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Tax Provisions in the "Build Back Better Act:" The House Ways and Means Committee's Legislative Recommendations

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On September 14-15, 2021, the House Ways and Means Committee marked up and approved legislative recommendations for the budget reconciliation legislation, also known as the "Build Back Better Act."[1] These recommendations were provided pursuant to the reconciliation instructions included in S.Con.Res. 14, the Concurrent Budget Resolution for FY2022.[2] Subtitles B, F, G, H, I, and J of the Title XIII Build Back Better Act contain tax provisions, and are hereby identified as the "tax provisions in the Build Back Better Act," pursuant to the reconciliation instructions provided in S.Con.Res. 14, the Concurrent Budget Resolution for FY2022.[3]

This report summarizes the tax provisions in the Build Back Better Act, including

- modifications to individual income taxes levied on high-income individuals that would increase revenues, including
  - an increase in the top individual marginal tax rate to 39.6% for tax years before 2026;
  - modifications to the taxes on long-term capital gains and qualified dividends, including an increase in the top tax rate to 25%;
  - the application of the net investment income tax to trade or business income for certain filers;
  - making permanent limitations on excess business losses of noncorporate taxpayers; and
  - establishing a surcharge on high-income individuals, trusts, and estates;
- an increase in the corporate income tax rate to 26.5%;
- modifications to the treatment of international taxes that would generally increase revenues, including changes to
  - the deduction for foreign-derived intangible income;
  - foreign tax credit limitations; and
  - the tax on global intangible low-taxed income;
- a temporary extension of and modifications to the enhancements made to the child tax credit in the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2), with a permanent extension of full refundability beginning in 2026;
- a permanent extension of enhancements to the child and dependent care tax credit and earned income tax credit in the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2); and
- modifications to the tax treatment of the energy sector that would generally reduce revenues; including
  - extension and modification of the credit for electricity produced from certain renewable resources;

[1] Legislative text for the Build Back Better Act is available at https://docs.house.gov/meetings/BU/BU00/20210925/114090/BILLS-117pih-BuildBackBetterAct.pdf.

[2] For more information on the FY2022 budget resolution, see CRS Report R46893, *S.Con.Res. 14: The Budget Resolution for FY2022*, by Megan S. Lynch.

[3] Legislative text and staff summaries for Subtitles F, G, H, I, and J can be found at https://waysandmeans.house.gov/media-center/press-releases/chairman-neal-announces-additional-days-markup-build-back-better-act. Text for Subtitle B is available at https://waysandmeans.house.gov/media-center/press-releases/chairman-neal-announces-markup-build-back-better-act.

- extension and modification of the energy credit; and
- extension of excise tax credits for alternative fuels, biodiesel, and renewable diesel.

References to relevant CRS reports are included where applicable. A series of tables in this report summarize the tax provisions in the Build Back Better Act and provide links to CRS resources containing background or additional information.

- **Table 1** summarizes the provisions included in Subtitle B;
- **Table 2** discusses provisions included in Subtitle F;
- **Table 3** describes provisions included in Subtitle G;
- **Table 4** summarizes provisions included in Subtitle H;
- **Table 5** discusses provisions included in Subtitle I; and
- **Table 6** describes provisions included in Subtitle J of the proposal.

The effective date for most of the proposed tax provisions would be after December 31, 2021. This is the case unless otherwise noted in the description of the provision. Additionally, provisions would be permanent changes unless otherwise noted.

The Joint Committee on Taxation (JCT) released technical descriptions for all subtitles; revenue estimates for Subtitles F, G, H, I, and J (see **Table 7** through **Table 11**); and estimated distributional effects for the tax provisions.[4] **Table 12** summarizes the overall revenue effects of the tax provisions in the Build Back Better Act.

[4] These documents can be found at https://www.jct.gov/publications/.

Table 1. Subtitle B: Retirement

Section Title	Description	CRS Resources
Part 1—Automatic Contribution Plans and Arrangements		
Tax Imposed on Employers Failing to Maintain Automatic Contribution Plan or Arrangement	This provision would impose an excise tax on employers of $10 per participant per day for deferred contribution retirement plans (e.g., 401(k) plans) that do not have an automatic enrollment. In automatic enrollment, the employee participates in a plan unless he or she makes an election not to participate. The tax would not apply to employers with five or fewer employees and would exclude government plans and church plans. It would not apply to employers in existence less than two years. This provision would apply beginning in 2023.	For background, see • CRS Report R46441, *Saving for Retirement: Household Decisionmaking and Policy Options*, by Cheryl R. Cooper and Zhe Li. • CRS Report R43439, *Worker Participation in Employer-Sponsored Pensions: Data in Brief*, by John J. Topoleski and Elizabeth A. Myers. • CRS Insight IN11721, *Data on Retirement Contributions to Defined Contribution (DC) Plans*, by John J. Topoleski and Elizabeth A. Myers.
Deferral-Only Arrangements	A Section 401(k) plan (one form of a defined contribution retirement plan) is required to satisfy a nondiscrimination test to ensure a broad range of workers (and not just highly compensated workers) participate in the plan. The nondiscrimination test is deemed satisfied if the employer contributes to the plan, as specified, and notice requirements are met. This provision would create a new defined contribution (i.e., 401(k)) plan that involves only employee contributions (no employer contributions) and could be deemed as satisfying the nondiscrimination test. To qualify the plan would need to have automatic enrollment (i.e., an employee is automatically enrolled in the plan and must make an election not to participate). The contributions would be limited to the Individual Retirement Account (IRA) limits (currently $6,000 per year with a catch-up contribution of $1,000 per year for individuals 50 and over). The plan would need to satisfy notice requirements. This provision would apply beginning in 2023.	For background, see • CRS Report R43439, *Worker Participation in Employer-Sponsored Pensions: Data in Brief*, by John J. Topoleski and Elizabeth A. Myers. • CRS Insight IN11721, *Data on Retirement Contributions to Defined Contribution (DC) Plans*, by John J. Topoleski and Elizabeth A. Myers.
Increase in Credit Limitation for Small Employer Pension Plan Startup Costs Including for Automatic Contribution Plans or Arrangements	Under current law, small employers with no more than 100 employees earning $5,000 or more are eligible for a start-up credit for retirement plans (excluding individual retirement accounts). The credit is equal to 50% of start-up costs for up to three years, limited to the greater of (1) $500; or (2) the lesser of $250 for each non-highly compensated employee or a flat $5,000. This provision would increase the credit to 100% for employers with no more than 25 employees earning $5,000 or more (with no change in the dollar limits). The credit would be available for up to five years. The employer credit would not be available for the deferral-only 401(k) described above and would only be allowed for plans with automatic enrollment.	

Section Title	Description	CRS Resources
Credit for Certain Small Employer Automatic Retirement Arrangement	This provision would provide a $500 credit per employer for the first four years for small employer individual retirement accounts and deferral-only plans with automatic enrollment. Eligible employers would be those with no more than 100 employees earning $5,000 or more who did not maintain a qualified plan in the previous three years.	
Part 2—Saver's Match		
Matching Payments for Elective Deferral and IRA Contributions by Certain Individuals	Current law allows a saver's credit for up to 50% of the first $2,000 of contributions to an IRA or employer-sponsored retirement plan. The credit rate declines with adjusted gross income: 50% for income up to $39,500, 20% for income between $39,501 and $43,000, and 10% for income from $43,001 to $66,000. Head of household returns have limits of 75% of these levels, and single returns have limits of 50%. As with most nonrefundable credits, taxpayers with little or no income tax liability might not receive the full benefit (or any benefit) from the credit. This provision would add a refundable credit (i.e., that is not limited by income tax liability) of up to $500 per taxpayer. The credit would equal 50% of the first $1,000 of qualifying retirement contributions. This 50% credit rate would phase out for married taxpayers filing jointly for income between $50,000 and $70,000, with phaseout rates of 75% of those amounts for head of household returns and 50% for single returns. Individuals qualifying for a credit of less than $100 would receive $100. The credit would be paid directly to the individual's retirement account and would function as a form of matching contribution. The provision would direct the Secretary of the Treasury to make payments to each territory for the total cost of providing the refundable saver's credit to their territorial residents. This provision would apply beginning with 2025.	For background, see • CRS In Focus IF11159, *The Retirement Savings Contribution Credit*, by Molly F. Sherlock.
Deadline to Fund IRA with Tax Refund	Taxpayers would be able to elect on their return to have all or part of their tax refunds contributed to an individual retirement account with the amount counting as a contribution for that tax year. This rule would apply to returns timely filed. This provision would apply beginning with 2023.	

Source: CRS based on Subtitle B, Budget Reconciliation Legislative Recommendations Relating to Retirement.

Note: Provisions are effective in 2022 unless otherwise noted. The changes that would be made by the provision are permanent, unless otherwise noted. "Section" citations refer to the section within the Internal Revenue Code (IRC), 26 U.S.C., unless otherwise noted.

Table 2. Subtitle F: Infrastructure Finance and Community Development

Section Title	Description	CRS Resources
Part 1—Infrastructure Financing		
Subpart A—Bond Financing		
Credit to Issuer for Certain Infrastructure Bonds	This provision would reinstate federal authority to issue tax credit bonds (TCBs) and permanently establish a TCB for certain infrastructure activities beginning in tax year 2022. (TCBs provide bondholders with a tax credit or issuers a direct payment in lieu of a federal income tax exemption.) Eligible activities include capital expenditures, operations or maintenance related to capital expenditures, or public purchases or leasing of rail corridor that meet the public purpose qualifications specified in Section 141. The tax credit available would equal the bond's annual interest payment multiplied by a rate of (a) 35% for bonds issued in tax years 2022 through 2024; (b) 32% for bonds issued in tax year 2025; (c) 30% for bonds issued in tax year 2026; and (d) 28% for bonds issued in tax year 2027 and all subsequent years. Authority to issue TCBs was repealed by P.L. 115-97 (commonly referred to as the "Tax Cuts and Jobs Act" or TCJA), though TCBs issued prior to 2018 may still be active. Past TCBs included Build America Bonds, which were established by the American Recovery and Reinvestment Act (ARRA; P.L. 111-5). Build America Bonds provided a 35% tax credit available to public purpose bonds issued in 2009 and 2010.	For background, see • CRS Report R40523, *Tax Credit Bonds: Overview and Analysis*, by Grant A. Driessen.
Advance Refunding Bonds	This provision would allow the interest income from advance refunding bonds for certain activities to be exempt from federal income taxation. Activities that qualify either meet (a) the public purpose qualifications specified in Section 141, or (b) the qualified 501(c)(3) private activity bond criteria specified in Section 145 to be exempt from federal income taxation. Bonds originally issued after 1985 would not be eligible for the exemption if they had previously been advance refunded. Refunding bonds are bonds that are issued to replace existing (outstanding) bonds previously issued for a given purpose, typically to take advantage of more favorable borrowing terms. Advance refunding describes cases where the existing bond and refunding bond are both outstanding for a period of longer than 90 days. The TCJA (P.L. 115-97) eliminated the ability to issue federally tax-exempt advance refunding bonds.	For background, see • CRS Insight IN11079, *Advance Refunding Bonds and P.L. 115-97*, by Grant A. Driessen.
Permanent Modification of Small Issuer Exception to Tax-Exempt Interest	This provision would expand the definition of a qualified small issuer financial institution, as defined by Section 265(b)(3), to include issuers who reasonably anticipate issuing no more than $30 million (increased from $10 million) in tax-exempt obligations in tax year	For background, see • CRS Report RL31457, *Private Activity Bonds: An Introduction*, by Steven

Section Title	Description	CRS Resources
Expense Allocation Rules for Financial Institutions	2021. The small issuer obligation limit would be subject to inflation-related increases in tax years after 2021. Qualified small issuer financial institutions are excepted from the general rule disallowing deductions for interest expenses related to tax-exempt issuances provided in Section 265. The proposal would also permanently reclassify qualified 501(c)(3) bonds so that they would be treated as issued by exempt organizations for the deduction rules provided in Section 265. ARRA previously provided for identical treatment of qualified 501(c)(3) bonds issued in 2009 and 2010.	Maguire and Joseph S. Hughes.
Modifications to Qualified Small Issue Bonds	This provision would expand the definition of qualified small issue bonds to include facilities that produce intangible property and functionally related facilities. It would also expand the small loan limitation to $30 million in tax year 2022 (with increases indexed to inflation in future years) in cases where the aggregate amount of related capital expenditures (including those financed with tax-exempt bond proceeds) made over a six-year period would not be expected to exceed that amount. Previously ARRA expanded the definition of small issue bonds to include producers of tangible and intangible property for bonds issued in 2009 and 2010.	For background, see • CRS Report RL31457, *Private Activity Bonds: An Introduction*, by Steven Maguire and Joseph S. Hughes.
Expansion of Certain Exceptions to the Private Activity Bond Rules for First-Time Farmers	This provision would increase the first-time farmer expenditures exception to qualified private activity bond land use restriction from $450,000 to $552,500 for tax year 2021, with increases indexed to inflation in future years.	For background, see • CRS Report RL31457, *Private Activity Bonds: An Introduction*, by Steven Maguire and Joseph S. Hughes.
Certain Water and Sewer Facility Bonds Exempt from Volume Cap on Private Activity Bonds	This provision would remove certain qualified exempt facility bonds used to provide facilities for the furnishing of water or sewage facilities (as defined in Section 142) from the annual volume cap on private activity bonds established in Section 146.	For background, see • CRS Report RL31457, *Private Activity Bonds: An Introduction*, by Steven Maguire and Joseph S. Hughes.
Exempt Facility Bonds for Zero-Emission Vehicle Infrastructure	This provision would add a category of qualified exempt facility (private activity) bonds (as specified in Section 142) to include certain bonds financing certain facilities that would charge or fuel zero-emission vehicles.	For background, see • CRS Report RL31457, *Private Activity Bonds: An Introduction*, by Steven Maguire and Joseph S. Hughes. • CRS Report R46864, *Alternative Fuels and Vehicles: Legislative Proposals*, by Melissa N. Diaz.
Application of Davis-Bacon Act Requirements with Respect to Certain Exempt-Facility Bonds	This provision would require issuers of qualified exempt facility bonds, a category of qualified private activity bonds, to pay project workers at least locally prevailing wages plus fringe benefits, consistent with the Davis-Bacon Act, as amended.	For background, see • CRS Report RL31457, *Private Activity Bonds: An Introduction*, by Steven

Section Title	Description	CRS Resources
		Maguire and Joseph S. Hughes. • CRS Report R41469, *Davis-Bacon Prevailing Wages and State Revolving Loan Programs Under the Clean Water Act and the Safe Drinking Water Act*. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Subtitle B—Other Provisions Related to Infrastructure Financing		
Credit for Operations and Maintenance Costs of Government-Owned Broadband	This provision would create a 30% credit that state, local, and tribal governments could claim for the operations and maintenance costs of qualified government-owned broadband systems. Expenses eligible for the credit would be capped at $400 per new subscriber per year within a low-income community. The credit rate would be reduced to 26% in 2027 and 24% in 2028, before expiring in 2029.	
Part 2—New Markets Tax Credit		
Permanent Extension of New Markets Tax Credit	This provision would permanently extend the New Markets Tax Credit (NMTC) with allocation amounts of $5 billion per year, indexed for inflation beginning in 2024. For 2022 and 2023, there would be additional allocations of $2 billion and $1 billion, respectively.	For background, see • CRS Report RL34402, *New Markets Tax Credit: An Introduction*, by Donald J. Marples and Sean Lowry.
Part 3—Rehabilitation Tax Credit		
Determination of Credit Percentage	Under current law, the rehabilitation tax credit for historic structures is equal to 20% of qualified rehabilitation expenditures. This provision would set the tax credit percentage according to the taxable year in which qualified rehabilitation expenditures were incurred. Specifically, the credit percentage would be 20% for expenditures incurred before 2020; 30% for expenditures incurred in 2020 through 2025; 26% for expenditures incurred in 2026; 23% for expenditures incurred in 2027; and 20% for expenditures incurred after 2027. This provision would apply to property placed in service after March 31, 2021.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 363-368).
Increase in the Rehabilitation Credit for Certain Small Projects	This provision would increase the rehabilitation tax credit from 20% to 30% for certain smaller projects. A small project would be a project with qualified rehabilitation expenditures that do not exceed $3.75 million. No more than $2.5 million in qualified rehabilitation expenditures would qualify for the increased credit.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 363-368).

Section Title	Description	CRS Resources
Modification of Definition of Substantially Rehabilitated	Under current law, a property must be "substantially rehabilitated" to qualify for the rehabilitation tax credit. A property is substantially rehabilitated if qualified rehabilitation expenditures made within a 24-month period (60-month in certain cases) exceed the greater of 100% of the adjusted basis of such building, or $5,000. This provision would reduce the 100% adjusted basis threshold to 50% (the $5,000 threshold would remain). This provision would apply to 24-month and 60-month periods ending after December 31, 2021.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 363-368).
Elimination of Rehabilitation Credit Basis Adjustment	This provision would eliminate the requirement that the basis of the property be reduced by the amount of the rehabilitation credit.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 363-368).
Modification Regarding Certain Tax-Exempt Use Property	Under current law, expenditures incurred in the rehabilitation of a property (or portion of) expected to be leased to a tax-exempt entity do not qualify for the tax credit. This proposal would, among other changes, modify the definition of tax-exempt use to exclude nonresidential property leased to a tax-exempt entity under a disqualified lease (as defined under Section 168(h)), except in cases where the tax-exempt entity is a government entity.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 363-368).
Qualification of Rehabilitation Expenditures for Public School Buildings for Rehabilitation Credit	This provision would allow the rehabilitation tax credit to be used to rehabilitate public school buildings that were operated as a qualified public educational facility (as defined in Section 142(k)(1)) at any time during the five-year period ending on the date of such rehabilitation and which continued to operate as a qualified public educational facility. The Department of the Treasury would be required to report to Congress certain data pertaining to the effects of this proposal within five years of enactment.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 363-368).
Part 4—Disaster and Resiliency		
Exclusion of Amounts Received from State-Based Catastrophe Loss Mitigation Programs	Current law excludes qualified disaster relief and qualified disaster mitigation payments from gross income (Section 139). Starting in 2021, this provision would allow qualified catastrophe mitigation payments made by state or local government programs to be excluded from gross income. Qualified catastrophe mitigation payments are amounts received by individuals to make improvements to the individual's residence that would reduce the damage that would be done to the residence by a windstorm, earthquake, or wildfire. Taxpayers receiving these payments would not	For background, see • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy.

Section Title	Description	CRS Resources
	be required to adjust their basis in property for which payment is received.	
Repeal of Temporary Limitation on Personal Casualty Losses	The TCJA (P.L. 115-97) temporarily limited, from 2018 through 2025, personal casualty losses to those attributable to a federally declared disaster. This provision would retroactively repeal this limit, allowing a deduction for any casualty loss, not just disaster-related losses, after 2017. This provision would direct the Treasury Secretary to issue regulations or guidance (consistent with Revenue Procedure 2017-60, as modified) to provide relief to certain homeowners whose personal residences were affected by deteriorating concrete foundations caused by the presence of the mineral pyrrhotite.	For background, see • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy.
Credit for Qualified Wildfire Mitigation Expenditures	This provision would create a tax credit for 30% of qualified wildfire mitigation expenditures made after the date of enactment. Qualified wildfire mitigation expenditures would be specified wildfire mitigation expenditures made under a state wildfire mitigation program that requires wildfire mitigation expenditures be paid by the taxpayer and the state, for property owned or leased by the taxpayer. The credit amount would be reduced below 30% if the taxpayer's percentage of the wildfire mitigation expenditure (as opposed to the state's share) were to fall below 30%. For business expenditures, the credit would be part of the general business credit. For nonbusiness expenditures, the credit would be a nonrefundable individual income tax credit. If basis of property includes qualified wildfire mitigation expenditures, the property's basis would be reduced by the amount of any tax credits claimed.	For background, see • CRS In Focus IF10244, *Wildfire Statistics*, by Katie Hoover and Laura A. Hanson. • CRS In Focus IF10732, *Federal Assistance for Wildfire Response and Recovery*, by Katie Hoover.
Part 5—Housing		
Subpart A—Low-Income Housing Tax Credit		
Increase in State Allocations	This provision would increase state low-income housing credit allocation authority for calendar years 2022 through 2028. States would receive $3.22 per person in 2022, with a small population state allocation of $3,711,575; $3.70 per person in 2023, with a small population state allocation of $4,269,471; $4.25 per person in 2024, with a small population state allocation of $4,901,620; and $4.88 per person in 2025, with a small population state allocation of $5,632,880. The allocation amounts for calendar years 2026, 2027, and 2028 would be the 2025 allocation amount, adjusted for inflation.	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley. • CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*, by Mark P. Keightley.
Tax-Exempt Bond Financing Requirement	This provision would reduce the 50% tax-exempt bond financing requirement to 25% for bond obligations issued in calendar years 2022 through 2028. Credits awarded to projects where the bond financing threshold is met do not reduce a state's annual housing credit allocation authority.	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley. • CRS In Focus IF11335, *The Low-Income Housing Tax*

Section Title	Description	CRS Resources
		Credit: Policy Issues, by Mark P. Keightley.
Buildings Designated to Serve Extremely Low-Income Households	This provision would require that at least 10% of a state's annual low-income housing credit allocation authority be set-aside for projects that serve extremely low-income households. The set-aside would apply to projects where at least 20% of the units are rent-restricted and occupied by households whose income does not exceed the greater of 30% of area median income, or 100% of the federal poverty line. Projects requiring an increase in credits to be financially feasible would receive a 50% basis boost. A state could not award more than 15% of its credit authority to such projects, and, if such a project utilizes tax-exempt bond financing (and meets the bond financing threshold), a state could not award more than 10% of its private activity bond authority. This provision would apply to allocations made after December 31, 2021, and before January 1, 2032.	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley. • CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*, by Mark P. Keightley.
Inclusion of Rural Areas as Difficult Development Areas	This provision would modify the definition of difficult development areas (DDAs) to include "rural areas." Projects in DDAs are eligible for a 30% basis boost. A rural area would be defined as any nonmetropolitan area, or any rural area as defined in Section 520 of the Housing Act of 1949. Section 42 of the IRC, which applies to the LIHTC program, defines a nonmetropolitan area as any county (or portion thereof) which is not within a metropolitan statistical area.	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley. • CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*, by Mark P. Keightley.
Repeal of Qualified Contract Option	This provision would repeal the qualified contract option, and thus limit the ability of a property owner to exit the low-income housing tax credit (LIHTC) program after the first 15 years. The qualified contract option allows a property owner to sell a LIHTC property after 15 years. To exercise this option, a property owner must request that the state housing credit authority locate a buyer who will purchase the property and keep it in the program for another 15 years. The purchase price is determined by statute. If the housing credit authority cannot locate a qualified buyer, the affordability restrictions on the property are phased out over three years. This provision would apply to buildings that received a credit allocation before January 1, 2022, or, in the case of properties utilizing tax-exempt bonds, that received a determination that the building was eligible to receive tax credits.	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley. • CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*, by Mark P. Keightley.
Modification and Clarification of Rights Relating to Building Purchase	Under current law, a property may exit the low-income housing tax credit program after 15 years if a right of first refusal option is exercised whereby the holder of the right (typically, a nonprofit organization who helped develop the property) purchases the property. There appears to be a lack of clarity under current law over whether a third-party offer to purchase the property is a necessary prerequisite to the authority to exercise the right of first refusal. This	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley. • CRS In Focus IF11335, *The Low-Income Housing Tax*

Section Title	Description	CRS Resources
	provision would clarify that a third party offer is not needed by changing the right of first refusal to a purchase option. Among other changes, the provision would also clarify that establishing a qualified purchase option would not disallow any of the federal tax benefits of the low-income housing tax credit.	*Credit: Policy Issues*, by Mark P. Keightley.
Increase in Credit for Bond-Financed Projects Designated by Housing Credit Agency	This provision would give state low-income housing credit authorities the discretion to provide a 30% basis boost to properties utilizing tax-exempt bond financing if deemed necessary for financial feasibility. This provision would apply to properties determined to need a basis boost if such determination was made before January 1, 2029.	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley. • CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*, by Mark P. Keightley.
Subpart B—Neighborhood Homes Investment Act		
Neighborhood Homes Credit	This provision would provide new federal tax credits to offset the cost of constructing or rehabilitating owner-occupied homes. The credits would be awarded to project sponsors (e.g., developers), which would either use the credits directly to offset development and rehabilitation costs or sell the credits to investors to raise capital for home construction. Each state would be allowed to annually award an amount of credits equal to the greater of $6 multiplied by its population, or $8 million. Annual allocation authority would be adjusted for inflation. The credit amount would be limited to no more than 35% of the lesser of qualified development costs, or 80% of the national median sales price for new homes as determined by the most recent census data. Credits would be restricted to properties with occupants whose income did not exceed 140% of an area's or state's median income.	For background, see • CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*, by Mark P. Keightley.
Part 6—Investment in Tribal Infrastructure		
Treatment of Indian Tribes as States with Respect to Bond Issuance	This provision would modify the treatment of Indian tribes so that they are generally treated as states for the purposes of issuing qualified private activity bonds. This provision would direct the Secretary of the Treasury to establish a national bond volume cap based on tribal population data for qualifying bonds issued in tribal areas.	For background, see • CRS Report RL31457, *Private Activity Bonds: An Introduction*, by Steven Maguire and Joseph S. Hughes.
New Markets Tax Credit for Tribal Statistical Areas	This provision would create a permanent New Markets Tax Credit (NMTC) allocation for low-income tribal areas and for projects that serve or employ tribal members. The annual allocation amount would be $175 million per year and would be adjusted for inflation beginning in 2024.	For background, see • CRS Report RL34402, *New Markets Tax Credit: An Introduction*, by Donald J. Marples and Sean Lowry.
Inclusion of Indian Areas as Difficult Development Areas for Purposes of Certain Buildings	This provision would modify the definition of difficult development areas (DDAs) for purposes of the low-income housing tax credit to include "Indian areas." Projects in DDAs would be eligible for a 30% basis boost. An Indian area would be any Indian area as defined in Section 4(11) of the Native American	For background, see • CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*, by Mark P. Keightley.

