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Unmasking the Big Beautiful Bill

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Executive Summary

Key Features: Tax Cuts

- ✦ President Trump's One Big, Beautiful Bill Act (OBBBA) was signed into law on 4th July. OBBBA is a massive tax and spending bill that extends President Trump's earlier 2017 tax cuts, reshapes and reallocates federal spending, and bolsters defence and border security.
- ✦ **Core provisions:** Extension of 2017 Tax Cuts, defence and border spending, raising the debt ceiling, Medicare and SNAP work requirements, and repeal of EV tax credits. Many of the new or extended tax write-offs will only be available until 2028.
- ✦ Tightened Medicaid requirements and work requirements for certain SNAP recipients could cause certain Americans to lose medical and SNAP coverage, and the four-fold SALT deduction limit raise would likely only benefit high-income earners in high-tax states.
- ✦ Some would argue that tightened work requirements, while perhaps restrictive for some, would promote self-reliance and responsibility and increase employment rates.

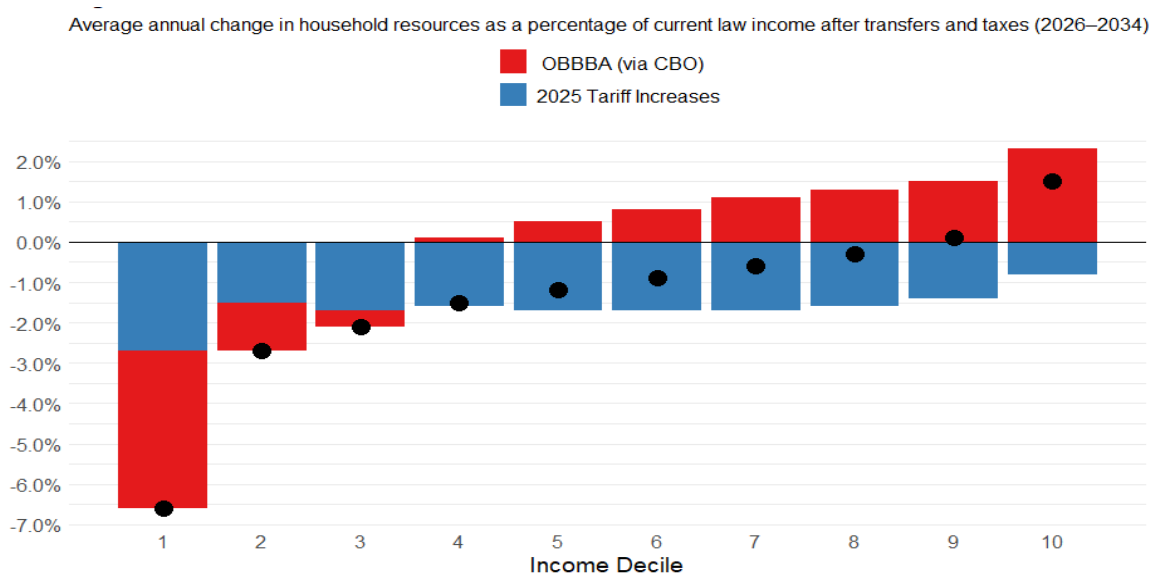
Impact on Deficit and Debt

- ✦ The CRFB estimates the OBBBA will add \$2.4 trillion to primary deficits throughout the next 10 years, which including interest, would add \$3 trillion to the debt. This arguably raises the impetus for President Trump to find revenue and offsets elsewhere.

Controversy: Is OBBBA a Project 2025 in Disguise?

