

Special Report

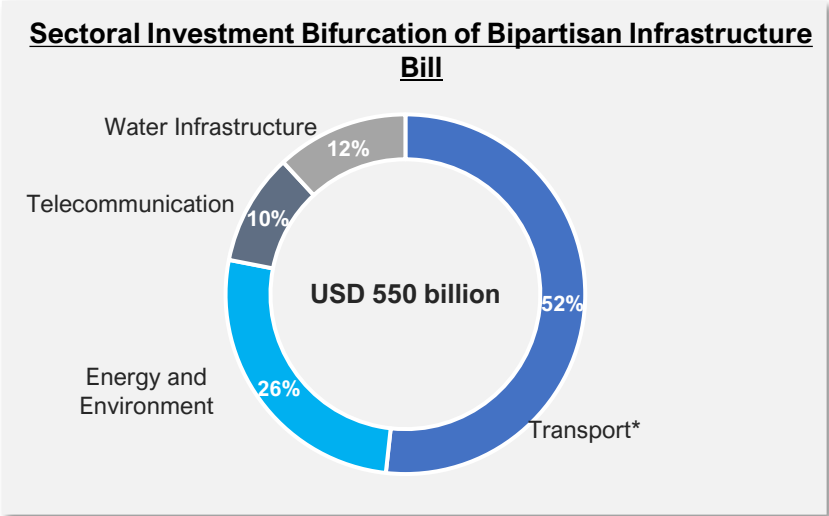
US Legislative Drive for Sustainable Economic Growth



The US Congress passed Infrastructure Investment and Jobs Act to lower inflationary pressure, improve employment prospects, and sustain economic growth

US Legislative Bill - Infrastructure Investment and Jobs Act (IIJA)

- The US Congress passed the bipartisan infrastructure law (Infrastructure Investment and Jobs Act) in November 2021.
- Under this Act, USD 1.2 trillion has been allocated to redevelop and rebuild the US infrastructure sector over the next 10 years. Of the total funds allocated, USD 550 billion are earmarked to develop new infrastructure for the period 2022 to 2026
- The White House estimates that this infrastructure investment legislation will add ~2 million jobs per year for American employers over the decade.



Key Objectives of Bipartisan Infrastructure Bill

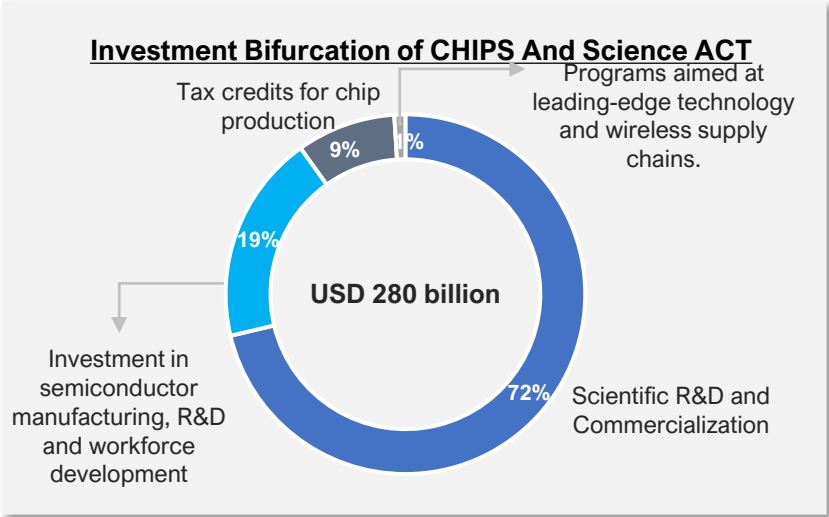
-  **Enhancing transportation infrastructure** by constructing better roads and bridges; rebuilding public transportation tracks, signaling, and electrical systems; and modernizing airports, ports, and waterways
-  Developing national network of **electric vehicle chargers**
-  Offering **affordable high-speed internet** access to all
-  Supplying all American residences with safe water and **getting rid of the lead service pipes**
-  Upgrading **aging power infrastructure** and investing in **clean energy**
-  Investing in **environmental remediation**

*Note: * Transport sectors includes investment for the construction of railroads, public transportation, airports, ports, road and bridges. It also involves infrastructural safety, installation of EV charging station, and improvement of ferry services*

The CHIPS and Science Act has been passed to improve semiconductor technology manufacturing output in the US and build supply chain resilience

US Legislative Bill - The CHIPS and Science Act of 2022

- President Biden signed the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act in August 2022 to incentivize semiconductor chip manufacturing in the US.
- It aims to maintain the US' position as the global leader in nanotechnology, clean energy, quantum computing, and artificial intelligence.
- As per the referred Act, investment will be used for research and development, science and technology, and workforce of the future to improve American manufacturing supply chain and national security. The Act also endeavors to revitalize America's dominance in scientific research and technology.