Section Title	Description	CRS Resources
	Housing Assistance and Self Determination Act of 1996. If an area were to be a DDA solely because it is an Indian area, then a project would not be treated as being located in a DDA unless it were assisted or financed under the Native American Housing Assistance and Self Determination Act of 1996, or the project sponsor were an Indian tribe, or wholly owned or controlled by an Indian tribe or a tribally designated housing entity. This provision would apply to buildings placed in service after December 31, 2021.	• CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*, by Mark P. Keightley.
Part 7—Investments in the Territories		
Possessions Economic Activity Credit	This provision would create a new tax credit for certain domestic corporations actively conducting business in specified possessions. For these corporations, the credit amount would be equal to 20% of wage and benefit expenses in the possessions. The amount of creditable wages and benefits would be capped at $50,000 per full time equivalent employee per year.	
Additional New Markets Tax Credit Allocations for the Territories	This provision would create a permanent New Markets Tax Credit allocation for low-income communities in U.S. territories. The annual allocation amount would be $100 million per year and would be adjusted for inflation beginning in 2024. 80% of the allocation would be directed toward projects in Puerto Rico, and the remaining 20% would be directed toward the other U.S. territories.	For background, see • CRS Report RL34402, *New Markets Tax Credit: An Introduction*, by Donald J. Marples and Sean Lowry.

Source: CRS based on Subtitle F, Budget Reconciliation Legislative Recommendations Relating to Infrastructure Financing and Community Development.

Note: Provisions are effective in 2022 unless otherwise noted. The changes that would be made by the provision are permanent, unless otherwise noted. "Section" citations refer to the section within the Internal Revenue Code (IRC), 26 U.S.C., unless otherwise noted.

Table 3. Subtitle G: Green Energy

Section Title	Description	CRS Resources
Part 1—Renewable Electricity and Reducing Carbon Emissions		
Extension and Modification of Credit for Electricity Produced from Certain Renewable Resources	Current law provides a production tax credit (PTC), at a rate of 2.5 cents or 1.3 cents per kilowatt hour (kWh) depending on the technology used, for the first 10 years of production at qualifying renewable electricity production facilities that begin construction before 2022. The credit amount is adjusted for inflation. This provision would extend the PTC for wind, biomass, geothermal, solar (which previously expired at the end of 2005), landfill gas, trash, qualified hydropower, and marine and hydrokinetic resources through 2031, with the credit scheduled to phase down by 20% in 2032 and 40% in 2033. For large facilities (facilities with a maximum output of at least one megawatt of electricity), the credit is extended at a rate equal to 20% of the otherwise applicable rate (i.e., extended at 0.5 cents per kWh if the tax credit was 2.5 cents per kWh or extended at 0.26 cents per kWh if the tax credit was 1.3 cents per kWh). Large facilities may be eligible for the full credit amount if they pay prevailing wages during the construction phase and during the first 10 years of operation and if registered apprenticeship requirements are met. A "bonus credit" amount would be provided for projects that meet domestic content requirements to certify that the steel, iron, and manufactured products used in the facility were domestically produced. The bonus credit amount would be 2% of the credit amount, or 10% for projects that meet wage and workforce requirements. Large facilities not meeting domestic content requirements would be limited in the amount of the credit that could be received as direct pay (see "Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources, Etc."). The limit would be 90% in 2024, 85% in 2025, and zero afterward. This limit can be waived if materials are not available domestically or if including domestic materials would increase the facility's construction cost by more than 25%. The proposal also extends the option to claim the energy investment tax credit (ITC) in lieu of the PTC.	For background, see • CRS Report R43453, *The Renewable Electricity Production Tax Credit: In Brief*, by Molly F. Sherlock. • CRS Report R46865, *Energy Tax Provisions: Overview and Budgetary Cost*, by Molly F. Sherlock. • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples. • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Extension and Modification of Energy Credit	Current law provides a temporary investment tax credit (ITC) for investments in certain energy property. This provision would extend and modify the ITC. The credit would be extended at the full rate (30% for solar, fuel cells, small wind, and waste energy recovery property; 10% for combined heat and power, microturbine, and geothermal heat pumps) through 2031. The 30% rate would be reduced to 26% in 2032 and 22% in 2033. Property must be placed in service by the end of 2035. This list of qualifying property is expanded to include energy storage technology, qualified biogas property, electrochromic glass, and	For background, see • CRS In Focus IF10479, *The Energy Credit or Energy Investment Tax Credit (ITC)*, by Molly F. Sherlock. • CRS Report R46865, *Energy Tax Provisions: Overview and Budgetary Cost*, by Molly F. Sherlock.

Section Title	Description	CRS Resources
	microgrid controllers at the 30% rate. Linear generator assemblies would be added to the definition of qualifying fuel cells. For large facilities (facilities with a maximum output of at least one megawatt of electricity) the credit would be extended at a rate equal to 20% of the otherwise applicable rate (e.g., if the tax credit was 30%, the credit for a large facility would be 6%). Large facilities may be eligible for the full credit amount if they pay prevailing wages during the construction phase and during the first five years of operation and if registered apprenticeship requirements are met. A "bonus credit" amount would be provided for projects that meet domestic content requirements to certify that the steel, iron, and manufactured products used in the facility were domestically produced. The bonus credit amount would be 2% of the credit amount, or 10% for projects that meet wage and workforce requirements. Large facilities not meeting domestic content requirements would be limited in the amount of the credit that could be received as direct pay (see "Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources, Etc."). The limit would be 90% in 2024, 85% in 2025, and zero afterward. This limit can be waived if materials are not available domestically or if including domestic materials would increase the facility's construction cost by more than 25%.	• CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples. • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Increase in Energy Credit for Solar Facilities Placed in Service in Connection with Low-Income Communities	This provision would allow for the allocation of 1.8 gigawatts for "environmental justice solar capacity" credits annually from 2022 through 2031. Taxpayers receiving a capacity allocation may be entitled to tax credits. Specifically, projects receiving an allocation that are located in a low-income community would be eligible for a 10% bonus investment tax credit, while projects that are part of a low-income residential building project or qualified low-income economic benefit project would be eligible for a 20% bonus investment credit. No facility can receive more than a maximum 20% bonus investment credit under this provision. Qualifying solar facilities would include those with a nameplate capacity of 5 megawatts or less, and qualifying property would include energy storage property installed in connection with the solar property and interconnection property. The Secretary of the Treasury would consult with the Secretary of Energy and EPA Administrator in determining allocations. Facilities selected for allocations would be facilities that would result in the greatest health and economic benefits for individuals in low-income communities, including the ability to withstand extreme weather events; the greatest employment and wages for individuals in low-income communities; and the greatest engagement with, outreach to, or ownership by, individuals in low-income	For background on the ITC, see • CRS In Focus IF10479, *The Energy Credit or Energy Investment Tax Credit (ITC)*, by Molly F. Sherlock. For background on housing assistance programs, see • CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*, by Maggie McCarty, Libby Perl, and Katie Jones.

Section Title	Description	CRS Resources
	communities. Facilities receiving an allocation will have certain information disclosed to the public and be required to have the facility placed in service within four years.	
Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources, Etc.	This provision would allow taxpayers to treat certain tax credit amounts as payments of tax. Excess payments can be refunded to the taxpayer, allowing the credits to be received as "direct pay." This direct payment would be allowed for the Section 30C credit for alternative fuel refueling property, the Section 45 renewable electricity production credit, the Section 45Q carbon oxide sequestration credit, the Section 48 energy investment tax credit, and the Section 48C qualifying advanced energy project credit. The direct pay election would also be available to the new Section 48D investment credit for electric transmission property; new Section 48E zero emission facility credit; new Section 45X clean hydrogen production credit; and new Section 45W zero-emission nuclear power production credit. Tax-exempt entities, including state and local governments and Indian tribal governments, would be treated as taxpayers eligible to elect a direct payment. Special rules provide that in the case of U.S. territories, for non-mirror code jurisdictions, Treasury would reimburse territorial governments for any direct payments made under similar programs. The provision would only apply to mirror-code jurisdictions upon election.	For background, see • CRS Report R45693, *Tax Equity Financing: An Introduction and Policy Considerations*, by Mark P. Keightley, Donald J. Marples, and Molly F. Sherlock.
Investment Credit for Electric Transmission Property	This provision would create a new ITC for qualifying electric transmission property, which includes property capable of transmitting at least 275 kilovolts, with a capacity of not less than 500 megawatts. Upgrades of existing lines are treated as replacements. The new ITC would be 6% of qualifying investments, with a 30% ITC available for projects that pay prevailing wages during the construction phase and during the first five years of operation and for which registered apprenticeship requirements are met. "Bonus credit" amounts for domestic content and limits on direct pay related to domestic content, similar to those applying to the ITC (see "Extension and Modification of Energy Credit"), would apply to this new ITC as well. The credit would be available for property placed in service before December 31, 2031.	For background, see • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Zero Emissions Facility Credit	This provision would allow for the allocation of $250 million in zero emissions facility credits annually from 2022 through 2031. The zero emission facility credit would be a 30% ITC for a facility that (1) generates electricity; (2) does not generate greenhouse gases; (3) uses a technology or process which in the previous year had a market penetration level of less than 3% for the commercial generation of electricity; and (4) is not eligible for the PTC, ITC, Section 45Q carbon oxide sequestration credit, or advanced nuclear PTC. To be	For background, see • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally*

Section Title	Description	CRS Resources
	eligible for allocations, facilities would be required to pay prevailing wages and meet registered apprenticeship requirements. Allocation recipients would be publicly disclosed. The Secretary of the Treasury would consult with the Secretary of Energy and EPA Administrator in determining allocations. Facilities selected for allocations would be facilities that would result in the greatest reduction of greenhouse gas emissions, have the greatest potential for technological innovation and deployment, and would result in the greatest reduction of local environmental effects that are harmful to human health. Taxpayers could elect to receive the credit as "direct pay," and limits related to domestic content for direct pay are similar to those applying to the ITC (discussed above).	*Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.

Section Title	Description	CRS Resources
Extension and Modification of Credit for Carbon Oxide Sequestration	Under current law, industrial carbon capture or direct air capture facilities that begin construction by December 31, 2025, can qualify for the Section 45Q tax credit for carbon oxide sequestration. This tax credit can be claimed for carbon oxide captured during the 12-year period following a qualifying facility's being placed in service. Currently, the per metric ton tax credit for geologically sequestered carbon oxide is set to increase to $50 per ton by 2026 ($35 per ton for carbon oxide that is reused, such as for enhanced oil recovery) and adjusted for inflation thereafter. This provision would extend the start of construction deadline to December 31, 2031. The amount of carbon oxide that must be captured at a qualifying facility would be reduced to 1,000 metric tons annually for a direct air capture (DAC) facility, 18,750 metric tons annually (not less than 75% of which would otherwise have been released into the atmosphere) for an electricity generating facility, and 12,500 metric tons for any other facility (not less than 50% of which would otherwise have been released into the atmosphere). For large facilities (facilities with a maximum output of at least one megawatt of electricity), the credit would be extended at a rate equal to 20% of the otherwise applicable rate (i.e., if the tax credit was $50 per metric ton, the credit for a large facility would be $10 per metric ton). Large facilities may be eligible for the full credit amount if they pay prevailing wages during the construction phase and during the first 12 years of operation and if registered apprenticeship requirements are met. The credit amount for DAC would be increased to a base rate of $36 per metric ton, meaning the credit would be $180 per metric ton if wage and workforce requirements were met. These amounts would be $26 and $130 per metric ton for carbon oxide captured using DAC that is beneficially reused.	For background, see • CRS In Focus IF11455, *The Tax Credit for Carbon Sequestration (Section 45Q)*, by Angela C. Jones and Molly F. Sherlock. • CRS Insight IN11710, *Carbon Capture and Sequestration Tax Credit ("Section 45Q") Legislation in the 117th Congress*, by Molly F. Sherlock and Angela C. Jones. • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples. • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Green Energy Publicly Traded Partnerships	If 90% of a business's gross income is qualifying income, the business can elect to be treated as a master limited partnership (MLP), allowing the business to be taxed as a partnership while ownership interests are tradable in financial markets. Qualifying income currently includes mining and natural resource income. This provision would expand the definition of qualifying income to include income derived from green and renewable energy. These additions include income from certain activities related to energy production eligible for the PTC, energy property eligible for the ITC, renewable fuels, and carbon sequestration projects eligible for credits under Section 45Q.	For background, see • CRS Report R41893, *Master Limited Partnerships: A Policy Option for the Renewable Energy Industry*, by Molly F. Sherlock and Mark P. Keightley.
Zero-Emission Nuclear Power Production Credit	This provision would create a new 1.5 cent per kWh tax credit for qualifying zero-emission nuclear power produced and sold after December 31, 2021. Qualified nuclear power facilities are taxpayer-owned facilities that use nuclear power to generate electricity that did	For background, see • CRS Report R42853, *Nuclear Energy: Overview of Congressional Issues*, by Mark Holt.

Section Title	Description	CRS Resources
	not receive an advanced nuclear production tax credit allocation under Section 45J, and are placed in service before the date of enactment (i.e., are existing nuclear power plants). For large facilities (facilities with a maximum output of at least one megawatt of electricity) the credit would be extended at a rate equal to 20% of the otherwise applicable rate (i.e., extended at 0.3 cents per kWh if the tax credit was 1.5 cents per kWh). Large facilities may be eligible for the full credit amount if they pay prevailing wages and registered apprenticeship requirements are met. The credit would be reduced when the price of electricity increases. Credits would be reduced by a "reduction amount," which is 80% of gross receipts (excluding certain state and local zero-emissions grants) from electricity produced by the facility and sold over the product of 0.5 cents (2.5 cents for projects that qualify for the full credit amount) times the amount of electricity sold during the taxable year. Credit amounts and amounts in the phaseout formula are adjusted for inflation. Taxpayers could elect to receive the credit as direct pay (discussed above). The credit would terminate on December 31, 2026.	• CRS Insight IN10725, *The Advanced Nuclear Production Tax Credit*, by Molly F. Sherlock and Mark Holt. • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Part 2—Renewable Fuels		
Extension of Incentives for Biodiesel, Renewable Diesel, and Alternative Fuels	Current law provides a 50-cents-per-gallon tax credit for alternative fuels and alternative fuel mixtures through 2021 and a $1.00-per-gallon tax credit for biodiesel and renewable diesel (with an additional $0.10-per-gallon tax credit for agri-biodiesel) through 2022. The biodiesel and renewable diesel mixtures tax credit may be claimed as an instant excise tax credit against the blender's motor and aviation fuels excise taxes. Credits in excess of excise tax liability may be refunded. The biodiesel and small agri-biodiesel credits may be claimed as income tax credits. The alternative fuels credit can be claimed as an excise tax credit or received as an outlay. The alternative fuels mixture credit is an excise tax credit. This provision would extend the existing tax credits for alternative fuels and alternative fuel mixtures and biodiesel and renewable diesel through December 31, 2031.	For background, see • CRS Report R46865, *Energy Tax Provisions: Overview and Budgetary Cost*, by Molly F. Sherlock. • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples.
Extension of Second-Generation Biofuel Incentives	Current law provides a $1.01-per-gallon income tax credit for second-generation biofuel production through 2021. This provision would extend the second-generation biofuel producer tax credit through December 31, 2031.	For background, see • CRS Report R46865, *Energy Tax Provisions: Overview and Budgetary Cost*, by Molly F. Sherlock. • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples.

Section Title	Description	CRS Resources
Sustainable Aviation Fuel Credit	This provision would create a new tax credit for the sale or mixture of sustainable aviation fuel starting in 2023. The tax credit would have a base amount of $1.25 per gallon, with a supplemental credit amount of $0.01 per gallon for each percentage point by which the lifecycle greenhouse gas emissions reduction percentage for the fuel exceeds 50% (with a maximum supplemental credit of $0.50 per gallon). Sustainable aviation fuel is defined as liquid fuel that (1) meets the requirements of either ASTM International Standard D7566 or the Fischer Tropsch provisions of ASTM International Standard D1655, Annex; (2) is not derived from palm fatty acid distillates or petroleum; and (3) has been certified to achieve at least a 50% lifecycle greenhouse gas reduction percentage as compared to petroleum-based jet fuel. The sustainable aviation fuel credit may be used to offset fuel excise tax liability or, in the case of insufficient fuel excise tax liability, be received as a payment. Like the tax credit for biodiesel and renewable diesel, there would be a coordinated income tax credit. Credit amounts would be included in a taxpayer's gross income for income tax purposes. The credit would expire after December 31, 2031.	For background, see • CRS In Focus IF11696, *Aviation and Climate Change*, by Richard K. Lattanzio.
Clean Hydrogen	This provision would create a new credit for the qualified production of clean hydrogen. The credit would be available for qualified clean hydrogen produced at a qualifying facility during the facility's first 10 years of operation. The maximum credit amount would be $3.00 per kilogram (indexed for inflation) for hydrogen that is produced through a process that, as compared to hydrogen produced by steam methane reforming, achieves a percentage reduction in lifecycle greenhouse gas emissions which is at least 95% and, in the case of a large facility (defined below), meets wage and workforce requirements. Reduced tax credits would be available for qualified clean hydrogen that achieves lower levels of emissions reduction (20% of the regular credit amount for emissions reduction of 40% to 75%; 25% for an emissions reduction of 75% to 85%; and 34% for an emissions reduction of 85% to 95%). For large facilities (facilities with a maximum output of at least one megawatt), the credit would be available at a rate equal to 20% of the otherwise applicable rate (i.e., if the tax credit was $3.00 per kilogram, the credit for a large facility would be $0.60 per kilogram). Large facilities may be eligible for the full credit amount if they pay prevailing wages during the construction phase and during the first 10 years of operation and if registered apprenticeship requirements are met. Taxpayers could elect to receive the credit as direct pay (see "Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources, Etc."). Taxpayers cannot claim credits for clean hydrogen produced at facilities that claimed credits under Section 45Q. Taxpayers could elect to	For background, see • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.

Section Title	Description	CRS Resources
	claim the energy investment tax credit (ITC) in lieu of the clean hydrogen production credit. The provision would terminate the alternative fuel excise tax credit for hydrogen after December 31, 2021. The credit would not be available to facilities that start construction after December 31, 2028.	
Part 3—Green Energy and Efficiency Incentives for Individuals		
Extension, Increase, and Modifications of Nonbusiness Energy Property Credit	Current law provides a 10% tax credit for qualified energy-efficiency improvements and expenditures for residential energy property on a taxpayer's primary residence through 2021. The credit is subject to a $500 per taxpayer lifetime limit. This provision would extend the tax credit through December 31, 2031, and make additional modifications. The proposed modifications would increase the credit rate to 30% with an annual per-taxpayer limit of $1,200. The credit would be allowed for expenditures made on any dwelling unit used by the taxpayer (not limited to primary residences). Limits for expenditures on windows and doors would also be increased. Required energy efficiency standards would be modified, and changed to update over time without additional legislative action. Qualifying building envelope components would no longer include roofs, but would include air barrier insulation. A 30% credit, up to $150, would be allowed for home energy audits. Treasury would be given the authority to treat errors related to this section as mathematical or clerical errors. Starting in 2024, product identification numbers would be required to claim the tax credit.	For background, see • CRS Report R42089, *Residential Energy Tax Credits: Overview and Analysis*, by Margot L. Crandall-Hollick and Molly F. Sherlock. • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples.
Residential Energy-Efficient Property	Current law provides a tax credit for the purchase of solar electric property, solar water heating property, fuel cells, geothermal heat pump property, small wind energy property, and qualified biomass fuel property. The credit rate is 26% through 2022 (it was 30% through 2019), and is scheduled to be reduced to 22% in 2023 before expiring. This provision would extend the credit through December 31, 2033, restoring the 30% credit rate after 2021 and through 2031, and then reducing the credit rate to 26% in 2032 and 22% in 2033. Qualified battery storage technology would be added to the list of eligible property.	For background, see • CRS Report R42089, *Residential Energy Tax Credits: Overview and Analysis*, by Margot L. Crandall-Hollick and Molly F. Sherlock. • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples.
Energy-Efficient Commercial Buildings Deduction	Under current law, a permanent deduction of up to $1.80 per square foot is allowed for certain energy-saving commercial building property installed as part of (1) the interior lighting system; (2) the heating, cooling, ventilation, or hot water system; or (3) the building envelope. This provision would temporarily modify the energy-efficient commercial building deduction, with the modifications effective through 2031.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 99-104).

