



H.R. 5376, Build Back Better Act: Budgetary Effects

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<https://budgetmodel.wharton.upenn.edu/estimates/2021/11/9/house-build-back-better-budget>

Summary: Last week, the House Committee on Rules issued updated reconciliation legislation as H.R. 5376, Build Back Better Act (available here*). PWBM estimates that the proposal would cost \$2.1 trillion, offset by \$1.8 trillion in new revenues and other savings.

In order to provide additional context as part of the current reconciliation debate, PWBM has also estimated an illustrative scenario where all spending and revenue provisions in the Build Back Better Framework are permanent. These estimates are neither PWBM's estimate of any current legislation nor PWBM's estimates of the Build Back Better Framework released by the House of Representatives. PWBM estimates that making all provisions of the proposal permanent would cost an additional \$2.5 trillion.

[*https://rules.house.gov/bill/117/hr-5376](https://rules.house.gov/bill/117/hr-5376)

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Table 1. Expenditures and major tax credits

Increase (+) or decrease (-) in deficit

Provision	Budget effect, FY2022-2031	
	Proposal	Illustrative: Additional budget cost if permanent
Child care and pre-school	400	394
Paid family leave	195	-
Home care	150	-
Child & earned income tax credits	200	1,763
<i>CTC</i>	188	1,650
<i>EITC</i>	12	113
Clean energy and climate investments	555	-
<i>Clean energy tax credits</i>	320	-
<i>Resiliency Investments</i>	105	-
<i>Clean energy Investments</i>	110	-
<i>Clean energy procurement</i>	20	-
ACA subsidies including Medicaid expansion gap	136	250
Medicare hearing benefits	89	-
Housing	150	-
Higher education and workforce development	60	-
Equity and other investments	90	-
Modification to the state and local tax deduction	-65	60
Immigration reform	124	-
Total	2,084	2,467

Source: Penn Wharton Budget Model

Corrected total sums on November 11, 2021.

Updated Child care and pre-school on November 15, 2021.



Table 2. Offsets and tax reforms

Increase (+) or decrease (-) in deficit

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Budget window
Minimum tax on corporations' book income	-7	-20	-23	-25	-27	-28	-30	-32	-35	-38	-264
Tax on share repurchases	-4	-5	-5	-5	-5	-5	-5	-6	-6	-6	-51
Modifications to international taxes	0	-31	-35	-39	-27	-27	-29	-31	-31	-32	-282
Delay of R&E expenditure amortization	0	11	16	17	14	-9	-16	-13	-8	-3	11
Other business tax provisions	-5	-11	-11	-10	-9	-9	-10	-10	-10	-11	-96
Extension of excess noncorporate losses limitation	0	0	0	0	0	-27	-35	-36	-38	-40	-175
AGI surcharge on high-income households	-18	-25	-26	-28	-27	-26	-26	-28	-30	-32	-267
NIIT base harmonization	-16	-22	-24	-26	-21	-21	-23	-23	-24	-26	-226
Modifications to retirement plan taxes	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-9
Other tax provisions	0	1	1	1	0	-1	-1	-1	-1	-1	-2
Expand nicotine taxes	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-10
IRS funding 1/	1	1	-3	-10	-17	-26	-32	-34	-35	-35	-190
Prescription drug price reforms	-1	-2	-2	-10	-29	-35	-39	-41	-43	-46	-250
Total	-50	-104	-115	-137	-151	-215	-247	-257	-262	-270	-1,810

Source: Penn Wharton Budget Model

1/ Budget estimate is net of proposed outlays.