

April 7, 2021

# President Biden Sets Out Ambitious American Jobs Plan with Significant Climate-Related Proposals

On March 31, 2021, just weeks after the \$1.9 trillion American Relief Plan was signed into law, President Biden set out his administration's ambitious approximately \$2.25 trillion American Jobs Plan (the "Jobs Plan"). Further details of the plan are set out in a fact sheet (the "Fact Sheet") (available [here](#)) released by the White House. Details of the Jobs Plan, which contemplates investments over an eight-year period, were accompanied by details of a separate Made in America Tax Plan, which contemplates raising over \$2 trillion over the next 15 years to fund the Jobs Plan. These two plans are expected to be followed later this month by an announcement of a separate package of "social infrastructure" improvement programs to be known as the American Families Plan.

The Jobs Plan is positioned as an investment in America that will create jobs, rebuild the country's infrastructure, address the climate crisis and better position the country to compete with China. The Fact Sheet likens the effort to investments made under President Eisenhower to build the interstate highway system and President Kennedy's Moon Shot program, but unlike these earlier programs, the Jobs Plan prioritizes addressing racial injustice by targeting 40% of the benefits of climate and clean infrastructure investments to disadvantaged communities. The Jobs Plan also envisions investments in rural communities and communities impacted by the market-based transition to clean energy.

In brief, the Jobs Plan contemplates the following:

- ▶ \$300 billion to revitalize and retool the manufacturing base and small businesses;
- ▶ \$213 billion to build, rehabilitate and retrofit affordable, accessible, energy-efficient and resilient housing;
- ▶ \$180 billion for research and development, which is intended to advance leadership in critical technologies and upgrade the research infrastructure as well as establish the country as a leader in clean energy technology and clean energy jobs;
- ▶ \$174 billion to expand the U.S. market share of plug-in electric vehicles ("EVs") (including through rebates and tax incentives to purchase electric cars; grant and incentive programs to build a national network of 500,000 EV chargers by 2030; programs to transition transit and school buses to electric power and to electrify the federal fleet);
- ▶ \$115 billion to modernize highways, roads and main streets, reconstruct or repair bridges, replace buses and rail cars, and upgrade airports and transit and rail systems;

© 2021 Paul, Weiss, Rifkind, Wharton & Garrison LLP. In some jurisdictions, this publication may be considered attorney advertising. Past representations are no guarantee of future outcomes.

- ▶ \$111 billion for water infrastructure, including \$45 billion to fund the removal of lead pipes and service lines in drinking water systems;
- ▶ \$100 billion to expand high-speed broadband, including for rural communities and on tribal lands, and reduce the cost of service to promote widespread adoption;
- ▶ \$100 billion to upgrade and build new, public schools (\$50 billion in direct grants and \$50 billion through the issuance of bonds), as well as \$12 billion for community college physical and technological infrastructure needs and \$25 billion to upgrade child-care facilities and increase the supply of child care, through a Child Care Growth and Innovation Fund;
- ▶ \$100 billion in workforce development targeted at underserved groups;
- ▶ \$100 billion to improve the country's power infrastructure and shift to clean energy, including a \$10 billion investment to create a Civilian Climate Corps;
- ▶ \$85 billion to improve mass transit;
- ▶ \$80 billion for passenger and freight rail;
- ▶ \$50 billion for making the country's infrastructure more disaster resilient, to prevent, reduce and withstand the impacts of climate change;
- ▶ \$42 billion to improve airports (\$25 billion) and inland waterways, costal ports, land ports of entry and ferries (\$17 billion);
- ▶ \$20 billion to reconnect urban neighborhoods; and
- ▶ \$20 billion to improve road safety.

The details set out in the Fact Sheet that expand on the foregoing elements of the Jobs Plan reflect a three-pronged effort to rebuild a new economy based on investments to create jobs, rebuild the country's infrastructure and address climate change, including strengthening the country's resilience to climate change. In many cases, the elements are inter-connected. Below, we highlight the climate elements of the President's proposals.

## Climate Elements

During the 2020 presidential campaign, then-candidate Joe Biden set out climate and clean energy goals in the "Biden Plan for a Clean Energy Revolution and Environmental Justice" and the "Biden-Sander Unity Task Force Recommendations: Combatting the Climate Crisis and Pursing Environmental Justice." These both inform the climate elements of the Jobs Plan.

### Power infrastructure

To modernize the country's power infrastructure and achieve 100% carbon-free electricity by 2035, President Biden calls for investment of \$100 billion to build a more resilient electric transmission system, encourage job-modernizing power generation and deliver clean electricity. The Jobs Plan contemplates a targeted investment tax credit that incentivizes the buildout of at least 20 gigawatts of high-voltage capacity power lines and a new Grid Development Authority at the Department of Energy to better leverage existing rights-of-way and encourage financing of additional high priority, high voltage transmission lines.

The Jobs Plan contemplates a ten-year extension and phase down of an expanded direct-pay indirect tax credit and production tax credit for clean energy generation and storage. The Jobs Plan would also support state, local and tribal governments seeking to modernize the power sector through initiatives such as clean energy block grants, and it

would use federal government purchasing power to encourage clean energy development through clean power purchases for federal buildings.

The Jobs Plan also contemplates, in the context of modernizing power generation and delivering clean electricity, the creation of an Energy Efficiency and Clean Electricity Standard (EECES), which the Fact Sheet describes as being aimed at “cutting electricity bills and electricity pollution, increasing competition in the market, incentivizing more efficient use of existing infrastructure, and continuing to leverage the carbon pollution-free energy provided by existing sources like nuclear and hydropower.” The EECES would be expected to favor wind and solar, as well as nuclear and hydropower.