Section Title	Description	CRS Resources
	The temporary modifications would reduce the amount by which a building must increase its efficiency relative to a reference building, from 50% to 25%. They would further provide that the per-square-foot deduction of $0.50 be increased by $0.02 for each percentage point by which the certified efficiency improvements reduce energy and power costs, with a maximum amount of $1.00 per square foot. For projects that meet prevailing wage requirements and registered apprenticeship requirements, the base credit is $2.50, which is increased by $0.10 for each percentage point increase in energy efficiency, with a maximum credit amount of $5.00 per square foot. The maximum credit amount is the total deduction a building can claim over a four-year period (the current tax year plus the three preceding tax years). Taxpayers making energy-efficiency retrofits that are part of a qualified retrofit plan on a building that is at least five years old may be able to deduct their adjusted basis in the retrofit property (so long as that amount does not exceed a per-square foot value determined on the basis of energy usage intensity).	• CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Extension, Increase, and Modifications of New Energy-Efficient Homes Credit	Under current law, through 2021, a tax credit is available for eligible contractors for building and selling qualifying energy-efficient new homes. The credit is equal to $2,000, with certain manufactured homes qualifying for a $1,000 credit. This provision would extend the energy-efficient new home credit through December 31, 2031, and increase and modify the credit amount. For homes acquired after 2021, a $2,500 credit would be available for new homes that meet certain Energy Star efficiency standards, and a $5,000 credit would be available for new homes that are certified as zero-energy ready homes. Multifamily dwellings that meet certain Energy Star efficiency standards may be eligible for a $500 credit per unit, with a $1,000 per unit credit available for eligible zero-energy ready multifamily dwellings. The credits for multifamily dwelling units are increased to $2,500 and $5,000, respectively, if the taxpayer ensures that the laborers and mechanics employed by contractors and subcontractors in the construction of the residence are paid prevailing wages.	For background, see • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Modification to Income Exclusion for Conservation Subsidies	Under current law, subsidies provided by public utilities to customers for the purchase or installation of energy conservation measures are excluded from taxable income. This provision would provide that amounts provided for water conservation or efficiency, storm water management, or wastewater management could also be excluded. For wastewater management, the property purchased or installed must be on the taxpayer's principal residence. The provision would be effective for amounts received after December 31, 2018.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 121-124).

Section Title	Description	CRS Resources
Part 4—Greening the Fleet and Alternative Vehicles		
Refundable New Qualified Plug-In Electric Drive Motor Vehicles Credit for Individuals	This provision would create a new refundable tax credit to replace the existing nonrefundable tax credit for plug-in electric vehicles (EVs), effective for 2022. The credit would be $4,000 for vehicles with a battery capacity of 7 kilowatt hours (10 kilowatt hours after 2023), plus $3,500 for vehicles with a battery capacity of at least 40 kilowatt hours (50 kilowatt hours after 2026). An additional amount of $4,500 would be available for domestically assembled vehicles, and an additional amount of $500 would be available for vehicles meeting domestic content requirements. The maximum per-vehicle credit would be up to $12,500, not to exceed 50% of the vehicle purchase price. Vehicles subject to depreciation are ineligible. The credit would phase out for married taxpayers filing a joint return with modified AGI above $800,000 ($600,000 in the case of head of household filers; $400,000 in the case of other filers). The credit is reduced by $200 for each $1,000 (or fraction thereof) by which the taxpayer's modified AGI exceeds the threshold amount. Credits would only be allowed for vehicles that have a manufacturer's suggested retail price of less than $55,000 for sedans, $64,000 for vans, $69,000 for SUVs, and $74,000 for pickup trucks. Starting in 2027, the $4,000 plus $3,500 base credit would be available only for EVs with final assembly occurring in the United States. Two- and three-wheeled electric vehicles would be allowed a 10% tax credit, up to $2,500. Starting in 2022, taxpayers purchasing or leasing eligible vehicles can elect to transfer the tax credit to the dealer, so long as the dealer meets registration, disclosure, and other requirements. Taxpayers would be required to include the vehicle identification number (VIN) on their tax return to claim a tax credit. Payments would be made to territories for the revenue loss associated with the EV credit. The existing nonrefundable tax credit for plug-in electric vehicles under Section 30D would be repealed. The credit would not apply to vehicles acquired after December 31, 2031.	For background, see • CRS In Focus IF11017, *The Plug-In Electric Vehicle Tax Credit*, by Molly F. Sherlock. • CRS Report R46864, *Alternative Fuels and Vehicles: Legislative Proposals*, by Melissa N. Diaz. • CRS Report R46231, *Electric Vehicles: A Primer on Technology and Selected Policy Issues*, by Melissa N. Diaz.

Section Title	Description	CRS Resources
Credit for Previously Owned Qualified Plug-In Electric Drive Motor Vehicles	This provision would create a new refundable tax credit for previously owned qualified plug-in electric vehicles. The credit would be up to $2,500 (a base credit of $1,250 for a vehicle with a battery capacity of 4 kilowatt hours, plus $208.50 for each additional kilowatt hour of capacity), not to exceed 30% of the vehicle purchase price. The credit would phase out for married taxpayers filing a joint return with modified AGI above $150,000 ($112,500 in the case of head of household filers; $75,000 in the case of other filers). The credit is reduced by $200 for each $1,000 (or fraction thereof) by which the taxpayer's modified AGI exceeds the threshold amount. Credits would only be allowed for vehicles with a sale price of $25,000 or less. This credit can only be claimed one time per vehicle. Taxpayers would be required to include the vehicle identification number (VIN) on their tax return to claim a tax credit. Payments would be made to territories for the revenue loss associated with the EV credit. The credit would not apply to vehicles acquired after December 31, 2031.	For background, see • CRS In Focus IF11017, *The Plug-In Electric Vehicle Tax Credit*, by Molly F. Sherlock. • CRS Report R46864, *Alternative Fuels and Vehicles: Legislative Proposals*, by Melissa N. Diaz. • CRS Report R46231, *Electric Vehicles: A Primer on Technology and Selected Policy Issues*, by Melissa N. Diaz.
Qualified Commercial Electric Vehicles	This provision would create a new 30% tax credit for qualified commercial electric vehicles. Eligible vehicles would have a battery capacity of not less than 30 kilowatt hours. Mobile machinery and qualified commercial fuel cell vehicles would also be eligible for this credit. Qualifying vehicles would be depreciable property. In the case of vehicles used by certain tax-exempt entities (if the vehicle is not subject to a lease), the seller can be treated as the taxpayer for the purposes of claiming the credit. Taxpayers would be required to include the vehicle identification number (VIN) on their tax return to claim a tax credit. The credit would not apply to vehicles acquired after December 31, 2031.	
Qualified Fuel Cell Motor Vehicles	Current law allows, through 2021, a tax credit of up to $8,000 for fuel cell vehicles (the base credit amount is $4,000, with up to an additional $4,000 available based on fuel economy). Heavier vehicles qualify for up to a $40,000 credit. This provision would modify the definition of qualified fuel cell motor vehicles to exclude vehicles subject to depreciation (commercial vehicles), and extend the credit through December 31, 2031. Commercial fuel cell vehicles would be eligible for the new credit for qualified commercial electric vehicles.	For background, see • CRS Report R46451, *Energy Tax Provisions Expiring in 2020, 2021, 2022, and 2023 ("Tax Extenders")*, by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples. • CRS Report R46864, *Alternative Fuels and Vehicles: Legislative Proposals*, by Melissa N. Diaz.
Alternative Fuel Refueling Property Credit	Current law allows, through 2021, a tax credit for the cost of any qualified alternative fuel vehicle refueling property installed by a business or at a taxpayer's	For background, see • CRS Report R46451, Energy Tax Provisions Expiring in

Section Title	Description	CRS Resources
	principal residence. The credit is equal to 30% of these costs, limited to $30,000 for businesses at each separate location with qualifying property, and $1,000 for residences. This provision would extend the credit through December 31, 2031, and make additional modifications. For residential property, the credit would be extended at the 30% rate, with the credit limit increased to $3,333.33. For business property (property subject to depreciation), the credit would be extended at a rate of 6% (30% if prevailing wage and registered apprenticeship requirements were met), with the credit limit increased to $100,000. A supplemental 5% (20% if prevailing wage and registered apprenticeship requirements are met) credit would be available for costs above the $100,000 limit for business property that refuels using only electricity or fuel consisting of at least 85% hydrogen by volume. To qualify for the supplemental credit, the property must be intended for general public use (i.e., no fee or payment arrangement required) and accept payments via a credit card reader (including contactless technology) or be exclusively used by fleets of commercial or government vehicles. The definition of qualifying property is modified to include bidirectional charging equipment. The credit would not apply to property placed in service after December 31, 2031.	2020, 2021, 2022, and 2023 ("Tax Extenders"), by Molly F. Sherlock, Margot L. Crandall-Hollick, and Donald J. Marples. • CRS Report R46864, *Alternative Fuels and Vehicles: Legislative Proposals*, by Melissa N. Diaz. • CRS Report R46231, *Electric Vehicles: A Primer on Technology and Selected Policy Issues*, by Melissa N. Diaz. • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Reinstatement and Expansion of Employer-Provided Fringe Benefits for Bicycle Commuting	Before 2018, up to $20 per month in employer reimbursements for qualifying bicycle commuting expenses were excludable from an employee's income and wages and hence not subject to income or employment taxes. The TCJA (P.L. 115-97) temporarily suspended, through 2025, the exclusion for employer-provided bicycle commuter fringe benefits. This provision would repeal the suspension and expand the exclusion for bicycle commuting benefits to include employer provision or reimbursement for purchase, lease or rental (including bikeshare), improvement, repair, or storage of bikes or scooters for commuting purposes. The amount excluded could be up to 30% of the monthly dollar limit on qualified transportation fringe benefits ($270 in 2021). This provision would allow employees to elect a salary contribution for bicycle commuting benefits (similar to other qualified transportation fringe benefits).	
Credit for Certain New Electric Bicycles	This provision would create a new refundable 15% tax credit for qualified electric bicycles. The maximum credit amount would be $750. The credit can be claimed for one bike per three-year period per taxpayer (two bikes in the case of a joint return). Qualified electric bicycles include those made by a qualified manufacturer and that include a VIN, cost no more than $8,000, have an electric motor of less than 750 watts, and where the motor does not provide assistance at higher speeds. Qualified manufacturers are those that assign a VIN to electric bicycles produced	

Section Title	Description	CRS Resources
	and provide that information to the Secretary of the Treasury. The credit would phase out for married taxpayers filing a joint return with modified AGI above $150,000 ($112,500 in the case of head of household filers; $75,000 in the case of other filers). The credit is reduced by $200 for each $1,000 (or fraction thereof) by which the taxpayer's modified AGI exceeds the threshold amount. Prior-year modified AGI can be used for the purposes of determining the phaseout if it was less than current-year modified AGI. Taxpayers would be required to include the vehicle identification number (VIN) on their tax return to claim a tax credit. Payments would be made to territories for the revenue loss associated with this credit. The credit would not apply to bicycles acquired after December 31, 2031.	
Part 5—Investment in the Green Workforce		
Extension of the Advanced Energy Project Credit	This provision would provide additional allocations of the qualified advanced energy manufacturing tax credit, which is a 30% tax credit for investments in projects that reequip, expand, or establish certain energy manufacturing facilities. The American Recovery and Reinvestment Act (P.L. 111-5) provided $2.3 billion in allocations, which have been fully allocated. An additional $2.5 billion in allocations would be provided in each year from 2022 to 2031. $400 million in annual allocations would be for projects in automotive communities. Only projects where prevailing wages are paid and registered apprenticeship requirements are met can be allocated credits. The Secretary would be directed to consider which projects will have the greatest net impact on avoiding or reducing emissions; will provide the greatest domestic job creation; will provide the greatest job creation in the vicinity of projects in low-income communities and communities with dislocated manufacturing or coal-industry workers; and will provide the greatest job creation in areas with populations more at risk for adverse health or environmental effects, where a significant portion of such population is comprised of communities of color, low-income communities, tribal and Indigenous communities, or individuals formerly employed in the fossil fuel industry, and give the highest priority to projects that manufacture (rather than assemble) products and have the greatest potential for commercial deployment. Recipients of tax credit allocations will be publicly disclosed.	For background, see • CRS Committee Print CP10004, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2020*, by Jane G. Gravelle et al. (pp. 221-224). • CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*, by Benjamin Collins. • CRS In Focus IF11927, *Federally Funded Construction and the Payment of Locally Prevailing Wages*, by David H. Bradley and Jon O. Shimabukuro.
Labor Costs of Installing Mechanical Insulation Property	This provision would create a new tax credit for 10% of the labor cost of installing mechanical insulation. The credit would not apply to costs incurred after December 31, 2031.	

Section Title	Description	CRS Resources
Part 6—Environmental Justice		
Qualified Environmental Justice Program Credit	This provision would create a new refundable tax credit for eligible educational institutions that received an allocation from the Treasury and incur costs associated with a qualified environmental justice program. The credit is 30% for a program involving material participation of faculty and students of an institution described in Section 371(a) of the Higher Education Act of 1965, and 20% otherwise. The Secretary would be directed to select programs for allocations from (1) institutions with high participation in Section 371(a) of the Higher Education Act of 1965; (2) programs where expected health and economic outcomes would benefit low-income areas or areas that experience or are at risk for environmental stressors; and (3) applicants that would create or significantly expand qualified environmental justice programs. Applications must be made public and the Secretary will disclose allocation recipients. Up to $1 billion per year could be allocated from 2022 through 2031. The program would be effective upon the date of enactment.	
Part 7—Superfund		
Reinstatement of Superfund	This provision would permanently reinstate the Hazardous Substance Superfund financing rate for certain excise taxes starting in 2022, but would not reauthorize the Superfund special environmental tax on corporate income that also once financed this trust fund. This provision would permanently reinstate Superfund excise taxes on domestic crude oil and imported petroleum products at the rate of 16.4 cents per barrel in 2022, with adjustments for inflation annually thereafter. The previous tax rate was 9.7 cents per barrel when this tax last expired at the end of 1995. This provision also would permanently reinstate the Superfund excise tax rates on domestically produced chemical feedstocks and imported chemical derivatives at the same rates that applied when these taxes last expired at the end of 1995. The date of the applicability of these tax rates is tied in current law to the applicability of the Superfund excise tax rates for domestic crude oil and imported petroleum products. Therefore, these taxes would also be reinstated starting in 2022. Generally, the tax is paid by refineries that receive crude oil or by the person using or importing a petroleum product. Revenues from the excise tax finance the Hazardous Substance Superfund Trust Fund. Borrowing would be authorized through repayable advances from the General Fund of the U.S. Treasury until the end of 2031.	For background, see • CRS Report R41039, *Comprehensive Environmental Response, Compensation, and Liability Act: A Summary of Superfund Cleanup Authorities and Related Provisions of the Act*, by David M. Bearden.

Source: CRS based on Subtitle G, Budget Reconciliation Legislative Recommendations Relating to Green Energy.

Note: Provisions are effective in 2022 unless otherwise noted. The changes that would be made by the provision are permanent, unless otherwise noted. "Section" citations refer to the section within the Internal Revenue Code (IRC), 26 U.S.C., unless otherwise noted.

Table 4. Subtitle H: Social Safety Net

Section Title	Description	CRS Resources
Part I—Child Tax Credit		
Modifications Applicable Beginning in 2021	The bill would make several changes to current law applicable to 2021 (and 2022 as described below), including: **Safe Harbor** Under current law, low- and moderate-income taxpayers who receive excess advance child credit payments may, in certain situations, be protected from repayment as a result of a safe harbor provision. Excess advance payments are equal to the value of the credit a taxpayer is eligible to claim on their tax return minus amounts received as advance payments. The safe harbor applies in cases where there is a change in the number of qualifying children used to estimate the advance payment in comparison to the number of children taken into consideration when claiming the credit on an income tax return. For example, the advance payments of the 2021 credit will be based on an estimate of the 2021 credit amount generally using 2020 tax data. Differences in the number of qualifying children between 2021 and 2020 may occur when children move between taxpayers from year to year (and this information is not provided to the IRS during 2021). This provision would amend the existing safe harbor such that the safe harbor would not apply in cases where the qualifying child taken into account in determining the advance payment amount was done so either fraudulently or due to intentional disregard of the rules and regulations. This provision would apply in cases where two taxpayers knowingly set up an arrangement whereby one taxpayer receives advance payments (equaling up to 50% of the 2021 credit), while the other claims the full amount of the credit on their 2021 return. **Joint Returns** Under current law, to determine the amount of the credit a taxpayer will receive with their 2021 tax return, the taxpayer first calculates the total amount of the 2021 child credit they are eligible for. The taxpayer then subtracts from this amount the sum of all the advance payments of the 2021 credit they received. The difference is the amount they will receive with their 2021 return (generally filed in 2022). For the purposes of calculating the amount of the credit a taxpayer will receive with their 2021 return, the provision would provide that each spouse would be assumed to have received half of the advance amount. This may be relevant, for example, in cases where the taxpayer's marital status differs between the year used to calculate the advance payments (2020 or 2019) and 2021. **Information Used to Determine Advance Payment Amounts** The provision would clarify that the data available to the IRS to calculate advance payments of the 2021 credit	For more information, see • CRS Insight IN11757, *The Child Tax Credit Under the House Ways and Means Committee "Build Back Better" Reconciliation Language: Summary Table of Changes*, by Margot L. Crandall-Hollick. For background, see • CRS Report R46900, *The Child Tax Credit: Frequently Asked Questions (FAQs) About the Child Credit for 2021 as Expanded by the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)*, by Margot L. Crandall-Hollick. • CRS Insight IN11752, *The Impact of a "Fully Refundable" Child Tax Credit*, by Margot L. Crandall-Hollick. • CRS Insight IN11656, *The Child Tax Credit: How Would the Biden Administration's Proposed American Families Plan Change the Child Tax Credit?*, by Margot L. Crandall-Hollick.

Section Title	Description	CRS Resources
	include "any information known to the [Treasury] Secretary." These provisions would apply to the child credit claimed on 2021 and 2022 returns, and advance payments of these credits issued in 2021 and 2022.	
Extension and Modification of Child Tax Credit and Advance Payment for 2022	The American Rescue Plan Act of 2021 (ARPA; P.L. 117-2) temporarily increased (for 2021) the child credit for many taxpayers with children. Specifically, the law increased the maximum child credit from $2,000 per child to $3,000 per child ($3,600 for children under 6 years old); expanded the eligibility age for children to include 17 year olds; and made the credit "fully refundable." The bill would extend the 2021 ARPA-expanded child credit to 2022 (as modified above), with additional changes to the 2021 credit in effect for 2022 summarized below. **Modification of Advance Payment Program** Under current law, the advance payment program for the 2021 child credit advances up to 50% of the estimated 2021 credit amount in equal periodic payments between July 1, 2021, and December 31, 2021. (The IRS is issuing advance payments in six monthly payments between July 15, 2021, and December 15, 2021.) The provision would advance all (i.e., 100%) of the estimated 2022 child credit through the end of December 31, 2022, in equal periodic payments. **Repeal of SSN Requirement for Qualifying Children** Under current law (in effect from 2018 to 2025), a taxpayer can only receive the child credit for an otherwise-eligible child if they provide the child's Social Security Number (SSN). This SSN must be associated with work authorization, meaning an SSN issued solely to receive a public benefit does not qualify. These types of work-authorized SSNs are generally provided to all U.S. citizen children and certain noncitizen children, including legal permanent residents (i.e., "green card holders"), refugees, and asylees. As a result of this provision, for example, taxpayers cannot claim the child credit for otherwise-eligible children with individual taxpayer identification numbers (ITINs). The provision would repeal this "work-authorized" SSN requirement for qualifying children. Hence, eligible taxpayers with "ITIN children" (i.e., children with individual taxpayer identification numbers or ITINs) could claim the credit for those children (assuming those children meet all the other eligibility requirements). (Other provisions of this bill, discussed subsequently, would effectively permanently repeal the work-authorized SSN requirement for children.) **Income Lookback** Under current law, when a taxpayer claims the credit for a given year, they use the income for that year to	For more information, see • CRS Insight IN11757, *The Child Tax Credit Under the House Ways and Means Committee "Build Back Better" Reconciliation Language: Summary Table of Changes*, by Margot L. Crandall-Hollick. • CRS Insight IN11759, *The Child Tax Credit Under the House Ways and Means Committee "Build Back Better" Reconciliation Language: Calculating the Monthly Credit Amount*, by Margot L. Crandall-Hollick. For background, see • CRS Report R46900, *The Child Tax Credit: Frequently Asked Questions (FAQs) About the Child Credit for 2021 as Expanded by the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)*, by Margot L. Crandall-Hollick. • CRS Insight IN11752, *The Impact of a "Fully Refundable" Child Tax Credit*, by Margot L. Crandall-Hollick. • CRS Insight IN11656, *The Child Tax Credit: How Would the Biden Administration's Proposed American Families Plan Change the Child Tax Credit?*, by Margot L. Crandall-Hollick. • CRS Report R43840, *Federal Income Taxes and Noncitizens: Frequently Asked Questions*, by Erika K. Lunder and Margot L. Crandall-Hollick.

Section Title	Description	CRS Resources
	determine whether and to what extent the credit is subject to phaseout. For example, a taxpayer would use their annual 2022 income to calculate their 2022 child credit amount, if subject to the phaseout. The provision would allow taxpayers to use the preceding year's income to determine their current year's credit amount, if subject to the phaseout. Specifically, under this provision a taxpayer could use their 2021 income to calculate their 2022 credit for purposes of the phaseout. This provision would limit the amount taxpayers would need to pay back due to annual fluctuations in their income. **Inflation Adjustments** Under current law, most provisions of the child tax credit are not annually adjusted for inflation.[a] Under the provision, for 2022 the following parameters would be adjusted for inflation occurring between 2020 and 2021: the $500 credit for "other dependents," that is, dependents who were not eligible for the child credit (rounded to the nearest multiple of $10); the $3,000 and $3,600 maximum credit amounts for older and young children (rounded to the nearest multiple of $100); the $3,000 and $3,600 maximum safe harbor amounts (rounded to the nearest multiple of $100); the $75,000/$112,500/$150,000 thresholds above which the credit begins to phase down (rounded to the nearest multiple of $5,000). **Modification of Safe Harbor** Under current law, low- and moderate-income taxpayers who receive excess advance payments may, in certain situations, be protected from repayment as a result of a safe harbor provision. The safe harbor applies in cases where there is a change in the number of qualifying children used to estimate the advance payment in comparison to the number of children taken into consideration when claiming the credit on an income tax return. For example, the advance payments of the 2022 credit would generally be based on an estimate of the 2022 credit amount using 2021 tax data. Differences in the number of qualifying children between 2022 and 2021 could occur when children move between taxpayers from year to year (and this information is not provided to the IRS during the year). The safe harbor would not apply in cases of fraud or reckless disregard of the rules and regulations of the credit. The maximum amount of the safe harbor for 2021 is $2,000 multiplied by the difference in the number of qualifying children between 2021 and 2020 (2019, if 2020 data are unavailable). This amount then gradually phases out as income rises. The prior-year data—in this case 2020 data, or if they are unavailable 2019 data—used to administer the advance payments is generally referred to as the "reference year" data. For 2022, the maximum safe harbor would be larger. Specifically, the maximum safe harbor would be calculated as $3,600 times the number of young children	

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	taken into consideration during the reference year (to determine the advance payment amounts) who are not claimed on 2022 returns *plus* $3,000 times the number of older children taken into consideration during the reference year (to determine the advance payment amounts) who are not claimed on 2022 returns. (In this case, the reference year would be 2021, or if those data are unavailable, 2020.) The age of the children for this calculation would be based on their age at the end of 2022. The phaseout of the safe harbor would be unchanged under the law in effect for 2021. These provisions would apply to the child credit claimed on 2022 returns, and advance payments issued in 2022.	
Establishment of Monthly Child Tax Credit with Advance Payment Through 2025	The bill would temporarily suspend the child credit as amended under Section 24 (including the changes above) and temporarily replace it for 2023-2025 with a *new monthly child credit* under Section 24A and a new advance payment program.[b] Broadly, these changes would result in a monthly credit amount that for many taxpayers would be similar to the benefit they could receive in 2021, all else being equal. Many of the major changes described below would affect the administration of the benefit, allowing eligibility to be determined based on who could claim a child on a month-by-month basis (as opposed to an annual basis under current law). **Credit Amount** The credit amount that a taxpayer would be eligible for in a given year would equal the sum of their *monthly credit allowances* for that year. Specifically, the total benefit a taxpayer would be eligible to receive in a given year would generally be based on the number of months a taxpayer had a "specified child" (defined subsequently), their annual income (subject to a lookback, defined subsequently), and their filing status. The maximum monthly credit allowance per child would be $300 for a specified child 0-5 years old (a young child) and $250 for a specified child 6-17 years old (an older child).[c] The monthly credit allowance would be phased out based on annual income in a similar manner as the annual child credit is in 2021, except the phaseout amount would be allocated on a monthly basis. In other words, based on annual income, an annual phaseout amount would first be calculated and then divided by 12 to determine a monthly phaseout amount. This monthly amount would then be subtracted from the maximum monthly credit allowance amount. As with the child credit in 2021 (and in 2022 under this bill), the monthly benefit amount would be subject to up to two phaseouts, depending on the taxpayer's annual income. Specifically, the maximum monthly credit allowance would be subject to an initial phaseout if a taxpayer's annual income was above an initial threshold. For taxpayers with income above a secondary threshold, the credit would be subject to an additional phaseout.	

