

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/biden-to-propose-1-8-trillion-plan-aimed-at-families-tax-hikes-for-wealthiest-americans-11619600400>

## POLITICS

# Biden to Propose \$1.8 Trillion Plan Aimed at Families, Tax Hikes for Wealthiest Americans

In speech to Congress, president will call for a universal preschool program, two years of tuition-free community college



President Biden, here at the White House last week, has attended numerous presidential addresses to Congress, but Wednesday's will be his first as president.

PHOTO: ANDREW HARNIK/ASSOCIATED PRESS

By [Catherine Lucey](#) and [Richard Rubin](#)

Updated April 28, 2021 8:48 am ET

**Listen to this article**

9 minutes

WASHINGTON— President Biden plans to lay out a \$1.8 trillion proposal that includes new spending on child care, education and paid leave and extensions of some tax breaks, using a prime-time address Wednesday to pitch a package he says will benefit the U.S. economy and workers.

Speaking to a joint session of Congress just before his 100th day in office, Mr. Biden will detail his American Families Plan, which he would largely pay for by raising taxes on the wealthiest Americans. A senior administration official said the president's goal is "to build a stronger economy that doesn't leave anyone behind."

A prime-time address to Congress presents an opportunity to connect to a massive audience. Mr. Biden has attended numerous such addresses, both as a U.S. senator and vice president, but this is his first as president. He will speak to a scaled-down crowd due to pandemic health restrictions, at a Capitol still under heavy security following the [deadly storming of the building](#) on Jan. 6.

Aides said Mr. Biden wants to note his achievements—including [\\$1,400 payments](#) to millions of Americans and more than 200 million Covid-19 shots administered since he took office—but also stress the legislative work to come. The proposal he plans to unveil Wednesday follows a \$1.9 trillion Covid-19 relief law and comes as he is also promoting a [\\$2.3 trillion infrastructure package](#) that includes new spending on bridges, roads and broadband internet.

Mr. Biden's new plan will likely draw criticism from Republicans, who have largely united against his policies and said he has proposed far too much federal

---

**SHARE YOUR THOUGHTS**

---

*How would you grade President Biden's first 100 days in office? What did he get right? What should he have approached differently? Join the conversation below.*

---

spending. They also object to his tax plans, which include raising rates for companies and the wealthiest Americans.

White House officials said the newest proposal seeks to improve educational outcomes, as well as address child-care

needs they see as barriers for women in the workforce, particularly during the coronavirus pandemic. Men's labor-force participation also fell to record lows last spring, but women as a group have had more difficulty rebounding, in many cases because of the pressures of child care and remote schooling.

The White House said the proposal includes \$1 trillion in new spending over 10 years and \$800 billion in tax cuts, largely extensions of breaks created or expanded in this year's Covid-19 relief law. Mr. Biden will call for a universal preschool program for 3- and 4-year-olds and two years of tuition-free community college for all Americans, including the young immigrants known as Dreamers, who were brought to the U.S. as children and have lived in the country illegally. Those programs would be available to Americans at all income levels, officials said, and would be funded in partnership with states.

Mr. Biden's proposal would provide money to make child care more affordable for low- and middle-income families and boost federal funding to child-care providers. And it would establish a national paid-leave program for those needing time to care for a child or loved one or to recover from illness, among other reasons. That would provide 12 weeks of leave by the 10th year of the program,

and workers would receive up to \$4,000 a month, with a minimum of two-thirds of wages replaced.

“This past year has really underscored the importance of paid leave for families for economic security,” said Heather Boushey, a member of the White House Council of Economic Advisers. “You’ve seen what’s happened to people that don’t have access to leave, what that does for their job security and their families, both health and financial security.”

To pay for the new programs, the administration proposes raising the top income-tax rate to 39.6% from 37%. For households making more than \$1 million, Mr. Biden would also raise the top rate on capital-gains and dividends to 39.6% from 20%. Including existing payroll and investment taxes—each 3.8%—the top rates on wages and capital gains would reach 43.4%, up from 23.8%.



### Inside the Artist's Journey

Discover how Sir Peter Blake, “The Godfather” of pop art, found inspiration for his latest series of collages.

