

Senate passes budget resolution known as ‘Plan B,’ House expects to consider their resolution next week

Senate Republicans passed their fiscal year 2025 budget resolution this week with a vote of 52-48, a blueprint setting the stage for action on several key pieces of the administration’s agenda, but not tax policy, that is considered to be a backup plan – or Plan B – in the event that the House does not garner the votes needed to pass a sprawling budget resolution that calls for a single reconciliation package with both tax and nontax priorities.

Thune sets process in motion

Leader Thune announced early in the week that the Senate would vote on their budget plan to give President Trump an early legislative victory on his agenda, albeit in a slimmed-down bill covering several of the nontax priorities of the administration, presumably leaving other items, including the expiring provisions of the Tax Cuts and Jobs Act of 2017 (TCJA, P.L. 115-97) for a second budget reconciliation process later this year.

URL: <https://www.congress.gov/bill/119th-congress/senate-concurrent-resolution/7/text>

URL: <https://www.congress.gov/115/plaws/publ97/PLAW-115publ97.htm>

“It’s time to act on the decisive mandate the American people gave to President Trump in November. Securing the border, rebuilding our defense, and unleashing American energy. That starts this week with passing [Budget Committee Chairman Lindsay Graham’s budget]. Let’s get it done,” he declared on X (the social media platform formerly known as Twitter).

URL: <https://www.budget.senate.gov/chairman/newsroom/press/chairman-graham-statement-on-sending-fy25-budget-resolution-to-the-floor>

URL: <https://x.com/LeaderJohnThune/status/1891932516069548078>

Thune has long argued for two bills this year, with tax-related changes trailing behind an initial package that is focused on energy, defense, and border security. He and other top Senate Republicans such as Majority Whip John Barrasso of Wyoming have contended that moving a nontax reconciliation bill early in the Trump administration would allow the GOP to notch a quick, policy win that would help pave the way for action on a large, complex tax package later in the year. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 1, Jan. 10, 2025.)

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250110_2.html

For his part, Graham (R-S.C.), who was instrumental in getting the blueprint through the Senate Budget Committee, stressed the importance of funding for border security and moving the resolution forward as expeditiously as possible.

“Build the wall, deport illegal aliens, and create additional detention space so we don’t have to release illegal immigrants into the community,” he said in a February 18 social media post.

URL: <https://x.com/LindseyGrahamSC/status/1891959294096204268>

“Taking up the budget resolution this week now puts us one step closer to the most transformational border security bill in history. Time is of the essence.”

The specifics

The Senate’s budget blueprint, which is designed to kick-off the reconciliation process, includes reconciliation instructions that call on the Senate Armed Services Committee to report about \$150 billion in additional defense funding while tasking the Homeland Security and Judiciary Committees with reporting about \$175 billion that would be geared toward enhanced border security efforts. It also requested the Commerce, Science, and Transportation Committee to report \$20 billion in additional funding.

Under the Senate’s plan, other authorizing committees, including Agriculture, Nutrition, and Forestry; Energy and Natural Resources; Finance; and Health, Education, Labor, and Pensions, receive “deficit reduction” reconciliation instructions requiring them to report changes in law that would, in total, offset the budgetary cost of the defense and border security changes. Under the rules governing the reconciliation process, those policy changes cannot be specified within the budget itself.

Adopting a budget resolution is an important step in the reconciliation process – the filibuster proof parliamentary maneuver that the GOP has indicated they intend to leverage to move much of President Trump’s tax and spending agenda. (Provided strict parliamentary and procedural rules are met, legislation moved under budget reconciliation can pass the House and Senate with simple majority votes, making it a powerful tool for Republicans who control 53 Senate seats, short of the three-fifths majority – that is, 60 votes – normally needed to advance legislation under regular order in that chamber.)

Trump supports one bill, not two

Early Wednesday morning, and just a few hours after the Senate started debating the fiscal year 2025 budget resolution, President Trump brought an end to the Senate-House one-bill, two-bill debate for now when he announced his support for Speaker Mike Johnson’s (R-La.) one-bill framework that the House Budget panel passed last week. Speaker Johnson and Ways and Means Committee Chairman Jason Smith (R-Mo.) have been urging a one bill approach out of fear that Republicans may not be able to unify around a second budget resolution this year, thus leaving the fate of expiring tax provisions and the President’s new tax proposals in limbo as the calendar moves closer to the end of 2025.

“The House and Senate are doing a SPECTACULAR job of working together as one unified, and unbeatable, TEAM, however, unlike the Lindsey Graham version of the very important Legislation currently being discussed, the House Resolution implements my FULL America First Agenda, EVERYTHING, not just parts of it!”

