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*By Erik Wasson, Bloomberg News (TNS)*

House Democrats delivered the final votes needed to send President Joe Biden a slimmed-down version of his tax, climate and drug price agenda, overcoming a year of infighting and giving themselves a cornerstone achievement to campaign on for the November congressional election.

The legislation passed the House Friday on a party line 220-207 vote. Biden [tweeted](#) that he would sign it next week.

The bill passed the Senate on a 51 to 50 vote on Sunday with Vice President Kamala Harris breaking the tie, and Speaker Nancy Pelosi could not afford more than a few

defections with the slim Democratic majority in the House. Given the high stakes,

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drought relief while raising about \$740 billion in revenue over ten years. The non-partisan Congressional Budget Office estimated an earlier version of the bill cuts deficits over ten years by \$102 billion, a figure that rises to \$300 billion when revenue from expanded tax audits is factored in.

Whether the bill helps Democrats retain their House majority remains to be seen. The party hopes its core voters are mobilized by the largest climate change bill in US history while seniors cheer the coming of lower drug costs.

"I've been prepared to win the midterms all along. It depends on getting out the vote. This probably could be helpful. I don't know," House Speaker Nancy Pelosi said this week. "But I do know it will be helpful to America's working families and that's our purpose."

Independent studies project the bill would have a limited impact on inflation despite the name Democrats gave it. A new Penn Wharton study of the bill found that it would reduce inflation by 0.1 percentage points after five years and have no impact after 2028. In the near term, effects would have upward pressure on inflation but be "too small" to be measured by the government.

For middle-class Obamacare enrollees and seniors with expensive prescription drugs the effect will be most immediate.

Republicans argue that imposing new taxes on business could worsen a looming recession likely to be provoked by the Federal Reserve raising interest rates to fight inflation. GOP lawmakers, who blame historic inflation on last year's stimulus bill, argue the bill's tax credits for pricey electric vehicles are a giveaway to the upper-middle class while the drug provision stifles innovation in the pharmaceutical industry.

“Democrats are desperate for any win, even one that slows the economy and crushes

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Medicaid, boost child tax credits and childcare subsidies and provide paid family leave. On Friday Ways and Means Chairman Richard Neal said Democrats will also look to raise the corporate tax rate and top individual tax rate paid by the wealthy next year.

Key effects on business in the bill that passed the House include:

- A 15% minimum tax on corporations with over \$1 billion in revenue, with exceptions made for accelerated depreciation and for subsidiaries of private equity starting in 2023. Raises \$222 billion.
- A 1% excise tax on stock buybacks, effective Jan. 1, to raise \$74 billion.
- An \$80 billion boost to the Internal Revenue Service budget to hire more agents, upgrade technology in order to boost revenue collection
- An extension of loan loss limitation tax breaks from the Trump tax package
- New Superfund taxes on oil companies
- Drug prices negotiated by Medicare for the first time, with tax penalty imposed on drug companies failing to abide by new price. Price negotiations begin in 2026 with 10 high priced drugs. Penalties imposed for price increases in sales to Medicare.
- A \$2,000 per year cap on out-of-pocket costs for seniors enrolled in a Medicare drug plan
- Approximately \$374 billion in energy and climate-related provisions including tax incentives for green energy projects, a \$7,500 tax credit for purchasing new electric vehicles and \$4,000 credit for used EVs. Limits imposed on supply chain sourcing for EVs that qualify
- A three-year extension of subsidies for Obamacare premiums, preventing expiration of subsidies in 2023.

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