- ✦ The bill lacks explicit references to Project 2025's more radical proposals. While overlaps exist, the bill's scope appears more focused on Trump's immediate political agenda and certain campaign promises than a wholesale adoption of Project 2025.
- ✦ Most notably, Rep. Marjorie Taylor-Greene took issue with a provision that stipulated a 10-year restriction on states regulating AI. For her, it was a 'violation of state rights,' and she would have voted 'no' had she known this provision was in the bill. The Senate removed the States' ban on AI Regulation.
- ✦ As part of a broader fallout with President Trump, Musk labelled the bill a 'disgusting abomination' on X and made baseless allegations tying President Trump to Jeffrey Epstein. House Speaker Mike Johnson had a call with Musk, trying to defend the bill and expressed disappointment with Musk's view.

Key Picture: Combined Effects of the House-Passed OBBBA and Tariffs



Source: [The Budget Lab Calculations](#)

1. Introduction

Last month, the United States House of Representatives narrowly passed President Trump's One Big, Beautiful Bill Act (OBBBA). The OBBBA intends to be a massive tax and spending bill that extends President Trump's earlier 2017 tax cuts, reshapes and reallocates federal spending, and bolsters defence and border security.

Whereas some celebrate the bill as a fulfilment of campaign promises and a win for Americans' wallets, others on both sides of the political aisle criticize the bill as reckless and potentially linked to hidden Project 2025 agendas. Republicans remain divided on the bill as well, and more recently, a public fallout between President Trump and Elon Musk has exposed a deep rift between the two.

The OBBBA was passed and signed into law on 4 July¹, and if it is in fact successful it stands to have significant implications for the economy at large.

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2. Bill Overview

The OBBBA is a comprehensive legislative package that combines significant tax reforms with increased spending in several key areas. The Administration has celebrated it as "an economic windfall for working and middle-class Americans, delivering the largest tax cut in history, higher wages, higher take-home pay, and much more."² Its core provisions include:

- **Extension of 2017 Tax Cuts:** The bill extends the individual and corporate tax reductions from Trump's 2017 Tax Cuts and Jobs Act, which otherwise are set to expire in 2025.
- **Defence and Border Security Spending:** The legislation allocates substantial funds for military modernization and border security, including resources for Trump's mass deportation initiatives. It also increases defence spending to counter perceived global threats.
- **Debt Ceiling Increase:** The bill raises the federal debt ceiling by \$4 trillion, allowing the government to borrow additional funds to cover debt obligations.
- **Medicaid Work Requirements:** It imposes work requirements for Medicaid eligibility.
- **EV Tax Credit Repeal:** It eliminates tax credits for electric vehicles (EVs).

A comprehensive list from the Committee for a Responsible Federal Budget (CRFB) of provisions and their projected deficit impact, sorted by Congressional committee, can be viewed [here](#)³. Upon a deeper look, the bill also includes additional provisions³ including:

- No tax on Social Security
- An increased deduction limit for state and local taxes (SALT)
- Increased state contribution requirements for the Supplemental Nutrition Assistance Program (SNAP)
- No tax on tips or overtime (a key campaign promise)
- Medicaid reform, including work requirements for childless adults who are not disabled and a new semi-annual re-enrolment requirement with additional residency and income verification
- A tax deduction on auto interest for U.S.-made cars
- Increased child tax credit for those with social security numbers
- An end to federal clean energy tax breaks (although the speed at which they are eliminated will be debated in the Senate)

Many of the new or extended tax write-offs will only be available until 2028.⁴ Claims that the bill is a disguised implementation of Project 2025, a conservative policy blueprint led by the Heritage Foundation, have circulated.⁵ Project 2025 advocates for sweeping deregulation, federal workforce reductions, and a restructuring of social programs, some of which align with the bill's Medicaid reforms and spending priorities. However, the bill lacks explicit references to Project 2025's more radical proposals, such as abolishing entire federal agencies or privatizing Social Security, suggesting the disguised connection may be exaggerated. While overlaps exist, the bill's scope appears more focused on Trump's immediate political agenda and certain campaign promises than a wholesale adoption of Project 2025.

