

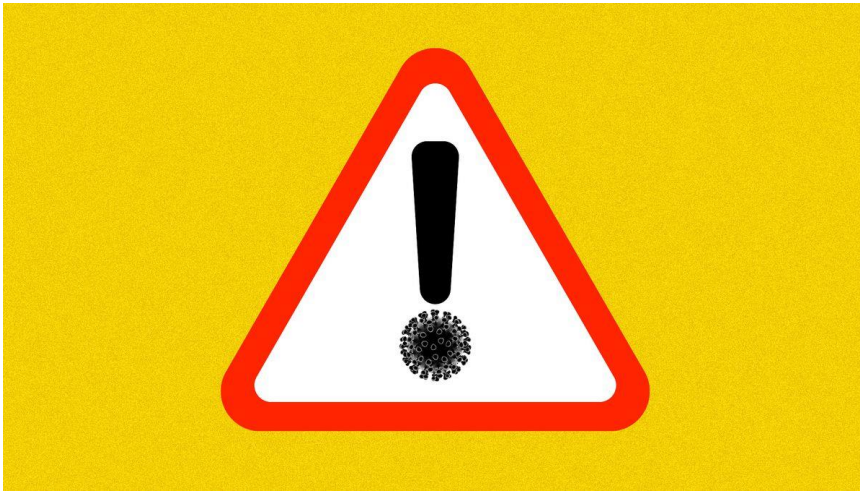
Series D.C.

October 29, 2021

Count: 4.5 minutes...900 words

TGIF! Welcome back to our weekly newsletter on what's happening in Washington.

1 Big Thing: Reconciliation Framework



The White House released a framework for a reworked \$1.75 trillion budget reconciliation package, and Democratic Congressional leaders released summaries and bill text.

Major Tax Issues:

- **Carried interest tax increases are OUT of the package.**
- No capital gains rate increase.
- There is a 5% surcharge on adjusted gross income above \$10 million, and an additional 3% surcharge for incomes above \$25 million. This applies to

ordinary income and capital gains/dividends.

- The QSBS limitation remains in the package.
- The misguided billionaires mark to market idea lasted for less than 24 hours in the sunshine.

Other Key Issues:

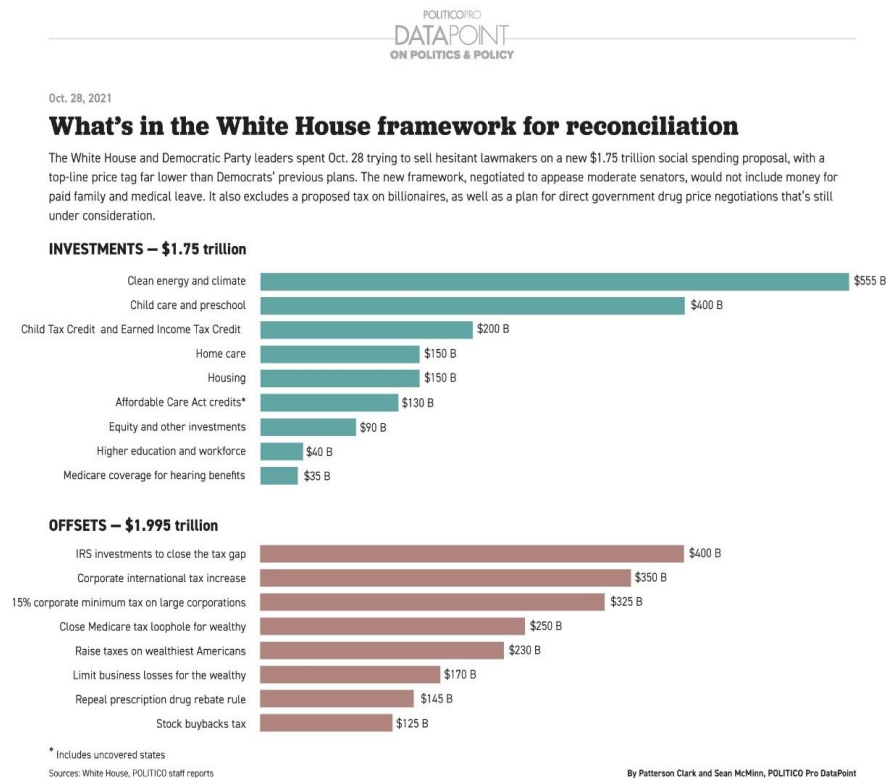
- **Climate & Sustainability:** \$550 billion is devoted to climate activities. These programs include significant extensions and expansions of clean energy tax credits; a mechanism that makes startups eligible to receive energy credits in the year they're generated; a massive new technology neutral tax credit; eligibility for battery storage technology, and others. There are also a number of other programs with tens of billions of dollars to finance energy infrastructure, grid modernization, energy efficiency, among other priorities, including \$40 billion in loan guarantee authorizations for the Department of Energy.
- **Education Tech:** Workforce development grant programs, including a \$5 billion industry partnership program will provide grants to education and training providers to expand employment and training activities in high-skill, high-wage, or in-demand industry sectors and occupations.
- **Biotechnology:** We expect a drug pricing provision to be included, likely modeled after Congressman Scott Peters' (D-CA) compromise proposal. However, [negotiations are ongoing](#) and no placeholder was included in the documents released today.
- **Manufacturing:** Department of Commerce will receive \$5 billion to map and monitor manufacturing supply chains, and to provide grants and loans to maintain and improve supply chain resiliency.
- **Diversity:** Among other programs, there's \$40 million for the Small Business Administration to set up a Micro-SBIC program to reduce barriers

for emerging managers to access the SBIC program.