Key Objectives of the CHIPS And Science Act



To **reduce reliance on imports of semiconductors chips** as semiconductor shortage was a key aspect of global supply chain pressure during 2020-22



To **accelerate domestic manufacturing** of mature and advanced semiconductor



To **promote private investment** by offering taxpaying firms a 25% advanced manufacturing investment tax credit for investments in semiconductor manufacturing and processing equipment



Increasing the competitiveness of the hardware and software supply chains for open radio access network (RAN) **5G networks** as well as **bolstering national security**



Investing in STEM (Science, Technology, Engineering and Math Programs), workforce development, and R&D

The Inflation Reduction Act seeks to advance renewable energy sources, lower healthcare expenses, and increase tax income

US Legislative Bill - The Inflation Reduction Act of 2022

- The Inflation Reduction Act was enacted by President Biden to curb inflation. Furthermore, this bill will enhance US industry productivity, innovation, and economic competitiveness.
- The main provisions of the Inflation Reduction Acts are categorized below –
 - **Raising Revenue:** Increasing government revenues by raising the minimum tax on major corporations to 15%, enacting a 1% excise tax on stock buybacks, and allocating additional funds to improve Internal Revenue Service (IRS) collection and enforcement to boost voluntary compliance and narrow the tax gap. Furthermore, the Congressional Budget Office (CBO) anticipates that the IRA will lower government deficit by USD 237 billion over the next 10 years.
 - **Lowering healthcare cost:** Includes reducing prescription drug prices in Medicare through price negotiation with manufacturers, limiting yearly out-of-pocket prescription drug costs in Medicare to USD 2,000 in 2025, and extending Affordable Care Act subsidies for three years, until 2025. The referred strategies are expected to save USD 173 billion by 2031.
 - **Reducing carbon emission:** Investing ~USD 369 billion for energy security and climate change programs over the next 10 years. Furthermore, aiming to reduce carbon emission by ~40% by 2030

Key Objectives of the Inflation Reduction Act



Lowering carbon emission



Catalyze private investment in clean energy, transport, and manufacturing and building a clean energy economy



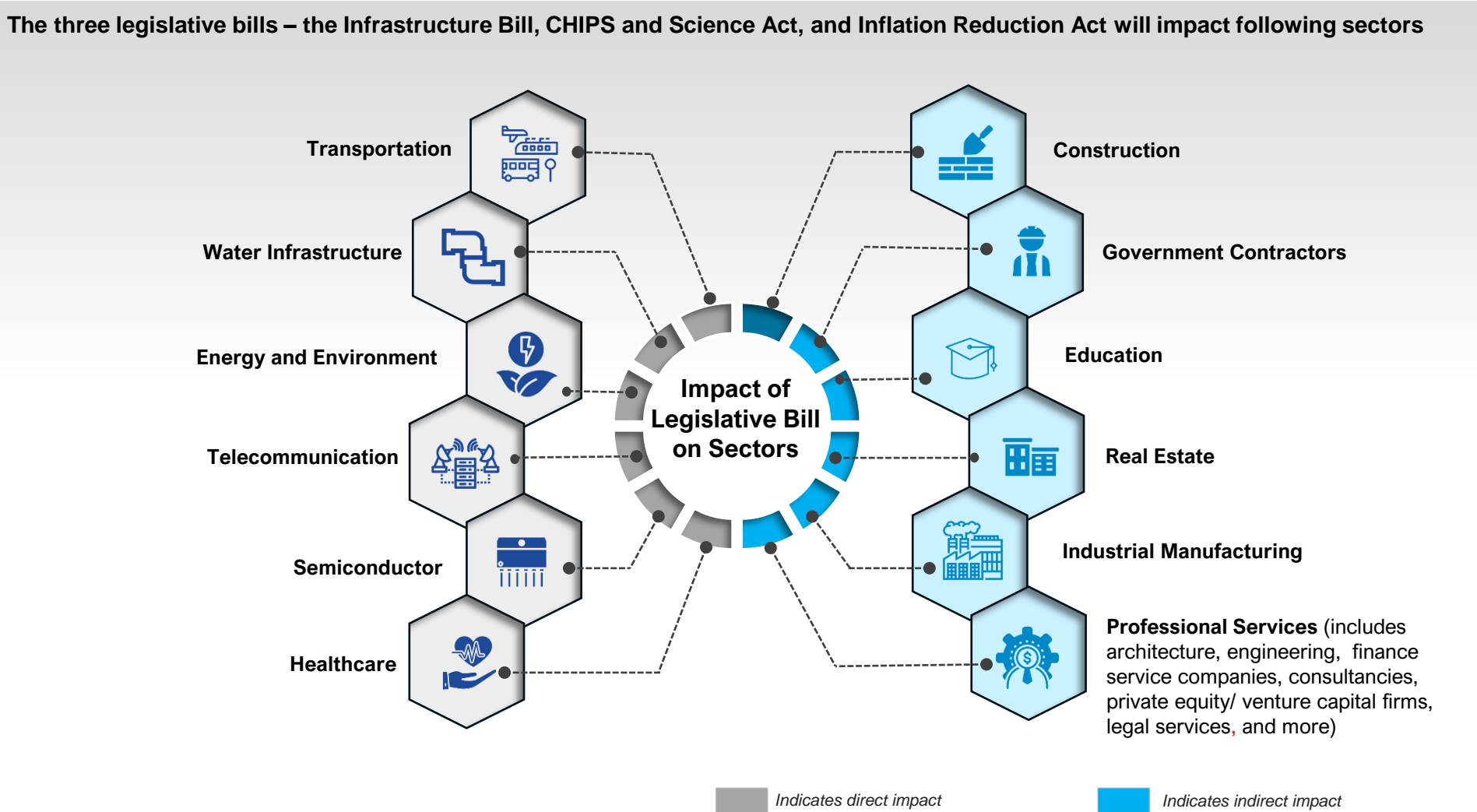
Lowering healthcare and prescription drug costs



