

# INSIDE THE 'BIG *Beautiful* BILL'

*The balancing act will be difficult as U.S. congressional leaders strive to reach an agreement during the summer.*

By Lowell Randel

**P**resident Trump has made it a top priority to pass a tax package that would make many provisions of the Tax Cuts and Jobs Act (TCJA) permanent, as well as provide additional tax relief through policies such as no tax on tips.

Republicans in Congress are planning to use the Budget Reconciliation process to advance the “Big, Beautiful Bill” to complete it before the August recess. The benefit of using the reconciliation process is that approval requires only a simple majority in the House and Senate, avoiding the 60-vote filibuster threshold in the Senate.

On May 22, the House narrowly passed its version of the legislation by a vote of 215-214. The bill will now be considered in the Senate.

While Senate passage of the House package is far from certain, it is useful to understand the provisions passed by the House as the process moves forward. Below is a summary of key provisions compiled by selected House committees included in the “Big, Beautiful Bill.”

## **Ways and Means Committee**

The House Ways and Means Committee has jurisdiction over tax policy and is at the center of the reconciliation package.

- Increases the debt limit by \$4 trillion.
- Permanently extends the marginal tax rates included in the TCJA. Without action, the rates would revert to pre-2017 levels.
- Permanently extends the enhanced standard deduction, which is annually adjusted for inflation and allows taxpayers to reduce their federal taxable income if

they don't itemize their deductions.

- Increases the State and Local Tax (SALT) deduction cap to \$40,000 in 2025 with annual increases through 2033, after which it would be permanent.
- Permanently extends and increases the estate and gift tax to \$15 million, from \$10 million, starting in the 2026 tax year. The exemption would be indexed to inflation.
- Permanently extends and increases the pass-through business deduction to 23% (up from 20%) beginning in tax year 2026.
- Creates a deduction for qualified tips for tax years 2025 through 2028.
- Establishes a deduction for overtime compensation for tax years 2025 through 2028.
- Allows businesses to immediately deduct the cost of their domestic research expenses in the year paid or incurred for tax years 2025 through 2029.
- Restores the 100% bonus depreciation for certain property placed in service in 2025 through 2029.

## **Energy and Commerce Committee**

- Requires states to impose “community engagement” rules as a condition of receiving Medicaid benefits starting on December 31, 2026. Recipients between

the ages of 19 to 64 would have to work, perform community service or participate in a work program for at least 80 hours per month (unless they qualify for an exemption).

- Rescinds multiple climate-related programs operated by the U.S. Department of Energy and the U.S. Environmental Protection Agency.

## **Agriculture Committee**

- Achieves significant savings through reforms to nutrition programs. States would be responsible for funding 5% of the costs of Supplemental Nutrition Assistance Program (SNAP) benefits. Prevents U.S. Department of Agriculture (USDA) from updating the cost of the Thrifty Food Plan, which forms the basis of SNAP benefits calculations, outside of annual cost-of-living adjustments. Modifies the ages for work requirements to include recipients 18 to 64.
- Extends and modifies commodity support programs and increases coverage levels under the crop insurance program.
- Extends conservation program funding.
- Provides \$285 million for USDA trade promotions programs including the Market Access Program, Foreign Market Development Program and Emerging Markets Program.
- Increases funding for animal disease prevention and response programs.

## **Homeland Security Committee**

- Provides \$46.5 billion for U.S. Customs and Border Protection (CBP) to construct physical barriers along the U.S. border, as well as related infrastructure including



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- Provides \$5 billion to acquire or construct CBP checkpoints and other facilities near US borders.
- Provides \$4.1 billion to hire additional CBP personnel.

#### Judiciary Committee

- Provides \$45 billion for U.S. Immigration and Customs Enforcement (ICE) detention capacity, including single adult detention and family residential centers.
- Provides \$14.4 billion to ICE for transportation and removal activities, and to ensure the departure of noncitizens ordered removed.
- Provides \$8 billion for ICE to hire 10,000 additional immigration enforcement officers and support staff.

#### Transportation and Infrastructure Committee

- Provides \$12.5 billion for the Federal Aviation Administration to improve air

traffic control (ATC) technology.

- Imposes a new annual \$250 fee on electric vehicles and a \$100 fee for hybrid vehicles.

As the action shifts to the Senate, it is important to note that the Senate's budget resolution differs from the resolution passed by the House. For example, the Senate version allows for larger tax cuts and a \$5 trillion debt limit increase. In addition, committees were given different spending and savings instructions. The House Agriculture Committee was tasked with saving \$230 billion from programs within its jurisdiction, while the Senate Agriculture Committee was tasked with saving only \$1 billion.

Questions may also be raised about some of the House provisions and whether they comply with the Byrd Rule, which requires that all provisions directly impact spending or revenue. Anything deemed to violate the Byrd Rule would require 60 votes in the Senate to remain in the bill.

Some Senate Republicans have indicated their intention to modify the bill. Several

of the more controversial and challenging provisions include the House reforms to Medicaid and nutrition programs, the debt limit, SALT deduction levels, and the magnitude of savings/spending.

Congressional Republicans will have to strike a delicate balance across these various issues to satisfy moderate party members who are concerned about reforms to safety net programs and more conservative members who demanded greater savings as a part of the bill. This balancing act will be challenging as party leaders attempt to reach an agreement during the summer.

Failure to pass the tax provisions before the end of 2025 would result in the largest tax increase in the nation's history, making the incentive to successfully pass the legislation extremely high. ☞

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