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	The initial threshold would be $112,500 for single and head of household filers and $150,000 for married joint filers. The secondary threshold would be $200,000 for single filers, $300,000 for head of household filers, and $400,000 for married joint filers. For taxpayers with income between the initial and secondary threshold, the credit amount could not be reduced below $167 per month per child (annualized, this amount equals $2,000). For both the initial and secondary phaseouts, annual income would be defined as the lowest income of the current year and the preceding two years. For most taxpayers, income for the phaseouts would equal their adjusted gross income (AGI).[d] The maximum monthly credit allowance amount and the initial threshold would be annually adjusted for inflation (occurring since 2020), rounded to the nearest $10 and $5,000, respectively. **Eligibility** Taxpayers would be eligible for a monthly credit allowance for each "specified child" they had for that month. A specified child with respect to a taxpayer for a given month would need to fulfill various eligibility requirements, including (1) sharing the same principal place of abode as the taxpayer for more than half the month; (2) being under 18 as of the end of the year; (3) receiving uncompensated care from the taxpayer in that month; and (4) being a U.S. citizen, national, or resident alien for tax purposes. In cases where a child would be the specified child of more than one taxpayer, tiebreaker rules would apply. Broadly, these rules would prioritize the claim of parents over nonparents and relatives over nonrelatives. Taxpayers would need to furnish taxpayer identification numbers (e.g., SSNs and ITINs) for themselves and any specified children. **Advance Payments** The monthly credit allowances would be advanced based on the most recent data available to the Treasury Secretary, including data from the most recent tax return or, if unavailable, data from the prior-year return. The provision would also allow the use of data that had been provided via an "alternative mechanism" (e.g., a nonfiler portal). **Presumptive Eligibility** In cases where a taxpayer had established a "period of presumptive eligibility" with respect to a specified child, the child would be considered the specified child of the taxpayer for any month during this period. (A taxpayer who elected to receive their payment as a lump sum with their tax return would not be prevented from establishing a period of presumptive eligibility.) As a result of presumptive eligibility, taxpayers generally would not need to repay any monthly child credit allowances received during this period (except in cases of fraud or reckless and intentional disregard of rules and regulations).[e]	

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	A period of presumptive eligibility for a specified child would be established in a manner prescribed by the Secretary.[f] (To the extent practicable, a period of presumptive eligibility would automatically be established for a parent upon the birth of the child.) A taxpayer who established presumptive eligibility for a specified child under the guidelines established by the Secretary would need to express a reasonable expectation that the child would be their specified child for at least three consecutive months. Once a period of presumptive eligibility began, it would end generally at the earliest of (1) the Secretary determining the taxpayer committed fraud or intentionally disregarded the rules when establishing presumptive eligibility; (2) upon notice from the Secretary that the period was suspended or ended (including if there was a dispute between taxpayers over who could claim the child for a given month—i.e., "competing claims"); or (3) a year after the period was established. The Secretary would provide notice to the taxpayer when the period of presumptive eligibility was ending. In cases where a specified child of a taxpayer was taken into account by more than one taxpayer for any given month, the child would be the specified child with respect to the taxpayer with the most recent information on file except in cases where a taxpayer submits information through the "specified alternative mechanism." When another taxpayer submitted such information, the Secretary would be required to establish procedures under which the Secretary "expeditiously adjudicates the taxpayer's competing claims of presumptive eligibility with respect to the same child." **Grace Period/Hardship** In cases where there was failure or delay in establishing a period of presumptive eligibility, there would be a "grace period" payment of up to three months of credit allowances (except in cases of fraud or intentional disregard). There would be only one automatic grace period allowed per taxpayer every 36 months. In cases where there was failure or delay in establishing a period of presumptive eligibility "due to domestic violence, serious illness, natural disaster, or any other hardship," there would be a hardship payment of up to six months of credit allowances. There would no limitation on how often a taxpayer could claim a hardship payment. **Offset** The advance payments of the child credit would generally be exempt from offset for certain past-due debts the recipient owes (including past-due child support). However, the portion of the payments claimed on income tax returns *would be subject to offset*.	

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	Online Portal The Secretary would establish an online portal where taxpayers could elect to begin or end advance payments, and provide information relevant in determining eligibility for and the amount of advance payments. **Territories** The provision would direct the Secretary of the Treasury to make payments to each territory, with the exception of Puerto Rico, for the total cost of providing the child tax for 2023 through 2025 to their territorial residents. Residents of Puerto Rico would generally claim the credit directly from the IRS.	
Refundable Child Tax Credit After 2025	Under current law, beginning in 2026 the child credit is scheduled to revert to levels in effect prior to P.L. 115-97. (The most recent year these levels were in effect was in 2017.) In other words, beginning in 2026 the credit is scheduled to equal a maximum of $1,000 per qualifying child. A qualifying child in 2026 would generally be a dependent child 0-16 years old. The maximum amount of the refundable portion of the credit—the amount that can exceed income taxes owed and which is often referred to as the additional child tax credit or ACTC—is scheduled to be $1,000 per qualifying child beginning in 2026. The ACTC would generally phase in based on earned income for taxpayers with more than $3,000 of earned income.[g] Specifically, for every dollar of earned income over $3,000 the credit amount would increase by 15 cents (a 15% phase-in rate) up to the maximum ACTC of $1,000 per qualifying child. The credit would begin to phase out when income exceeded $110,000 for married joint filers and $75,000 for unmarried taxpayers (e.g., head of household). Taxpayers would need to provide a taxpayer identification number (e.g., an SSN or ITIN) for their qualifying children in order to claim the credit. This provision would modify current law beginning in 2026 by making the credit "fully refundable." Specifically, for taxpayers with a principal place of abode of the United States for more than half the year, the formula(s) for calculating the child credit amount would be eliminated.[g] Hence, the credit would be the same amount per child for low- and moderate-income taxpayers, irrespective of their income. (Higher-income taxpayers would still be subject to a phaseout of the credit, as scheduled to be in effect beginning in 2026.) Full refundability would also be available to taxpayers who are residents of Puerto Rico. Under this provision, the advance payment program of the credit would no longer be in effect beginning in 2026.	For background, see • CRS Report R46900, *The Child Tax Credit: Frequently Asked Questions (FAQs) About the Child Credit for 2021 as Expanded by the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)*, by Margot L. Crandall-Hollick. • CRS Report R45124, *The Child Tax Credit: Legislative History*, by Margot L. Crandall-Hollick. • CRS Insight IN11752, *The Impact of a "Fully Refundable" Child Tax Credit*, by Margot L. Crandall-Hollick. • CRS Insight IN11656, *The Child Tax Credit: How Would the Biden Administration's Proposed American Families Plan Change the Child Tax Credit?*, by Margot L. Crandall-Hollick.
Part 2—Child and Dependent Care Tax Credit		
Certain Improvements to the Child and Dependent Care	ARPA (P.L. 117-2) temporarily increased (for 2021) the child and dependent care tax credit (CDCTC) for many taxpayers with qualifying child and dependent care expenses. Specifically, the law increased the maximum credit rate and maximum amount of qualifying expenses	For background, see • CRS Insight IN11645, *The Child and Dependent Care Tax Credit (CDCTC): Temporary Expansion for 2021 Under the*

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Credit Made Permanent	used to calculate the credit amount. In combination, these changes increased the maximum amount of the CDCTC in 2021 from a pre-ARPA level of $2,100 to $8,000, depending on expenses and income. The bill would permanently extend the changes to the child and dependent care credit enacted on a temporary basis for 2021 by the ARPA (P.L. 117-2). Specifically, the provision would permanently expand the child and dependent care credit by (1) modifying the credit formula and (2) making the credit refundable. With respect to the credit formula, the CDCTC credit amount is calculated by multiplying a credit rate by a taxpayer's amount of qualifying expenses (subject to a cap). Qualifying expenses include expenses for the care of a child under 13 years old or other dependent who is not able to care for themselves (i.e., "a qualifying individual") that are incurred so the taxpayer can work (or look for work). Under the provision, taxpayers with less than $125,000 of income (an increase from the pre-ARPA level of $15,000) would have a credit rate of 50% (an increase from the pre-ARPA level of 35%) of expenses. This 50% credit rate would gradually phase down as a taxpayer's income increased, reaching 20% for a taxpayer with $183,000 of income. For those with more than $183,000 of income and up to $400,000 of income, the credit rate would then remain at 20%, gradually falling to zero when income exceeds $438,000. As a result, those taxpayers with income over $438,000 would not be eligible for the credit. These thresholds are the same across all tax filing statuses. The bill would also increase the cap on qualifying expenses to $8,000 for taxpayers with one qualifying individual and $16,000 for taxpayers with two qualifying individuals (an increase from the pre-ARPA levels of $3,000 and $6,000, respectively). (Note that the existing-law earned income limitation, which caps qualifying expenses at a taxpayer's earned income [or the earned income of the lower-earning spouse], is unchanged by ARPA.) In combination, these changes would increase the maximum amount of the CDCTC from a pre-ARPA level of $2,100 to $8,000, depending on expenses and income. The $8,000 and $16,000 qualifying expense caps and the $125,000 threshold at which the credit rate begins to phase out would be annually adjusted for inflation beginning in 2022. The provision would also make the credit refundable for taxpayers with a principal place of abode of the United States for more than half the year. (Taxpayers who did not meet this requirement would be eligible to claim this benefit as a nonrefundable credit.) By making the credit refundable, the law would effectively expand eligibility to many lower-income taxpayers who have little to no income tax liability.	*American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)*, by Margot L. Crandall-Hollick. • CRS Report R44993, *Child and Dependent Care Tax Benefits: How They Work and Who Receives Them*, by Margot L. Crandall-Hollick.

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	The provision would direct the Treasury to make payments to Puerto Rico, American Samoa, and mirror-code territories for the cost of providing the CDCTC (or analogous benefit) to their territorial residents.	
Increase in Exclusion for Employer-Provided Dependent Care Assistance Made Permanent	The bill would permanently extend the temporary changes to the exclusion for employer-provided dependent care assistance that were originally enacted on a temporary basis for 2021 by the ARPA (P.L. 117-2). Specifically, the provision would permanently increase the maximum amount of qualifying child care expenses that eligible taxpayers could exclude from their income to $10,500 (from a pre-ARPA level of $5,000). This amount would be annually adjusted for inflation beginning in 2022.	For background, see • CRS In Focus IF11597, *Potential Impact of COVID-19 on Dependent Care Flexible Spending Arrangements (FSAs)*, by Conor F. Boyle and Margot L. Crandall-Hollick.
Part 3—Supporting Caregivers		
Payroll Credit for Certain Wages Paid to Child Care Workers	This provision would create a new refundable payroll tax credit for eligible child care employers. The credit would equal 50% of up to $2,500 of qualified child care wages per employee per quarter. Qualified child care wages are wages above a minimum rate determined by the salary for the federal government GS-3 Step 1 (including locality pay) for the location where the services are provided. Employees must provide either child care or support services to the employer. Additionally, employees cannot meet the definition of a highly compensated employee (in 2021, receive compensation above $130,000 annually or $32,500 per quarter). The $2,500 quarterly cap would be adjusted for inflation starting in 2023. Eligible child care employers would be employers who operate eligible child care facilities, which are facilities that have been certified as a Department of Health and Human Services Participating Child Care Provider. Tax-exempt employers would be eligible for the credit; government employers generally would not. Employers could not receive a double benefit, meaning wages used to compute this credit generally could not be taken into account for the purposes of determining other tax credits or in connection with other COVID-19 pandemic relief measures. The credit would be claimed against the employer's share of Medicare payroll taxes (1.45% of wages paid) and the equivalent amount of Railroad Retirement Tax Act (RRTA) taxes. The credit would be refundable for taxpayers whose credit amount exceeds their payroll tax liability, and can be advanced.	
Credit for Caregiver Expenses	The provision would create a new temporary nonrefundable tax credit of up to $2,000 for eligible taxpayers with qualifying caregiving expenses. With respect to the credit formula, the caregiver credit amount would be calculated by multiplying a credit rate by the amount of qualifying expenses (subject to a cap). The credit rate would be 50% for taxpayers with income of $75,000 or less. The credit rate would be reduced by one percentage point for every $2,500 (or fraction thereof) above $75,000. Hence, the credit rate (and the	

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	credit amount) would be zero for taxpayers with more than $197,500 of income. Caregiver expenses would be subject to a $4,000 per taxpayer cap. Eligible taxpayers would include taxpayers with one or more qualified care recipients. A qualified care recipient would include the taxpayer's spouse or other relative of the taxpayer who has been certified by a medical professional as having long-term care needs (as specified for given age ranges) and who lives in a personal residence (not an institutional care facility). Individuals with long-term care needs generally would include those who cannot independently engage in, or require substantial supervision for certain activities of daily living. Qualifying caregiving expenses would include expenses the taxpayer incurs for goods, services, and supports that assist the qualified care recipient with accomplishing activities of daily living, as specified. Amounts claimed as qualifying caregiving expenses would exclude amounts claimed for other tax benefits, including the child and dependent care credit, the exclusion for child and dependent care expenses, the medical expense deduction (an itemized deduction), and health savings accounts (HSAs). This temporary tax provision would be in effect from 2022 through 2025.	
Part 4—Earned Income Tax Credit		
Certain Improvements to the Earned Income Tax Credit Made Permanent	ARPA (P.L. 117-2) temporarily increased (for 2021) the earned income tax credit (EITC) for workers without qualifying children (often referred to as the "childless EITC"). Specifically, the law modified several parameters of the credit that in combination would triple the maximum amount of the childless EITC from about $500 to about $1,500 per taxpayer. The law also temporarily reduced the eligibility age for young workers and eliminated the age limit for older workers. The bill would permanently extend the changes to the childless EITC enacted on a temporary basis for 2021 by the ARPA. Regarding eligibility age, the provision would expand eligibility for the EITC for individuals with no qualifying children—sometimes referred to as the "childless" EITC—by reducing the minimum eligibility age from 25 to 19 for most workers. In other words, this change would allow most eligible workers ages 19 to 24 to claim the childless EITC. For students who are attending school at least part-time, the age limit would be reduced from 25 to 24.[h] For former foster children and youth who are homeless, the minimum age would be reduced from 25 to 18. The provision would also eliminate the upper age limit, so workers aged 65 and older would be eligible. Regarding the credit amount, the provision would increase the childless EITC by increasing the earned income amount (the minimum earned income necessary to receive the maximum credit amount) and phaseout threshold amount (the highest income level at which	For background, see • CRS Insight IN11610, *The "Childless" EITC: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)*, by Margot L. Crandall-Hollick. • CRS Report R43805, *The Earned Income Tax Credit (EITC): How It Works and Who Receives It*, by Margot L. Crandall-Hollick, Gene Falk, and Conor F. Boyle.

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	taxpayers receive the maximum credit amount before it begins to phase out) to $9,820 and $11,610, respectively, while also doubling the phase-in and phaseout rates from 7.65% to 15.3%. Combined, these changes would effectively triple the maximum EITC for childless workers. (Like other aspects of the EITC under current law, these dollar amounts would be indexed for inflation.) The provision also includes a permanent earned income lookback (a similar provision was temporarily enacted for 2021 under ARPA). Under this provision, if a taxpayer's earned income in a given year was less than their earned income in the preceding year, the taxpayer could elect to use the preceding year's earned income in calculating their EITC.	
Funds for Administration of Earned Income Credits in the Territories	Under current law, residents of the territories may be eligible to receive an EITC under their own territorial tax law. (These territories include Puerto Rico, American Samoa, the Commonwealth of the Northern Mariana Islands [CNMI], the United States Virgin Islands [USVI], and Guam.) These territorial EITCs are paid by the local territorial government, with the Treasury making aggregate payments for the total cost of these benefits. (Territorial residents are generally ineligible for the federal EITC.) From 2021 to 2025, the Treasury is also required to pay to territorial governments amounts that these governments spend on education efforts regarding the EITC—up to $1 million per year for Puerto Rico, and up to $50,000 per year for the other territories. The provision would permanently provide additional funding for territorial governments to cover administrative expenses of their territorial EITCs—up to $4 million per year for Puerto Rico and up to $200,000 per year for the other territories. This provision would apply to administrative expenses incurred beginning in 2021.	
Part 5—Expanding Access to Health Coverage and Lowering Costs		
Improve Affordability and Reduce Premium Costs of Health Insurance for Consumers	The provision would expand eligibility for and the amount of the premium tax credit (PTC) by modifying the income eligibility criteria and credit formula. Regarding income eligibility, the provision would permanently eliminate the phaseout for households with annual incomes above 400% of the federal poverty level (FPL). Regarding the formula, the provisions would permanently establish the percentage of annual income that eligible households may be required to contribute toward the premium. The percentages would range from 0.0% to 8.5% of household income, with higher-income groups subject to larger percentages, as specified.	For background, see • CRS Report R44425, *Health Insurance Premium Tax Credit and Cost-Sharing Reductions*, by Bernadette Fernandez.
Modification of Employer-Sponsored Coverage	Under current law, individuals who are eligible for minimum eligible coverage from their employer are generally ineligible for the PTC. An exception is provided to an individual whose employer-provided health	For background, see • CRS Report R44425, *Health Insurance Premium Tax Credit*

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Affordability Test in Health Insurance Premium Tax Credit	benefits are unaffordable or inadequate. In 2021, coverage is considered unaffordable if an employee's share of the premium for self-only coverage under the plan exceeds 9.83% of the employee's household income. This provision would reduce the percentage of household income used to determine affordability of eligible employer-sponsored plans and qualified small employer health reimbursement arrangements from 9.83% to 8.5%. Hence, more households with unaffordable employer health benefits could be eligible for the PTC.	*and Cost-Sharing Reductions*, by Bernadette Fernandez.
Treatment of Lump-Sum Social Security Benefits in Determining Household Income	The provision would exclude from household income—for purposes of determining PTC eligibility and amount for a given year—any lump-sum Social Security benefit payment attributable to a prior year. This provision would allow taxpayers to elect to include as part of their income the excludable amount, as specified.	For background, see • CRS Report R44425, *Health Insurance Premium Tax Credit and Cost-Sharing Reductions*, by Bernadette Fernandez.
Temporary Expansion of Health Insurance Premium Tax Credits for Certain Low-Income Populations	For taxable years beginning in 2022 through the termination date, the provision would expand PTC eligibility for lower-income households and make other temporary changes. The termination date would be the later of (i) January 1, 2025, or (ii) the date on which the Secretary of Health and Human Services makes a written certification that the Secretary of Health and Human Services has fully implemented the program described in Section 1948 of the Social Security Act (relating to the Federal Medicaid program), if this program was enacted (Section 1948 of the Social Security Act is part of another reconciliation proposal and is not in effect under current law). The provision would temporarily disallow income criteria to be used to determine PTC eligibility. For households with incomes not exceeding 138% of FPL, the provision would temporarily disregard the affordability test applicable to eligible employer-sponsored plans and qualified small employer health reimbursement arrangements for PTC eligibility purposes. For households with incomes less than 200% of FPL, the provision would temporarily cap the dollar amount such households would pay back in advanced PTC (APTC) payments that were provided in excess. For a household that would not be required to file a tax return except to reconcile APTC payments, the provision would temporarily disallow the requirements to file a return and pay back excess APTC if an exchange projected such household's income would not exceed 138% of FPL. For applicable large employers of employees with household incomes projected to not (or that do not) exceed 138% of FPL, the provision would temporarily disallow the requirement that such employers pay a penalty if at least one full-time employee enrolls in an	For background, see • CRS Report R44425, *Health Insurance Premium Tax Credit and Cost-Sharing Reductions*, by Bernadette Fernandez. • CRS Report R45455, *The Affordable Care Act's (ACA's) Employer Shared Responsibility Provisions (ESRP)*, by Ryan J. Rosso.

Section Title	Description	CRS Resources
	exchange plan and is eligible for a PTC or cost-sharing reduction (CSR).	
Ensuring Affordability of Coverage for Certain Low-Income Populations[i]	For plan years 2023 and 2024, the provision would establish a maximum income eligibility threshold at 400% of FPL applicable to CSRs. For applicable months in 2022, the provision would treat households with incomes below 138% of FPL as having income at 100% of FPL for CSR eligibility and subsidy purposes. For households with incomes below 138% of FPL who are eligible for CSRs during plan years 2023 and 2024, the provision would reduce cost-sharing requirements to increase the actuarial value to 99% of the exchange plans in which such households enroll. The Secretary of Health and Human Services (HHS Secretary) would make payments to plans that provide additional cost-sharing assistance. For households with incomes below 138% of FPL who are not otherwise eligible for specified government-sponsored minimum essential coverage, the provision would establish a special enrollment period (SEP) to allow such households to enroll in exchange plans to which CSRs apply. The SEP would apply to applicable months occurring during the period beginning on January 1, 2022, and ending on December 31, 2024. For households with incomes below 138% of FPL who are eligible for CSRs, exchange plans would provide enhanced benefits to such households during plan year 2024. Applicable plans would provide essential health benefits (EHBs) offered through silver-tier plans and additional benefits without cost-sharing (which are not otherwise provided as part of EHBs): non-emergency medical transportation services and Medicaid family planning services and supplies. The HHS Secretary would make payments to plans that provide the additional benefits. For federally administered exchanges, the provision would require the HHS Secretary to conduct consumer outreach and education activities to inform specified individuals about the availability of exchange plans and financial assistance for such coverage.	For background, see • CRS Report R44425, *Health Insurance Premium Tax Credit and Cost-Sharing Reductions*, by Bernadette Fernandez. CRS Report R44065, *Overview of Health Insurance Exchanges*, by Vanessa C. Forsberg.
Establishing a Health Insurance Affordability Fund[i]	This provision would establish the Improve Health Insurance Affordability Fund ("Fund") to provide funding to the 50 states and the District of Columbia beginning on January 1, 2023. States would be required to use Fund allocations to provide reinsurance payments to individual health insurance plans, or provide other assistance to reduce out-of-pocket costs for individuals enrolled in individual exchange plans and Basic Health Program (BHP) plans. The provision specifies the processes for Fund applications, approvals, oversight including approval revocations, and calculation of state allocations. For 2023 and 2024, states that have not implemented the ACA Medicaid expansion could not apply for a Fund allocation. Instead, the Administrator would provide reinsurance payments to individual health	For background, see CRS Report R44760, *State Innovation Waivers: Frequently Asked Questions*, by Ryan J. Rosso.