Reducing the deficit and making the tax code fairer

Direct and indirect (i.e. trickle down effect) impact of the three legislative bills on several sectors

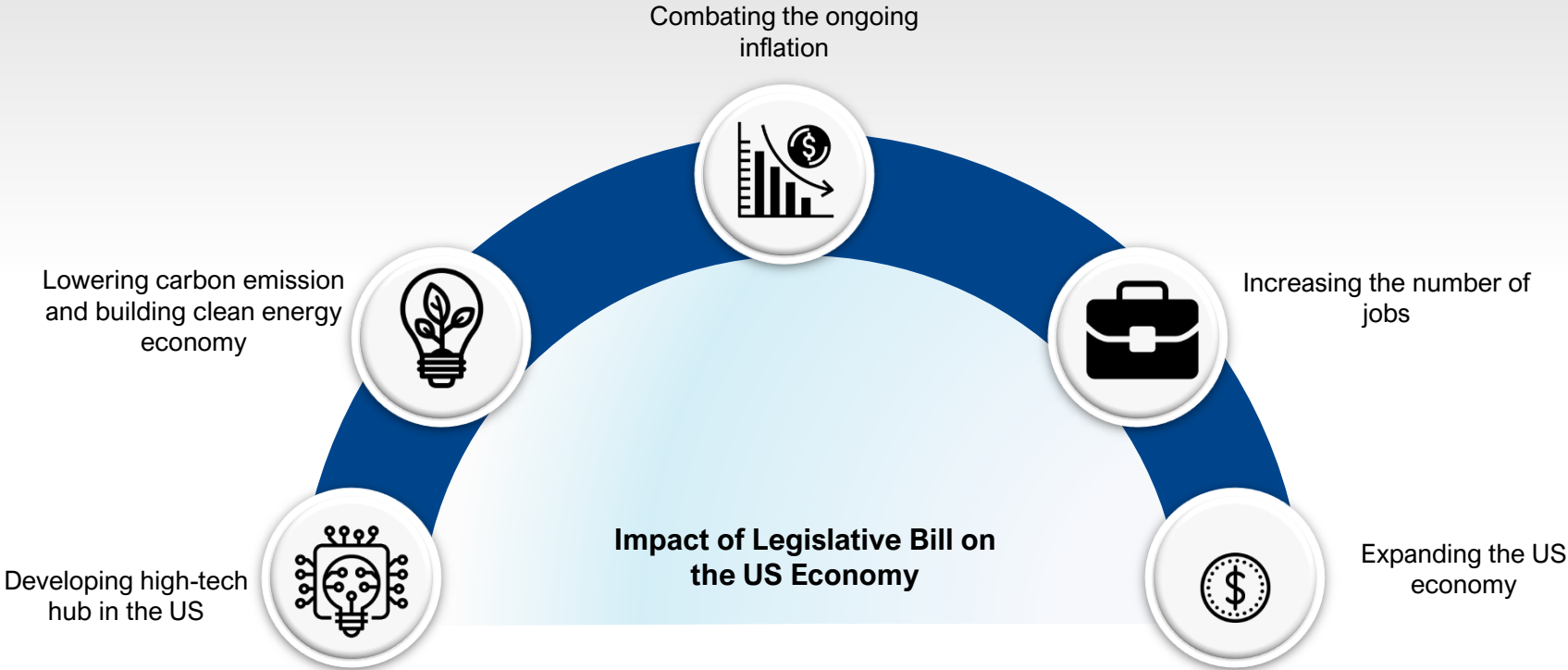
Sectoral Impact



Legislative proposals will strengthen the US economy and increase job opportunities

Aranca Viewpoint

The three legislative bills – the Infrastructure Bill, CHIPS and Science Act, and Inflation Reduction Act will positively impact the US economy and will act as the nation’s growth facilitator



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