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WITH MAX COHEN AND CHRISTIAN HALL



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THE TOP

Happy Tuesday morning. When Congress comes in on a Monday, Tuesday is always extraordinarily busy. So we want to tell you what we're watching, who we're watching and what we're watching for today.

The outlook:

→ **Democratic leaders** are racing this week to wrap up a bicameral agreement on their reconciliation framework, followed by a quick vote on the \$1 trillion bipartisan infrastructure bill, perhaps as early as Wednesday. While Speaker **Nancy Pelosi** and other some senior Democrats are still talking about getting a vote on the full Democratic reconciliation package this week, the chances of that actually happening are practically nil at this point.

→ **Pelosi and other Democratic leaders** hope they can release a reconciliation framework to give themselves the political space needed to pass the bipartisan infrastructure bill before President **Joe Biden** leaves for Europe. Biden is scheduled to participate in G20 and climate meetings in Rome and Glasgow starting on Thursday. The president was hoping to tout the climate provisions of the reconciliation package during his trip. However, White House officials hope he'll be able to use the

infrastructure bill to highlight investments made in clean transit, electric vehicles and other climate-friendly provisions.

→ **The Senate Finance Committee** and its chair, Sen. **Ron Wyden** (D-Ore.), are rushing to finish the “Billionaire Income Tax” proposal. This is something Wyden has been working on for two years, but we’ve not seen a shred of text up until this point.

→ **Negotiators on the multi-trillion** dollar social spending package are trying to come to agreement on the topline number, climate provisions, paid family leave, Medicare expansion, closing the Medicaid gap and prescription drug pricing, among other issues. In other words, the Democrats don’t have consensus on some of the key parts of their social spending package.

→ **At the same time**, Sen. **Dick Durbin** (D-Ill.) said he is still pushing for immigration provisions to be included in the reconciliation package. He’s advocating for the so-called “parole” option, which would give undocumented immigrants government benefits, allow them to work legally and require them to pay taxes. It’s far short of a pathway to citizenship. And we also don’t know if this will survive the Senate’s Byrd Rule.

The hurdles:

→ **On taxes:** Crafting a billionaire tax is complex, to put it mildly. If you want to understand the complexities, we suggest you read [Rich Rubin’s story](#) in the Wall Street Journal. Or [this Neil Irwin report](#) in the New York Times. Basically, Congress is trying to find a way to tax billionaires without raising rates. But billionaires are really good at coming up with ways to avoid taxes. Furthermore, opponents say this isn’t a true income tax since it’s taxing gains and not income.

House Ways and Means Committee Chair Richie Neal (D-Mass.) is cool to this Senate construct. Neil said he doesn’t know whether targeting billionaires is a reliable source of income for the federal government. Neil noted his tax-writing committee studied a similar proposal when assembling its portion of the reconciliation package and rejected it. The Massachusetts Democrat also said legal experts questioned the tax’s susceptibility to court challenges because it’s not a traditional income tax.

In a sign of just how much Neal dislikes the billionaire tax, he's still pushing for his tax construct, which hikes marginal and corporate tax rates. Sen. **Kyrsten Sinema** (D-Ariz.) has rejected that, which has forced Wyden's hand.

Here's Neal:

"The point that I make on [the House Democratic] tax plan, which I've said repeatedly, it's efficient, rates published and advertised and adhered to. Everybody knows what the plan is going forward ... [O]ur plan looks better every day."

→ **Sinema and Sen. Joe Manchin** (D-W.Va.) have yet to sign off on the revenue or spending sides of reconciliation. We noted Sinema's position on taxes. Manchin, meanwhile, is still sticking to a \$1.5 trillion total, and he's balking at Medicare expansion and paid family leave. In addition to Biden and Senate Majority Leader **Chuck Schumer**, other Senate Democrats are pushing hard to finally close out the pair's concerns.

"I've just reinforced to my colleagues that next week is a critical week for President Biden and our leadership on the world stage as a country," Sen. **Chris Coons** (D-Del.) said. "To have him go to the G20 and [the U.N. climate conference] and say, 'Well, we're still working out the details,' and then work out the details a week later would be an enormous missed opportunity."