- **Technology Commercialization:** The National Science Foundation will receive \$1.5 billion to set up a new Directorate for Technology, Innovation, and Partnerships to accelerate translational technology research.
- **Regional Innovation Hubs:** The Department of Commerce will receive \$3.36 billion to create several regional innovation hubs throughout the country.

The section by section text is [here](#), and the full bill text is [here](#).

Caution, this is NOT a final agreement on the framework, and even if there is signoff soon, this package will continue to see substantial changes as language is drafted for each of these provisions.



2. On the Hill: Carmen Palafox on SBIC



Carmen Palafox, an NVCA board member and Founder and Managing Partner of 2045 Ventures, [testified](#) before the House Small Business Committee on the [SBIC program](#) on Wednesday.

- Carmen [discussed](#) the value of VC in transformative startups and how government programs such as SBIC can play a critical role in closing persistent gaps in VC and accelerating the inclusion of women and underrepresented fund managers.
- The committee examined the Small Business Administration's SBIC program, which is designed to provide debt and equity financing to high-growth small businesses that lack access to adequate capital from traditional sources. The president's Build Back Better plan proposes the creation of both a Venture SBIC and Emerging Managers Program.

Great job, Carmen!

3. NEW NVCA Op-Ed on Acquisition Restrictions



NVCA's Bobby Franklin, along with leaders from TechNet and the U.S. Chamber of Commerce, penned a [TechCrunch op-ed](#) warning that proposed acquisition restrictions would have a detrimental impact on the startup ecosystem.

“By fundamentally altering antitrust laws, Congress will punish American businesses by taking away incentives for entrepreneurs and investors. Congress would make it less attractive to start a new business or invest in any new company.”

On the Hill: The Op-Ed comes as a Senate version of the *Platform Competition and Opportunity Act* may be introduced. [NVCA](#) has continued to meet with various Senate offices to caution against the bill and explain how it would harm the startup ecosystem.

Other Antitrust News: On Monday, the Federal Trade Commission [said](#) it was **restoring its practice of routinely restricting future acquisitions**, even very small ones, for companies that previously pursued anticompetitive transactions. We'll be in touch as the impact of this change on VC-backed companies is better understood.

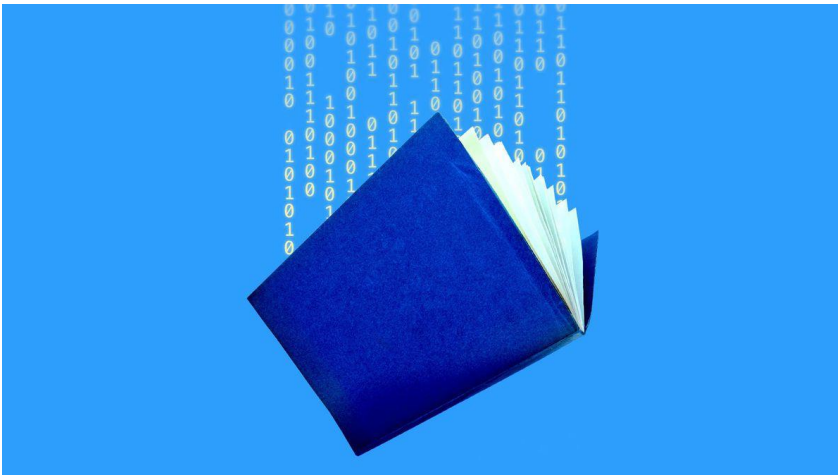
4. NEW NVCA Biden Climate Blog



NVCA's **Justin Field** penned a [blog](#) calling on President Biden to highlight America's climate leadership at the COP26 U.N. Climate Conference next week.

"As American startups continue to lead the world in the climate innovation race, their successes not only accelerate the energy transition domestically, but also lower the barriers to the energy transition for all nations."

5. Quick Reads



- **Biden** [nominates](#) Jessica Rosenworcel as first female leader of FCC.
- **Google** [warns customers](#) about antitrust bills.
- **CFPB** goes after Big Tech [data-harvesting practices](#) with new orders.
- **U.S. Economy** [Slowed](#) in Third Quarter on Delta Surge, Supply Crunch.

5. Factoid



PitchBook's Q3 2021 Climate Tech [update](#) details the rapid growth of VC activity in this space and the significant opportunities for additional investment.

- With a global effort by 59 countries to reduce global GHG emissions and achieve net-zero carbon emissions before 2050, climate tech is estimated to provide investors with an investment opportunity between \$100 trillion and \$150 trillion over the next 30 years (equivalent to roughly \$3 trillion to \$5 trillion annually).
- Between 2013 and 2019, capital deployed in climate tech grew at 5x the overall VC growth rate.

- Global climate tech startups raised \$12.9 billion in VC investment across 203 deals in Q3, up 49.2% QoQ and 38.3% YoY.