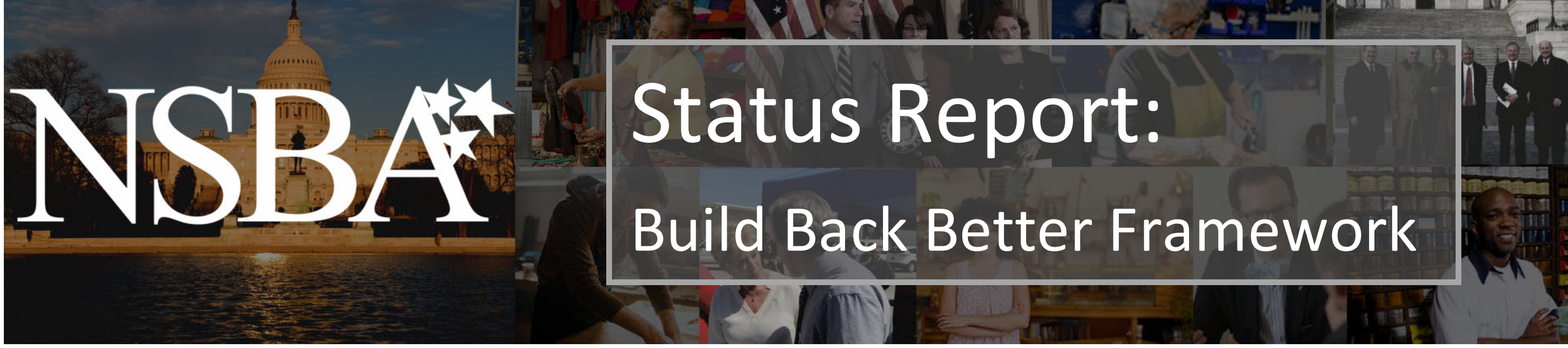

President Joe Biden on Oct. 28 released a pared down [framework](#) costing $1.75 trillion over 10 years. That same day, House Democrats released their updated version of the Build Back Better Act ([text](#), [section-by-section summary](#)) that incorporated changes that have come after months of negotiations between moderates, progressives and the White House.

Given the constant changing nature of the bill and need to secure agreement among at least 50 Senators, NSBA has put together the below status report on the most recent framework and where things stand on provisions that will have the greatest impact on small business. In this status report, you will find the provision, its price-tag or estimated revenue, where applicable, as well as whether or not it is in the new framework and finally, whether it's inclusion—or exclusion—is good for small business.

Provision	Status	👍 👎
LABOR PROVISIONS		
NLRA Penalties: The framework creates punitive financial penalties for employers who violate the National Labor Relations Act (NLRA). Initial fines can reach $50,000 with repeat-offender fines as high as $100,000.	**IN**	👎
Personal Liability for Violations: Penalties can also be assessed personally on directors and officers of the employer if they played a role in a violation, supported, or merely failed to stop a policy from going into effect that resulted in the violation.	**IN**	👎
Mandatory Neutrality Agreements for Direct Care Grants: The framework creates grants for direct care workers but requires grants only be awarded to recipients who agree to remain neutral toward any union organizing campaign in their workplace. Grant recipients would also be required to educate and train their workers on their rights under federal, state, and local labor laws related to forming, joining, or assisting a labor organization.	**IN**	👎
Retirement Mandate & Limits: A retirement plan mandate that would require employers with six or more workers in business for at least two years to automatically enroll their employees in Individual Retirement Plans or 401(k)-type plans was dropped from the plan. Also, new retirement account contribution limits and new retirement account withdrawal mandates for individuals with outsized retirement savings were also removed from the proposal.	**OUT**	👍

PAID FAMILY LEAVE		
Price-tag: $200 Billion		
While the paid family and medical leave plan was left on the cutting room floor in the Biden framework, it was inserted into the recently released manager's amendment introduced by House Democrats. While scaled-back from the initial $3.5 trillion price-tag, the new provision will cost around $200 billion and cover all workers wishing to take paid time off to deal with the birth of a newborn, care for a family member or deal with an illness or injury, among other things, beginning in 2024.	**IN**	
CLIMATE CHANGE INVESTMENT & TAX BREAKS		
Price-tag: $555 Billion		
The framework provides $320 billion toward a decade of tax breaks for clean energy and electric vehicles and $105 billion to make communities more resilient to climate disasters.	**IN**	
WORKFORCE TRAINING		
Price-tag: $40 Billion		
The framework would improve access to workforce training through community college workforce programs, sector-based training and apprenticeships. The Labor Department would increase its annual spending on workforce development by 50 percent for each of the next five years	**IN**	
HEALTH CARE COST CONTAINMENT		
Price-tag: $165 Billion		
The revised framework scales-back the Build Back Better Act (down from the original price-tag of $350 billion) to target specific Medicaid expansion for hearing services, but not for dental or vision coverage, and for targeted Affordable Care Act premium cost reductions.	**IN**	

PAY-FORS / TAX PROVISIONS		
Apply the 3.8 percent NIIT to all income earned by S-corporations and partnerships. This tax was enacted as part of the Affordable Care Act, and it was designed to apply to passive investment income, not the income from active businesses where their owners run the business. This provision would apply to pass-through businesses ONLY and is estimated to raise $250 billion over ten years.	**IN**	
Make permanent and expand the loss-limitation rules under Section 461. These rules impose a $500,000 limit on the ability of a pass-through business owner to offset their active losses against other forms of income. The result of this revision is to impose more restrictive rules on active losses than are imposed on passive losses. This provision applies ONLY to pass-through entities and would raise $170 billion over ten years.	**IN**	
Left out of the framework was one of the main revenue raisers initially suggested to increase the corporate tax rate from 21 percent to 26.5 percent.	**OUT**	
Limits on Section 199A: Currently, Section 199A provides a deduction of up to 20 percent on qualified business income to the owners of pass-through business entities. The proposal in the House version of the reconciliation package amended Section 199A by setting the maximum allowable deduction at $500,000 in the case of a joint return, $400,000 for an individual return, $250,000 for a married individual filing a separate return, and $10,000 for a trust or estate.	**OUT**	
Scrapped from the framework was an increase to the top capital gain and qualified dividend rate from 20 percent to 25 percent for tax years ending after September 13, 2021.	**OUT**	
Taken out of the framework was a proposal to reduce the federal gift and estate tax exemption from the current $10 million exemption to $5 million as of January 1, 2022, and dramatically curtail the ability to use grantor trusts as an effective estate planning technique.	**OUT**	