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	insurance plans in non-expansion states during those two years. As a condition of establishing a BHP for plan years beginning on or after January 1, 2023, states would be required to submit to the HHS Secretary information related to plans receiving reinsurance payments provided through the Fund. The HHS Secretary would incorporate such information in the calculation of BHP payments to states.	
Special Rule for Individuals Receiving Unemployment Compensation	For taxable years 2021 through 2025, the provision would deem individuals who receive unemployment compensation for any week during a given year to have met the PTC income eligibility criteria. The provision would temporarily disregard any household income above 150% of FPL.	For background, see • CRS Report R44425, *Health Insurance Premium Tax Credit and Cost-Sharing Reductions*, by Bernadette Fernandez.
Permanent Credit for Health Insurance Costs	For the health coverage tax credit (HCTC), the provision would strike the sunset date of January 1, 2022, to authorize it on a permanent basis. The provision would increase the HCTC's subsidy rate to 80% of the premium for qualifying health plans, for coverage months beginning after December 31, 2021.	For background, see CRS Report R44392, *The Health Coverage Tax Credit (HCTC): In Brief*, by Bernadette Fernandez.
Part 6—Pathways to Practice Training Programs[j]		
Establishing Rural and Underserved Pathway to Practice Training Programs for Post-Baccalaureate Students and Medical Students	The bill would establish a new "Rural and Underserved Pathway to Practice Training Program for Post-Baccalaureate and Medical Students." Under the provision, the Secretary of Health and Human Services (HHS Secretary) would award not later than October 1, 2023, "Pathway to Practice" medical scholarship vouchers to qualified students, as specified, for the purpose of increasing the number of physicians from disadvantaged backgrounds practicing in rural and underserved communities. The new section would authorize the HHS Secretary to award, on an annual basis, vouchers to not more than 1,000 qualifying students. Various eligibility requirements for students and educational institutions would apply. HHS could begin making annual awards in 2023.	For background, see • CRS Infographic IG10015, *Health Professional Shortage Areas (HPSAs)*, by Elayne J. Heisler. • CRS Report R44970, *The National Health Service Corps*, by Elayne J. Heisler. • CRS Report R43571, *Federal Student Loan Forgiveness and Loan Repayment Programs*, coordinated by Alexandra Hegji.
Funding for the Rural and Underserved Pathway to Practice Training Programs for Post-Baccalaureate Students and Medical Students	The bill would create a new refundable tax credit for qualifying educational institutions—certain medical schools or providers of a post-baccalaureate medical education and training—to offset amounts "paid or incurred" by the institution for each eligible student who receives a Rural and Underserved Pathway to Practice medical scholarship voucher. This credit would be a financing mechanism to fund these scholarships—qualifying educational institutions provide these scholarships and the federal government reimburses them with a tax credit or, if they have little to no income tax liability, as in the case of a qualifying educational institution that is federally tax-exempt, a direct payment (in the form of a tax refund). This provision would go into effect for the taxable year ending after the date of enactment.	

Section Title	Description	CRS Resources
Establishing Rural and Underserved Pathway to Practice Training Programs for Medical Residents	Under current law, Medicare pays hospitals with an approved medical residency program for the direct and indirect costs of a medical residency training program. Medicare payments to hospitals are not open-ended. Rather, Medicare's Graduate Medical Education (GME) payments to a hospital in a given year are subject to a hospital-specific full-time equivalent (FTE) limit or "cap." The provision would increase the GME FTE cap by the number of FTEs an applicable hospital trains under the Rural and Underserved Pathway to Practice Training Programs for Medical Residents during a cost-reporting year beginning on or after October 1, 2026.	For background, see • CRS In Focus IF10960, *Medicare Graduate Medical Education Payments: An Overview*, by Marco A. Villagrana. • CRS Report R44376, *Federal Support for Graduate Medical Education: An Overview*, coordinated by Elayne J. Heisler.
Administrative Funding of the Rural and Underserved Pathway to Practice Training Programs for Post-Baccalaureate Students, Medical Students, and Medical Residents	The provision would transfer $6 million in equal amounts from the Hospital Insurance (HI) Trust Fund, which finances Medicare Part A, and the Supplementary Medical Insurance (SMI) Trust Fund, which finances Medicare Parts B and D, to administer the (1) Rural and Underserved Pathway to Practice Training Program for Post-Baccalaureate and Medical Students, and (2) Rural and Underserved Pathway to Practice Training Programs for Medical Residents.	
Part 7—Higher Education		
Credit for Public University Research Infrastructure	The provision would create a new tax credit for donations to public educational institutions for research infrastructure, in lieu of claiming the charitable contribution deduction for these amounts. Specifically, taxpayers would be able to claim a credit equal to 40% of cash contributions for a *qualifying project* of a *certified educational institution*, subject to credit allocation limits. This tax credit would be part of the general business credit. The Secretary of the Treasury, in consultation with the Secretary of Education, would establish a program to designate a group of certified educational institutions and allocate credit amounts for their qualifying projects. These designations would be based on the institution's expected expansion in science, technology, engineering and math (STEM) research, ensuring consideration for smaller institutions (those with fewer than 12,000 full time students). A qualifying project would be defined as a project to purchase, construct, or improve research infrastructure property. Eligible institutions would generally be limited to state colleges and universities (i.e., "public universities"). Certified educational institutions would be awarded a credit allocation, with qualified cash contributions not to exceed 250% of this allocation. A certified educational institution's annual allocation could not exceed $50 million per year. Total allocations would be limited to $500 million per year for 2022 through 2026 (inclusive).	For background, see • CRS Report R45922, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle, Donald J. Marples, and Molly F. Sherlock.

Section Title	Description	CRS Resources
	For example, a certified educational institution could be allocated $20 million in credits for a qualifying project. The institution could then designate up to $50 million (250% of $20 million) in qualifying cash contributions for that project. These qualifying cash contributions would then generate up to $20 million (40% of $50 million) in credits for taxpayers. The Treasury Secretary would be required to publicly disclose credit applicants (i.e., certified institutions) and their associated credit allocations. Certified institutions would be required to publicly disclose donors and the amount of their contributions designated for qualifying projects for this tax credit. No new credits could be allocated after 2026.	
Modification of Excise Tax on Investment Income of Private Colleges and Universities	Under current law, colleges and universities with endowments of at least $500,000 per student are subject to a 1.4% excise tax on net investment income (Section 4968). This provision would phase out this excise tax for institutions providing qualifying aid awards, starting in 2022. The excise tax would be reduced by the following amount: [(qualified aid awards provided to first-time, full time undergraduate students - 20% of tuition and fees from first-time, full time undergraduate students) / 13% of aggregate undergraduate tuition and fees], but not reduced below zero. Taxpayers seeking an excise tax reduction would be required to meet certain reporting requirements to provide information on student loans. The provision would also modify the $500,000 per student threshold to be adjusted for inflation after 2022.	For background, see • CRS Report R44293, *College and University Endowments: Overview and Tax Policy Options*, by Molly F. Sherlock et al.
Treatment of Federal Pell Grants for Income Tax Purposes	Under current law, the portion of a scholarship (including a Pell Grant) that pays for qualified tuition and fees is generally excludable from income and hence not taxable.[j] In contrast, the portion of a scholarship that pays for room and board and other living expenses is taxable. Pell Grants may be used to pay for tuition and fees, room and board, and other educational expenses. In addition, under current law, when calculating an education tax credit, taxpayers must reduce their credit-eligible education expenses by any amounts received as tax-free scholarships. Since the amount of an education tax credit depends on expenses incurred for tuition and fees, then all else being equal, receipt of a tax-free scholarship reduces the amount of credit-eligible expenses, and may reduce the amount of their education credit.[k] This provision would modify the current exclusion for scholarship income such that any amount of a Pell Grant—not just the portion that pays for qualified tuition and fees—would be excluded from income, and hence not be taxable. In addition, under this provision, expenses eligible for education tax credits would not be reduced by any amount of a Pell Grant.	For background, see • CRS Report R45418, *Federal Pell Grant Program of the Higher Education Act: Primer*, by Cassandria Dortch. • CRS Report R41967, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects*, by Margot L. Crandall-Hollick. • CRS Report R42561, *The American Opportunity Tax Credit: Overview, Analysis, and Policy Options*, by Margot L. Crandall-Hollick.
Repeal of Denial of American Opportunity Tax Credit on Basis	Under current law, the American Opportunity Tax Credit (AOTC) cannot be claimed for a student convicted of a federal or state felony drug possession or distribution offense. This lifetime prohibition generally	For background, see • CRS Report R42561, *The American Opportunity Tax*

Section Title	Description	CRS Resources
of Felony Drug Conviction	applies beginning with the year in which the conviction occurs. The provision would repeal this ban, allowing the AOTC to be claimed for an otherwise eligible student convicted of a felony drug offense.	*Credit: Overview, Analysis, and Policy Options*, by Margot L. Crandall-Hollick.

Source: CRS based on Subtitle H, Budget Reconciliation Legislative Recommendations Relating to Social Safety Net.

Notes: Provisions are effective in 2022 unless otherwise noted. The changes that would be made by the provision are permanent, unless otherwise noted. "Section" citations refer to the section within the Internal Revenue Code (IRC), 26 U.S.C., unless otherwise noted.

a. The one exception is the maximum amount of the refundable portion of the credit that was originally included in P.L. 115-97 (but is not in effect in 2021). The maximum amount of the refundable portion of the child credit as enacted under P.L. 115-97 was $1,400 per child, rounded to the next lowest multiple of $100. While this provision was in effect (2018-2020), inflation did not trigger an adjustment.

b. Under Section 24, taxpayers with a non-child credit eligible dependent (including older dependent children and adult dependents) may claim a $500 nonrefundable tax credit for each of these other dependents. For 2023-2025, the proposal would create a similar benefit for taxpayers with non-child credit eligible dependents under Section 24B. Unlike the $500 credit for other dependents under current law, the credit under Section 24B would not be combined with the child credit when being phased out. In addition, it would begin to phase out at a higher income level for head of household filers ($300,000 versus $200,000). The $500 amount would be adjusted for inflation beginning in 2023, and taxpayers would be required to furnish the taxpayer identification number of the dependent for whom they would claim the benefit.

c. The age of the child would generally be based on their age on the last day of the calendar year.

d. Income for purposes of phasing out the child credit is equal to Adjusted Gross Income (AGI) increased by foreign earned income of U.S. citizens abroad, including income earned in Guam, American Samoa, the Northern Mariana Islands, and Puerto Rico.

e. Other circumstances in which a taxpayer may need to pay back amounts include due to changes in income, changes in marital status, change of principal place of abode, or other circumstances as described in regulations or other guidance by the Secretary.

f. A taxpayer could establish presumptive eligibility with the immediately preceding year's tax return, or via the online portal, or any other manner provided by the Secretary.

g. Under Section 24(d)(1)(B)(ii), taxpayers with three or more qualifying children can calculate the refundable portion of the child credit—the additional child tax credit or ACTC—using an alternative formula. Under this formula, the ACTC equals the difference in the employee's share of Social Security taxes and Medicare taxes (i.e., 7.65% of earned income) and their EITC, up to the maximum ACTC. The maximum ACTC in 2021 before ARPA was $1,400 per qualifying child and is currently scheduled to remain at that level from 2022 to 2025. Beginning in 2026, the maximum ACTC is scheduled to be $1,000 per qualifying child. In most cases, the ACTC calculated under the earned income formula is greater than the ACTC calculated under the alternative formula.

h. The law includes as part of the definition of a student someone carrying half or more of the normal full-time workload for their program of study, as defined under Section 25A(b)(3).

i. This provision is not identified as a revenue provision by the Joint Committee on Taxation. The description is included here so as to have a complete description of provisions in "Part 5—Expanding Access to Health Coverage and Lowering Costs."

j. JCT provides a combined revenue estimate for all Part 6-Pathway to Practice Training Program provisions. Under current law, taxpayers are generally subject to tax on scholarship or fellowship income that is considered compensation for services generally, unless specifically excluded by law. Statutory exceptions include amounts received under the National Health Service Corps Scholarship Program and the Armed Forces Health Professions Scholarship and Financial Assistance program. See Section 117(c)(2).

k. Under current law, taxpayers may elect to have a tax-free scholarship (including a Pell Grant) included in income and hence subject to tax. This may increase a taxpayer's education credit and lower their total tax (or increase their refund).

Table 5. Subtitle I: Responsibly Funding our Priorities

Section Title	Description	CRS Resources
Part I—Corporate and International Tax Reforms		
Subpart A—Increase in Corporate Tax Rate		
Increase in Corporate Rate	Prior to P.L. 115-97 (commonly referred to as the "Tax Cuts and Jobs Act" or TCJA) corporate taxable income was subject to a graduated rate structure with a maximum rate of 35%. The TCJA enacted a flat 21% corporate tax. This provision would reintroduce a graduated rate structure. The first $400,000 of taxable income would be taxed at 18%; taxable income over $400,000 but not over $5 million would be taxed at 21%; and taxable income over $5 million would be taxed at 26.5%. Taxable income over $10 million would be subject to an additional tax equal to 3% of the amount over $10 million. The additional tax would be capped at $287,000. Qualified personal service corporate income would not qualify for the graduated rate structure and would be taxed at 26.5%. Special rules would apply to certain taxpayers, such as public utilities. The provision would increase the 50% (for dividends received from corporations that are less than 20% owned by the recipient corporation) and 65% (for corporations that are at least 20% owned and less than 80% owned by the recipient corporation) dividends-received deductions to 60% and 72.5%, respectively.	For background, see • CRS Report RL34229, *Corporate Tax Reform: Issues for Congress*, by Jane G. Gravelle. • CRS In Focus IF11809, *Trends and Proposals for Corporate Tax Revenue*, by Donald J. Marples and Jane G. Gravelle.
Subpart B—Limitations on Deduction for Interest Expense		
Limitations on Deduction for Interest Expense	Section 163(j) of the IRC limits interest deductions to 30% of earnings before interest and taxes (EBIT). Before 2022, the income base is earnings before interest, taxes, depreciation, and amortization (EBITDA). Excess interest is carried forward. The limit applies at the partnership or corporate level for partnerships and Subchapter S corporations. This provision adds an additional interest limitation under Section 163(n). The share of interest deducted by firms with operations in other countries is limited to 110% of the allocated share of worldwide interest; the allocated share is the same as the U.S. firm's share of worldwide EBITDA. This provision applies to firms with an average excess interest of $12 million over three years. This limit does not apply to small businesses with average earnings over three years of $25 million, partnerships, Subchapter S corporations, real estate investment trusts (REITs), or regulated investment companies (RICs) The interest carryforward under Section 163(j) or 163(o), whichever applies the smaller limit, can be carried forward for five years. The section 163(j) limit applies at the partner or shareholder level for partnerships and Subchapter S corporations.	For background see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples. • CRS In Focus IF11809, *Trends and Proposals for Corporate Tax Revenue*, by Donald J. Marples and Jane G. Gravelle.

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Subpart C—Outbound International Provisions		
Modifications to Deduction for Foreign-Derived Intangible Income and Global Intangible Low-Taxed Income	Current law imposes a minimum tax on global intangible low taxed income (GILTI) of controlled foreign corporations (CFCs), after allowing a deduction for 10% of tangible assets and 50% of the remainder. A deduction is also allowed for foreign-derived intangible income (FDII) for 10% of tangible assets and 37.5% of the remainder. These deduction amounts for the remainder are scheduled to fall to 37.5% for GILTI and 21.875% for FDII after 2025. With the current 21% tax rate, these deductions result in a rate of 10.5% (13.125% after 2025) for GILTI and 13.125% (16.4% after 2025) for FDII. The combined GILTI and FDII deductions are limited to taxable income and any unused deduction cannot be carried back or forward. This provision would accelerate the 37.5% deduction for GILTI and a 21.875% deduction for FDII to 2022. Given the new proposed corporate tax rate of 26.5%, these deductions would result in a tax rate of 16.5625% for GILTI and 20.7% for FDII. The proposal would allow amounts in excess of taxable income to be deducted and increases net operating losses, effectively allowing them to be carried forward.	For background see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples. • CRS In Focus IF11809, *Trends and Proposals for Corporate Tax Revenue*, by Donald J. Marples and Jane G. Gravelle.
Repeal of Election for One-Month Deferral in Determination of Taxable Year of Specified Corporations	Under current law, controlled foreign corporations are generally required to have the same tax year as the U.S. parent, but there is an election to begin the tax year one month earlier. This provision would repeal that election. It would apply to tax years beginning after November 30, 2021.	
Modifications of Foreign Tax Credit Rules Applicable to Certain Taxpayers Receiving Specific Economic Benefits	Under current law, a credit for foreign taxes paid offsets U.S. tax on foreign-source income dollar for dollar, whereas a deduction is less valuable. Dual-capacity taxpayers are taxpayers who receive a benefit from a foreign government (such as a right to extract oil). These taxpayers also sometimes pay higher taxes that may not be distinguishable from payments for benefits (such as royalties) that would be deductible. Under this provision, taxes would only be creditable up to the amount that would be paid under rules generally applicable to corporations in that country, and the excess would be deducted. This provision would apply as of the date of enactment.	
Modification to Foreign Tax Credit Limitations	Current law allows a credit for foreign taxes paid (80% of foreign taxes can be credited for GILTI). The credit is limited to U.S. tax on foreign-source income. The code allocates a share of interest and head office expenses of the U.S. parent company to foreign-source income, which reduces the limit. Any excess credits are carried back one year and carried forward 10 years. This limit applies on an overall basis for all countries (within separate overall limits, or baskets, for GILTI, branch, passive, and general income). This overall limit allows taxes in excess of the U.S. tax in	For background see: • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples. • CRS In Focus IF11809, *Trends and Proposals for Corporate Tax Revenue*, by Donald J. Marples and Jane G. Gravelle.

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	high-tax countries to offset U.S. tax due in low- or no-tax countries. This provision would impose the limit separately in each county (referred to as a per-country limit). The provision would also eliminate the branch basket, eliminate allocation of interest and head office expenses to foreign-source income, and allow excess credits to be carried forward five years (with no carryback). It would also modify the treatment of certain foreign asset dispositions.	
Foreign Oil and Gas Extraction Income and Foreign Oil-Related Income to Include Oil Shale and Tar Sands	Under current law, foreign oil and gas extraction income is not taxed (although another section would include this income in GILTI), and foreign oil-related income (such as distribution) is included in GILTI. This provision would amend the definition of these incomes to include oil shale and tar sands.	For background, see • CRS Report R43128, *Oil Sands and the Oil Spill Liability Trust Fund: The Definition of "Oil" and Related Issues for Congress*, by Jonathan L. Ramseur.
Modifications to Inclusion of Global Intangible Low-Taxed Income	Current law imposes a minimum tax on global intangible low taxed income (GILTI) of CFCs, after allowing a deduction for 10% of tangible assets and 50% of the remainder (this percentage would be reduced by the section described above). GILTI (including profits and losses) is measured on an overall basis, so that losses in one jurisdiction can offset income in another. Any overall losses cannot be carried forward. Foreign oil and gas extraction income is not included in GILTI and not taxed. This provision would provide for a per-country measure of GILTI income and loss, reduce the deduction for tangible assets to 5%, allow losses to be carried forward for one year, and include foreign oil and gas extraction income in GILTI. The reduction in the 10% deduction for tangible assets does not apply to the territories.	For background, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples. • CRS In Focus IF11809, *Trends and Proposals for Corporate Tax Revenue*, by Donald J. Marples and Jane G. Gravelle.
Modifications to Determination of Deemed Paid Credit for Taxes Properly Attributable to Tested Income	Under current law, credits for foreign taxes paid on GILTI are limited to 80% of these taxes. This provision would increase the amount to 95%. It would also provide that CFCs must have direct U.S. shareholders and would apply special rules to foreign-owned U.S. shareholders. The second provision would be effective for tax years beginning after December 31, 2017.	For background, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples. • CRS In Focus IF11809, *Trends and Proposals for Corporate Tax Revenue*, by Donald J. Marples and Jane G. Gravelle.
Deduction for Foreign-Source Portion of Dividends Limited to Controlled Foreign Corporations, Etc.	On adoption of the GILTI regime in 2017, dividends from foreign corporations became deductible by shareholders with a 10% interest beginning in 2018. The GILTI regime and Subpart F, which taxes certain easily shifted income at full rates, apply only to CFCs. CFCs are 50% owned by U.S. shareholders, each with at least 10% ownership. This provision would limit dividend deductions by 10% shareholders to dividends of CFCs. Foreign corporations that are not CFCs could elect CFC status with the agreement of all U.S.	For background, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.

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	shareholders. The provision would also largely reverse the elimination of downward attribution where CFC status could result from tracing ownership by a U.S. corporation up through a foreign parent. Currently, these downward attribution rules apply to a U.S. person at least 10% controlled by a foreign person; the revision would raise that share to 50%. These provisions would apply to tax years beginning after December 31, 2017.	
Limitation on Foreign Base Company Sales and Service Income	Under current law, subpart F imposes current taxes on certain income that is easily shifted, including foreign base company sales and service income. This income is earned in a jurisdiction where the product or service is neither produced nor consumed (i.e., in an intermediary). It applies to transactions with related parties. This provision would limit the definition of related parties to taxable units resident in the United States. It also closes certain tax planning techniques that allow U.S. shareholders to avoid tax.	For background, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.
Subpart D—Inbound International Provisions		
Modification to Base Erosion and Anti-Abuse Tax	Under current law, the base erosion and anti-abuse tax (BEAT) provides for an alternative calculation of tax by adding certain payments to related foreign parties (such as interest and royalties) and taxing this income at 10%. Payments for the cost of goods sold are not included. BEAT does not allow tax credits, including the foreign tax credit, except for a temporary allowance of the research credit along with 80% of the low-income housing credit and two energy credits. After 2025, the rate will rise to 12.5% and no credits will be allowed. This provision would raise the tax rate to 12.5% in 2024 and 2025, and 15% after 2025. Tax credits would be allowed. The base would also include payments to foreign related parties for inventory that is required to be capitalized (such as inventory to produce tangible property) and payments for inventory in excess of cost.	For background, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.
Subpart E—Other Business Tax Provisions		
Credit for Clinical Testing of Orphan Drugs Limited to First Use or Indication	Under current law, businesses investing in the development of drugs to diagnose, treat, or prevent rare diseases and conditions—sometimes referred to as "orphan drugs"—have been able to claim a nonrefundable tax credit for a portion of the qualified clinical testing expenses they incur or pay. This provision would modify the credit to limit the eligibility of drugs to their first use or indication. In addition, expenses eligible for the credit must be incurred prior to the receipt of any other use or indication.	
Modifications to Treatment of Certain Losses	Under this provision, a worthless security would be considered a loss from the sale or exchange at the time it became worthless, as opposed to on the last day of the taxable year. The rules relating to worthless securities would be expanded to include	

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	partnership indebtedness so that partnership indebtedness would be treated the same as corporate indebtedness. A worthless partnership interest would be considered a loss from the sale or exchange of a capital asset and recognized at the time it became worthless. The tax treatment of corporate subsidiary liquidations would be modified.	
Adjusted Basis Limitation for Divisive Reorganization	Corporations that reorganize have rules about whether the corporation will realize gain in the transaction. If these reorganizations only involve the exchange of stock, the reorganization is tax free. However, if money or property is transferred, the corporation receiving the property can be subject to tax on gain in the value of assets as long as they are not distributed to shareholders. If the property is transferred to creditors, it is treated as a distribution. This provision would apply to reorganizations that involve a corporation (the distributing corporation) separating from its controlled corporation. In this case, where the controlled corporation receives property from the distributing corporation and transfers debt securities to the creditors of the distributing corporation, any gain on the property is subject to tax.	
Rents from Prison Facilities not Treated as Qualified Income for Purposes of REIT Income Test	A real estate investment trust (REIT) is a real estate company that would otherwise be taxed as a corporation, except that it meets certain tests and faces a number of restrictions. Among the tests is the requirement that at least 75% of REIT income be passively derived from real estate (e.g., rents, mortgages). This provision would exclude prison facility rental income from being qualified income for the income test.	For background, see • CRS Report R44421, *Real Estate Investment Trusts (REITs) and the Foreign Investment in Real Property Tax Act (FIRPTA): Overview and Recent Tax Revisions*, by Jane G. Gravelle.
Modification to Exemption for Portfolio Interest	Under current law, an exemption for portfolio interest allows foreign corporations (and nonresidents) to invest in certain U.S. debt without being subject to U.S. income tax (or withholding). This exemption is not allowed for 10% shareholders—individuals who own 10% of the voting stock of the corporation. This provision would expand the definition of 10% shareholder to also include any individual who owns 10% of the value of the corporation.	
Certain Partnership Interest Derivatives	Under current law, income arising from notional principal contracts is generally sourced to the residence of the recipient of the payment—unless the income is effectively connected with U.S. trade or business activity. Publically traded partnerships, however, are not subject to the rules on effectively connected income. The provision would treat notional principal contract income of publicly traded partnerships as "dividend equivalent amounts" that would be sourced based on the residence of the payor.	

