From Budget Committee to floor vote: Tracing the path of the GOP tax bill

This week on Capitol Hill was marked by a flurry of legislative activity, beginning Sunday evening with a pivotal vote in the House Budget Committee that set the stage for one of the most consequential tax and spending debates in recent memory.

The drama began late Sunday night, May 18, when Republican members of the House Budget Committee narrowly advanced their party's sweeping tax and spending package. After the Budget Committee initially failed to advance the tax bill in a vote on Friday, May 16, Chairman Jodey Arrington (R-Texas) reconvened the panel late Sunday night to reconsider the measure. In a narrow 17 – 16 vote, the committee agreed to send the package to the House floor, with four Republicans voting "present" amid ongoing concerns about the legislation. While typically a procedural step, the vote took on outsized importance amid internal divisions within the GOP. Four conservative hardliners – Reps. Chip Roy of Texas, John Brecheen of Oklahoma, Ralph Norman of South Carolina, and Andrew Clyde of Georgia – who had previously opposed the bill, shifted their votes to "present," which move allowed the reconciliation package to advance despite continued opposition, sending it to the House Rules Committee.

Following the second Budget Committee vote, Rep. Roy – a fiscal conservative and House Freedom Caucus member – acknowledged in a social media post that, while the "One, Big Beautiful Bill" had successfully cleared the committee, significant revisions were still needed.
URL: https://x.com/chiproytx/status/1924296387040080036

"But the bill does not yet meet the moment – leaving almost half of the green new scam subsidies continuing. More, it fails to end the Medicaid money laundering scam and perverse funding structure that provides seven times more federal dollars for each dollar of state spending for the able-bodied relative to the vulnerable," Roy noted.

"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. It gives us the opportunity to work together this week to get the job done…," he added.

Separately, Vice Chair Lloyd Smucker (R-Pa.), who also initially voted against advancing the bill, clarified that his vote was procedural, allowing a faster process of reconsideration two days later, and not a reflection of opposition; Smucker also serves on the House Ways and Means Committee where he played a key role in shaping the tax provisions addressed in the reconciliation bill.

House Freedom Caucus weighs in: Shortly after the legislation advanced out of the Budget Committee, the House Freedom Caucus released a statement on social media acknowledging that, while progress had been made on the tax and spending bill, additional work remains.
URL: https://x.com/freedomcaucus/status/1924297767754530957?s=42

"We are determined and committed to working through the remaining obstacles within this bill, and we stand with our colleagues Reps. Roy, Brecheen, Clyde and Norman in the Budget Committee who voted present to signal the need for further negotiations."

"We face a serious fiscal crisis, and we must put an end to Washington's wasteful spending now."

Trump presses GOP lawmakers to unite as tax bill faces internal resistance

President Trump made a rare visit to Capitol Hill on Tuesday to rally House Republicans behind what he has dubbed the "One, Big Beautiful Bill," arriving ahead of a pivotal House Rules Committee meeting early Wednesday morning. Seeking to exert influence over skeptical factions within the party, Trump urged lawmakers to unify and support the bill's advancement.

Meanwhile, Speaker Johnson aimed to hold a full House vote Wednesday evening. This urgency was driven by the fast-approaching Memorial Day recess, which Johnson had adopted as a self-imposed deadline to advance the sweeping tax and spending package. In addition, the legislation includes a provision to raise the federal debt limit, adding further pressure to act swiftly, as the Treasury is expected to exhaust its borrowing capacity later this summer.

With President Trump's visit to Capitol Hill on Tuesday and the legislative calendar rapidly narrowing, a wave of high-stakes negotiations and strategic maneuvering unfolded among House GOP leaders and key lawmakers early in the week.

While reports suggested that Trump expressed frustration during that meeting with some of those who had not committed to voting for the bill, particularly with respect to those with further demands on Medicaid and the cap on the SALT deduction, he struck a notably upbeat tone in public at his Tuesday visit to Capitol Hill, casting himself as a party unifier.

"We have a tremendously unified party," Trump told reporters, adding that "[w]e have unbelievable unity." He also stated that "[I] think we are going to have a great victory."

Pressed on the issue of Republican holdouts, he said, "[T]here are some people who want a couple of things that maybe I don't like, or that they're not going to get," further indicating that "there are a couple that will grandstand."