→ **On House progressives accepting a framework agreement:** One of the keys to success for Biden is House progressives accepting a simplified framework agreement on reconciliation and then turning around and voting for the bipartisan infrastructure bill. The deadline for that infrastructure vote is Oct. 31. As of now, progressives don't seem like they'll do that. Rep. **Pramila Jayapal** (D-Wash.), the leader of the Congressional Progressive Caucus, seems like she's in no rush, that's for sure.

Jayapal said she's sticking to her position -- she'll only support the infrastructure bill if it's voted on simultaneously with a reconciliation package. That could take weeks to happen.

Here's Jayapal:

"As Sen. Manchin said, you don't really know everything that's in here until the text [of the reconciliation package] is drafted. And my understanding is that we're pretty close

on the text, so let's just get it right, let's get it done. Hopefully we can do it within a week at the most. We've been ready, but obviously there's two senators we have to get full agreement from. ... We're really close, and I think if we can just take another week and finalize all these details and get the language done and vote [on] both the bills. I think we'll be in good shape."

Rep. Jared Huffman (D-Calif.), another progressive who's very concerned about climate change, said this: "I'm hearing the same rumors that [the leadership is] going to dust off the same vote that we decided not to take a few weeks ago. Nothing has changed. So I'd be shocked if the political calculus was different now. Specifically, the vote count."

Huffman added: "If they do have a framework, if there's been a breakthrough, if it's something we can actually count on, they should bring it forward and we should see the details."

What would happen if Biden said, "Just trust me": "I don't think the president would do that idly. So if he absolutely put his word and his credibility and his personal guarantee on the line, we'd have to think very seriously about that. But he would only do that if he was absolutely certain he could deliver. And we're not there yet."

The counterarguments:

Allies of the leadership are increasingly making the argument that holding out for the perfect bill would be a waste of a priceless opportunity for Democrats.

→ **Rep. Rosa DeLauro** (D-Conn.): "I've waited a lot of years to see the kinds of investments that we are making in families and in children. And this is the first time in decades -- and you know I've been here for 30 years -- so I'm watching things that make a difference in people's lives happening, and it may not be everything that everyone wanted or that I wanted."

→ **Rep. Jim McGovern** (D-Mass.): "What we need to understand is what we're doing is transformational, and it's important, and it is a big deal. Both the physical infrastructure and the human infrastructure bill are going to make a real difference for this country. We gotta figure out a way to get them both done. Hopefully we get to a framework this week that everybody feels comfortable with and they can vote for the first bill."

What to watch for:

→ **The main event this morning** is a House Democratic Caucus meeting. The scheduled topic is an income inequality discussion led by Connecticut Rep. **Jim Himes**. But we expect Pelosi to address the caucus about the week ahead. We'll be watching for what she says on the reconciliation package. We imagine she'll begin selling it as historic and unprecedented, which is what her message was during a leadership meeting on Monday night.

→ **Senate Democrats** and Republicans will hold their party lunches this afternoon at 1 p.m. They'll emerge at 2 p.m. to talk to cameras.

How this week can end up:

→ **Option 1:** There's a topline deal on BBB sometime today or tomorrow. Biden would then come to Capitol Hill to try to sell the deal and ask for all House Democrats to vote for the bipartisan infrastructure bill. This would be a high-stakes moment for Biden and House Democrats, since it's clear that a deal on reconciliation isn't that close.

→ **Option 2:** Somehow, in a miracle of miracles, they get a BBB deal today or tomorrow and text by Friday. The House stays in session and votes on that legislation over the weekend, followed by passage of the bipartisan infrastructure bill shortly afterward. It's nearly impossible to us that this will happen, but since Pelosi and House Majority Leader **Steny Hoyer** haven't formally thrown in the towel yet, we'll mention it.

→ **Option 3:** No BBB deal, no infrastructure vote. Democratic leaders push everything back a week or two.

The Coverage:

→ **NYT's Emily Cochrane:** "Biden and Democrats Push for Budget Deal This Week as Rifts Remain"

→ **NYT's Coral Davenport:** "Manchin pushes for more climate cuts from the budget bill."

→ **WaPo's Sean Sullivan and Marianna Sotomayor:** "Democrats quietly scramble to include immigration provision in social spending bill"

→ [WSJ's Andrew Duehren and Kristina Peterson](#): "Democrats Negotiate Tax, Healthcare Provisions as Biden Seeks Deal This Week"

→ [Politico's Heather Caygle, Burgess Everett and Sarah Ferris](#): "Liberals grit teeth as their priorities fall by wayside"