining it with disaster and Afghani refugee relief funding, compiling a standalone bill, or commencing bipartisan negotiations, in which Republicans would undoubtedly demand spending reforms and other concessions.