UNITED STATES SENATE COMMITTEE ON

FINANCE

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FINANCE COMMITTEE TITLE

The One Big Beautiful Bill Act prevents a more-than $4 trillion tax hike on American families and workers and makes the 2017 Trump tax cuts permanent; delivers additional relief to working families and seniors; powers the economy by restoring and making essential business provisions permanent; and achieves record savings.

KEY THEMES

1. **Prevents the largest tax hike in history.**
2. **Provides additional tax relief to working families and Main Street.**
3. **Powers the economy through pro-growth tax policy.**
4. **Achieves record savings.**

PREVENTS THE LARGEST TAX HIKE IN HISTORY

The One Big Beautiful Bill Act permanently extends the 2017 Trump tax cuts, preventing a more-than $4 trillion tax hike on American families and businesses. Permanently extending tax relief is the best way to restore prosperity and opportunity for working families.

If the 2017 Trump tax cuts expire:

- More-than $2.6 trillion tax hike on households earning less than $400,000 per year.
- $1,700 tax hike on average family of four.
- Child tax credit halved for millions of American families.
- 20 million small business owners would face massive tax hikes, with rates up to 43 percent.
- Small businesses and farms would see their death tax exemption cut in half.

Republicans are preventing a more-than $4 trillion tax increase, making tax relief permanent for families and businesses:

- Permanent lower tax rates, letting Americans keep more of their hard-earned money.
- Permanent increased and enhanced child tax credit for tens of millions of families.
- Permanent increased and enhanced standard deduction, claimed by over 90 percent of taxpayers.
- Permanent small business deduction, enabling job creation and spurring local economic activity.

PROVIDES ADDITIONAL TAX RELIEF TO WORKING FAMILIES AND MAIN STREET

Beyond making rates permanent, the legislation delivers additional tax relief for American families, communities and small businesses.

Investments in workers and small businesses:

- No tax on tips for millions of tipped workers.
- No tax on overtime for millions of America’s hourly workers.
- No tax on auto loan interest for new cars made in the U.S.
- Repeals the Democrats’ onerous IRS reporting requirements on gig workers.
- Increases the 1099-MISC threshold, reducing the paperwork burden for small businesses and workers.

Investments in families, seniors and children:

- Strengthens employer-provided childcare credit and boosts childcare assistance.
- Creates school choice tax credits to expand education freedom and opportunity for students.
- Provides a $6,000 bonus exemption to millions of low- and middle-income seniors, slashing their tax burden.
- Enhances 529 savings accounts to make education more affordable for families.
- Establishes savings accounts for children, from newborns up to age 18, building financial security for the next generation.

POWERS THE ECONOMY THROUGH PRO-GROWTH TAX POLICY

The legislation permanently extends critical pro-growth provisions and introduces new incentives for domestic investment, providing certainty for American job creators to spur domestic economic activity and invest in workers.

Restores and makes permanent critical business provisions:

- Full expensing for domestic R&D to encourage domestic innovation.
- Full expensing for new capital investments, like machinery and equipment, to boost domestic production.
- Restores interest deductibility to a globally competitive standard to help finance critical domestic investments.

Boosts Made-in-America manufacturing:

- Full expensing for new factories and factory improvements to accelerate domestic manufacturing.

Enhances Opportunity Zone incentives:

- Permanently renews and enhances the Opportunity Zone program, driving $100+ billion of investment to rural and distressed communities.

ACHIEVES RECORD SAVINGS

The legislation delivers record savings by slashing Green New Deal spending and promoting America-First energy; eliminating tax loopholes; and rooting out waste, fraud and abuse in our spending programs.

America First Energy Policy

- Eliminates hundreds of billions of dollars of Biden's unnecessary Green New Deal subsidies, such as ending the commercial EV tax credit and its "lease loophole."
- Stops penalizing fossil fuels in favor of intermittent green energy.
- Boosts investment in nuclear energy and critical technologies, giving American companies a competitive edge over China.
- Supports consistent energy sources, in turn reducing market distortions, decreasing consumer prices and powering American growth.

Commonsense Medicaid Reforms

Republicans are improving Medicaid for those who need it while putting it on a fiscally sustainable path by:

Increasing personal accountability:

- Establishes work requirements for able-bodied adults who are choosing not to work and do not have young dependent children or elderly parents in their care.
- Able-bodied adults without dependents can work, participate in a work training program, enroll in school or volunteer for 20 hours per week in order to receive taxpayer-subsidized Medicaid coverage.

Rooting out waste, fraud and abuse:

- Prevents Medicaid payments for beneficiaries who have died, are enrolled in multiple states or do not qualify for the program.
- Increases the frequency of eligibility verifications for able-bodied adults.
- Prohibits states from waiving asset tests for long-term services, removing individuals from Medicaid rolls who have homes worth over $1 million.
- Ensures illegal immigrants do not receive Medicaid benefits.
- Ends Medicaid financing gimmicks that increase federal spending by freezing and reducing provider taxes.
- Prohibits taxpayer-funded Medicaid payments for abortion services.

Repealing Biden-era regulations:

- Ensures Medicaid payments are fiscally responsible and align with other federal government programs.
- Prevents one-size-fits-all, burdensome staffing requirements that increase costs on nursing homes and other long-term care providers.

Slowing the rate of spending growth:

- Democrats have incentivized Medicaid to enroll healthy Americans and illegal immigrants, driving up costs for taxpayers and risking sustainability for those who need the program most.

- Federal Medicaid outlays have increased 207 percent since 2008 and 51 percent since 2019, and Medicaid spending as a share of federal outlays rose to 10 percent from 7 percent between 2007 and 2023.
- The legislation slows spending growth in Medicaid over the next 10 years by addressing waste, fraud and abuse.
- Even with these reforms, spending on Medicaid is projected to grow by billions of dollars over the next 10 years. Only in Washington is a smaller increase in funding considered a cut.