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Adjustments to Earnings and Profits of Controlled Corporations	Under current law, earnings and profits determine whether a distribution is a dividend (which may be taxed), return of capital (not taxed), or capital gain (taxed). Earnings and profits are adjusted by various items, but controlled foreign corporations are not subject to certain inventory adjustments, installment sales, or the completed contract method of accounting. This change relocates this provision in the tax code and does not include the former language that these rules do not apply if they increase earnings and profits above distributions.	
Certain Dividends from Controlled Foreign Corporations to United States Shareholders Treated as Extraordinary Dividends	Under current law, dividends are often exempt or partially exempt from tax through domestic intercompany dividend deductions, and foreign dividends from CFCs are exempt for 10% shareholders. When stock has been held for less than two years, and an extraordinary dividend is paid, that dividend reduces the basis (the basis is the price paid for the stock) of the stock, and if it exceeds the basis it is treated as a capital gain. An extraordinary dividend is one that exceeds 10% of the value of the stock (5% for preferred stock). This provision would make disqualified dividends from CFCs subject to the rules for treatment as a reduction of basis or capital gain regardless of holding period. Disqualified dividends are those that arise from earnings and profits or gains during a disqualified period. A disqualified period is one before the corporation became a CFC or when it was owned by a non-U.S. shareholder. This provision applies to distributions made after the date of enactment.	
Modification of Rules for Partnership Interests Held in Connection with the Performance of Services	Under current law, partnership interest transferred to the taxpayer in connection with the provision of services to a trade or business (carried interest) held for at least three years is taxed as a long-term capital gain. This provision would modify the tax rules surrounding "carried interest" by extending the holding period to qualify for long-term capital gains to five years for taxpayers with adjusted gross income of $400,000 or more, broadening the definition of carried interest to include partnership assets under the taxpayer's direct or indirect control, and adding additional rules for measuring the holding period (including for tiered partnerships).	For background, see • CRS Report R46447, *Taxation of Carried Interest*, by Donald J. Marples.
Limitation on Certain Special Rules for Section 1202 Gains	Under current law, noncorporate taxpayers may exclude a portion of the gain from the sale of qualified small business stock held for at least five years. The exclusion rate is determined by the date of acquisition—50% for stock acquired on or before February 17, 2009; 75% for stock acquired after February 17, 2009, and before September 28, 2010;	

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	and 100% for stock acquired after September 27, 2010. The provision would limit the 75% and 100% exclusions to taxpayers with AGI less than $400,000. Taxpayers with AGI greater than or equal to $400,000, estates, and trusts would be eligible for the 50% exclusion.	
Constructive Sales	Under the constructive sale rule, certain offsetting financial assets transactions are treated as if the transaction occurred with an unrelated party. This rule results in the realization of any gains in the financial assets for tax purposes as a "constructive sale." The provision would extend current-law constructive sales rules to digital assets.	
Rules Relating to Common Control	Common control rules are applied in the tax code to treat multiple taxpayers as a single taxpayer to apply specific tax rules. These rules apply to both corporate and noncorporate entities that are conducting a trade or business. This provision would clarify the definition of trade or business to include activities involving research and development and investment activity.	
Wash Sales by Related Parties; Wash Sales of Specified Assets	Wash sale rules generally disallow claims of a loss related to stocks or securities if the taxpayer acquires or contracts to acquire similar assets within 30 days of the sale of the original asset. This provision would extend current-law wash sale rules to the taxpayer and related parties and to specified assets (including digital assets, currencies, and commodities).	
Part 2—Tax Increases for High-Income Individuals		
Increase in Top Marginal Individual Income Tax Rate	The top individual income tax rate was temporarily reduced from 39.6% to 37%, from 2018 through 2025, as part of the TCJA. This provision would increase the top marginal individual income tax rate to 39.6%, starting in 2022. This marginal rate would apply to taxable income over $400,000 for unmarried filers, $425,000 for head of household filers, $450,000 for married taxpayers filing jointly, $225,000 for married taxpayers filing separate returns, and $12,500 for estates and trusts with taxable income. These amounts would be adjusted for inflation after 2025.	For background, see • CRS Insight IN11653, *Taxpayers in the Top Income Tax Bracket: Statistics and Observations*, by Molly F. Sherlock.
Increase in Capital Gains Rate for Certain High-Income Households	This provision would increase the top capital gains rate on assets held for a year or more from 20% to 25%. The 25% rate would apply only to those subject to the top marginal individual income tax rate (which would be increased to 39.6%; see previous provision entry). This provision would apply to taxable years ending after September 13, 2021. A transition rule would	For background, see • CRS Report 96-769, *Capital Gains Taxes: An Overview*, by Jane G. Gravelle. • CRS Report R41364, *Capital Gains Tax Options: Behavioral Responses and Revenues*, by Jane G. Gravelle.

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	apply to taxable years that include September 13, 2021.	
Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Households	This provision would subject the active income of high-income partners and S corporation owners that is not already subject to FICA or SECA tax to the 3.8% net investment income tax. The high-income thresholds would be $250,000 (married filing separately), $400,000 (single or head of household), and $500,000 (joint).	For background, see • CRS In Focus IF11820, *The 3.8% Net Investment Income Tax: Overview, Data, and Policy Options*, by Mark P. Keightley.
Limitation on Deduction of Qualified Business Income for Certain High-Income Individuals	This provision would limit the dollar amount of the 20% Section 199A deduction for pass-through business income. Specifically, the deduction amount would be limited to $500,000 in the case of a joint return, $250,000 in the case of a married individual filing a separate return, $10,000 in the case of an estate or trust, and $400,000 in the case of any other taxpayer.	For background, see • CRS In Focus IF11122, *Section 199A Deduction for Pass-through Business Income: An Overview*, by Gary Guenther. • CRS Report R46402, *The Section 199A Deduction: How It Works and Illustrative Examples*, by Gary Guenther. • CRS Report R46650, *Section 199A Deduction: Economic Effects and Policy Options*, by Gary Guenther.
Limitation on Excess Business Losses of Noncorporate Taxpayers	The TCJA (P.L. 115-97) introduced excess business loss limitations, which limit the amount of business losses that noncorporate taxpayers can use to offset their nonbusiness income to $500,000 for a joint return and $250,000 for a single return. These limits were set to expire after 2025. In response to the economic effects of the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) temporarily suspended the limits on excess business losses through 2025. The American Rescue Plan Act of 2021 (P.L. 117-2) extended the original TCJA limits through 2026. This provision would make permanent the excess business loss limitation for noncorporate taxpayers.	For background, see • CRS Report R46377, *The Tax Treatment and Economics of Net Operating Losses*, by Mark P. Keightley.
Surcharge on High-Income Individuals, Estates, and Trusts	The provision would create an additional income tax on individuals, estates, and trusts on modified adjusted gross income (MAGI) in excess of specified thresholds. The tax would be applied at a flat rate of 3% and would apply to MAGI in excess of $2.5 million for married individuals filing separate returns, $100,000 for estates and trusts, and $5 million for all other noncorporate taxpayers. Taxes paid under this provision would not be treated as income taxes paid for purposes of the alternative minimum tax.	
Termination of Temporary Increase in Unified Credit	The TCJA (P.L. 115-97) temporarily increased, from 2018 through 2025, the basic exclusion for the estate and gift tax by doubling the basic exclusion from $5 million to $10 million. This amount is adjusted for inflation, resulting in a basic exclusion of $11.7 million for 2021. This provision reinstates the pre-TCJA exclusion amount to $5 million.	For background, see • CRS Report R42959, *Recent Changes in the Estate and Gift Tax Provisions*, by Jane G. Gravelle.

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Increase in Limitation on Estate Tax Valuation Reduction for Certain Real Property Used in Farming or Other Trades and Businesses	Estates containing active interests in farm or trade and business assets are allowed to reduce the value of the assets for the purpose of valuing the gross estate, if the current use value of the assets is less than the fair market value of the assets, subject to a limit. The provision would increase the maximum valuation discount for farm and trade or business property to \$11.7 million (from \$1,190,000 in 2021).	For background, see • CRS Report R42959, *Recent Changes in the Estate and Gift Tax Provisions*, by Jane G. Gravelle.
Certain Rules Applicable to Grantor Trusts	A grantor trust is a trust where the grantor is treated as the owner of the trust and retains the rights and benefits of the assets in the trust. Because the grantor and the grantor trust are treated as a single entity for tax purposes, transactions between the grantor and the grantor trust are disregarded. This provision would include in a grantor's taxable estate the value of any assets held in a grantor's trust at the grantor's death and apply any transfers from the grantor trust to a beneficiary of the grantor trust made during the grantor's life as if made by the grantor. This provision would be effective as of the date of enactment.	
Certain Sales Between Grantor Trust and Deemed Owner	A grantor trust is a trust where the grantor is treated as the owner of the trust and retains the rights and benefits of the assets in the trust. Because the grantor and the grantor trust are treated as a single entity for tax purposes, transactions between the grantor and the grantor trust are disregarded. This provision would treat the transfer of a property between a grantor trust and the grantor as a taxable transaction. This provision would be effective as of the date of enactment.	
Valuation Rules for Certain Transfers of Nonbusiness Assets	Assets subject to the estate and gift taxes are generally valued at their fair market value on the date of transfer. If actual prices are not available, the value of an interest in a closely held business is determined using a variety of factors and several types of discounts may be applied. These discounts include minority discounts, illiquidity discounts, and investment company discounts. This provision would clarify that discounts are not allowed for the transfer of assets held for the production or collection of income that are not actively used by the trade or business. This provision would be effective as of the date of enactment.	For background, see • CRS Report R42959, *Recent Changes in the Estate and Gift Tax Provisions*, by Jane G. Gravelle.
Part 3—Modification of Rules Relating to Retirement Plans		
Subpart A—Limitations on High-income Taxpayers with Large Retirement Account Balances		
Contribution Limit for Individual	Taxpayers can contribute to their individual retirement accounts (IRAs) regardless of the balance	For background, see

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Retirement Plans of High-Income Taxpayers with Large Account Balances	in the accounts. This provision would disallow contributions for accounts with assets over $10 million. It would apply to married couples with taxable income over $450,000 (singles over $400,000 and heads of household over $425,000). There is also a provision for reporting on employer defined contribution plans for accounts with more than $2.5 million.	• CRS Report RL34397, *Traditional and Roth Individual Retirement Accounts (IRAs): A Primer*, by Elizabeth A. Myers. • CRS Report R46635, *Individual Retirement Account (IRA) Ownership: Data and Policy Issues*, by Elizabeth A. Myers. • CRS Report R43439, *Worker Participation in Employer-Sponsored Pensions: Data in Brief*, by John J. Topoleski and Elizabeth A. Myers. • CRS Insight IN11722, *Data on Contributions to Individual Retirement Accounts (IRAs)*, by Elizabeth A. Myers and John J. Topoleski. • CRS Insight IN11721, *Data on Retirement Contributions to Defined Contribution (DC) Plans*, by John J. Topoleski and Elizabeth A. Myers.
Increase in Minimum Required Distributions for High-Income Taxpayers with Large Retirement Account Balances	Under current law, taxpayers are generally required to begin making withdrawals ("required minimum distributions") from traditional IRAs when they are 72 years old (this does not apply to Roth IRAs). This provision would require individuals with a combined traditional IRA, Roth IRA, and employer defined contribution plan of over $10 million to make withdrawals of 50% of the excess over $10 million. This rule would apply to taxpayers with taxable income in excess of the amounts listed above. A traditional IRA allows a deduction of contributions and taxation of withdrawals, while a Roth IRA does not allow the deduction or impose the tax on withdrawals, but exempts the earnings from tax. Employer defined contribution plans can be in the traditional or Roth form. The provision would also require that when the amounts in all accounts exceed $20 million, withdrawals must be made from Roth IRAs and employer plans to reduce the amount to $20 million up to the amounts in these plans.	For background, see • CRS Report RL34397, *Traditional and Roth Individual Retirement Accounts (IRAs): A Primer*, by Elizabeth A. Myers. • CRS Report R46635, *Individual Retirement Account (IRA) Ownership: Data and Policy Issues*, by Elizabeth A. Myers. • CRS Report R43439, *Worker Participation in Employer-Sponsored Pensions: Data in Brief*, by John J. Topoleski and Elizabeth A. Myers. • CRS Insight IN11722, *Data on Contributions to Individual Retirement Accounts (IRAs)*, by Elizabeth A. Myers and John J. Topoleski. • CRS Insight IN11721, *Data on Retirement Contributions to Defined Contribution (DC) Plans*, by John J. Topoleski and Elizabeth A. Myers.
Subpart B—Other Provisions Relating to Individual Retirement Plans		
Tax Treatment of Rollovers to Roth IRAs and Accounts	Contributions to Roth IRAs and the deductibility of contributions to traditional IRAs are limited by income, although individuals can make nondeductible contributions to traditional IRAs regardless of income.	For background, see • CRS Report RL34397, *Traditional and Roth Individual*

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	For a nondeductible IRA, the withdrawals are partially exempt to recover the taxpayer's contribution proportional to the withdrawal. Current law allows conversions from traditional to Roth IRAs without an income limit, so that taxpayers can invest in a nondeductible traditional IRA and then convert it to a Roth IRA (so called "back-door Roths"). This provision would eliminate the conversion of nondeductible IRAs and employer plans to Roth accounts. For high-income taxpayers, as described above, transfers could only be made from Roth plans. This provision would apply beginning in 2032.	*Retirement Accounts (IRAs): A Primer*, by Elizabeth A. Myers. • CRS Report R46635, *Individual Retirement Account (IRA) Ownership: Data and Policy Issues*, by Elizabeth A. Myers. • CRS Report R43439, *Worker Participation in Employer-Sponsored Pensions: Data in Brief*, by John J. Topoleski and Elizabeth A. Myers. • CRS Insight IN11722, *Data on Contributions to Individual Retirement Accounts (IRAs)*, by Elizabeth A. Myers and John J. Topoleski. • CRS Insight IN11721, *Data on Retirement Contributions to Defined Contribution (DC) Plans*, by John J. Topoleski and Elizabeth A. Myers.
Prohibition of IRA Investments Conditioned on Account Holder's Status	This provision would disallow holding of securities in an IRA if the issuer requires a minimum income, asset, or education level or a license or credential. Holding these assets would disqualify the account as an IRA. There would be a two-year transition period for existing IRAs.	For background, see • CRS Report RL34397, *Traditional and Roth Individual Retirement Accounts (IRAs): A Primer*, by Elizabeth A. Myers. • CRS Report R46635, *Individual Retirement Account (IRA) Ownership: Data and Policy Issues*, by Elizabeth A. Myers. • CRS Insight IN11722, *Data on Contributions to Individual Retirement Accounts (IRAs)*, by Elizabeth A. Myers and John J. Topoleski.
Statute of Limitations with Respect to IRA Noncompliance	This provision would extend the statute of limitations from three to six years for IRA noncompliance related to valuation and prohibited transactions.	
Prohibition of Investment of IRA Assets in Entities in which the Owner Has a Substantial Interest	An IRA owner cannot invest in a partnership, corporation, trust, or estate that is 50% owned. This provision would reduce that ownership to 10% for assets that are not publicly traded and disallow investments when the owner is an officer. Violating these rules would cause an account to lose IRA status. There is a two-year transition period for existing IRAs.	
IRA Owners Treated as Disqualified Persons for Purposes of	Under the prohibited transaction rule, IRA owners cannot do business with disqualified persons (such as relatives who own more than 50% of a business). This provision would clarify that disqualified persons	

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Prohibited Transaction Rules	include the owner and individuals who inherit the IRA or beneficiaries.	
Part 4—Funding the Internal Revenue Service and Improving Taxpayer Compliance		
Application of Backup Withholding with Respect to Third-Party Network Transactions	This provision would make payments from third-party networks (such as credit card companies, electronic payment processors, and some "gig economy" platforms) subject to backup withholding. Not all taxpayers would be subject to backup withholding on these transactions. Only taxpayers who meet a requirement in Section 3406(a)(1) would have backup withholding from their payments. Generally, this happens when the taxpayer does not provide a tax identification number (such as a Social Security number) to the network or if the taxpayer is subject to backup withholding due to a previous underreporting penalty. Payments typically may be subject to backup withholding if the aggregate payments from the third-party network to the taxpayer are equal to or greater than $600 in a year.	For background, see • CRS In Focus IF11896, *Tax Treatment of Gig Economy Workers*, by Anthony A. Cilluffo.
Limitation on Deduction for Qualified Conservation Contributions Made by Pass-Through Entities, Etc.	This provision would disallow qualified conservation contributions made by a partnership (or other pass-through entity) if the amount of the contribution exceeds 2.5 times each partner's basis, for property interests held for less than 3 years. This provision would not apply to family partnerships. The provision would also make changes to accuracy-related penalties for conservation easements. The provision would be effective for contributions made after December 23, 2016 (the date of IRS Notice 2017-10). For certified historic structure easement contributions, the proposal would be effective for contributions made in taxable years beginning after December 31, 2018.	For background, see • CRS Insight IN11141, *Charitable Conservation Contributions: Potential for Abuse?*, by Molly F. Sherlock.
Modification of Procedural Requirements Related to Assessment of Penalties	Under current law, generally no penalty or addition to tax under the IRC can be assessed unless the initial determination of such assessment is personally approved (in writing) by the immediate supervisor of the IRS employee making such determination. Exceptions to supervisory preapproval apply, including for penalties/additions to tax automatically calculated through electronic means and associated with failure to file or pay taxes. This provision would repeal this requirement for supervisory preapproval effective for penalties/additions to tax assessed after December 31, 2000. The provision would enact a new requirement that each supervisor certify on a quarterly basis whether employees have followed procedural requirements with respect to issuing notices of penalties to taxpayers. This provision would apply to notices of penalties issued after the date of enactment.	

Section Title	Description	CRS Resources
Part 5—Other Provisions		
Modifications to Limitation on Deduction of Excessive Employee Remuneration	The American Rescue Plan Act of 2021 (ARPA; P.L. 117-2) included expansion of the Section 162(m) limit on excessive employee compensation, effective after December 31, 2026. The provision would deny deduction of compensation in excess of $1 million to certain highly paid employees, plus the CEO or CFO, at publicly traded companies. Under the ARPA expansion, up to 10 individuals may be covered under Section 162(m). This provision accelerates the effective date for this provision to December 31, 2021. The provision would also modify the definition of employee remuneration to include performance-based compensation, commissions, post-termination compensation, and beneficiary payments, whether or not the compensation is paid by the corporation.	
Extension of Tax to Fund Black Lung Disability Trust Fund	The black lung excise tax (BLET) is on sales or use of domestically mined coal. The tax is designed to support the Black Lung Disability Trust Fund for domestic miners. Currently, through 2021, coal from underground mines is taxed at a rate of $1.10 per ton and coal from surface mines is taxed at 55 cents per ton, with the tax for both types of coal being no more than 4.4% of the sale price. Effective January 1, 2022, the tax on underground-mined coal will be the lesser of (1) 50 cents per ton, or (2) 2% of the sale price. The tax on surface-mined coal will be the lesser of (1) 25 cents per ton, or (2) 2% of the sales price. This provision would extend the higher excise tax rates through December 31, 2025.	For background, see • CRS Report R45261, *The Black Lung Program, the Black Lung Disability Trust Fund, and the Excise Tax on Coal: Background and Policy Options*, by Scott D. Szymendera and Molly F. Sherlock.
Prohibited Transactions Relating to Holding DISC or FSC in Individual Retirement Account	DISCs (Domestic International Sales Corporations) and FSCs (Foreign Sales Corporations) were firms with export benefits, and these benefits were repealed going forward. This provision would disallow an interest in a DISC or FSC that receives a payment or commission from an entity owned directly by the individual from being held in that individual's IRA. Constructive ownership rules require a 50% ownership, which is reduced to 10% for this purpose.	
Increase in Tax on Certain Tobacco Products and Imposition of Tax on Nicotine	This provision would increase the tax on small cigarettes and cigars from $50.33 per 1,000 (about $1.01 per pack of 20) to $100.66 per 1,000 (about $2.01 per pack of 20). It would also increase the tax rate for large cigarettes (from $105.69 per 1,000 to $211.39 per 1,000); smokeless tobacco (from $1.51 per pound to $26.84 per pound for snuff, and from 50.33 cents per pound to $10.70 per pound for chewing tobacco); pipe tobacco (from $2.8311 per pound to $49.56 per pound); and roll-your-own tobacco (from $24.78 per pound to $49.56 per pound). It would change the way large cigars are taxed. Under current law, large cigars are taxed 52.75% of the sales price, but not more than $402.60 per 1,000. Under this provision, the rate would be $49.56 per pound, but not less than $0.1006 per cigar. This change would	For background, see • CRS In Focus IF11321, *Federal Regulation of Tobacco: Legal Framework and Issues for the 116th Congress*, by Jennifer A. Staman. • CRS Report RS22681, *The Cigarette Tax Increase to Finance SCHIP*, by Jane G. Gravelle.

Section Title	Description	CRS Resources
	increase the tax on cigars. For a smaller 5 gram cigar, the tax would be $0.5463 per cigar; for a 15 gram cigar, the tax would be $1.6389. It would create a new taxable category of "discrete single-use units" as a type of taxable smokeless tobacco product, taxed at $100 per 1,000. Discrete single-use units are defined to include lozenges, tablets, pills, and similar products that are not intended to be smoked. It would also impose a tax on nicotine products (for use in vaping and other methods) calculated as the amount of nicotine in the product in milligrams divided by 1,810 milligrams times the tax rate for 1,000 small cigarettes ($100.66). Provides an exemption for nicotine used in medical products approved by the Federal Food and Drug Administration. The increased tax rate on most covered tobacco products would begin in the first calendar quarter after the act is enacted. The taxes on large cigars, discrete single-use units, and taxable nicotine would begin in the first calendar quarter starting at least 180 days after the act is enacted. The provision would impose a one-time floor stocks tax on inventories on the date of the tax increase, with a $1,000 credit against any floor stocks tax liability.	
Clarification of Rules Regarding Tobacco Drawback	Typically, covered tobacco products for which a federal excise tax is paid that are then exported from the United States can receive a drawback, or refund, of the tax paid (Section 5706). This provision clarifies that any covered tobacco product that is eligible for one of the limited exemptions in Section 5704 (generally relating to certain exports or imports) is not eligible to receive a drawback refund. This change would address cases where taxes are paid on imports but withdrawn when substitute goods not subject to excise tax are exported. The clarification would apply to all drawback claims made on or after December 18, 2018 (the date that regulations were issued to address this issue; the regulations were subsequently overturned in court). It would not apply to claims made before that date.	
Termination of Employer Credit for Paid Family and Medical Leave	Through 2025, employers can claim a tax credit of up to 25% of wages paid by employers providing paid leave to employees under the Family and Medical Leave Act of 1993 (FMLA; P.L. 103-3). The credit can only be claimed for paid family and medical leave provided to certain employees with incomes below a fixed threshold (for credits claimed in 2021, employee compensation in 2020 cannot have exceeded $78,000). This provision would accelerate the termination of this tax credit by two years, to December 31, 2023.	For background, see • CRS Report R46800, *Temporary Business-Related Tax Provisions Expiring 2021-2027 and Business "Tax Extenders"*, coordinated by Jane G. Gravelle and Molly F. Sherlock. • CRS In Focus IF11141, *Employer Tax Credit for Paid Family and Medical Leave*, by Molly F. Sherlock.

