

# Biden goes big on infrastructure

Funded by higher taxes on large businesses

By **JOSH BOAK** and **LISA MASCARO**  
*Associated Press*

WASHINGTON — President Joe Biden wants \$2 trillion to reengineer America's infrastructure and expects the nation's corporations to pay for it.

The president was traveling to Pittsburgh on Wednesday to unveil what would be a hard-hatted transformation of the U.S. economy as grand in scale as the New Deal or Great Society programs that shaped the 20th century.

White House officials say the spending over eight years would generate millions of new jobs as the country shifts away from fossil fuels and combats the perils of climate change. It is also an effort to compete against the technology and public investments made by China, which has the world's second-largest economy and is fast gaining on the United States' dominant position.

White House press secretary Jen Psaki said the plan is "about making an investment in America — not just modernizing our roads or railways or bridges but building an infrastructure of the future."

Biden's choice of Pittsburgh for unveiling the plan carried important economic and political resonance. He not only won Pittsburgh and its surrounding county to help secure the presidency, but he launched his campaign there in 2019. The city famed for steel mills that powered America's industrial rise has steadily pivoted toward technology and health care, drawing in college graduates in a sign of how economies can change.

The Democratic president's infrastructure projects would be financed by higher corporate taxes — a trade-off that could lead to fierce resistance from the business community and thwart attempts to work with Republicans lawmakers. Biden hopes to pass an infrastructure plan by summer, which could mean relying solely on the slim Democratic majorities in the House and the Senate.

The White House says the largest chunk of the proposal includes \$621 billion for roads, bridges, public transit, electric vehicle charging stations and other transportation infrastructure. The spending would push the country away from internal combustion engines that the auto industry views as an increasingly antiquated technology.

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Senate Republican leader Mitch McConnell

An additional \$111 billion would go to replace lead water pipes and upgrade sewers. Broadband internet would blanket the country for \$100 billion. Separately, \$100 billion would upgrade the power grid to deliver clean electricity. Homes would get retrofitted, schools modernized, workers trained and hospitals renovated under the plan, which also seeks to strengthen U.S. manufacturing.

The new construction could keep the economy running hot, coming on the heels of Biden's \$1.9 trillion coronavirus relief package. Economists already estimate it could push growth above 6% this year.

Separately, Biden will propose in the coming weeks a series of soft infrastructure investments in



Matt Rourke/AP Photo

An Amtrak train departs 30th Street Station in Philadelphia on Wednesday.

child care, family tax credits and other domestic programs, another expenditure of roughly \$2 trillion to be paid for by tax hikes on wealthy individuals and families, according to people familiar with the proposal.

Funding the first \$2 trillion for construction and "hard" infrastructure projects would be a hike on corporate taxes that would raise the necessary sum over 15 years and then reduce the deficit going forward, according to a White House outline of the plan. Biden would undo a signature policy achievement of the Trump administration by lifting the corporate tax rate to 28% from the 21% rate set in a 2017 overhaul.

To keep companies from shifting profits overseas to avoid taxation, a 21% global minimum tax would be imposed. The tax code would also be updated so that companies could not merge with a foreign business and avoid taxes by moving their headquarters to a tax haven. And among other provisions, it would increase IRS audits of corporations.

Democratic lawmakers embraced Biden's plan on Wednesday. Senate Majority Leader Chuck Schumer, of New York, said it would create millions of jobs.

GOP whip, said.

Senate Republican leader Mitch McConnell dismissed Biden's package as nothing more than a "Trojan horse" for tax hikes.

"This is not going to be apparently an infrastructure package," said McConnell, who also said Biden called him about the plan on Tuesday. "It's called infrastructure. But inside the Trojan horse there's going to be more borrowed money and massive tax increases on all the productive parts of our economy."

The business community favors updating U.S. infrastructure, but it dislikes higher tax rates. U.S. Chamber of Commerce Executive Vice President and Chief Policy Officer Neil Bradley said in a statement that "we applaud the Biden administration for making infrastructure a top priority. However, we believe the proposal is dangerously misguided when it comes to how to pay for infrastructure." The Business Roundtable, a group of CEOs, would rather have infrastructure funded with user fees such as tolls.

Former President Donald Trump, in a statement, blasted his successor's proposal, claiming it "would be among the largest self-inflicted economic wounds in history."

subject of political debate. Commutes and shipping times could be shortened, while public health would be improved and construction jobs would bolster consumer spending.

Standard & Poor's chief U.S. economist, Beth Ann Bovino, estimated last year that a \$2.1 trillion boost in infrastructure spending could add as much as \$5.7 trillion in income to the entire economy over a decade. Those kinds of analyses have led liberal Democrats in Congress such as U.S. Rep. Pramila Jayapal, a Washington state Democrat, to conclude Tuesday, "The economic consensus is that infrastructure pays for itself over time."

But the Biden administration is taking a more cautious approach than some Democrats might like. After \$1.9 trillion in pandemic aid and \$4 trillion in relief last year, the administration is trying to avoid raising the debt to levels that would trigger higher interest rates and make it harder to repay.

Psaki said Tuesday that Biden believes it's "the responsible thing to do" to pay for infrastructure through taxes instead of borrowing. The White House in its outline of the plan also couched the tax hikes as a matter of fairness, noting that 91 Fortune 500 companies paid \$0 in federal corporate taxes in 2018.

Biden's efforts may also be complicated by demands from a handful of Democratic lawmakers who say they cannot support the bill unless it also addresses the \$10,000 cap on individuals' state and local tax deductions put in place under Trump and a Republican-led Congress.

With a narrow majority in the House, they could conceivably quash any bill that doesn't significantly lift the cap or repeal it entirely.

"I can only vote for a bill that has meaningful tax impact for my constituents if it addresses the SALT cap (state and local tax deduction)," tweeted U.S. Rep. Tom Malinowski, a Democrat from New Jersey.

"We say No SALT, no deal," said U.S. Rep. Tom Suozzi, of New York, and U.S. Rep. Bill Pascrell and U.S. Rep. Josh Gottheimer, of New Jersey, all Democrats, in a joint statement.

*Associated Press writers Kevin Freking and Zeke Miller contributed to this report.*

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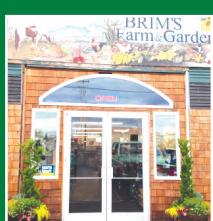
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