**PAID PROGRAM: THE MACALLAN**

In a proposal that wasn’t part of his campaign plan, Mr. Biden would expand that 3.8% tax to types of income it doesn’t currently cover. The administration’s plan doesn’t provide full details, but it would include active income earned in businesses such as partnerships and S corporations above \$400,000, according to an official. Mr. Biden and his wife, Jill Biden, used a common technique involving S corporations to avoid the 3.8% tax on much of their book and speech income.

Mr. Biden would also adjust how capital gains are taxed at death. Unrealized gains would be treated as sold and taxable, with an exemption of \$1 million a person, in addition to the existing exclusion of up to \$500,000 for a married couple's primary residence. Under current law, heirs only owe capital-gains taxes on gains after the original owner's death and only when they sell. This is separate from the estate tax, which the plan wouldn't change.

The plan would also limit real-estate investors' ability to exchange properties without reporting capital-gains income by capping that break at \$500,000, in a move that could significantly alter the commercial real-estate industry.

The plan also relies on \$700 billion in revenue the administration says would come from a significant expansion of the Internal Revenue Service that would double its enforcement staffing over a decade and require banks to provide the government with more information about money coming into and out of individuals' and businesses' accounts.

The plan also includes tax cuts for lower- and middle-income Americans. Mr. Biden would permanently extend the expanded tax credit for child care and the expanded earned-income tax credit for childless workers. He would also make the child tax credit permanently fully refundable, which means low-income households could get the money even if they don't have earned income.

But, resisting pleas from Democrats in Congress, Mr. Biden's plan stops short of making permanent the Covid-19 relief law's temporary child tax credit expansion to \$3,000 a child and \$3,600 for those under age 6. Instead, he would extend that break through 2025.

Heading into the speech, Mr. Biden has gotten high marks in polls for his handling of Covid-19 and the economy, and his overall approval rating is 53%, according to a Real Clear Politics average of polls. That is above former President Donald Trump's rating during his first 100 days in office, but below fellow Democrat Barack Obama's .

Mr. Biden's speechwriter Vinay Reddy and senior adviser Mike Donilon have been working on the draft, with input from the president, the White House said. Aides said Mr. Biden has been consulting with his policy advisers on the details and wants the remarks to reflect his plain-speaking style.

Mr. Biden is also expected to address the pandemic, which has been the focus of his early months. His administration has overseen an acceleration in the pace of vaccinations, and the Centers for Disease Control and Prevention this week eased guidelines for fully vaccinated people. Still, as new variants spread, the president is likely to continue to appeal to Americans to get vaccinated.

Aides said he would emphasize his hope to work with Congress to pass policing legislation, do more to provide affordable healthcare and address prescription-drug prices. Mr. Biden has faced calls from Democrats to act on those issues.

Sen. Tim Scott (R., S.C.) will deliver the Republican rebuttal to the president's address. The only Black Republican in the Senate, Mr. Scott is considered a possible 2024 presidential candidate and had a high-profile speaking role at the 2020 Republican National Convention. He has led GOP talks on legislation to overhaul police practices.



Sen. Tim Scott will deliver Republicans' response to Mr. Biden's first address to a joint session of Congress.

PHOTO: MICHAEL REYNOLDS/EPA/SHUTTERSTOCK

Pandemic restrictions will mean fewer people in attendance than in past years, with roughly 200 expected to be in the room. Lawmakers won't be allowed to bring guests, and Dr. Biden won't host a box full of people as the first lady usually does.

In attendance will be Vice President Kamala Harris, Secretary of State Antony Blinken and Defense Secretary Lloyd Austin, as well as Dr. Biden. Mr. Biden will make the traditional walk down the center aisle of the House chamber and will wear a mask until he is ready to speak, the White House said.

Mr. Biden plans to hit the road to promote his plans following the speech. He'll be in Atlanta Thursday for a car rally and on Friday will go to Philadelphia for an event marking Amtrak's 50th anniversary. During his trip to Georgia, Mr. Biden and Dr. Biden will travel to Plains to meet with former President Jimmy Carter and Rosalynn Carter.

—*Sabrina Siddiqui contributed to this article.*

Write to Catherine Lucey at [catherine.lucey@wsj.com](mailto:catherine.lucey@wsj.com) and Richard Rubin at [richard.rubin@wsj.com](mailto:richard.rubin@wsj.com)

Copyright © 2021 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.