Trump further emphasized in the social media post that “we need both Chambers to pass the House Budget to ‘kickstart’ the Reconciliation process, and move all of our priorities to the concept of, ‘ONE BIG BEAUTIFUL BILL.’ It will, without question, MAKE AMERICA GREAT AGAIN!”

URL: https://x.com/trump_repost/status/1892219804909707475

Thune expressed surprise at Trump's public statements in which he fully endorsed the one-bill strategy, saying publicly that "I did not see that coming." The president's social media post went further than his earlier statements on this issue when he said that he was more concerned about the end result, rather than the process itself, seeming previously to leave the question of "how" to the congressional leaders. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 5, Jan. 31, 2025.) Congressional Republicans have been waiting for several months for Trump to back either a one-bill or two-bill framework that would break the divide between the chambers' different approaches.

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250131_1.html

Messaging

Shortly after the president made public his favor of a one-bill budget reconciliation strategy, GOP House Majority Leader Steve Scalise (R-La.) spoke with *Punchbowl News* and told them that the House will vote on their budget resolution next week, regardless of the Senate's actions, and will continue moving forward with their one-budget plan.

"If [the Senate bill] came over [to the House], we'd just change the whole thing anyway. ...," he said.

"We've got a bill that achieves all of President Trump's priorities, and we're going to move it next week. Let's get that one moving to the Senate, and then get that one done so we can officially start reconciliation and then move one bill."

Leader Thune, for his part, took a more tempered approach concerning the upper chamber's strategy and maintained that he planned to move forward with consideration of the Senate's budget plan which was adopted in the early hours of February 21. He also indicated that he is prepared to work with the House to ensure that President Trump's legislative agenda is passed.

"We're planning to proceed. But, you know, obviously we are interested in and hoping to hear with more clarity where the White House is coming from," Thune told reporters on Wednesday morning.

In comments to *Tax Notes*, Thune said that "if the House can produce one big, beautiful bill, we're prepared to work with them to get that across the finish line. But we believe that the president also likes optionality." He added that "hopefully in the end we'll be able, whether it's one bill or two bills, to get all the things that the president has outlined as objectives across the finish line in a reconciliation bill."

Plan B: In a closed-door meeting on Wednesday, Vice President Vance told Republican senators that, although the president prefers the one-bill strategy to meet his legislative goals, he did not put a halt to the Senate's competing two-bill approach and considered it a 'Plan B' – that is, a backup plan – particularly if the House does not acquire the necessary votes they need to pass their measure.

Following the meeting with Vance, Budget Committee Chair Graham stated that "nobody wants one big, beautiful bill that gets it done more than I do, but we need to move forward here." He further affirmed that

“JD was very, very focused, prefers the one big, beautiful bill, but understands that we’re, we’re sort of plan B and keep moving.”

Graham reiterated his remarks on the floor of the Senate the following day and stressed that, though he “prefers one big, beautiful bill,” funding is needed for border security now – the US Immigration and Customs Enforcement agency “is out of money.” He further emphasized that, if the House can pass the one-all-in bill covering nontax and tax issues – making tax cuts permanent, not temporary, – “we will all cheer.” (For prior coverage of the Senate GOP taxwriters call for TCJA permanence, see *Tax News & Views*, Vol. 26, No. 7, Feb. 14, 2025.)

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250214_1.html

Votes, votes, and more votes

In its first procedural vote related to the resolution package, the chamber voted 50-47 on February 18 to pave the way for consideration of the budget blueprint that covers defense, energy, and border security measures. The motion to proceed did not garner any Democratic support, while one Republican – Sen. Rand Paul of Kentucky – voted against moving the bill forward. Paul previously told Axios that he won’t vote for a reconciliation package that is not fully funded with [what he considers] real spending cuts.

Absent a unanimous agreement to shorten debate time, a budget resolution is typically afforded 50 hours of debate on the Senate floor, followed by a so-called “vote-a-rama” – or a period in which an unlimited number of amendments can be offered and voted upon without debate. This part of the process is frequently used to compel lawmakers from either party to go on the record about a particular issue which can be used for political purposes in the future and ends only after the Senators’ collective fatigue exceeds their desire to try to score political points by offering messaging amendments that they know are doomed to fail.

Amendments offered: A number of amendments were voted on during the so-called “vote-a-rama” period after the budget’s set debate time lapsed.

In many cases, these amendments were structured as so-called “reserve funds” which in theory are designed to shield subsequent conforming legislation from parliamentary points of order related to the budget, but in practical terms are usually intended mainly for political messaging (that is, to show support, or lack thereof, for a broadly stated policy).

Several of the tax-related amendments that received votes were proposals to:

- Ensure that no billionaire gets another tax break (offered by Minority Leader Charles Schumer, and voted down 52-47);
- Ensure there are no tax cuts for billionaires while food prices are rising (offered by Steering and Outreach Committee Chairwoman Amy Klobuchar, and voted down 52-48); and
- Prohibit giving billionaires a tax cut if even one dollar is cut from Medicaid (offered by Minority Leader Schumer, and voted down 51-49).