Two of the most contentious issues that delayed finalizing the House tax bill as of Tuesday afternoon were the revised cap on the state and local tax (SALT) deduction and proposed changes to the Medicaid program.

During his Tuesday visit, the president characterized the SALT deduction as a benefit primarily for blue-state governors and urged the group of Republican holdouts to accept a modest increase to the current $10,000 cap. By contrast, on the presidential campaign trail last year, he pledged to restore the deduction to help residents of high-cost states such as New York, New Jersey, and California – signaling to voters that he would champion the interests of lawmakers from those regions and support efforts to deliver meaningful relief to their constituents.

Following Trump's visit to the Capitol, House Republicans continued to work to bridge internal divisions on the issue, as the conference includes both Members who wanted a higher SALT cap and others who saw it as an expensive giveaway to higher-income taxpayers in several blue states. The cap on the SALT deduction remained a central point of behind-the-scenes negotiations throughout the week. While several proposals were floated, a deal was ultimately struck with Republican lawmakers to secure their votes for advancing the bill.

In addition to addressing the revised cap on the SALT deduction, President Trump issued a pointed warning to fiscal conservatives pushing for deeper Medicaid cuts, reportedly telling them not to interfere with the program – emphasizing that, while he supports efforts to root out waste, fraud, and abuse, he opposes further reductions to a program some lawmakers have eyed to help offset the cost of the proposed tax cuts.

When asked by a reporter about potential spending cuts to Medicaid, Trump emphasized that the focus has been solely on eliminating "waste, fraud, and abuse" in the program, adding, "no cutting of anything that is meaningful." He also stated that the goal is "to strengthen Medicaid."

The numbers matter

GOP leadership faced a delicate balancing act in its effort to secure the votes needed to pass the tax package through the narrowly divided House. As outlined above, early resistance emerged from two influential factions within the party – each with competing demands that complicated the path forward. Navigating these internal divisions required ongoing negotiations, strategic concessions, and careful vote counting as leadership worked to unify the conference around a final deal.

When GOP negotiators reached a tentative agreement with the SALT-aligned members – raising the cap on the SALT deduction to $40,000 with a phase-out for high-income earners – it appeared momentum was building. But that breakthrough triggered opposition from fiscal conservatives, who balked at the revised terms and signaled they could not support the bill in its current form, throwing the vote count back into uncertainty.

On Wednesday, Rep. Andy Harris (R-Md.) cast doubt on the bill's prospects for passage in the near term, citing concerns over the expanded cap on the SALT deduction and what he views as inadequate spending cuts.

"I think, actually, we [are] further away from a deal because that SALT cap increase, I think, upset a lot of conservatives," Harris told Newsmax.

"This bill actually got worse overnight," he said. "There is no way it passes today. We may need a couple of weeks to iron everything out."

Rep. Roy, a key member of the Rules Committee, had been especially vocal, warning that the bill still lacks the fiscal discipline conservatives were demanding. His opposition was particularly significant given his role in previously stalling the bill in the Budget Committee and his perch on the Rules Committee.

With fiscal conservatives still withholding their support midweek, President Trump met with key holdouts on Wednesday afternoon where he delivered a blunt message: stop stalling and vote to advance the tax and spending package. Meanwhile, the White House underscored the stakes in a newly released Statement of Administration Policy, warning that the House should immediately pass this bill to "show the American people that they are serious about 'promises made, promises kept.' President Trump is committed to keeping his promises, and failure to pass this bill would be the ultimate betrayal."
URL: https://www.whitehouse.gov/wp-content/uploads/2025/03/SAP-HR1.pdf

Rules Committee

As negotiations continued behind the scenes, the House Rules Committee convened a hearing on the Act beginning at 1:00 a.m. Wednesday that stretched for more than 20 hours – an unusually long and tension-filled session even by Capitol Hill standards. Over 500 amendments, most offered by Democrats, were stacked for consideration as the committee worked through the night and day and night again. After a marathon session, the committee ultimately advanced the Republicans' sweeping tax and spending package, incorporating a series of revisions outlined in a separate story in Tax News & Views, but without making in order any of the more than 500 individual amendments that House Members hoped to offer during Floor debate.
URL: https://rules.house.gov/bill/119/hr-ORH-one-big-beautiful-bill-act

Ways and Means Committee Chairman Jason Smith (R-Mo.) proudly touted the tax package crafted by his committee at the hearing, describing it as a bold blueprint for economic growth and middle-class prosperity. He highlighted key provisions such as an expanded standard deduction, a larger child tax credit, a permanent 23 percent deduction for small business income, and renewed incentives for research and development. Smith argued that these measures would not only provide immediate relief to families and entrepreneurs but also lay the foundation for long-term innovation and competitiveness.

