

## FREQUENTLY ASKED QUESTIONS

### **Why was it important for Congress to pass the One Big Beautiful Bill?**

Individuals and businesses faced a massive tax increase in 2025 if Congress didn't act, as nearly [\\$4 trillion](#) in tax cuts in the 2017 Tax Cuts and Jobs Act (TCJA) were set to expire at the end of 2025. Many of these tax increases would have been especially punitive on economic and job growth.

### **Why did the One Big Beautiful Bill have to be in *one* big bill?**

The bill was passed under the budget reconciliation process. This allowed it to pass with a simple majority in the Senate, instead of needing 60 votes to break a Senate filibuster. The last major tax reform bill to pass without budget reconciliation was back in 1986 (the Obamacare tax *increase* also passed without reconciliation in 2009). Under Congressional rules, budget reconciliation can only be used easily once per fiscal year.

### **How big is the bill?**

331 pages. That's 57 more pages than the last budget reconciliation act, the Inflation Reduction Act of 2022 (274 pages).

### **Are the tax cuts in this bill permanent?**

Mostly, yes. The expiring tax cuts from the 2017 TCJA were made permanent. A few of the new tax cuts, including No Tax on Tips, No Tax on Overtime, the senior deduction, and expensing for factory construction are scheduled to expire after 2028 or 2029.

### **When do/did the tax changes go into effect?**

Most of the tax provisions are in effect now. Most of the new individual tax cuts went into effect for the 2025 tax year and are or will be reflected in tax returns filed in 2026. The extensions of TCJA's tax cuts mostly prevent tax increases that would have gone into effect in the 2026 tax year (and 2027 filing year).

### **Is the One Big Beautiful Bill the biggest tax cut in recent history?**

By most measures, no. Based on JCT estimates, about 84% of the net "tax cut" came from extending TCJA. Instead, it's more accurate to say that if lawmakers had allowed TCJA to expire, Americans would have faced the largest increase in at least 75 years going back to the Korean War, other than a short-term (15 month) [measure](#) to fund the Vietnam War in the late 1960s.

### **Will my taxes go up or down because of OBBB?**

For a few individuals or businesses that were taking advantage of Green New Deal tax credits, their taxes may increase because of OBBB (due to the reduction of subsidies that were being delivered through the tax code). But for almost everyone else, OBBB very likely reduced your taxes, regardless of your income level.

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### **Does the One Big Beautiful Bill reduce spending?**

It reduces the growth *rate* of spending. Projected outlays for the 10-year period 2025-34 are about \$1.1 trillion lower than projected in the previous budget baseline. However, total federal spending levels will continue to rise.

### **Will this blow up the deficit?**

Relative to the policies that were in place before, OBBB cuts spending by significantly more than it cuts taxes, according to JCT and CBO estimates. Reports of increased deficits are in comparison to if TCJA were allowed to fully expire. Furthermore, deficit increases from tax cuts do not increase the size of government, whereas spending-driven deficits expand the government and crowd out productive economic growth and activity in the private sector. OBBB beat investors' expectations for fiscal responsibility, as reflected by the significant drop in interest rates on long-term U.S. treasuries that occurred during and after the debate and passage of OBBB. Still, the long-term debt outlook remains bleak.

### **Does OBBB cut corporate tax rates?**

No. (Not that it would be a bad thing if it had!) TCJA already permanently reduced the corporate tax rate from 35% to 21% to make the U.S. rate competitive with the rest of the world (previously, the U.S. had the second highest corporate tax rate in the 38-country OECD). OBBB left the corporate tax rate alone but reduced other taxes on businesses with a focus on small businesses, companies that invest in their domestic operations, and companies constructing new factories.

### **Will OBBB help or hurt affordability?**

OBBB helps make life more affordable for Americans by allowing them to keep more of their own money. Business tax cuts such as full and immediate expensing for equipment and machinery, R&D, and factories will encourage investment, helping to expand the supply of goods and keep prices down.

### **Did the bill cut Social Security?**

NO!

### **Did the bill end Biden's Green New Deal programs?**

It terminates some, but not all, of the Green New Deal programs enacted into law in the 2022 Inflation Reduction Act. OBBB puts other Green New Deal subsidies on an accelerated path to elimination. Still other subsidies were left intact.

### **What's the difference between a tax credit and a tax deduction?**

Tax credits enable dollar-for-dollar reductions in tax liability (e.g., a \$2,000 tax credit could reduce a \$5,000 tax bill to \$3,000). Tax deductions allow reductions in taxable income before applying the tax rate(s). The value of a tax deduction to a taxpayer depends on his tax rate. (For example, a \$2,000 tax deduction might only reduce taxes by \$200 for a taxpayer in the 10% tax bracket).

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### **What's the difference between refundable and non-refundable tax credits?**

A non-refundable tax credit can only go be used to reduce the amount a filer owes in taxes to zero, not beyond that. However, a *refundable* tax credit can be claimed in full, even if the amount goes beyond what the filer owes in taxes (their tax liability), resulting in the filer receiving money from the government. For example, if a filer would otherwise owe \$3,000 in taxes and has a \$5,000 nonrefundable credit, then he may only take \$3,000 out of the \$5,000 credit. This would result in him owing nothing in taxes, but this filer would also not receive money from the government. If this \$5,000 credit were, instead, fully refundable, then the filer could claim the whole credit, resulting in a tax liability of -\$2,000, meaning that they would not only not pay any taxes, but would receive a \$2,000 benefit from the government. In this manner, refundable credits can look like they merely reduce taxes but can actually serve as a form of wealth redistribution.

### **What does the bill mean for America's military preparedness?**

OBBB increases funding for the armed services. It [provides](#) nearly \$180 billion in new budget authority for the military including, for example: \$28 billion for shipbuilding, \$25 billion for the Coast Guard, \$24 billion for air and missile defense, and \$25 billion for other weapons systems. It also funds modernized shipyards and aircraft and expanded production of B-21 long-range bombers.

### **What does OBBB do for border and homeland security?**

It [provides](#) more than \$130 billion in additional budget authority including: \$47 billion for border infrastructure and the border wall; \$45 billion for detention capacity; \$13 billion to FEMA for state and local assistance; \$12 billion for U.S. Customs and Border Protection personnel, vehicles, and facilities; and \$6 billion for border inspection and surveillance equipment rapid response capabilities, vetting, and drug trafficking prevention.

### **Besides the armed services and border and homeland security, what other non-tax programs received notable *increases* in federal funding?**

Some of the programs receiving boosts in funding [include](#): commodity support and crop insurance programs, air traffic control, rural hospitals and health providers, missions to Mars and the moon, the Strategic Petroleum Reserve, immigration and customs enforcement, federal prisons and law enforcement training, and the Secret Service.

