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The “Big Beautiful Bill” Summarized

On July 4, 2025, Congress passed a sweeping budget reconciliation measure known as the “One Big Beautiful Bill Act” (OBBA), or simply the “Big Beautiful Bill.” This comprehensive legislation includes hundreds of provisions that will significantly reshape federal policy across a wide range of areas that impact everyday life in the United States, including taxation, immigration, food assistance, healthcare, and energy.

One of the most notable elements of the bill is the permanent extension of the Tax Cuts and Jobs Act (TCJA), a major tax reform law originally enacted in 2017 during President Trump’s first term. The TCJA was set to expire at the end of 2025, but this new legislation helps ensure its provisions remain in effect indefinitely.

To help clarify the scope and impact of this legislation, we’ve outlined some of the key programs and populations that will be affected once the law takes effect:

GOVERNMENT PROGRAM CHANGES

Medicaid Cuts and Eligibility Changes

The “Big Beautiful Bill” reduces Medicaid funding by nearly \$1 trillion—the largest cut in the program’s 60-year history.¹ This is expected to significantly impact low-income and rural populations. Changes to this program will include:

- Beginning December 31, 2026, able-bodied adults under age 65 must verify eligibility every six months. To qualify, individuals must work, volunteer, or attend school for at least 80 hours per month, or meet exemption criteria (e.g., caregiving).² This is a significant change for Medicaid recipients, as previously, in most states, Medicaid recipients were not required to work.³
- The **Medicare Physician Fee Schedule** will increase by **2.5%** for calendar year 2026.

Affordable Care Act (ACA) Coverage

- **Annual Manual Updates Required:** ACA Marketplace enrollees must manually update their income and immigration status annually. Automatic re-enrollment will no longer be available.
- **Shortened Enrollment Period:** The open enrollment period will be shortened by approximately one month. Previously, the enrollment period would run from November 1 through January 15 in most states.
- **Delayed Subsidy Access for Off-Cycle Applicants:** Applicants outside the enrollment window must wait for full documentation to be processed before receiving government subsidies to help pay their monthly insurance premiums. Previously, temporary subsidies up to 90 days were available to help healthcare recipients during the application process.
- **Immigration Eligibility Restrictions:** The bill narrows eligibility for ACA Marketplace coverage and premium tax credits. Immigrants previously considered “lawfully present” under broader definitions—such as asylum seekers, refugees, DACA recipients, and individuals on work or student visas—will no longer qualify for ACA subsidies. Under the new rules, only the following immigrant groups will remain eligible for federally subsidized ACA plans:
 - Lawful permanent residents (green card holders)
 - Cuban and Haitian entrants
 - Citizens of the Freely Associated States (e.g., Marshall Islands, Micronesia, Palau)

Supplemental Nutrition Assistance Program (SNAP)

- States will need to match at least 5% of federal funding for SNAP beginning in 2028. If a state has a payment error rate above 6% then they will need to cover anywhere between 5% and 15% of the benefit costs.⁴ This requirement greatly affects residents in states that already have strained budgets, as it may lead to states having to reduce or cut access to food assistance for residents.
- Able-bodied citizens or lawful permanent residents between the ages of 18 and 64 who don't have dependents must complete at least **80 hours** of work, education, volunteering, or some combination of the three, per month, to be able to receive SNAP benefits. (Previously, the requirement was only for those between the ages of 18 and 54.)
 - Exemptions for homeless individuals, veterans, and youth aging out of foster care will be eliminated.
 - Alaska and Hawaii may receive waivers if recipients demonstrate a "good faith effort" to comply.
 - Non-compliant individuals will be limited to **three months of benefits within a three-year period**.

Student Loan Policy Changes

Effective July 1, 2026:

- **Graduate loan cap:** \$100,000
- **Medical/Law school loan cap:** \$200,000
- **Parent PLUS loan cap:** Limit of \$20,000 per child annually with a \$65,000 lifetime cap per child (After the listed date, parents will no longer be eligible for income-driven repayment programs or public service loan forgiveness).
- **Grad PLUS Loans:** This loan program will be eliminated.
- **Pell Grants:** Students who are offered full or partial scholarships from their schools or receive any outside scholarships, will have limited eligibility for Pell Grants.
- Loan deferment for economic hardship and unemployment will be eliminated.

Only two repayment plans will be available for loans taken out after July 1, 2026.

- The new standard repayment plan will expand the repayment window to 10 to 25 years, depending on the amount of debt you have.
- The new Repayment Assistance Plan will adjust all current income-driven repayment plans and will adjust borrowers' monthly payments to 1% - 10% of their adjusted gross income, with a minimum monthly payment of \$10.
- Borrowers enrolled in the Saving on a Valuable Education Plan (SAVE) must transition to a payment plan between **July 2026 and June 2028**. After July 1, 2028, borrowers who haven't chosen a plan will be automatically enrolled in the income-based repayment plan.
- The Department of Education may revoke **Public Service Loan Forgiveness (PSLF)** eligibility from organizations found to have engaged in "illegal activities," potentially affecting public sector and nonprofit employees.



