

Chart of the Day

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House Tax Bill Would Add ~\$2.5 Trillion to US Deficits

According to the Tax Foundation, the US House of Representatives GOP tax bill would raise the US debt ceiling by \$4 trillion and add ~\$2.7 trillion to US deficits over the next decade. On June 4, the Congressional Budget Office (CBO) released an updated scoring of the 10 year deficit impact at \$2.4 trillion. In the months ahead, the US Senate will make substantive changes to the Bill and then work with a fragile GOP House majority to reconcile differences. Though the end of August remains the target for passage into law, the complexity and cost of tax cuts could delay timing to Q4.

Proposed deficit changes, through 2034

Deficit increases (USD, bn):				Revenue raisers (USD, bn)		Deficit increases \$2,751
Extend tax cuts \$2,180				Repeal personal & itemized exemption \$1,870		
Permanent expansion of alternative minimum tax (AMT) \$1,410		Permanent increase in standard deduction \$1,310		Revision to SALT cap \$916		
Permanent increase in deduction for pass-through businesses \$820		Eliminate tax on tips & overtime \$164	Higher estate tax exemption \$212	Extend TCJA business tax provisions \$274		
Expansion of child care tax credits \$797		Other tax changes \$50		Repeal IRA green energy credits \$559		
		Defense & Border Spending \$150		Medicaid cuts \$625		
				SNAP cuts \$300	Tuition aid cuts \$346	

Tax is Complicated, Contentious & Expensive

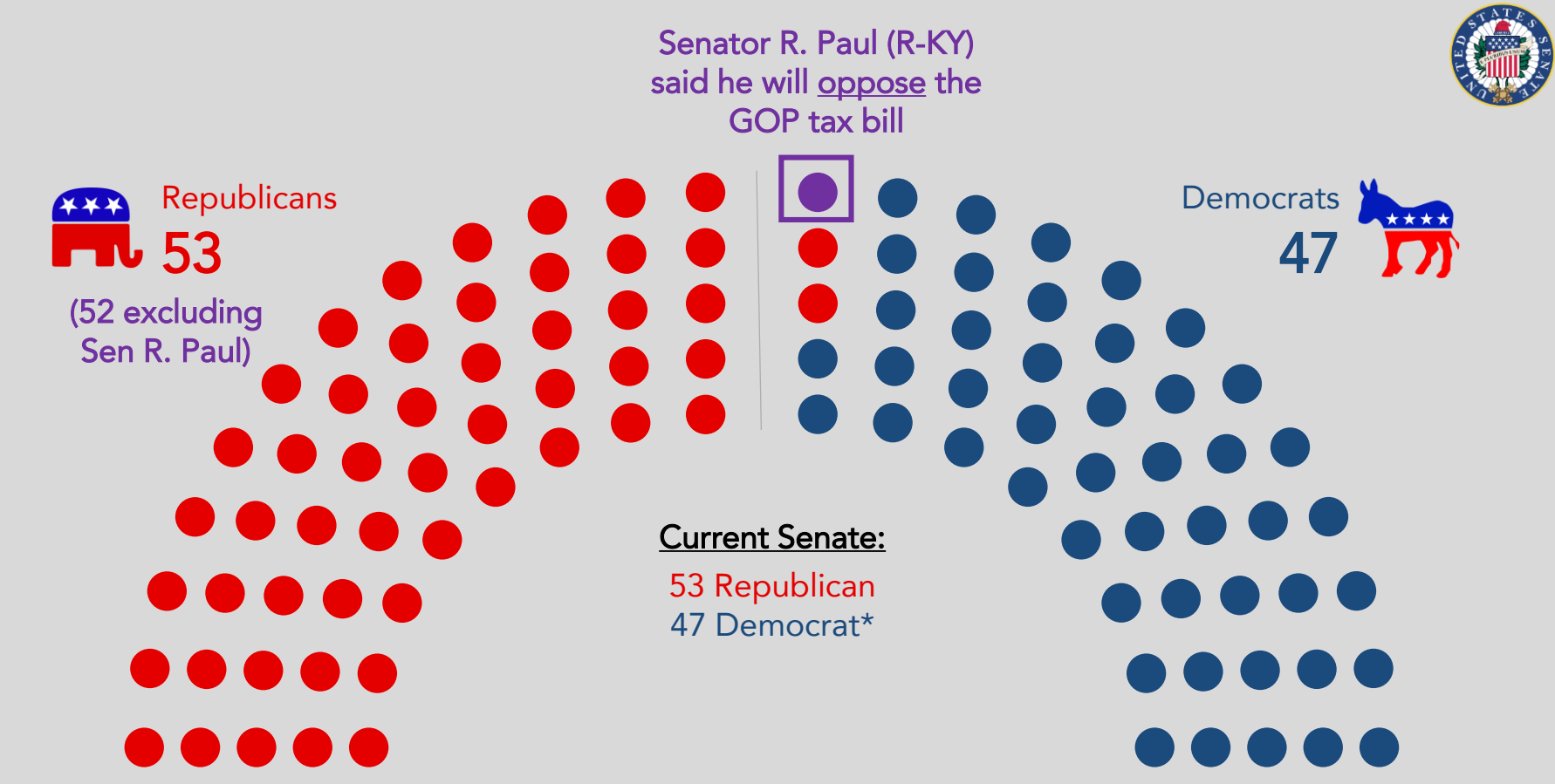
With a narrow and fragile GOP majority in the House in particular, reconciling the high cost and complexities of a multi-trillion tax bill with the US Senate will be exceptionally difficult. While President Trump has requested a final bill by July 4th, the Republican Congress is targeting late August with the possibility of delays until Q4.

