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capability and upgrade its technology.

Aug. 08, 2022



*By Laura Davison, Erik Wasson and Ari Natter, Bloomberg News (TNS)*

President Joe Biden and Senate Majority Leader Chuck Schumer are the biggest winners now that a huge piece of Democrats' economic agenda is hurtling toward enactment.

The tax and energy bill passed Sunday after a year and half of rocky negotiations that divided the party. It gives Democrats tangible progress on key issues to show voters

in the midterm elections this November.

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allowing a bipartisan semiconductor bill to pass.

Here's who else comes out on top and who takes a hit from the landmark bill:

## Winners

### — The wealthy

None of the billions of dollars in tax increases Democrats floated a year ago on high-earning Americans made it into the final version of the bill, including proposals to double the capital gains rate, increase taxes on inheritances and levy a surcharge on millionaires. Despite rhetoric from Democrats that they wanted the richest Americans to pay much more, there wasn't consensus within the party to pass a bill that raises levies on the 1%.

### — Private equity

Private equity fund managers were able to dodge a tax increase that Sen. Joe Manchin wanted, but fellow moderate Democrat Sen. Kyrsten Sinema insisted be taken out of the bill. Manchin had wanted to narrow a tax break known as carried interest, that allows fund managers to pay lower capital gains rates on their earnings. The private equity industry was able to gain an additional win shortly before the final passage of the bill when a handful of Democrats broke with their party to vote on a Republican amendment that created a carveout for private equity-owned companies in the corporate minimum tax.

### — Manchin, Sinema

The entire contents of the bill were essentially cherry-picked by Manchin and then tweaked to fit Sinema's preferences. The two moderates amassed huge leverage with their willingness to accept no bill at all — and attacks from progressives — rather

than a bill with provisions they opposed. The pair were also able to score some direct

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tough new battery and critical minerals sourcing requirements that could render the credits useless for years for many manufacturers. Not all manufacturers stand to benefit from the credit. New cars that cost more than \$55,000 and \$80,000 for pickups and SUVs won't qualify for the credits.

#### — Renewable energy

Solar company Sunrun Inc., energy storage and software provider Stem Inc., and hydrogen and fuel cell company Plug Power Inc. stand to benefit from generous tax credits in the bill. Nuclear reactor operators such as Southern Co., Constellation Energy Corp., Public Service Enterprise Group Inc. and Energy Harbor Corp. also could see a boon from a \$30 billion production tax credit for nuclear power providers.

#### — Oil companies

Oil and gas got a boost alongside newer energy sources. The bill, which could mandate more federal oil and gas lease sales and boosts an existing tax credit for carbon capture, won praise from companies such as Exxon Mobil Corp. and Occidental Petroleum Corp. The legislation creates a new 10-year product tax credit for hydrogen production that rises to as much as \$3 per kilogram depending on carbon intensity.

#### — Medicare, Obamacare enrollees

The final bill caps out-of-pocket costs for seniors' prescription drugs at \$2,000 a year and allows Medicare to negotiate the prices on 10 medications four years from now. The bill avoids a large January increase in Obamacare premiums for many middle income people by extending subsidies for three years.

#### — Deficit hawks

Manchin negotiated \$300 billion in deficit reduction into the bill, the first major

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## Losers

### — Republicans

The GOP was confident they had beaten back Biden's tax and climate agenda and were stunned in late July when Schumer and Manchin announced a deal. While still the favorites to gain seats in the midterm elections, passage of the bill is a major setback for the GOP's policy aims. It does, however, give them a new issue to campaign on in the fall campaigns.

### — Pharmaceutical companies

The bill allows Medicare for the first time to negotiate with pharmaceutical companies on drug prices, a change that Congress has been discussing for decades with limited success, in part because of the drug lobby's power. The pharmaceutical industry was able to score a partial victory after the Senate parliamentarian blocked a portion of the bill that would have capped price increases for drugs in the commercial market. Drug-makers will likely offset some of their reduced revenue from Medicare negotiations with higher prices for patients with private insurance.

### — Tech companies

Technology companies are set to bear the brunt of the two major tax increases in the proposal — a 15% minimum tax on financial statement profits and a new levy on stock buybacks. Corporations like Alphabet Inc.'s Google and Meta Inc.'s Facebook have both been able to deftly use the tax code to cut down on the taxes they owe, while still being profitable. The minimum tax is designed to increase levies on companies that report large profits to shareholders, but can claim many deductions and credits to cut their IRS bills.

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Sen. Bernie Sanders, envisioned at the start of Biden's presidency. The bill excludes all proposals for new social programs, including child care, tuition-free college, housing spending and an expanded-child monthly child tax credit.

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