

# The “One, Big, Beautiful Bill”

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## Overview

The House Ways and Means Committee has released the text of the tax provisions in what will become “The One, Big, Beautiful Bill.” That actually is the name of the legislation. It’s 389 pages in length. If passed in its current form, the legislation represents the largest tax cuts in history (counting the continuation of existing law as a tax “cut”). So, my next few days (on top of grading undergraduate and law school exams and getting ready for the 2025 seminar trail that begins in earnest next week) will be consumed with digesting the provisions and projecting their application to farmers and ranchers.

The very brief summary of the “One, Big, Beautiful Bill” – it’s the topic of today’s post.

## Core Provisions

The key aspect of the bill is that it permanently extends the Tax Cuts and Jobs Act of 2017 (TCJA). That will avoid a large tax hike on all income tax payers, particularly middle-to-lower income individuals and families. Without an extension those presently in the 12 percent income tax bracket would face a 25 percent rate increase next year (plus a reduction in the standard deduction and, if they had qualified children, a 50 percent reduction in the child tax credit).

What are some of the other provisions (without getting into the weeds on this post)?

- No tax on tips
- No tax on social security benefits
- No tax on overtime
- Deduction for buying an American-made automobile
- An increase in the SALT deduction
- An increase in the child tax credit
- Elimination of some of the “green energy” spending contained in the “Inflation Reduction Act” of 2022
- Permanency of the qualified business income deduction (with a reworked formula that will apply to some taxpayers). This provision impacts approximately 30 million small businesses, including many farming and ranching operations. Without this provision being made permanent, these businesses could have faced a tax rate of over 40 percent. If the bill passes, the rate will be less than 30 percent. For farmers and ranchers, that is particularly important.



- An increase in Section 179 depreciation
- A restoration of 100 percent “bonus” depreciation on a retroactive basis
- Limiting Medicare benefits to U.S. citizens and other qualified individuals
- Limiting the Section 45Z to taxpayers that derive the fuel exclusively from domestically produced feedstocks
- An excise tax on investment income of certain universities
- Barring Obamacare Premium Tax Credits from being used by illegal aliens
- Requiring a Social Security number for anyone that receives any type of tax credit. This provision, by itself, is estimated to save 30 to 40 billion in government spending.

### Not in the Bill

In recent days there had been discussion about the possibility of including a tax increase on individuals making over \$2.5 million, but such a provision was not included in the Bill.

### Congressional Budget Office (CBO) Scoring

The CBO says that the bill will raise the deficit by \$4 trillion. But remember, the CBO is the outfit that said that the TCJA would add \$1.5 trillion to the deficit. However, it turned out that the TCJA has resulted in \$1.7 trillion of increased revenues above what the CBO projected. The CBO scores tax bills in a static sense. But tax legislation is dynamic – people make economic decisions in reaction to the incentives or disincentives in the bill.

### Timeline

Today the House Ways and Means Committee starts the process of marking up the bill with the goal of having the Bill to the House floor next week with House passage before Memorial Day. Then the Bill will be debated in the Senate in June with any differences between the House and Senate versions worked out and a final bill on the President’s desk for signature on July 4.

### Conclusion

In the coming days, I'll be writing more about the details of the tax legislation. Of course, I'll be covering the tax developments at my upcoming seminars, including the one coming up in Santa Fe, New Mexico on June 5-6 and Lancaster, PA on August 4 and 5. The Santa Fe event can be attended online also. The links for those events are here: [Farm and Ranch Tax/Estate Planning Seminar \(June\) | Washburn Law](#) and [Farm and Ranch Tax/Estate Planning Seminar \(Aug.\) | Washburn Law](#)

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