Selected areas of 2025 Tax Bill complexity for the US Senate & House to reconcile

	Deficits	\$3 trillion increase over 10 years
	Medicaid & SNAP	Nearly \$1 trillion of spending cuts for low income individuals
	SALT Cap	Raising size of deduction benefits large blue states (CA, NY, NJ)
	IRA Cutbacks	75% of IRA clean energy projects are in Republican red state districts
	"Revenge" taxes	Expansive US Treasury tax powers to punish foreign companies (Section 899)
	Timing	Permanent tax cut extensions vs shorter periods
	Deductions	Plethora of business and individual deductions are complex and expensive

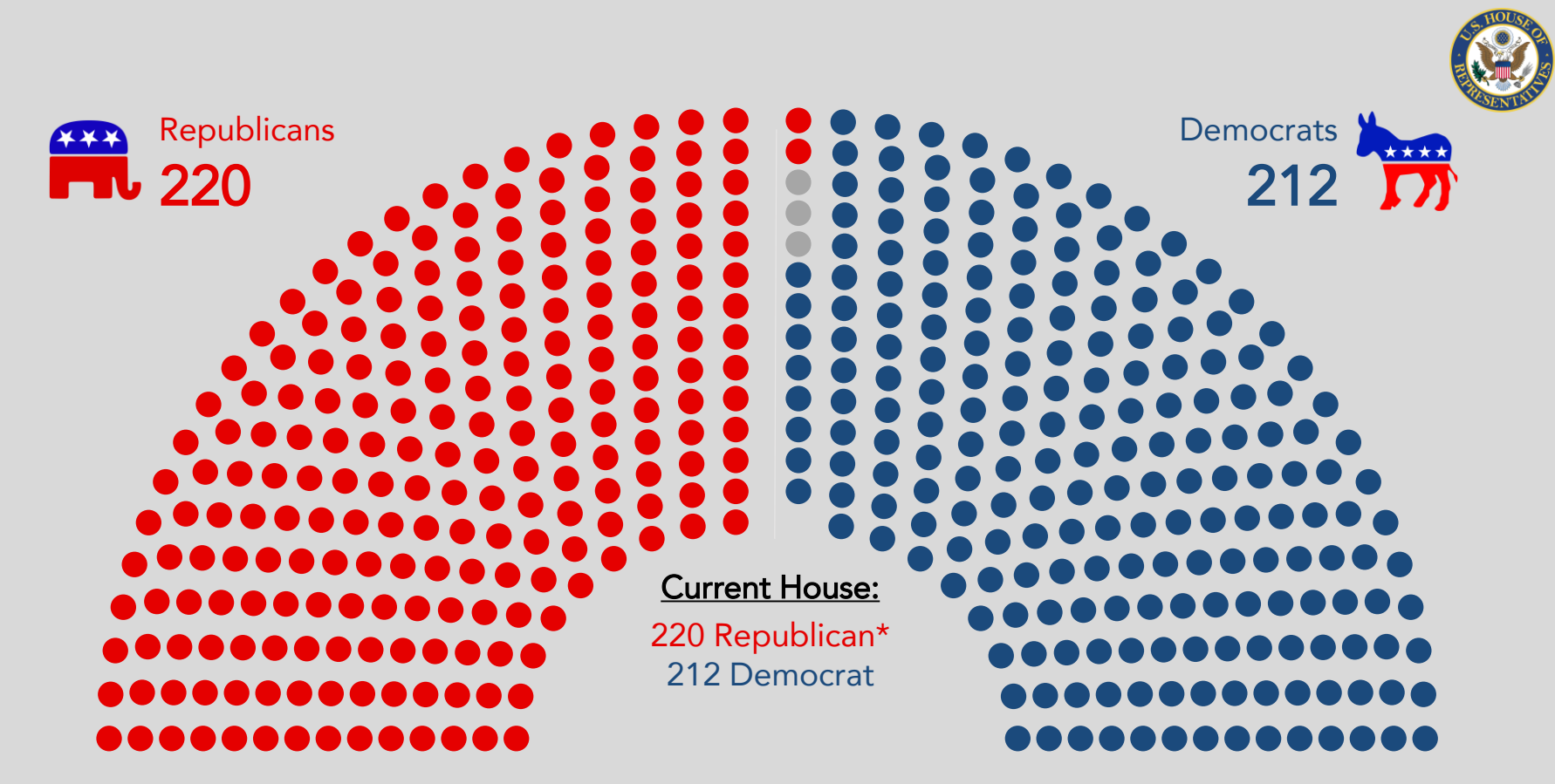
US Senate: Narrow 2 Person GOP Majority

With fiscally hawkish US Senator Rand Paul (R-KY) already clarifying that he will oppose President Trump’s 2025 fiscal expansion, the GOP majority in the Senate to reconcile passage of the House’s tax bill is an exceptionally narrow one at just two votes.



US House: Low Single Digit GOP Majority

The US House passed President Trump’s big, beautiful tax bill by a **narrow one person 215-214 majority on May 23rd**. With substantive changes likely in the US Senate, reconciliation with the fragile GOP coalition in the House will be exceedingly difficult.



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“Macro stability isn’t everything, but without it, you have nothing.”