



TTAA Legislative Update

April 5, 2021



White House Releases Infrastructure Proposal: The American Jobs Plan

President Biden released the first phase of his “Build Back Better” proposal, the “American Jobs Plan,” focusing on the infrastructure components of the White House’s recovery efforts as well as addressing climate change, environmental justice and job creation.

The package includes \$2.3 trillion in spending over eight years with a \$621 billion investment in transportation and the resiliency of our infrastructure. Specifically, the proposal provides \$115 billion for bridge, highway, and road investments. This is intended to be in addition to a surface transportation bill. Currently there have been no details provided on the federal share of project costs.

The Administration is also releasing a “Made in America Tax Plan” to tax corporations and “high” income individuals. The proposal includes an increase in the corporate tax rate to 28% and measures designed to prevent offshoring of profits to fund the infrastructure spending, according to the White House. Republicans reduced the corporate tax rate to 21% from 35% as part of their 2017 tax law.

Proposal Highlights:

- Invests \$621 billion into transportation infrastructure such as bridges, roads, public transit, ports, airports and electric vehicle development;
- Directs \$400 billion to care for elderly and disabled Americans;
- Injects more than \$300 billion into improving drinking-water infrastructure, expanding broadband access and upgrading electric grids;
- Allocates more than \$300 billion into building and retrofitting affordable housing, along with constructing and upgrading schools;
- Invests \$580 billion in American manufacturing, research and development and job training efforts

Transportation Highlights:

\$621 billion for transportation;

- \$115 billion for bridges, highways, and roads;
- \$20 billion for roadway safety;

- \$85 billion for transit;
- \$80 billion for Amtrak;
- \$174 billion – point of sale rebates and tax incentives for EV consumers and incentive programs and grants for state and local governments as well as private sector funding to build a network of chargers;
- \$25 billion in airport improvements;
- \$17 billion for land ports and inland waterways;
- \$20 billion for a new equity program (addressing discrimination in transportation construction both historically and into the future);
- \$25 billion for a dedicated fund to support ambitious projects that have tangible benefits to the regional or national economy but are too large or complex for existing funding programs;
- \$50 billion for infrastructure resilience

Biden’s “Build Back Better” proposal is expected to be broken out into two parts. The first package focuses on traditional infrastructure projects. The second will address social/domestic issues such as universal pre-k, national childcare and free college tuition and is expected to be released in a few weeks.

Small business is watching closely as the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure continue to move forward with their transportation reauthorization efforts. It is unknown how events will unfold at this time. The corporate tax increase will be very problematic for Republicans. There is a push for a bipartisan approach in hopes of avoiding a partisan reconciliation process.

Additionally, educating members of Congress on the value of preserving the 80/20 split for highways and transit of contract authority from the Highway Trust Fund as part of the highway bill reauthorization is of utmost importance right now. The additional funding in the proposal offered by the White House today should be predominately invested in highways and bridges due to the massive backlog of infrastructure needs in this area. Everyone has seen the importance of highways throughout the pandemic and Congress cannot allow highway investment to become an afterthought.

Click here to view a fact sheet from the White House on the “American Jobs Plan”: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>



Myth vs. Fact: \$15 Minimum Wage

Myth: Increasing the national minimum wage to \$15 will directly benefit working class Americans by providing them with a “living wage.”

FACT: More than doubling the national minimum wage to \$15 an hour would cause the most harm to the very people liberal activists claim it would benefit. The nonpartisan Congressional Budget Office (CBO) estimated in 2021 that raising the national minimum wage to \$15 would likely reduce employment by 1.4 million jobs, and possibly eliminate up to 2.7 million jobs. Entry-level and lesser-skilled workers would bear the brunt of this misguided policy.

Myth: Raising the national minimum wage to \$15 per hour will benefit families.

FACT: A \$15 national minimum wage would result in higher prices for goods and services, negatively impacting families across the country. For example, a recent study by the Heritage Foundation found that a \$15 minimum wage will increase the cost of child care by 21 percent on average, costing a family with two children an additional \$3,728 annually.

Myth: A large segment of the American workforce is paid at or below minimum wage and working families can't make ends meet.

FACT: According to the Bureau of Labor Statistics, only 1.9 percent of hourly workers are currently paid at or below the minimum wage. Of that 1.9 percent, 40 percent are below the age of 25. These are individuals at the start of their careers or filling part-time or summer jobs. Raising the minimum wage to \$15 an hour risks eliminating these types of jobs.

Myth: Raising the national minimum wage to \$15 an hour will be good for all Americans and will increase economic productivity across the nation.

FACT: A National Federation for Independent Business study found that raising the national minimum wage to \$15 an hour would reduce U.S. private sector employment by 1.6 million jobs and result in a cumulative reduction in U.S. real output of more than \$2 trillion.

Myth: Business owners aren't paying their employees more because they are greedy and keeping profits for themselves.

FACT: Increasing the current national minimum wage by more than 100 percent would have catastrophic economic consequences on businesses, especially small and local establishments, who are already struggling amid the COVID-19 pandemic. This unprecedented, one-size-fits all mandate would force many job creators to reduce workers' hours, accelerate workplace automation, let employees go, or close their businesses for good.

Myth: Raising the national minimum wage to \$15 an hour will reduce net poverty and improve living conditions for all Americans.

FACT: More than doubling the national minimum wage would obligate the government to choose winners and losers by increasing wages for some and causing job losses for many others. Lesser-skilled workers in entry-level jobs, Americans without a GED, and tipped employees would bear the brunt of job losses caused by the extreme mandate. According to CBO, a \$15 minimum wage would eliminate 500,000 more jobs than the number of individuals lifted out of poverty. Instead of reducing poverty, a \$15 national minimum wage would redistribute poverty.

Myth: Tipped workers favor eliminating the tip credit system and want to be paid an hourly wage instead.

FACT: The tip credit system allows tipped employees to earn significantly more than the minimum wage in take-home pay. According to the National Restaurant Association, tipped hospitality workers generally earn between \$19-\$25 per hour.

Myth: Raising the national minimum wage by more than 100 percent will help the U.S. economy recover from the COVID-19 pandemic.

FACT: A \$15 national minimum wage would wreak further havoc at a time when individuals are struggling to find employment opportunities and many businesses are facing dire economic conditions. The National Restaurant Association's 2021 State of the Industry report found that the industry finished 2020 at 2.5 million jobs below the pre-coronavirus level. Additionally, 62 percent of fine dining operators and 54 percent of family dining and casual dining operators reported staffing levels more than 20 percent below normal. As of December 2020, 110,000 eating and drinking establishments were closed for business temporarily and, in many cases, for good.

Myth: If Bernie Sanders likes this idea, young Americans will love it.

FACT: They won't. Eighty-four percent of economists agree that raising the national minimum wage to \$15 would have a negative impact on youth employment. Forty percent of workers paid at or below minimum wage are under the age of 25. These are individuals at the start of their careers or filling part-time or summer jobs. Raising the national minimum wage to \$15 will eliminate key job opportunities for those at the start of their career.

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