

Capital Insights

Perspectives on the New Administration

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Bipartisan Infrastructure Framework Announced

On Thursday, June 24, 2021, President Joseph R. Biden announced support for a \$1.2 trillion Bipartisan Infrastructure Framework (“Infrastructure Framework”), created by a bipartisan coalition of 21 senators, including eleven Republicans, nine Democrats, and one independent. The White House released a [fact sheet](#) outlining the Infrastructure Framework. The Infrastructure Framework focuses on traditional infrastructure improvements, with the largest item for roads, bridges, and other major projects. The Infrastructure Framework does not contain any of the tax increases proposed by the American Jobs Plan or American Families Plan (*see* Ropes & Gray [American Jobs Plan Alert](#) and [American Family Plan Alert](#)). The Infrastructure Framework does rely on funding achieved by increased IRS enforcement to reduce the tax gap, along with other sources of funding.

The Infrastructure Framework’s \$1.2 trillion price tag accounts for both new and baseline spending over a period of eight years. The Infrastructure Framework’s new spending is largely composed of traditional infrastructure projects, and includes investments in transportation and other infrastructure. The three largest portions of the new spending are investments in roads and bridges (\$109 billion), rail (\$66 billion), and public transit (\$49 billion). The other infrastructure includes spending on power infrastructure (\$73 billion), broadband (\$65 billion), and water (\$55 billion). The Infrastructure Framework addresses many key components of the American Jobs Plan, including reinvesting in roads, bridges, and railways; improving the electrical grid; increasing broadband access; improving water delivery; electrifying public transit systems; and building electric vehicle charging stations. The Infrastructure Framework does not address any key components of the American Families Plan.

While the Infrastructure Framework includes a breakdown of new spending by line item, it does not include such a breakdown for financing sources; rather, the Infrastructure Framework lists a series of proposed financing sources, which remain subject to negotiation by lawmakers. The Infrastructure Framework currently is proposed to be financed through a number of sources, including but not limited to closing the tax gap through increased IRS enforcement, redirecting unspent emergency relief funds, targeted corporate user fees, and the macroeconomic impact of infrastructure investment. IRS Commissioner Rettig has recently estimated the tax gap as close to \$1 trillion. Anticipated IRS enforcement include a focus on high-net-worth individuals, large corporations, and partnerships, with an IRS official announcing on June 24 a new audit initiative focusing on large partnerships. *See* Ropes & Gray podcast on [2021 IRS Enforcement Priorities](#).

President Biden, House Speaker Nancy Pelosi, and Senate Majority Leader Charles Schumer have all committed to moving the Infrastructure Framework forward in parallel with a separate, much larger, partisan budget reconciliation bill that will include other components of the American Jobs Plan and the American Families Plan. Both Pelosi and Schumer made it clear that the bills are tied to one another, with Pelosi stating that the House will not take up either the Infrastructure Framework or the reconciliation bill until the Senate has passed both. It is expected that the Senate will be working on both the Infrastructure Framework and the reconciliation bill prior to their August recess. Similarly, President Biden said he would not sign either bill unless they come to his desk in tandem, although he clarified that he fully supported the Infrastructure Framework and that his statement of support for both was not an implicit veto threat.