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What to Know Before the Senate Votes on the Inflation Reduction Act

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Background

On August 4, 2022, Senate Majority Leader Chuck Schumer (D-NY) announced that the series of votes necessary to pass the Inflation Reduction Act will begin Saturday, August 6. Once the Senate votes on what is called a "motion to proceed," there will be 20 hours of debate, divided evenly between Democrats and Republicans. Democrats may opt not to use all of that time to move the process along. Then, vote-a-rama—a lengthy series of amendment debates and votes—will commence, after which the Senate can take a final vote on whether to pass the bill and send it to the House. Realistically, this puts the final Senate vote early the week of August 7.

Below is a rundown of recent developments and an explanation of what to expect during vote-a-rama.

CBO offers its perspective on inflation and predicts the deficit will shrink significantly if the Inflation Reduction Act passes.

On August 4, in response to an inquiry from Senator Lindsey Graham (R-SC), the Congressional Budget Office (CBO) predicted that the Inflation Reduction Act would have a minimal effect on inflation in 2022 and 2023. Specifically, CBO said:

> *In calendar year 2022, enacting the bill would have a negligible effect on inflation...In calendar year 2023, inflation would probably be between 0.1 percentage point lower and 0.1 percentage point higher under the bill than it would be under current law.*

Importantly, the CBO also said "enacting the bill would affect economic activity and inflation beyond 2023," but that it had "not evaluated those effects." Numerous experts have suggested that the Inflation Reduction Act will help bring down inflation in the long-term—and, on top of that, some have argued that the bill *will* mitigate inflation in the short-term. Roosevelt Institute has a helpful rundown of that argument here.

Additionally, on August 3, the CBO estimated that the Inflation Reduction Act will bring down the federal deficit by $102 billion over 10 years, while generating another

$204 billion in revenue by giving the IRS the tools to pursue wealthy tax evaders. This amounts to more than $305 billion in deficit reduction.

That figure is set to rise following a deal struck on August 4 that will remove the bill's changes to carried interest, which Democrats and the CBO calculated would raise $13-14 billion, and will instead add an excise tax on stock buybacks. The excise tax on stock buybacks is expected to raise $73 billion—more than five times what the carried interest provision would bring in. Also expected are a new $5 billion expenditure for drought resiliency and, according to Politico, "changes [to] portions of the corporate minimum tax structure to remove accelerated depreciation of investments from the agreement. That...will cost about $40 billion." These changes could mean the bill includes a total of around $319 billion in deficit reduction.

If new policies are added to the bill—or existing ones are stripped out—this math could change. And reporting is starting to indicate that changes to the bill's content may be on the horizon. More on that below.

The parliamentarian's ruling could prompt changes to the bill.

Politico reported on August 3 that four pieces of the Inflation Reduction Act could fail to pass muster under reconciliation's "Byrd rule." Essentially, the Byrd rule requires items in a reconciliation bill to impact government spending or revenue—but that's not all. If something in a reconciliation bill impacts spending or revenue in a "merely incidental" manner, it can be nixed under the Byrd rule. That means the parliamentarian can decide whether a provision in a reconciliation bill has *some* effects on government spending or revenue, but can also determine those effects are incidental to whatever policy change the provision makes, and therefore ineligible for inclusion. This happened last year when the parliamentarian decided a $15 minimum wage could not be included in the American Rescue Plan, which also passed via reconciliation.

For a more detailed explanation of the Byrd rule and reconciliation in general, check out the CPCC's explainer, **Overcoming the Filibuster Through Budget Reconciliation**, or this video breaking down the process.

According to Politico Playbook, four provisions in the Inflation Reduction Act could be ruled ineligible for reconciliation, listed below. Note that this list is *only* a reflection of reporting at this time; ultimately, the parliamentarian could determine that one or more of these provisions *does* pass muster, or that other provisions *do not* meet the requirements for reconciliation.

1. "Capping out-of-pocket costs for insulin."
2. "A plan 'to penalize drug companies when they raise prices on those with private health insurance.'"
3. "Restrictions on electric car tax credits that require eligible vehicles to have batteries 'made with materials from the U.S. or countries that have trade agreements with the U.S.'"

4. "A requirement that the Interior Department must auction at least 2 million acres of land within a year for onshore oil and gas leases before allowing for solar and wind projects on public lands."

Vote-a-rama could result in changes to the bill, too.

To pass a bill via reconciliation, Congress must first pass a budget resolution that provides instructions to specific committees in the House and Senate. Those instructions play an important role in determining what can be included in the eventual reconciliation bill. They name which committees in the House and Senate can write provisions of the reconciliation bill, and no provisions outside of the jurisdiction of the named committees can be included. Again, for a deeper dive into the highly complex reconciliation process, see the CPCC's explainer, **Overcoming the Filibuster Through Budget Reconciliation**.

While Congress passed this budget resolution containing reconciliation instructions last year, those instructions remain relevant as vote-a-rama approaches. During vote-a-rama, senators can force votes on amendments regarding almost any topic that falls under the jurisdiction of the 12 Senate committees that were given reconciliation instructions in last year's budget resolution. These amendments must still adhere to the aforementioned Byrd Rule. *Roll Call* published a rundown of the vote-a-rama process and included this useful example regarding how the Byrd Rule comes into play:

> *...provisions must have budgetary changes as their primary purpose — budgetary effects can't be "merely incidental" to a broader policy goal. So amendments to codify Roe v. Wade, for instance, would likely be ruled out of order.*

Senate Republicans will almost certainly use the wide latitude that vote-a-rama offers to force Democrats to vote on topics that have previously divided the party or are politically thorny. Senator Mike Crapo (R-ID) said the GOP would probably draft "about a hundred or more amendments," some "targeted" and some "broad." Should any of those amendments pass, some Democratic senators could opt to oppose the final bill. Alternatively, should those amendments pass and the Senate still goes on to approve the bill, *House* passage could be threatened.

However, passage of divisive amendments does *not* mean those amendments will remain in the final legislation. Majority Leader Schumer could propose a manager's amendment at the end of vote-a-rama to strip out these provisions.

Vote-a-rama only ends when there are no further amendments to be offered. As such, once vote-a-rama begins, it is possible the process will extend late into the evening or into the following day.