3. Bill Impacts and Reactions

Despite the economic windfall for Americans that has been claimed, others have criticized components of the bill. Tightened Medicaid requirements and work requirements for certain SNAP recipients could cause certain Americans to lose medical and SNAP coverage, and the four-fold SALT deduction limit raise would likely only benefit high-income earners in high-tax states.⁶ Specifically, some have estimated that the highest-earning taxpayers would see household resources increase by 2% in 2033, versus a 4% drop for the lowest-earning taxpayers in 2033.⁷ Some might argue that tightened work requirements, while perhaps restrictive for some, would promote self-reliance and responsibility and increase employment rates. Also, many high-tax states are predominately Democrat-leaning, so SALT deduction increases could be a viable way to win some support across the aisle. Lastly, if the House's clean energy tax cuts are left as initially proposed (i.e. end them immediately), companies that don't begin construction promptly will lose the benefits that they expected from the Biden-era tax cuts.

Others have criticized the bill and its voting process as rushed and having 'too much pork'. Most notably, Republican Representative Marjorie Taylor Greene of Georgia took issue with a provision that stipulated a 10-year restriction on states regulating AI. For her, it was a 'violation of state rights,' and she would have voted 'no' had she known this provision was in the bill. She will now urge the Senate to revise it.⁸

The majority of criticism lies with the anticipated deficit impact. The CRFB estimates the OBBBA will add \$2.4 trillion to primary deficits throughout the next 10 years, which including interest, would add \$3 trillion to the debt.⁹ Others, like the Congressional Budget Office (CBO), estimate \$3.8 trillion.¹⁰ This arguably raises the impetus for President Trump to find revenue and offsets elsewhere, from tariff revenue to investment, or hope for lower financing costs and greater treasury sales in the future.

3.1 Musk-Trump fallout

Reducing federal spending is a notable way to offset deficit impacts, and the Department of Government Efficiency is in theory an ample way to achieve that. Yet following Elon Musk's departure from the venture and fallout with President Trump, and pending codification of the existing DOGE cuts already made, DOGE's ability to do so is less certain.

Musk and President Trump's fallout, largely appearing to stem from disagreements over the OBBBA, is perhaps the most dramatic reaction to the bill. Musk began criticizing the bill publicly. His rhetoric escalated by June 3, when he labelled the bill a 'disgusting abomination' on X, warning it would raise the deficit to \$2.5 trillion and present Americans with 'crushing debt.'¹¹

Musk's opposition appears driven by both ideological and personal grievances. As DOGE chief, he aimed to slash \$1 trillion in federal spending, but the bill's deficit increase would contradict that aim. Additionally, the repeal of EV tax credits harms his EV company Tesla, and he was reportedly frustrated by the administration's rejection of some of his proposals, such as using Starlink for air traffic control and nominating Jared Isaacman for NASA administrator.¹² By June 5, the fallout escalated further, with Trump threatening to cut Musk's government

contracts and Musk retaliating with inflammatory X posts, including baseless claims about Trump's ties to Jeffrey Epstein.¹³

The fallout has weakened the bill's prospects in the Senate, where fiscal conservatives (now emboldened by Musk) demand deeper spending cuts. House Speaker Mike Johnson defended the bill and speculated the EV credits could be the blame for the fallout after a 20-minute call with Musk, illustrating some further intra-party tensions.¹⁴

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4. Conclusion

President Trump achieved the ambitious goal of having the OBBBA passed into law by 4th July.¹⁵ While parallels to Project 2025 exist, the bill's focus on immediate policy goals suggests it is less a grand conspiracy than a reflection of Trump's transactional governance. It is an attempt to cement his legacy, deliver on campaign promises, and position his party for the 2026 midterms.

The bill could have significant deficit impacts to account for. With shifting alliances both within and beyond the party, heightened global instability, and rising government debt and deficits already, that hurdle could become even more difficult to cross.

NOTES

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¹⁴ *Ibid.*

¹⁵ Newsweek. 6 June 2025.