Section Title	Description	CRS Resources
		• CRS Report R46390, *Paid Family and Medical Leave: Current Policy and Legislative Proposals in the 116th Congress*, by Molly F. Sherlock, Barry F. Huston, and Sarah A. Donovan.
Clarification of Treatment of DISC Gains and Distributions of Certain Foreign Shareholders	DISCS and FSCs were firms with export benefits, and these benefits were repealed going forward. This provision clarifies that sale or exchange of, or distributions to a foreign person will be treated as effectively connected income from a trade or business in the United States, subjecting them to U.S. tax.	
Access to Self-Employment Income Information for Paid Leave Administration	Section 6103 would be modified to allow the disclosure of certain tax return information of self-employed individuals for the purposes of determining the paid family and medical leave benefit created in Subtitle A (the universal paid family and medical leave benefit in a new title XXII of the Social Security Act).	
Temporary Rule to Allow Certain S Corporations to Reorganize as Partnerships without Tax	This provision would allow eligible S corporations to convert to a partnership without the conversion being considered a taxable liquidation. Eligible S corporations include those that were an S corporation on May 13, 1996, and all times thereafter. This provision would apply to conversions completed during the two-year period starting on December 31, 2021.	
Treatment of Certain Qualified Sound Recording Productions	Under current law, sound recording production costs are not deducted immediately, but are deducted over time under the income forecast method. Television and theater productions have tax benefits that allow them to expense (deduct immediately) up to $15 million. This provision is set to expire after 2025. Production costs of qualified film, television, and live theatrical productions are also eligible for bonus depreciation. Bonus depreciation allows costs to be deducted immediately. Bonus depreciation is currently 100%, but it is scheduled to be phased out over five years starting in 2023, and will no longer be available in 2027 and after. This provision would allow for the expensing of sound recording production costs, up to $150,000. Sound recording would also be made eligible for bonus depreciation. This provision would expire after 2025.	For background, see • CRS Report RL31852, *The Section 179 and Section 168(k) Expensing Allowances: Current Law and Economic Effects*, by Gary Guenther. • CRS Report R46800, *Temporary Business-Related Tax Provisions Expiring 2021-2027 and Business "Tax Extenders"*, coordinated by Jane G. Gravelle and Molly F. Sherlock.
Payment to Certain Individuals who Dye Fuel	This provision would modify the existing mechanism for refunding taxes paid by consumers of diesel fuel and kerosene, which had already been taxed, who use the fuel for nontaxable purposes. This provision would specifically exempt off-highway business uses (such as certain farming equipment), all trains, school buses, and qualified local buses.	
Extension of Credit for Portion of Employer Social	Under current law, restaurants may claim an income tax credit for the portion of Social Security and Medicare payroll taxes paid on tips received by	

Section Title	Description	CRS Resources
Security Taxes Paid with Respect to Employee Tips to Beauty Service Establishments	employees who customarily receive tips (such as wait staff). The credit is only available on the portion of tips that exceed the federal minimum wage. This provision would extend the same tax credit to employers of customarily tipped beauty service staff. Beauty services are defined as barbering and hair care, nail care, esthetics, and body and spa treatments.	
Enhancement of Work Opportunity Credit During COVID-19 Recovery Period	This provision would modify the Work Opportunity Tax Credit (WOTC) for most WOTC-targeted groups hired before 2023 in the following ways: (1) increase the credit rate to 50% (from 40%), and (2) allow the WOTC to be claimed for wages earned during the second year of employment. The provision would also increase the maximum amount of WOTC-eligible wages for most groups to $10,000 (from $6,000) in wages per year.	For background, see • CRS Report R43729, *The Work Opportunity Tax Credit*, by Benjamin Collins and Sarah A. Donovan.
Allowance of Deduction for Certain Expenses of the Trade or Business of Being an Employee	This provision would allow an above-the-line deduction for up to $250 in dues paid to a labor organization described in Section 501(c)(5).	For background, see • CRS Report RL30110, *Federal Individual Income Tax Terms: An Explanation*, by Mark P. Keightley.
Cover Over of Certain Distilled Spirits Taxes	Under current law, Puerto Rico and the U.S. Virgin Islands (USVI) receive a transfer ("cover over") of federal distilled spirits excise taxes collected on rum produced in each territory. Currently, the amount transferred is limited to $13.25 per proof gallon. The highest excise tax rate on rum is $13.50 (the transfer ignores any reduced rates provided to small producers). This provision would remove the limit on taxes that may be transferred to each territory. The provision would require Puerto Rico to transfer one-sixth of the portion of the transfer it receives greater than $10.50 and less than the actual rate (or $13.25, if lower) per proof gallon to the Puerto Rico Conservation Trust. The transfer amount is determined without considering any reduced rates paid by small producers.	For background, see • CRS Report R46800, *Temporary Business-Related Tax Provisions Expiring 2021-2027 and Business "Tax Extenders"*, coordinated by Jane G. Gravelle and Molly F. Sherlock.
Research and Experimental Expenditures	The TCJA (P.L. 115-97) repealed the option to expense qualified research expenditures, beginning in 2022. Under current law, starting in 2022, companies will be required to capitalize those costs and amortize them over 5 years for domestic research and 15 years for foreign research. This provision would delay the requirement that qualified research expenditures be capitalized and amortized until 2026.	For background, see • CRS In Focus IF10757, *The 2017 Tax Law (P.L. 115-97) and Investment in Innovation*, by Gary Guenther.
Payroll Credit for Compensation of Local News Journalists	This provision would create a refundable payroll tax credit for local newspaper publishers for a portion of the wages paid to local news journalists. Local newspaper publishers would be able to claim a credit against the Medicare Hospital Insurance tax paid on the wages of local news journalists who spend	

Section Title	Description	CRS Resources
	at least 100 hours a calendar quarter creating local news coverage. The wages for each journalist considered for the credit may not exceed $12,500 per quarter. The credit is equal to 50% of wages paid to each journalist in the first year of the credit. The credit is then 30% for years two through five. The credit expires after the fifth year. Publishers must not employ more than 750 people to qualify for the credit. The U.S. government, state or local governments, or any agencies of those governments, do not qualify. The provision would also prevent employers from getting "double benefits" from this and other payroll tax credits.	
Treatment of Financial Guaranty Insurance Companies as Qualifying Insurance Corporations Under Passive Foreign Investment Company Rules	Passive foreign investment companies (PFICS) are foreign-incorporated firms that have 75% of earnings in passive investments or 50% of assets that earn dividends, interest, or capital gains (for example, a mutual fund or hedge fund). These firms are often located in tax havens with little or no corporate tax. Distributions from a PFIC are taxed at the highest tax rate plus an interest charge. Passive income does not include income of life insurance companies if insurance liabilities constitute 25% of their assets. This provision would allow financial guaranty insurance companies to include unearned premium (advanced premiums collected on policies that may be subject to return) reserves in their insurance liabilities. This provision would apply to tax years beginning after December 31, 2017.	
Credit for Qualified Access Technology for the Blind	The provision would create a new refundable tax credit of up to $2,000 for qualified access technology expenses incurred by the taxpayer for a qualified blind individual. A qualified blind individual would include the taxpayer, if blind, the blind spouse of a taxpayer, or the blind dependent of the taxpayer. (The term blind is defined in Section 63(f)(4).) Expenses would not include any amounts paid for by insurance. The credit would equal qualified access technology expenditures incurred for a qualified blind individual, up to $2,000 per qualified blind individual during a period of three consecutive years. For example, if a taxpayer had a blind spouse and incurred $2,000 in 2023 in credit-qualifying expenses related to their spouse, the taxpayer could not claim an additional credit with respect to their spouse until 2026. If, in this example, the taxpayer was also blind, any credit-qualifying expenses incurred on their behalf would be subject to a separate $2,000 limit per individual per period of three consecutive years. Qualified access technology would include hardware, software, or other information technology designed to convert or adapt information visually represented into forms or formats usable by blind individuals.	

Section Title	Description	CRS Resources
	The credit cannot be claimed for expenses used to claim other deductions or credits. Beginning in 2023, the $2,000 cap would be adjusted for inflation, rounded to the next lowest multiple of $100. This provision would apply to expenses incurred between 2022 and 2026.	
Modification of REIT Constructive Ownership Rules	A real estate investment trust (REIT) is a real estate company that would otherwise be taxed as a corporation, except that it meets certain tests and faces a number of restrictions. Among the tests is the requirement that at least 75% of REIT income be passively derived from real estate (e.g., rents, mortgages). Income received from related parties is not generally treated as qualifying income. A REIT-specific set of modified constructive ownership rules is used to determine a REIT's ownership interest. These rules can create, through "downward" attribution, instances where the constructive ownership is attributed downward multiple times. The provision would modify the constructive ownership rules for REITs to generally limit the application of the downward attribution rule in situations where it has already been applied.	For background, see • CRS Report R44421, *Real Estate Investment Trusts (REITs) and the Foreign Investment in Real Property Tax Act (FIRPTA): Overview and Recent Tax Revisions*, by Jane G. Gravelle.

Source: CRS based on Subtitle I, Budget Reconciliation Legislative Recommendations Relating to Responsibly Funding our Priorities.

Note: Provisions are effective in 2022 unless otherwise noted. The changes that would be made by the provision are permanent, unless otherwise noted. "Section" citations refer to the section within the Internal Revenue Code (IRC), 26 U.S.C., unless otherwise noted.

Table 6. Subtitle J: Drug Pricing

Section Title	Description	CRS Resources
Part 1—Lowering Prices Through Fair Drug Price Negotiation		
Selected Drug Manufacturer Excise Tax Imposed During Noncompliance Periods	This provision would create a regulatory penalty excise tax on drug manufacturers, producers, and importers, levied on sales of a specified drug during a period when they fail to comply with the Fair Price Negotiation Program, which would be created by the Build Back Better Act. This provision would create a tiered excise tax rate that depends on the number of days the manufacturer is behind on a program requirement. The tax is calculated as: tax = (applicable percentage * price) / (1 - applicable percentage), where the applicable percentage is determined by the number of days the manufacturer is late on fulfilling a program requirement. The tax is calculated in one of two ways, depending on if the manufacturer states a separate tax value at the time of sale. If the manufacturer does state a separate tax value (e.g., the tax is not included in the sale price), then the tax is set so that the ratio of the tax to final price inclusive of the tax is equal to the applicable percentage. For example, assume the applicable percentage was 65% (because the taxpayer was within the first 90 days of missing a requirement). If the price was $50, then the tax would be $92.86 ([0.65 * 50]/[1 - 0.65])). The sale price would be $142.86 and the manufacturer would keep $50. If the manufacturer does not state a separate tax value, then Department of the Treasury regulations (26 C.F.R. 48.4216(a)-2(a)) state that the tax is assumed to be included in the final sale price (and the formula above would simplify to tax = applicable percentage * price). For example, if the price was $50, then the tax would be $32.50 ([0.65*50]). The sale price would be $50 and the manufacturer would keep $17.50. The percentages used in the calculation are 65% for the first 90 days, 75% for days 91 through 180, 85% for days 181 through 270, and 95% for all days after day 270. This excise tax would be triggered in several cases: when the manufacturer fails to enter drug price negotiations by the required date; after the end of the negotiation period if the manufacturer has not agreed to a maximum fair price; after the end of the renegotiation period if the manufacturer has not agreed to a renegotiated maximum fair price; and if the manufacturer does not respond to a request for information by the Department of Health and Human Services by the specified deadline. The provision includes a rule that would allow irregular sales made to avoid a tax to be considered as if they were taxable, and would prevent manufacturers from deducting taxes paid under this provision from their federal income taxes.	

Section Title	Description	CRS Resources
	This provision would be in effect from the date the bill is enacted, but the Fair Price Negotiation Program would begin in 2023.	

Source: CRS based on Subtitle J, Budget Reconciliation Legislative Recommendations Relating to Drug Pricing.

Table 7. Estimated Budgetary Effects of Tax Provisions in Subtitle F "Infrastructure Financing and Community Development" of the "Build Back Better Act"

Fiscal Years, Millions of Dollars

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part I—Infrastructure Financing											
Subpart A—Bond Financing											
Credit to Issuer for Certain Infrastructure Bonds	-196	-899	-1,799	-2,472	-2,795	-2,795	-2,736	-2,793	-2,948	-3,105	-22,539
Advance Refunding Bonds	-267	-757	-1,140	-1,393	-1,608	-1,761	-1,878	-1,973	-2,042	-2,101	-14,919
Permanent Modification of Small Issuer Exception to Tax-Exempt Interest Expense Allocation Rules for Financial Institutions	-18	-69	-147	-231	-321	-419	-522	-631	-745	-862	-3,965
Modifications to Qualified Small Issue Bonds	-1	-2	-5	-8	-12	-16	-21	-26	-32	-38	-161
Expansion of Certain Exceptions to the Private Activity Bond Rules for First-Time Farmers	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	-2
Certain Water and Sewer Facility Bonds Exempt from Volume Cap on Private Activity Bonds	(i)	-1	-3	-5	-6	-8	-10	-13	-15	-18	-79
Exempt Facility Bonds for Zero-Emission Vehicle Infrastructure	(i)	-1	-3	-5	-7	-10	-14	-19	-25	-32	-116
Application of Davis-Bacon Act Requirements with Respect to Certain Exempt-Facility Bonds						No Revenue Effect					
Subpart B—Other Provisions Related to Infrastructure Financing											
Credit for Operations and Maintenance Costs of Government-Owned Broadband	-73	-38	-35	-32	-29	-24	-20	-5	—	—	-256

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Total of Infrastructure Financing	*-555*	*-1,767*	*-3,132*	*-4,146*	*-4,778*	*-5,033*	*-5,201*	*-5,460*	*-5,807*	*-6,156*	*-42,037*
Part 2—New Markets Tax Credit											
Permanent Extension of New Markets Tax Credit	—	-4	-19	-60	-106	-144	-212	-370	-587	-814	-2,316
Part 3—Rehabilitation Tax Credit											
Determination of Credit Percentage	-376	-563	-858	-1,179	-1,375	-1,340	-1,146	-869	-557	-283	-8,544
Increase in the Rehabilitation Credit for Certain Small Projects	—	—	—	—	-19	-76	-167	-281	-402	-511	-1,457
Modification of Definition of Substantially Rehabilitated	-28	-87	-206	-400	-662	-951	-1,229	-1,472	-1,655	-1,781	-8,470
Elimination of Rehabilitation Credit Basis Adjustment	—	-81	-257	-458	-667	-863	-961	-959	-937	-914	-6,097
Modification Regarding Certain Tax-Exempt Use Property	-14	-31	-40	-48	-53	-56	-57	-59	-60	-62	-481
Qualification of Rehabilitation Expenditures for Public School Buildings for Rehabilitation Credit	-38	-86	-110	-139	-161	-169	-174	-178	-183	-189	-1,427
Total of Rehabilitation Tax Credit	*-456*	*-848*	*-1,471*	*-2,224*	*-2,937*	*-3,454*	*-3,734*	*-3,818*	*-3,794*	*-3,740*	*-26,476*
Part 4—Disaster and Resiliency											
Exclusion of Amounts Received from State-Based Catastrophe Loss Mitigation Programs	-4	-10	-10	-11	-12	-13	-14	-15	-16	-17	-122
Repeal of Temporary Limitation on Personal Casualty Losses	-467	-645	-320	-318	-261	—	—	—	—	—	-2,011
Credit for Qualified Wildfire Mitigation Expenditures	-12	-28	-31	-36	-42	-44	-46	-48	-49	-50	-387
Total of Disaster and Resiliency	*-483*	*-683*	*-361*	*-365*	*-315*	*-57*	*-60*	*-63*	*-65*	*-67*	*-2,520*

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part 5—Housing											
Subpart A—Low Income Housing Tax Credit											
Increase in State Allocations	6	4	-57	-248	-593	-1,058	-1,585	-2,222	-2,577	-2,717	-11,048
Tax-Exempt Bond Financing Requirement	-91	-242	-472	-719	-953	-1,176	-1,393	-1,393	-1,510	-1,549	-9,498
Buildings Designated to Serve Extremely Low-Income Households	-8	-37	-92	-158	-225	-292	-358	-412	-474	-548	-2,603
Inclusion of Rural Areas as Difficult Development Areas	-7	-37	-92	-165	-232	-300	-366	-420	-483	-554	-2,654
Repeal of Qualified Contract Option	2	8	17	28	39	49	59	73	85	105	466
Modification and Clarification of Rights Relating to Building Purchase	2	8	17	28	39	49	59	73	85	105	466
Increase in Credit for Bond-Financed Projects Designated by Housing Credit Agency	-31	-98	-210	-355	-477	-591	-702	-685	-745	-766	-4,660
Subpart B—Neighborhood Homes Investment Act											
Neighborhood Homes Credit	-200	-605	-1,422	-1,861	-2,114	-2,175	-2,239	-2,305	-2,373	-2,443	-17,736
Total of Housing	*-326*	*-997*	*-2,300*	*-3,433*	*-4,494*	*-5,462*	*-6,488*	*-7,244*	*-7,938*	*-8,301*	*-46,983*
Part 6—Investment in Tribal Infrastructure											
Treatment of Indian Tribes as States with Respect to Bond Issuance	(i)	-1	-3	-4	-6	-8	-10	-12	-15	-17	-77
New Markets Tax Credit for Tribal Statistical Areas	—	(i)	-2	-6	-13	-22	-31	-41	-51	-59	-226
Inclusion of Indian Areas as Difficult Development Areas for Purposes of Certain Buildings	(i)	-2	-4	-7	-10	-13	-16	-18	-21	-24	-114
Total of Investment in Tribal Infrastructure	*(i)*	*-3*	*-9*	*-17*	*-29*	*-43*	*-57*	*-71*	*-87*	*-100*	*-417*

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part 7—Investments in the Territories											
Possessions Economic Activity Credit	-406	-853	-938	-1,017	-1,091	-1,169	-1,229	-1,270	-1,312	-1,356	-10,641
Additional New Markets Tax Credit Allocations for the Territories	—	(i)	-1	-4	-8	-12	-18	-24	-29	-34	-129
Total of Investments in the Territories	*-406*	*-853*	*-939*	*-1,021*	*-1,099*	*-1,181*	*-1,247*	*-1,294*	*-1,341*	*-1,390*	*-10,770*
Total of Infrastructure Financing and Community Development	***-2,226***	***-5,154***	***-8,231***	***-11,266***	***-13,758***	***-15,375***	***-16,999***	***-18,320***	***-19,619***	***-20,567***	***-131,519***

Source: Joint Committee on Taxation, *Estimated Budgetary Effects of An Amendment in the Nature of a Substitute to the Revenue Provisions of Subtitles F, G, H, I, and J of the Budget Reconciliation Legislative Recommendations Relating to Infrastructure Financing and Community Development, Green Energy, Social Safety Net, Responsibly Funding our Priorities, and Drug Pricing, Scheduled for Markup by the Committee on Ways and Means on September 14, 2021*, JCX-42-21, September 13, 2021, at https://www.jct.gov/publications/2021/jcx-42-21/.

Notes: An (i) indicates a cost of less than $500,000.

Table 8. Estimated Budgetary Effects of Tax Provisions in Subtitle G "Green Energy" of the "Build Back Better Act"

Fiscal Years, Millions of Dollars

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part 1—Renewable Electricity and Reducing Carbon Emissions											
Extension and Modification of Credit for Electricity Produced from Certain Renewable Resources	-181	-584	-1,038	-1,717	-2,865	-4,184	-5,651	-7,269	-8,811	-10,549	-42,851
Extension and Modification of Energy Credit	-1,349	-2,392	-2,686	-3,721	-6,667	-8,332	-8,851	-9,404	-9,956	-10,547	-63,907
Increase in Energy Credit for Solar Facilities Placed in Service in Connection with Low-Income Communities	Included in Estimate of "Extension and Modification of Energy Credit"										
Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources, Etc.	Included in Estimates of "Extension and Modification of Credit for Electricity Produced from Certain Renewable Resources" and "Extension and Modification of Energy Credit"										

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Investment Credit for Electric Transmission Property	—	—	—	-683	-1,050	-1,050	-1,050	-1,733	-2,100	-2,100	-9,765
Zero Emissions Facility Credit	Negligible Revenue Effect										
Extension and Modification of Credit for Carbon Oxide Sequestration	-12	-23	-29	-26	-9	-38	-75	-146	-216	-331	-908
Green Energy Publicly Traded Partnerships	-148	-126	-137	-144	-99	-50	-56	-64	-72	-80	-975
Zero-Emission Nuclear Power Production Credit	-4,383	-2,909	-3,253	-3,524	-1,650	-209	—	—	—	—	-15,929
Total of Renewable Electricity and Reducing Carbon Emissions	*-6,073*	*-6,034*	*-7,143*	*-9,815*	*-12,340*	*-13,863*	*-15,683*	*-18,616*	*-21,155*	*-23,607*	*-134,335*
Part 2—Renewable Fuels											
Extension of Incentives for Biodiesel, Renewable Diesel, and Alternative Fuels	-149	-2,688	-3,721	-3,802	-3,816	-3,803	-3,700	-3,708	-3,725	-3,743	-32,858
Extension of Second-Generation Biofuel Incentives	-10	-19	-20	-22	-24	-25	-27	-29	-30	-32	-238
Sustainable Aviation Fuel Credit	—	-6	-13	-19	-24	-31	-66	-104	-145	-210	-618
Clean Hydrogen	-60	-172	-313	-496	-707	-966	-1,271	-1,598	-1,756	-1,779	-9,118
Total of Renewable Fuels	*-219*	*-2,885*	*-4,067*	*-4,339*	*-4,571*	*-4,825*	*-5,064*	*-5,439*	*-5,656*	*-5,764*	*-42,832*
Part 3—Green Energy and Efficiency Incentives for Individuals											
Extension, Increase, and Modifications of Nonbusiness Energy Property Credit	-255	-1,696	-1,657	-1,628	-1,654	-1,631	-1,570	-1,599	-1,615	-1,632	-14,938
Residential Energy Efficient Property	-50	-387	-972	-2,562	-2,635	-2,712	-2,792	-2,872	-2,941	-3,029	-20,951
Energy Efficient Commercial Buildings Deduction	-18	-72	-70	-68	-67	-66	-65	-66	-67	-69	-626
Extension, Increase, and Modifications of New Energy Efficient Home Credit	-132	-233	-258	-271	-289	-307	-321	-320	-305	-289	-2,724
Modification to Income Exclusion for Conservation Subsidies	-6	-2	-2	-3	-4	-5	-6	-6	-7	-7	-48

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Total of Green Energy and Efficiency Incentives for Individuals	*-461*	*-2,390*	*-2,959*	*-4,532*	*-4,649*	*-4,721*	*-4,754*	*-4,863*	*-4,935*	*-5,026*	*-39,287*
Part 4—Greening the Fleet and Alternative Vehicles											
Refundable New Qualified Plug-In Electric Drive Motor Vehicles Credit for Individuals	-195	-1,002	-1,128	-1,268	-1,451	-1,682	-1,915	-2,112	-2,320	-2,499	-15,574
Credit for Previously-Owned Qualified Plug-In Electric Drive Motor Vehicles	-27	-83	-96	-120	-132	-146	-162	-179	-197	-215	-1,357
Qualified Commercial Electric Vehicles	-229	-490	-663	-831	-1,033	-1,270	-1,488	-1,675	-1,850	-2,043	-11,572
Qualified Fuel Cell Motor Vehicles	-4	-7	-8	-9	-11	-4	—	—	—	—	-44
Alternative Fuel Refueling Property Credit	-93	-404	-461	-523	-591	-666	-749	-837	-932	-1,027	-6,283
Reinstatement and Expansion of Employer-Provided Fringe Benefits for Bicycle Commuting	-20	-21	-23	-13	-16	-16	-18	-18	-19	-19	-183
Credit for Certain New Electric Bicycles	-113	-305	-397	-517	-666	-826	-983	-1,121	-1,225	-1,277	-7,430
Total of Greening the Fleet and Alternative Vehicles	*-681*	*-2,312*	*-2,776*	*-3,281*	*-3,900*	*-4,610*	*-5,315*	*-5,942*	*-6,543*	*-7,080*	*-42,443*
Part 5—Investment in the Green Workforce											
Extension of the Advanced Energy Project Credit	-273	-370	-289	-233	-307	-405	-169	-29	-25	-32	-2,133
Labor Costs of Installing Mechanical Insulation Property	-371	-745	-939	-1,099	-1,267	-966	-670	-564	-462	-343	-7,426
Total of Investment in the Green Workforce	*-644*	*-1,115*	*-1,228*	*-1,332*	*-1,574*	*-1,371*	*-839*	*-593*	*-487*	*-375*	*-9,559*
Part 6—Environmental Justice											
Qualified Environmental Justice Program Credit	—	-400	-700	-800	-900	-1,000	-600	-300	-200	-100	-5,000
Part 7—Superfund											
Reinstatement of Superfund	2,197	3,361	3,533	3,689	3,845	4,006	4,175	4,354	4,541	4,734	38,434
Total of Green Energy	***-5,881***	***-11,775***	***-15,340***	***-20,410***	***-24,089***	***-26,384***	***-28,080***	***-31,399***	***-34,435***	***-37,218***	***-235,022***

Source: Joint Committee on Taxation, *Estimated Budgetary Effects of An Amendment in the Nature of a Substitute to the Revenue Provisions of Subtitles F, G, H, I, and J of the Budget Reconciliation Legislative Recommendations Relating to Infrastructure Financing and Community Development, Green Energy, Social Safety Net, Responsibly Funding our*

Priorities, and Drug Pricing, Scheduled for Markup by the Committee on Ways and Means on September 14, 2021, JCX-42-21, September 13, 2021, at https://www.jct.gov/publications/2021/jcx-42-21/.