TAX CHANGES

The bill has modified and made the individual income and estate tax provisions of the 2017 Tax Cuts and Jobs Act (TCJA) permanent. This legislation means that these provisions, such as the higher standard deduction and lower tax brackets, and higher gift and estate tax exemptions, will no longer sunset on December 31, 2025. Listed below are provisions that were a part of the original TCJCA that will become a permanent part of the tax code.

Permanent Changes

Increasing State and Local Tax Deduction (SALT)

- The cap on the SALT deduction limit will increase from \$10,000 to \$40,000, with a phase-out starting at AGI of \$500,000 (\$250,000 for married individuals filing separately) starting in 2025. In 2030, the \$40,000 limit is scheduled to revert to \$10,000. This allows for a larger income tax deduction in high-tax states like California, New York, and New Jersey.

The Standard Deduction

- The larger standard deduction amounts will be made permanent and increased to \$15,750 for single filers, \$31,500 for joint filers, and \$23,625 for head of household for 2025.⁵ These amounts would be indexed for inflation after 2025.

The Child Tax Credit (CTC)

- The CTC will increase to \$2,200 per child starting in tax year 2025. The refundable portion of the credit will be \$1,700 for the 2025 tax year.
- A new children's saving program has been created, called the Trump Account, that gives \$1,000 to U.S. citizen parents whose children are born between 2025 and 2028. After the Treasury deposits the \$1,000, relatives, employers, and nonprofits are allowed to make contributions under the annual \$5,000 limit, similar to the non-deductible traditional IRA contribution for parents or other individuals.⁶

The Mortgage Interest Deduction

- This deduction remains at its current limit of \$750,000 in mortgage debt (\$375,000 for married filing separately). Certain mortgage premiums may also qualify for a deduction.

Charitable Contribution Deduction

- Those who take the standard deduction can also deduct up to \$1,000 for single filers and \$2,000 for married filing jointly filers.
- For taxpayers who itemize deductions, the bill creates a new 0.5% of AGI floor for charitable contributions. The existing AGI limitations remain, reduced by 0.5% of the taxpayer's contribution base.

Moving Expense Deduction

- The previous rule that allowed for the deduction of moving expenses for a work-related move is now permanently eliminated, except for members of the armed forces.

Lifetime Gift and Estate Tax Exclusions

- This exclusion increases the exemptions in 2026 to:
 - \$15 million per taxpayer, which means a \$30 million total lifetime exemption for a married couple.

Tax Brackets

- The seven tax brackets as defined by the original 2017 TCJA, with a top rate of 37% for higher earners and a bottom rate of 10% for lower earners, will remain the same and adjusts them for inflation after 2025. In addition, an additional year of inflationary adjustment is added to the end of the 10% and 12% brackets.

Temporary Provisions for Tax Years 2025 through 2028

Senior Tax Deduction

- Individuals aged 65 and older can claim a \$6,000 deduction if their modified adjusted gross income (MAGI) is up to \$75,000 for a single filer, or \$150,000 for those married and filing joint tax returns. For incomes above those thresholds, the deduction will phase out at \$175,000 for single filers and \$250,000 for joint filers.
- Married couples (65+) filing jointly may claim up to \$12,000 if their combined income doesn't exceed \$150,000.

Note: This bonus over-65 deduction is set to expire after December 31, 2028, unless Congress acts prior.

Auto Loan Interest Deduction

- Individuals are now able to deduct up to \$10,000 of loan interest for vehicles purchased after December 31, 2024, whose final assembly took place in the U.S. This applies to single taxpayers with a modified adjusted income of \$100,000 or less and \$200,000 or less for those married filing jointly.

Note: This excludes many popular car brands produced overseas like Toyota, Honda, Audi, and BMW, though assembly can vary based on make and model. Additionally, ATVs, trailers, and campers are ineligible for this discount. Leased vehicles are ineligible as well.

Remittance Tax

- The OBBB introduces a 1% tax on remittances (cash transfers, money orders, or cashier's checks) sent abroad. Transfers made from financial institutions or funded through debit/credit cards issued in the U.S. will be exempt. This will likely affect immigrants who regularly send money to relatives in their home countries.

Taxes on Overtime and Tips

- Workers will be able to deduct up to \$25,000 in tips and \$12,500 in overtime pay (\$25,000 for joint filers) for taxable years starting January 1, 2025.
 - This deduction is reduced by \$100 for each \$1,000 of modified adjusted gross income above \$300,000 for married filing jointly and \$150,000 for single and all other filers.