Several of the nontax-related amendments that received votes were proposals to:

- Limit the ability of private investors to control the rental real estate market (offered by Sen. Jeff Merkley, and voted down 52-48);
- Prohibit any reconciliation bill that does not decrease the rising cost of housing for American families (offered by Finance Committee member Mark Warner, and voted down 53-47);
- Prohibit any provision in the budget resolution that would increase the energy costs for consumers (offered by Sen. John Hickenlooper, and voted down 53-47); and
- Protect seniors who rely on Medicaid (offered by Sen. Tammy Baldwin, and voted down 52-48).

It is worth noting that at least two Republican senators have expressed concern as to whether there will be appropriate spending cuts to offset the price tag of a budget reconciliation plan, signaling their preference for a 'current law' baseline rather than 'current policy.' Senate Finance Committee member Bill Cassidy (R-La.) introduced an amendment to the fiscal year 2025 budget resolution that struck references to the 'current policy' baseline, though he did not force a vote on the measure during the hours' long vote-a rama process. Sen. Rand Paul's deficit reduction amendment, though, was voted on and handily defeated.

Eyes on the House

The House is expected to vote on their budget blueprint next week when they return from a week-long recess as Speaker Johnson, who knows getting it passed will be a challenge in the closely divided House, feels momentum building thanks to President Trump's endorsement of his budget reconciliation strategy.

"The House budget resolution implements President Trump's FULL America First agenda, not just parts of it with promises to come back later for the rest," Johnson posted on social media on February 18, with a reference to the Senate bill which only includes nontax measures in its first of two bill strategy.

[URL: https://x.com/SpeakerJohnson/status/1891965970891108676?t=Qt9HfhwiaUAK1RJBw7i3lw&s=09](https://x.com/SpeakerJohnson/status/1891965970891108676?t=Qt9HfhwiaUAK1RJBw7i3lw&s=09)

"We remain laser-focused on sending our bill to President Trump's desk to secure the border, keep taxes low, restore American energy dominance, strengthen America's military, and make government work better for all Americans. The American people gave us a mandate and we MUST deliver," he added.

The House budget blueprint would set up a much broader, all-in-one approach to reconciliation this year that marries together roughly \$300 billion in combined additional funding for defense and border security (similar to the Senate plan), a \$4.5 trillion "deficit increase" reconciliation instruction for the Ways and Means Committee intended to accommodate tax policy, and a slew of "deficit reduction" instructions for other authorizing committees that are designed to generate at least about \$1.5 trillion in budgetary savings from mandatory spending programs. (additional supporting documentation was also released)

[URL: https://docs.house.gov/meetings/BU/BU00/20250213/117894/BILLS-119NAih.pdf](https://docs.house.gov/meetings/BU/BU00/20250213/117894/BILLS-119NAih.pdf)

[URL: https://www.congress.gov/event/119th-congress/house-event/117894](https://www.congress.gov/event/119th-congress/house-event/117894)

Savings ‘trigger’ could impact tax?: Additionally, the budget plan includes a trigger of sorts in the form of a “policy statement” stipulating that the Ways and Means Committee’s reconciliation instruction will be reduced dollar-for-dollar to the extent other authorizing committees are unable to identify at least \$2 trillion in mandatory spending cuts. Thus, for example, if committees are only able to report \$1.5 trillion in savings (as in accordance with their explicit instructions) the Ways and Means Committee’s “deficit increase” instruction would be reduced from \$4.5 trillion to \$4.0 trillion.

Yet to be seen is whether this “trigger” will be deemed allowable or enforceable in the eyes of the Senate parliamentarian who serves as the arbiter on what does and does not comply with reconciliation restrictions. That said, the provision may have helped secure the votes of certain conservatives on the House Budget Committee who have been pushing for steeper cuts to federal spending and may serve to define the boundaries of what could eventually pass the House.

Even the \$4.5 trillion upper limit price tag would not be enough to extend the soon-to-expire (and already expired) provisions in the TCJA which costs about \$4.6 trillion over a decade according to an estimate by the nonpartisan Congressional Budget Office (CBO) from May of last year. (For prior coverage, see *Tax News & Views*, Vol. 25, No. 17, May 10, 2024.)

[URL: https://www.cbo.gov/publication/60114](https://www.cbo.gov/publication/60114)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240510_2.html](https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240510_2.html)

On top of extending the TCJA tax provisions, President Trump has also pressed for additional tax cuts, including lowering the corporate tax rate for domestic manufacturing, ending taxes on tip and overtime income – the total cost of these additional changes could easily run into the hundreds of billions of dollars, or potentially more, depending on how they are structured. (The president also has promoted eliminating taxes on Social Security benefits, though changes to Social Security law are prohibited as part of budget reconciliation, so anything providing this sort of benefit would have to be carefully crafted to avoid this prohibition.)

