

House narrowly passes Trump-backed tax package, setting stage for Senate battle

In a dramatic early-morning session on May 22, 2025, the House of Representatives narrowly passed the One Big Beautiful Bill Act (the “Act”) by a vote of 215 – 214, with Rep. Andy Harris (R-Md.) voting “present” and two other Republicans breaking ranks to join all Democrats in opposition. The razor-thin margin underscored the deep divisions within the GOP and the high-stakes maneuvering required to push the massive reconciliation package through the chamber.

Following a round of applause on the House floor, House Budget Committee Chairman Jodey Arrington (R-Texas) praised the passage of the Act, highlighting its scope and impact as a major step forward for the Republican policy agenda.

“The One Big Beautiful Bill Act delivers exactly that: the greatest single investment in border security and national defense; the largest tax cuts for families and small businesses; the most significant commitment to unlocking America’s energy resources; and the largest reduction in spending in the history of the United States – by two-fold,” Arrington said.

URL: <https://budget.house.gov/press-release/chairman-arrington-celebrates-house-passage-of-one-big-beautiful-bill-act>

Speaker Mike Johnson (R-La.) hailed its passage as a major legislative victory, having met the Memorial Day deadline to deliver on these core policy goals.

The bill – a far-reaching tax and spending package at the heart of the GOP’s economic agenda – includes provisions to extend key elements of the Tax Cuts and Jobs Act (P.L. 115-97), introduce tax relief for individuals and small businesses, and advances Republican priorities on energy production, border security, and federal spending reform.

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

The bill’s advancement followed a tense but successful vote on the rule governing floor debate, which passed earlier that morning. That vote was secured thanks to a manager’s amendment to the expansive reconciliation package – an eleventh-hour set of tailored concessions adopted in the Rules Committee to win over skeptical Republicans. (For additional documents, see the Rules Committee page on H.R. 1)

URL: [https://amendments-rules.house.gov/amendments/RCP_119-3_Managers_xml%20\(002\)250521201648156.pdf](https://amendments-rules.house.gov/amendments/RCP_119-3_Managers_xml%20(002)250521201648156.pdf)

URL: https://rules.house.gov/sites/evo-subsites/rules.house.gov/files/documents/rcp_119-3_final.pdf

URL: <https://rules.house.gov/bill/119/hr-ORH-one-big-beautiful-bill-act>

Among the last-minute changes were several pivotal policy shifts, including a \$40,000 cap on the state and local tax (SALT) deduction for filers earning under \$500,000, changes to further limit the availability of several of the clean energy tax credits from the Inflation Reduction Act (P.L. 117-169), and small adjustments to the deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI) as well as an increase in the Base Erosion and Anti-Abuse tax (BEAT) rate to make them all very slightly less taxpayer

friendly. This was done so that the provisions would all have a revenue impact in the Senate, something necessary to pass reconciliation using that Chamber's preferred "current policy" metric.

[URL: https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf](https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf)

Despite Republican celebrations, Democratic leaders swiftly condemned the bill's passage, warning of its potential harm to American families. In a joint statement, Minority Leader Hakeem Jeffries (D-N.Y.), Whip Katherine Clark (D-Mass.), and Caucus Chair Pete Aguilar (D-Calif.) criticized the legislation as a betrayal of working families and a threat to essential services.

"House Republicans promised to lower costs. Instead, Donald Trump's One Big Ugly Bill will mean millions of families will pay higher premiums, copays and deductibles. Hospitals will close, nursing homes will shut down and communities will suffer. It will take food out of the mouths of children, seniors and veterans at a time when too many families are already struggling to live paycheck to paycheck," they said.

[URL: https://democraticleader.house.gov/media/press-releases/joint-democratic-leadership-statement-passage-gop-tax-scam](https://democraticleader.house.gov/media/press-releases/joint-democratic-leadership-statement-passage-gop-tax-scam)

The road to passage

The road to the floor vote was anything but smooth. Last Friday, the bill had stalled in the House Budget Committee, where four conservative Republicans – Reps. Chip Roy of Texas, John Brecheen of Oklahoma, Ralph Norman of South Carolina, and Andrew Clyde of Georgia – opposed clearing the bill; during a re-vote on Sunday night, they switched their votes to "present," which allowed the reconciliation package to move forward while signaling their dissatisfaction.

"[T]he bill does not yet meet the moment," Rep. Roy said in a statement, citing concerns over "green new scam subsidies" and Medicaid's "perverse funding structure."

He added, "I joined with 3 of my colleagues to vote 'present' out of respect for the Republican Conference and the President to move the bill forward."

President Trump's involvement proved pivotal in the final hours. He met with key House Republicans twice – first in a personal appearance on Capitol Hill Tuesday morning, and later in a meeting at the White House Wednesday afternoon with key holdouts. Seeking to rally a somewhat divided conference, Trump pressed lawmakers to unify behind the bill, framing its passage as a defining test of party loyalty and legislative resolve.

"We have a tremendously unified party," Trump told reporters.

"I think we are going to have a great victory." Addressing internal dissent, he added, "There are some people who want a couple of things that maybe I don't like, or that they're not going to get... there are a couple that will grandstand."

His presence helped solidify support among wavering members, particularly those from high-tax states who secured the cap on the SALT deduction increase as part of the final deal.

The revised SALT cap and Medicaid provisions were among the most contentious issues. Trump reportedly told lawmakers that, while he supports rooting out “waste, fraud, and abuse,” he opposes “cutting of anything that is meaningful” in Medicaid. On SALT, he urged holdouts to accept a compromise, even as he acknowledged the deduction’s political sensitivity in high-tax states. A deal was ultimately struck to raise the cap to \$40,000, with a phase-out beginning at \$500,000 in income.

(For coverage of the section-by-section summary of the Ways and Means Committee markup, see *Tax News & Views*, Vol. 26, No. 19, May 14, 2025.)

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250514_1.html

What’s Next

With the House narrowly approving the Act, attention now turns to the Senate, where Republicans on the Finance Committee are expected to unveil their own version of the tax package in the coming weeks.

While the House bill represents a major step forward for GOP leadership, significant revisions are likely in the upper chamber, where differing policy priorities and reconciliation rules will shape the final contours of the legislation.

As Senate Majority Leader John Thune (R-S.D.) noted, “In order for a bill to get through the House and the Senate and on the president’s desk, it has to make a meaningful dent in the out-of-control spending we’ve seen over the past several years.”

An in-depth look at the House’s passage of the Republican tax-relief bill will be featured in the May 23, 2025, edition of *Tax News & Views*.

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