Table 9. Estimated Budgetary Effects of Tax Provisions in Subtitle H "Social Safety Net" of the "Build Back Better Act"

Fiscal Years, Millions of Dollars

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part 1—Child Tax Credit											
Modifications Applicable Beginning in 2021; Extension and Modification of Child Tax Credit and Advance Payment for 2022; Establishment of Monthly Child Tax Credit with Advance Payment Through 2025; and Refundable Child Tax Credit After 2025	-106,463	-121,808	-129,345	-133,722	-46,959	-3,556	-3,510	-3,510	-3,537	-3,599	-556,008
Part 2—Child and Dependent Care Tax Credit											
Certain Improvements to the Child and Dependent Care Credit Made Permanent	-2,663	-9,179	-9,413	-9,786	-10,353	-10,195	-10,453	-10,706	-11,065	-11,324	-95,135
Increase in Exclusion for Employer-Provided Dependent Care Assistance Made Permanent	-199	-270	-283	-294	-344	-362	-374	-383	-394	-400	-3,302
Total of Child and Dependent Care Tax Credit	*-2,862*	*-9,449*	*-9,696*	*-10,080*	*-10,697*	*-10,557*	*-10,827*	*-11,089*	*-11,459*	*-11,724*	*-98,437*
Part 3—Supporting Caregivers											
Payroll Credit for Certain Wages Paid to Child Care Workers	-334	-670	-674	-724	-749	-764	-780	-795	-811	-827	-7,130
Credit for Caregiver Expenses	-3,248	-6,688	-7,084	-7,504	-3,860	—	—	—	—	—	-28,384
Total of Supporting Caregivers	*-3,582*	*-7,358*	*-7,758*	*-8,228*	*-4,609*	*-764*	*-780*	*-795*	*-811*	*-827*	*-35,514*
Part 4—Earned Income Tax Credit											
Certain Improvements to the Earned Income Tax Credit Made Permanent	-578	-13,296	-13,955	-14,471	-14,890	-15,116	-15,377	-15,642	-15,894	-16,107	-135,325

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Funds for Administration of Earned Income Credits in the Territories	—	-5	-5	-5	-5	-5	-5	-5	-5	-5	-43
Total of Earned Income Tax Credit	*-578*	*-13,301*	*-13,960*	*-14,476*	*-14,895*	*-15,121*	*-15,382*	*-15,647*	*-15,899*	*-16,112*	*-135,368*
Part 5—Expanding Access to Health Coverage and Lowering Costs											
Improve Affordability and Reduce Premium Costs of Health Insurance for Consumers	Estimate Not Available[a]										
Modification of Employer-Sponsored Coverage Affordability Test in Health Insurance Premium Tax Credit	Estimate Not Available[a]										
Treatment of Lump-Sum Social Security Benefits in Determining Household Income	Estimate Not Available[a]										
Temporary Expansion of Health Insurance Premium Tax Credits for Certain Low-Income Populations	Estimate Not Available[a]										
Special Rule for Individuals Receiving Unemployment Compensation	Estimate Not Available[a]										
Permanent Credit for Health Insurance Costs	-2	-11	-19	-20	-21	-22	-23	-25	-26	-28	-198
Total Expanding Access to Health Coverage and Lowering Costs	*-2*	*-11*	*-19*	*-20*	*-21*	*-22*	*-23*	*-25*	*-26*	*-28*	*-198*
Part 6—Pathways to Practice Training Programs											
Establishing Rural and Underserved Pathway to Practice Training Programs for Post-Baccalaureate Students, Medical Students, and Medical Residents	—	—	-74	-165	-262	-387	-589	-844	-1,136	-1,420	-4,877
Total of Pathways to Practice Training Programs	—	—	*-74*	*-165*	*-262*	*-387*	*-589*	*-844*	*-1,136*	*-1,420*	*-4,877*

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part 7—Higher Education											
Credit for Public University Research Infrastructure	-24	-25	-25	-26	-19	-6	—	—	—	—	-125
Modification of Excise Tax on Investment Income of Private Colleges and Universities	—	-244	-248	-253	-258	-257	-262	-267	-273	-278	-2,341
Treatment of Federal Pell Grants for Income Tax Purposes	-6	-229	-225	-215	-212	-221	-214	-205	-196	-188	-1,911
Repeal of Denial of American Opportunity Tax Credit on Basis of Felony Drug Conviction	-3	-21	-21	-20	-20	-20	-20	-19	-18	-18	-180
Total of Higher Education	*-33*	*-519*	*-519*	*-514*	*-509*	*-504*	*-496*	*-491*	*-487*	*-484*	*-4,557*
Total of Social Safety Net	***-113,520***	***-152,446***	***-161,371***	***-167,205***	***-77,952***	***-30,911***	***-31,607***	***-32,401***	***-33,355***	***-34,194***	***-834,959***

Source: Joint Committee on Taxation, *Estimated Budgetary Effects of An Amendment in the Nature of a Substitute to the Revenue Provisions of Subtitles F, G, H, I, and J of the Budget Reconciliation Legislative Recommendations Relating to Infrastructure Financing and Community Development, Green Energy, Social Safety Net, Responsibly Funding our Priorities, and Drug Pricing, Scheduled for Markup by the Committee on Ways and Means on September 14, 2021*, JCX-42-21, September 13, 2021, at https://www.jct.gov/publications/2021/jcx-42-21/.

a. The Joint Committee on Taxation (JCT) revenue estimate indicates that the cost estimate for this provision will be provided by the Congressional Budget Office. The estimate is not included in JCT's estimate of the revenue effects, or any of the indicated totals.

Table 10. Estimated Budgetary Effects of Tax Provisions in Subtitle I "Responsibly Funding our Priorities" of the "Build Back Better Act"

Fiscal Years, Millions of Dollars

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part 1—Corporate and International Tax Reforms											
Subpart A—Increase in Corporate Tax Rate											
Increase in Corporate Rate	39,275	48,712	50,536	51,760	53,154	57,314	59,558	59,926	59,698	60,161	540,095

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Subpart B—Limitations on Deduction for Interest Expense											
Limitations on Deduction for Interest Expense	1,564	3,222	3,408	3,583	3,660	3,697	3,802	3,914	3,995	3,968	34,813
Subpart C—Outbound International Provisions											
Modifications to Deduction for Foreign-Derived Intangible Income and Global Intangible Low-Taxed Income	4,319	16,051	24,248	25,511	15,467	2,592	2,410	1,762	1,709	2,377	96,447
Repeal of Election for 1-Month Deferral in Determination of Taxable Year of Specified Corporations	10,906	10,906	—	—	—	—	—	—	—	—	21,811
Modifications of Foreign Tax Credit Rules Applicable to Certain Taxpayers Receiving Specific Economic Benefits	217	436	485	554	623	621	657	706	652	710	5,662
Modification to Foreign Tax Credit Limitations	-132	2,996	8,298	9,960	9,044	8,867	7,339	5,731	5,599	5,609	63,311
Foreign Oil and Gas Extraction Income and Foreign Oil Related Income to Include Oil Shale and Tar Sands	Included in Estimate of "Modifications to Inclusion of Global Intangible Low-Taxed Income"										
Modifications to Inclusion of Global Intangible Low-Taxed Income	1,691	5,057	12,417	12,123	10,705	10,900	11,075	12,833	14,190	15,736	106,726
Modifications to Determination of Deemed Paid Credit for Taxes Properly Attributable to Tested Income	-1,683	-3,692	-3,977	-4,022	-3,973	-4,097	-4,353	-4,482	-4,686	-4,809	-39,774

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Deduction for Foreign Source Portion of Dividends Limited to Controlled Foreign Corporations, Etc.	21	42	44	45	46	48	49	51	52	54	451
Limitation on Foreign Base Company Sales and Service Income	943	2,182	2,624	2,766	2,344	1,938	1,977	1,954	1,927	1,968	20,622
Subpart D—Inbound International Provisions											
Modification to Base Erosion and Anti-Abuse Tax	473	559	887	1,647	2,396	3,180	3,593	3,839	4,019	4,270	24,863
Subpart E—Other Business Tax Provisions											
Credit for Clinical Testing of Orphan Drugs Limited to First Use or Indication	88	186	208	234	260	286	314	346	380	418	2,720
Modification to Treatment of Certain Losses	25	165	172	179	186	193	201	209	217	226	1,773
Adjusted Basis Limitation for Divisive Reorganization	801	1,506	2,058	2,230	2,261	2,297	2,333	2,369	2,406	2,446	20,707
Rents from Prison Facilities not Treated as Qualified Income for Purposes of REIT Income Test	8	15	16	16	14	11	12	12	13	13	130
Modification to Exemption for Portfolio Interest	576	876	405	118	25	20	16	13	10	8	2,067
Certain Partnership Interest Derivatives	4	9	9	9	9	10	10	10	10	10	90
Adjustments to Earnings and Profits of Controlled Foreign Corporations	150	325	375	425	475	525	575	625	675	725	4,875

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Certain Dividends from Controlled Foreign Corporations to United States Shareholders Treated as Extraordinary Dividends	Included with Estimate of "Modifications to Foreign Tax Credit Limitations"										
Modification of Rules for Partnership Interests Held in Connection with the Performance of Services	1,079	1,594	1,511	1,430	1,389	1,379	1,389	1,413	1,445	1,487	14,116
Limitation on Certain Special Rules for Section 1202 Gains	69	470	517	572	639	698	705	710	677	661	5,718
Constructive Sales	Included with Estimate of "Wash Sales by Related Parties; Wash Sales of Specified Assets"										
Rules Relating to Common Control	768	1,550	1,560	1,606	1,754	1,958	2,186	2,459	2,749	3,004	19,593
Wash Sales by Related Parties; Wash Sales of Specified Assets	3,226	4,946	2,725	1,626	1,074	804	653	587	562	559	16,762
Total of Corporate and International Tax Reforms	*64,388*	*98,113*	*108,526*	*112,372*	*101,552*	*93,241*	*94,501*	*94,987*	*96,299*	*99,601*	*963,578*
Part 2—Tax Increases for High-Income Individuals											
Increase in Top Marginal Individual Income Tax Rate	32,501	22,736	36,941	39,751	15,104	4,366	4,555	4,686	4,837	5,020	170,498
Increase in Capital Gains Rate for Certain High-Income Households	11,363	13,497	13,712	13,281	12,870	11,716	11,135	11,455	11,771	12,597	123,396
Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Households	12,742	19,543	21,734	24,050	25,861	27,966	28,997	29,675	30,439	31,156	252,163
Limitation on Deduction of Qualified Business Income for Certain High-Income Individuals	10,520	18,309	19,684	20,948	8,564	—	—	—	—	—	78,025

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Limitation on Excess Business Losses of Noncorporate Taxpayers	3,127	2,046	2,123	2,204	2,288	22,671	32,639	31,422	33,272	34,991	166,783
Surcharge on High-Income Individuals, Estates, and Trusts	24,360	-13,294	12,384	13,052	13,713	14,406	14,731	15,353	15,988	16,643	127,335
Termination of Temporary Increase in Unified Credit	2,676	12,188	13,073	12,694	11,710	1,490	265	95	64	9	54,265
Increase in Limitation on Estate Tax Valuation Reduction for Certain Real Property Used in Farming or Other Trades and Businesses	—	-22	-31	-32	-34	-38	-38	-40	-40	-42	-317
Certain Rules Applicable to Grantor Trusts & Certain Sales Between Grantor Trust and Deemed Owner	30	160	223	327	478	672	917	1,240	1,657	2,191	7,895
Valuation Rules for Certain Transfers of Nonbusiness Assets	382	1,775	1,880	1,865	1,919	2,205	2,335	2,399	2,519	2,666	19,945
Total of Tax Increases for High-Income Households	*97,701*	*76,938*	*121,723*	*128,140*	*92,473*	*85,454*	*95,536*	*96,285*	*100,507*	*105,231*	*999,988*
Part 3—Modification of Rules Relating to Retirement Plans											
Subpart A—Limitations on High-income Taxpayers with Large Retirement Account Balances											
Contribution Limit for Individual Retirement Plans of High-Income Taxpayers with Large Account Balances	Included in Estimate of "Increase in Minimum Required Distributions for High-Income Taxpayers with Large Retirement Account Balances"										
Increase in Minimum Required Distributions for High-Income Taxpayers with Large Retirement Account Balances	3,618	3,027	1,302	318	-343	-576	-1,051	-1,273	-1,463	-1,760	1,798

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Subpart B—Other Provisions Relating to Individual Retirement Plans											
Tax Treatment of Rollovers to Roth IRAs and Accounts	—	—	—	—	—	—	—	—	140	609	749
Prohibition of IRA Investments Conditioned on Account Holder's Status	125	153	155	158	177	182	184	186	188	193	1,701
Statute of Limitations with Respect to IRA Noncompliance	(ii)	1	1	1	1	1	1	1	1	1	8
Prohibition of Investment of IRA Assets in Entities in which the Owner Has a Substantial Interest	3	3	3	4	4	5	5	5	5	6	42
IRS Owners Treated as Disqualified Persons for Purposes of Prohibited Transaction Rules	—	1	1	1	1	1	2	2	2	2	13
Total of Modifications of Rules Relating to Retirement Plans	*3,745*	*3,186*	*1,462*	*481*	*-159*	*-388*	*-860*	*-1,079*	*-1,127*	*-950*	*4,311*
Part 4—Funding the Internal Revenue Service and Improving Taxpayer Compliance											
Funding of the Internal Revenue Service	Estimate Not Available[a]										
Application of Backup Withholding with Respect to Third-Party Network Transactions	-2	-1	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	-4
Limitation on Deduction for Qualified Conservation Contributions Made by Pass-Through Entities, Etc.	4,733	4,698	699	304	313	337	344	352	359	365	12,504
Modification of Procedural Requirements Related to Assessment of Penalties	201	221	113	116	119	122	125	128	132	135	1,414

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Total of Funding the Internal Revenue Service and Improving Taxpayer Compliance	*4,932*	*4,918*	*812*	*420*	*432*	*459*	*469*	*480*	*491*	*500*	*13,914*
Part 5—Other Provisions											
Modifications to Limitation on Deduction of Excessive Employee Remuneration	1,028	2,157	2,315	2,438	2,536	1,841	1,119	1,139	1,158	1,178	16,909
Extension of Tax to Fund Black Lung Disability Trust Fund	101	137	135	131	32	—	—	—	—	—	536
Prohibited Transactions Relating to Holding DISC or FSC in Individual Retirement Account	39	95	126	157	187	217	249	277	292	301	1,940
Increase in Tax on Certain Tobacco Products and Imposition of Tax on Nicotine	6,368	9,517	9,528	9,776	9,838	9,955	10,159	10,371	10,539	10,710	96,760
Clarification of Rules Regarding Tobacco Drawback	Included in Estimate of "Increases in Tax on Certain Tobacco Products and Imposition of Tax on Nicotine"										
Termination of Employer Credit for Paid Family and Medical Leave	—	—	101	219	168	77	44	26	7	—	642
Clarification of Treatment of DISC Gains and Distributions of Certain Foreign Shareholders	41	86	92	95	96	97	99	101	103	106	915
Access to Self-Employment Income Information for Paid Leave Administration	No Revenue Effect										
Temporary Rule to Allow Certain S Corporations to Reorganize as Partnerships without Tax	-417	-1,182	-897	-235	-269	-305	-339	-369	-392	-416	-4,820
Treatment of Certain Qualified Sound Recording Productions	-310	-59	6	43	112	86	43	21	11	12	-35

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Payment to Certain Individuals who Dye Fuel	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	-4
Extension of Credit for Portion of Employer Social Security Taxes Paid with Respect to Employee Tips to Beauty Service Establishments	—	-66	-69	-72	-75	-79	-82	-86	-90	-94	-711
Enhancement of Work Opportunity Credit During COVID-19 Recovery Period	-2,306	-2,183	-1,198	-395	-57	—	—	—	—	—	-6,139
Allowance of Deduction for Certain Expenses of the Trade or Business of Being an Employee	-66	-442	-442	-443	-449	-485	-483	-486	-479	-476	-4,252
Cover Over of Certain Distilled Spirits Taxes	-31	-204	-204	-204	-204	-204	-204	-204	-204	-204	-1,867
Research and Experimental Expenditures	-29,091	-39,856	-32,161	-24,133	19,284	38,009	29,958	19,853	9,269	4,851	-4,016
Payroll Credit for Compensation of Local News Journalists	-146	-276	-251	-240	-238	-118	—	—	—	—	-1,269
Treatment of Financial Guaranty Insurance Companies as Qualifying Insurance Corporations under Passive Foreign Investment Company Rules	(i)	-1	-4	-4	-7	-8	-11	-13	-13	-13	-74
Credit for Qualified Access Technology for the Blind	-375	-799	-302	-929	-900	-203	—	—	—	—	-3,508
Modification of REIT Constructive Ownership Rules	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)
Total of Other Provisions	*-25,165*	*-33,076*	*-23,225*	*-13,796*	*30,054*	*48,880*	*40,552*	*30,630*	*20,201*	*15,955*	*91,007*
Total of Responsibly Funding our Priorities	***145,601***	***150,078***	***209,299***	***227,616***	***224,352***	***227,646***	***230,198***	***221,303***	***216,371***	***220,337***	***2,072,797***

Source: Joint Committee on Taxation, *Estimated Budgetary Effects of An Amendment in the Nature of a Substitute to the Revenue Provisions of Subtitles F, G, H, I, and J of the Budget Reconciliation Legislative Recommendations Relating to Infrastructure Financing and Community Development, Green Energy, Social Safety Net, Responsibly Funding our Priorities, and Drug Pricing, Scheduled for Markup by the Committee on Ways and Means on September 14, 2021*, JCX-42-21, September 13, 2021, at https://www.jct.gov/publications/2021/jcx-42-21/.

Notes: An (i) indicates a cost of less than $500,000. An (ii) indicates a gain of less than $500,000.

a. The Joint Committee on Taxation (JCT) revenue estimate indicates that the cost estimate for this provision will be provided by the Congressional Budget Office. The estimate is not included in JCT's estimate of the revenue effects, or any of the indicated totals.

Table 11. Estimated Budgetary Effects of Tax Provisions in Subtitle J "Drug Pricing" of the "Build Back Better Act"

Fiscal Years, Millions of Dollars

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Part I—Lowering Prices through Fair Drug Price Negotiation											
Selected Drug Manufacturer Excise Tax Imposed During Noncompliance Periods	No Revenue Effect										

Source: Joint Committee on Taxation, *Estimated Budgetary Effects of An Amendment in the Nature of a Substitute to the Revenue Provisions of Subtitles F, G, H, I, and J of the Budget Reconciliation Legislative Recommendations Relating to Infrastructure Financing and Community Development, Green Energy, Social Safety Net, Responsibly Funding our Priorities, and Drug Pricing, Scheduled for Markup by the Committee on Ways and Means on September 14, 2021*, JCX-42-21, September 13, 2021, at https://www.jct.gov/publications/2021/jcx-42-21/.

Table 12. Summary Estimated Budgetary Effects of Tax Provisions in the "Build Back Better Act," by Subtitle

Fiscal Years, Millions of Dollars

Subtitle	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Total of Infrastructure Financing and Community Development (Subtitle F)	-2,226	-5,154	-8,231	-11,266	-13,758	-15,375	-16,999	-18,320	-19,619	-20,567	-131,519
Total of Green Energy (Subtitle G)	-5,881	-11,775	-15,340	-20,410	-24,089	-26,384	-28,080	-31,399	-34,435	-37,218	-235,022
Total of Social Safety Net (Subtitle H)	-113,520	-152,446	-161,371	-167,205	-77,952	-30,911	-31,607	-32,401	-33,355	-34,194	-834,959
Total of Responsibly Funding our Priorities (Subtitle I)	145,601	150,078	209,299	227,616	224,352	227,646	230,198	221,303	216,371	220,337	2,072,797

Subtitle	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Total of Drug Pricing (Subtitle J)						No Revenue Effect					
Total for Subtitles F, G, H, I, and J	***23,974***	***-19,297***	***24,356***	***28,735***	***108,553***	***154,977***	***153,513***	***139,183***	***128,962***	***128,357***	***871,298***

Source: Joint Committee on Taxation, *Estimated Budgetary Effects of An Amendment in the Nature of a Substitute to the Revenue Provisions of Subtitles F, G, H, I, and J of the Budget Reconciliation Legislative Recommendations Relating to Infrastructure Financing and Community Development, Green Energy, Social Safety Net, Responsibly Funding our Priorities, and Drug Pricing, Scheduled for Markup by the Committee on Ways and Means on September 14, 2021, JCX-42-21*, September 13, 2021, at https://www.jct.gov/publications/2021/jcx-42-21/.

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