Note: This law is set to expire on December 31, 2028.

Taxes on Gambling

- Currently, bettors can deduct the entirety of their losses, up to their winnings. However, within OBBB, bettors will only be able to deduct 90% starting in 2026. This could cause gamblers to owe taxes in years when they netted losses on their bets.



OTHER IMPACTS

Small Businesses

- **Permanent Expensing of R&D:** The bill will allow for immediate expensing of domestic R&D costs starting in 2025. Foreign R&D costs must still be amortized over 15 years. Eligible small businesses can amend 2022-2024 returns to apply to the new rules which includes an ability to write off over 1- or 2-years Section 174 expenditures that previously required capitalization and amortization.
- **100% Bonus Depreciation Reinstated and Made Permanent:** Businesses can immediately deduct 100% of the cost of eligible tangible property in the year it is placed in service. This includes machinery, equipment, computers, appliances, and certain improvements to nonresidential real property.

Green Energy Policies

- The OBBB will terminate numerous tax incentives from the 2022 Inflation Reduction Act for clean energy, electric vehicles, and energy efficiency programs. This means that tax credits for new and used electric vehicles, installation of home EV charging equipment, and insulation or energy-efficient heating and cooling systems will soon end.⁷
- Under the bill, wind and solar tax credits will end unless solar or wind farms start producing energy by 2028 or unless they start construction in the next year.
 - Instead, a new tax on wind and solar projects completed after December 31, 2027, will be implemented if it can't be proved that the project used any Chinese components.
 - Other clean energy incentives like the 30% tax credit for rooftop residential solar will end as well.

Health Savings Accounts (HSAs)

Expanded Eligibility

- Individuals enrolled in Bronze and Catastrophic ACA plans will now be eligible to contribute to HSAs, starting after December 31, 2025.
- These plans will be treated as High-Deductible Health Plans (HDHPs) for HSA purposes.

Direct Primary Care (DPC) Compatibility

- Individuals can now enroll in DPC arrangements and still contribute to HSAs.
- HSA funds can be used to pay for DPC fees, starting after December 31, 2025.
- Monthly limits: \$150 for individuals, \$300 for families (indexed for inflation).

Telehealth Services

- The safe harbor allowing HDHPs to cover telehealth services before the deductible is now permanent.



529 Plans

- Families can now withdraw up to \$20,000 per year in qualified tuition expenses for K-12
- Non-tuition qualified expenses for K-12 will now include costs for books, online learning materials, and tutoring fees.
- Qualified post-secondary educational expenses will expand to:
 - Tuition, fees, books, supplies, and equipment for credentialed programs
 - Testing fees to earn a post-secondary credential
 - Fees for continuing education requirements

Achieving a Better Life Experience Accounts (ABLE)

- The standard annual contribution limit to ABLE accounts has increased to \$19,000 from its previous \$17,000 limit.
- If the ABLE account owner is employed and not participating in an employer-sponsored retirement plan, they may contribute an additional amount. This brings the total potential contribution for individuals in the continental U.S. up to \$34,650.⁸
 - \$15,650 for residents of the continental U.S.
 - \$18,810 for Alaska
 - \$17,990 for Hawaii
- The bill also makes permanent the ability for taxpayers to rollover amounts in 529 plans into ABLE Accounts.



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² Goldman, M. (2025, July 7). Trump bill's health effects won't be felt until after midterms. Axios. <https://www.axios.com/2025/07/07/medicaid-impacts-tax-bill-delayed>

³ Burga, S. (2025, June 30). More than 70 million Americans are on Medicaid. Here's what to know about the program. TIME. <https://time.com/7298772/medicaid-big-beautiful-bill-health-insurance/>

⁴ Higham, A. (2025, July 7). Questions raised over SNAP costs being delayed for some states. Newsweek. <https://www.newsweek.com/questions-raised-snap-cost-sharing-delay-2095366>

⁵ Ea, K. D. C., & Dickler, J. (2025, July 7). Tax changes under Trump's "big beautiful bill" – in one chart. CNBC. <https://www.cnbc.com/2025/07/03/trump-big-beautiful-bill-tax-changes.html>

⁶ Tanner, J. (2025, July 8). The Hill. The Hill. https://thehill.com/homenews/nexstar_media_wire/5388103-have-children-how-the-big-beautiful-bill-could-affect-you/

⁷ Yekikian, N. (2025, July 7). EV tax credit: All the cars that lose the \$7,500 benefit in September. Edmunds. <https://www.edmunds.com/car-news/every-new-car-set-to-lose-federal-ev-tax-credit-september.html>

⁸ Howard, J. (2025, March 4). ABLE Account Contribution Limits (2025) - ABLE National Resource Center. ABLE National Resource Center. <https://www.ablenrc.org/able-account-contribution-limits-2025/>

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