Budget Baseline

It is important to note that, by law, the CBO – Congress’s official budgetary scorekeeper – is generally required to make its projections on the basis of “current law,” or laws as they are currently in effect.

That means that inherent in CBO’s projections is an assumption that the temporary tax provisions scheduled to expire over the budget window—including nearly all of the individual tax changes, estate tax changes, and the passthrough deduction under section 199A that were enacted in the TCJA and are set to lapse after 2025 – will not be renewed, and revenues will be higher as a result. Thus, extending those lapsing provisions would carry a budgetary cost – roughly \$4.6 trillion over a decade, as mentioned above under traditional revenue estimating models.

One procedural tactic that could relieve Republicans’ challenge to fully pay for their reconciliation goals, at least on paper – and that is favored by GOP leaders, including Leader John Thune and Senate Finance Committee Chairman Mike Crapo (R-Idaho) – would have Republicans measure the budget impact of any upcoming legislation on the basis of “current policy” rather than “current law.”

Under that approach, the cost of extending the TCJA would be baked into the budget baseline, thereby erasing any apparent cost associated with the policy, at least as it is reported by the CBO.

“A current policy baseline would recognize that merely avoiding a scheduled tax increase should not be counted as a new tax cut,” Crapo has stated in a social media post.

[URL: https://x.com/MikeCrapo/status/1887646545517928960](https://x.com/MikeCrapo/status/1887646545517928960)

Perhaps more importantly, unless the GOP can come up with additional spending cuts or revenue increases over what has been seen as politically feasible, their use of a current policy baseline is the only practical pathway by which Republicans can deliver on their stated goal of making the TCJA provisions permanent (Leader Thune and several other Senate GOP taxwriters have already endorsed making tax cuts permanent and will not support a package that *only* provides temporary tax relief), including years past the ten-year budget window. That is because the statutory rules governing budget reconciliation require, in part, that bills passed under the process cannot increase the deficit over the long-run.

[URL: https://www.daines.senate.gov/wp-content/uploads/2025/02/Senate-Finance-Letter-to-President-Trump_Tax-Permanency.pdf](https://www.daines.senate.gov/wp-content/uploads/2025/02/Senate-Finance-Letter-to-President-Trump_Tax-Permanency.pdf)

Democratic lawmakers pushback: Five Democratic lawmakers questioned Tom Barthold, the chief of staff of the Joint Committee on Taxation (JCT), concerning the scoring methods that the JCT has used for tax legislation – “current policy” or the “current law” baseline method.

[URL: https://www.warren.senate.gov/imo/media/doc/warren_letter_re_current_policy_baseline.pdf](https://www.warren.senate.gov/imo/media/doc/warren_letter_re_current_policy_baseline.pdf)

The lawmakers maintained that “the deficit cost of tax cuts is real” regardless of the baseline method that is used to measure the price tag of a specific tax bill, like extending the tax provisions of the TCJA. The group disagreed with what they considered to be some Republican claims that “a TCJA extension would not have any impact on the deficit and that Congress does not need to budget for that additional \$4.6 trillion,” of debt which would seem to be papered under a “current policy” baseline measurement.

The Democratic lawmakers who signed the letter included Elizabeth Warren of Massachusetts, Michael Bennet of Colorado, Peter Welch of Vermont, Catherine Cortez Masto of Nevada, and Mark Warner of Virginia.

Next steps

Regardless of whether the GOP ultimately pursues a one- or two-bill strategy – to even put the filibuster-proof budget reconciliation process in motion, House and Senate Republicans first must adopt a single budget resolution that includes reconciliation instructions both chambers agree upon directing congressional authorizing committees to report legislation that conforms to certain agreed-upon fiscal parameters.

It is worth noting that, even if the one-bill strategy is taken up by both the House and the Senate alike, the House GOP will still need to wrangle almost every Republican member to support a sweeping bill, a difficult task given their razor slim majority and the diverse factions within the conference. (House Republicans currently hold just 218 seats in the chamber – and that is expected to shrink to 217 if Elise Stefanik is confirmed, as expected to be the US Ambassador to the United Nations – compared to 215 for Democrats,

with 2 seats vacant, leaving the GOP with the narrowest of margins on any party-line legislation that comes to the floor, at least that is, until special elections are held in the coming months to fill those vacancies.)

It remains unclear when a bicameral GOP agreement may materialize, given that each chamber is still pursuing its own reconciliation path, though the Senate's plan is still considered a backup or 'Plan B,' at least for now or until the Senate decides that the House cannot garner the votes they need to pass a bill of their own.

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