

## EXECUTIVE SUMMARY

Congress passed The One Big Beautiful Bill (OBBB) Act on July 3, 2025, and President Donald Trump signed it into law on July 4<sup>th</sup>. It is the signature achievement of the 119<sup>th</sup> Congress, and the most consequential legislation passed since *at least* 2022. Despite OBBB's many successes, it was perhaps destined to be underappreciated because its greatest accomplishments were not in the visible changes it made, but in the imminent disasters it quietly prevented.

In 2025, with the 2017 Tax Cuts and Jobs Act (TCJA) set to expire at the end of the year, the country was about to face a historic, devastating tax increase. Most Americans had no idea what was coming.

The economy was like an unstoppable train, barreling down the tracks toward a broken rail line. The American people, the passengers on the imperiled train, would certainly have noticed if the train had derailed, if a sudden spike in taxes had cratered the economy. But when, with moments to spare, the OBBB repaired the track and the train chugged on without incident, it seemed as though nothing had happened. Few realized just how close to disaster the country had come.

Most of the public have only a surface-level understanding of what OBBB did. That's understandable—it is a 331-page piece of legislation that spans a wide range of policy areas. The OBBB's lack of widespread acclaim doesn't diminish its importance. But at a time when Americans are increasingly cynical about the political and legislative processes, it is worthwhile to highlight when lawmakers craft and pass legislation that will significantly improve the lives of their constituents.

This booklet describes many of the disastrous tax increases that OBBB prevented, its positive *new* reforms, and a few provisions that lawmakers got wrong. For most of the **60 key OBBB provisions** this booklet covers, we include a brief background, a few bullet points describing what OBBB did, a few bullets on the relevance of the changes, references showing where the changes can be found in the act and in statute, and a bottom-line conclusion. Most of the provisions are summarized in a single page memo, or a two-page memo with helpful charts and graphs.

The booklet also addresses certain high-level topics related to OBBB. It discusses the total size and scope of the bill's spending cuts, describes the impact of taxes on growth, compares OBBB to previous tax legislation, answers frequently asked questions, and debunks the notion that the bill was just a tax cut for the rich.

This resource will help lawmakers, Hill staff, and the public to understand just how significant OBBB really was.

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Americans faced a massive \$4 trillion tax hike (over 10 years) starting in 2026 if Congress had allowed the 2017 TCJA to expire. Thanks to OBBB, that won't happen, as OBBB made TCJA's key tax cuts and reforms permanent. As a result, American families and businesses will avoid (among other things):

- Higher **individual tax rates** (nearly across-the-board),
- A substantially reduced **standard deduction**,
- A \$1,000 reduction in the **Child Tax Credit**,
- A major expansion of the **Alternative Minimum Tax**,
- The return of punitive tax treatment for businesses purchasing **equipment and machinery**,
- A major broadening of the **Death Tax**, and
- A tax hike of up to 20% on **pass-through businesses** (mostly smaller businesses).

Instead of allowing that enormous tax hike, Congress and President Donald Trump passed and signed into law OBBB, which *cuts* taxes for American families and businesses by about \$800 billion between 2025 and 2030 (compared to the policies previously in effect *in 2025*), according to the Joint Committee on Taxation. That works out to an average of more than \$6,000 per U.S. household over the six years.

But OBBB didn't just extend and add to tax cuts, it also reduced spending, addressed waste, fraud, and abuse, slashed corporate welfare, and freed up the conventional energy resources that are needed to power the modern economy.

The *new* tax cuts in OBBB include changes to the core individual tax structure, such as further expansions of the **standard deduction** and **Child Tax Credit**. OBBB also created new individual tax deductions for **tips, overtime, car loan interest, and seniors**. The bill also expanded two types of tax savings accounts—**529 educational plans** and **Health Savings Accounts**—and created the new **Trump Accounts**.

Businesses will benefit from the elimination of harmful tax treatment related to investments in **research and development** and the construction of **factories**.

OBBB defended the **right to life** by removing federal funding for Planned Parenthood for one year. It defended the **Second Amendment** by zeroing out steep excise taxes on the registration or transfer of suppressors and certain firearms.

The act will help unleash energy abundance and growth by accelerating **permitting**, requiring auctions of **spectrum**, and providing for additional leasing of federal lands for the development of **coal**, as well as **onshore** and **offshore** energy. At the same time, OBBB rolled back many of the wasteful provisions of the Green New Deal, including subsidies for **electric vehicles, wind, and solar power** generation.

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From the outset, OBBB faced a narrow legislative path because of slim Republican majorities in the House and Senate. Congress passed OBBB through the budget reconciliation process, which allows bills to pass the Senate with a simple majority (avoiding the 60-vote Senate filibuster). Reconciliation was the only viable way that the Republican majority could fully extend TCJA or pass any conservative tax legislation. At the time of OBBB's passage, Republicans held a 53-47 majority in the Senate and a 220-212 majority in the House (with 3 vacant seats). The legislation passed on a razor-thin, near party-line vote of 51-50 in the Senate (with Vice President JD Vance casting the tiebreaking vote) and 218-214 in the House.

Because the majority had very little margin for error, OBBB necessarily included some compromises that many members may consider regrettable. Conservatives disagree among themselves about some of the bill's provisions, just as some may disagree with certain bottom-line conclusions in this booklet. Such disagreements are to be expected when free-thinking people consider 60 different policies.

As Americans navigate the 2026 tax season, federal taxes have changed significantly thanks to the One Big Beautiful Bill. A fuller understanding of what OBBB changed *and what it prevented* will help bring more appreciation for this historic legislation.