The Jobs Plan contemplates funding jobs to plug oil and gas wells, restoration and reclamation of abandoned coal, hardrock and uranium mines, and remediation and redevelopment of Brownfield and Superfund sites. President Biden hopes to pair investment in 15 decarbonized hydrogen demonstration projects in distressed communities with a new production tax credit, to encourage capital-project retrofits and installations that bolster and decarbonize American industry. The Jobs Plan would establish 10 pioneer facilities that demonstrate carbon capture retrofits for large steel, cement and chemical production facilities, and would support large-scale sequestration efforts. To accelerate carbon capture deployment and permanent storage, the Jobs Plan would reform and expand the Internal Revenue Code (“IRC”) Section 45Q tax credit, making it direct pay and easier to use for hard-to-decarbonize industrial applications, direct air capture and retrofits of existing power plants.

A \$10 billion investment would be made to launch a Civilian Climate Corps.

### **Resilience of America’s infrastructure**

The Jobs Plan calls for investments in infrastructure and public services, with focus on vulnerable communities, to make them more resilient to the potential effects of climate change. The support to communities most financially and physically affected by such effects would include programs such as FEMA’s Building Resilient Infrastructure and Communities program, HUD’s Community Development Block Grant program, new initiatives at the Department of Transportation, a tax credit to provide incentives to low- and middle-income families and to small businesses to invest in disaster resilience.

The Jobs Plan also calls for investments in protection from extreme wildfires, coastal resilience to sea-level rise and hurricanes, support for agricultural resources management and climate-smart technologies, and the protection and restoration of major land and water resources such as the Florida Everglades and the Great Lakes. The Jobs Plan would also provide funding for the western drought crisis by investing in water efficiency and recycling programs, Tribal Water Settlements and dam safety.

### **Transportation infrastructure and public services**

The Jobs Plan contemplates an investment of \$621 billion in transportation infrastructure and resilience. While a significant portion of the investments would be targeted at repairing roads and bridges, modernizing public transit, improving passenger and freight rail services, improving ports, waterways and airports and reconnecting urban neighborhoods, there are climate-related benefits embedded in many of these programs.

The Jobs Plan calls for a \$174 billion investment to develop the EV market through development of domestic supply chains, retooling of factories and support for workers to make batteries and EVs. It would include point-of-sale rebates and tax incentives for purchases of American-made EVs as well as funding to replace 50,000 diesel transit vehicles and

electrify at least 20% of the yellow school bus fleet. Federal procurement would be reoriented to electrify the federal fleet, including vehicles operated by the postal service. The Jobs Plan would also establish grant and incentive programs for state and local governments and the private sector to build a national network of 500,000 EV chargers by 2030.

### **Housing, schools, veteran hospitals and federal buildings**

The Jobs Plan calls for investments in modernizing buildings, and in particular public schools and community colleges, in order to make them more resilient and energy-efficient by reducing their GHG emissions and improving their green spaces and clean air output. The Job Plan would fund improvements in upgrades to Veterans Affairs hospitals and federal buildings to increase their resilience and efficiency, including through a Federal Capital Revolving Fund that would aid with purchase, construction or renovation of such facilities and through purchases of low carbon materials for construction and clean power for these newly constructed buildings.

### **Research & development**

The Jobs Plan contemplates funding for climate research, including investment of \$35 billion to address climate issues and position America as the global leader in clean energy technology and clean energy jobs. This would include launching the Advanced Research Projects Agency-Climate (ARPA-C) to develop new methods for reducing emissions and building climate resilience. Climate R&D priorities would include utility-scale energy storage, carbon capture and storage, hydrogen, advanced nuclear, rare earth element separations, floating offshore wind, biofuel/bioproducts, quantum computing and EVs. In February, President Biden created a Climate Innovation Working Group as part of the National Climate Task Force to advance his commitment to launch ARPA-C (see White House press release, available [here](#)).

### **Manufacturing**

To meet the President's goals of achieving net-zero emissions by 2050, far more EVs, charging ports and electric heat pumps for residential heating and commercial buildings will be needed. The Jobs Plan contemplates a \$46 billion investment in federal buying power to spur the manufacture of cars, ports, pumps and clean materials, as well as technologies such as advanced nuclear reactors and fuel. The Jobs Plan also calls for support for modernizing supply chains, including in the auto sector, such as extending the IRC Section 48C tax credit program, and for the creation of a financing program that would support debt and equity investments for manufacturing to strengthen the resilience of supply chains.

### **Next Steps**

President Biden is now positioning the United States not only to follow the lead of the European Union in dedicating significant portions of post-pandemic budgets to achieve climate-related outcomes, but to overtake the European Union in that effort. Most elements of the Jobs Plan have clean energy and climate-related objectives. The President's proposals are ambitious, and attention will now turn to Congress where their fate, together with that of other climate legislation, will be determined.

We will continue to monitor developments relating to the Jobs Plan, as well as the Made in America Tax Plan and the American Families Plan, and will report separately on additional details of these proposals.

\* \* \*

This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

Mark S. Bergman  
+44-20-7367-1601  
[mbergman@paulweiss.com](mailto:mbergman@paulweiss.com)

Victoria S. Forrester  
+1-212-373-3595  
[vforrester@paulweiss.com](mailto:vforrester@paulweiss.com)

David G. Curran  
Chief Sustainability/ESG Officer  
+1-212-373-2558  
[dcurran@paulweiss.com](mailto:dcurran@paulweiss.com)

*Securities Practice Management Attorney Monika G. Kisłowska, Practice Management Consultant Jane Danek and ESG Associate Sofía D. Martos contributed to this Client Memorandum.*