"The result will be economic prosperity for workers and families like the boom times of President Trump's first term. Take-home pay for the typical family with two children will increase by as much as $13,300. Annual real wages for workers will rise by as much as $11,600. Pro-growth tax policy will save up to 7 million jobs, while the permanent and expanded small business deduction will add 1 million new jobs each year and expand small business economic output by $1.5 trillion," Smith said.

Smith's comments echoed the broader message from other Republicans at the hearing who framed the package as a pro-growth, pro-worker plan aimed at delivering tangible benefits to American families and businesses.

Democrats, led by Rules Committee Ranking Member Jim McGovern (D-Mass.), strongly objected to the timing and substance of the overnight hearing, characterizing it as a rushed effort to push through a sweeping tax and spending bill with minimal public scrutiny. They argued that the Act would disproportionately benefit the wealthy while placing new burdens on working families – warning of deep cuts to Medicaid, food assistance, and other essential programs. McGovern and his colleagues framed the legislation as fiscally reckless, saying it would balloon the national debt while prioritizing tax breaks for the wealthy over investments in everyday Americans.

Democratic members also emphasized that the bill undermines the social safety net at a time when many families are still struggling with rising costs. In response, they offered a series of amendments aimed at preserving equity in the tax code and protecting vulnerable communities.

CBO weighs in on cost, distributional effects

Although a final assessment of the House-passed bill's budgetary effects is not yet available, the nonpartisan Congressional Budget Office (CBO) on May 20 did issue a pair of fiscal analyses of the legislation as it was constructed on May 18 when it was reported to the full House by the Budget Committee. Importantly, then, the figures overviewed below do not factor in the changes made to the bill as part of the manager's amendment adopted by the Rules Committee on May 21. (Updated analyses of the final bill are expected from the CBO and Joint Committee on Taxation in the coming days.)

In its first release on May 20, the CBO provided a spreadsheet detailing the budgetary effects of the legislation reported by all 11 House committees that received reconciliation instructions under the GOP-approved fiscal year 2025 budget resolution.
URL: https://www.cbo.gov/publication/61420

Mirroring the JCT's May 13 analysis (JCX-22-25R) of the Ways and Means Committee's tax title, CBO's spreadsheet projects that the net effect of the committee's revenue changes would increase deficits by roughly $3.8 trillion over the next decade.
URL: https://www.jct.gov/publications/2025/jcx-22-25r/

Other committees – in particular, the Energy and Commerce, Agriculture, and Education and Workforce panels – generate about $1.5 trillion in net deficit reduction by way of paring back programs such as Medicaid, food stamps, Pell grants, and student loans.

In total, then, CBO's analysis suggests that the bill – again, prior to adoption of the manager's amendment – would increase deficits on net by about $2.3 trillion over the next decade. It is important to note, however, that this simple summation does not include any macroeconomic feedback effects that the legislation may produce (which Republicans generally argue would reduce its net deficit impact). Furthermore, the CBO cautions that its analysis does not factor in the budgetary "effects of interactions among titles of the legislation."

On that topic, the JCT released its macroeconomic analysis of the Ways and Means Committee tax proposal (JCX-25-25) on May 22. The JCT projected that, while the proposal would initially boost labor supply and real GDP, it would also lead to higher federal deficits and debt. Over time, they projected that this rising debt would crowd out private investment, reducing the capital stock and eventually causing real GDP to fall below

baseline projections. As a result, JCT projected that the long-term economic benefits would fade, and the proposal's positive budgetary feedback would diminish in the decades following enactment of the legislation.
URL: https://www.jct.gov/publications/2025/jcx-25-25/

Distributional effects analyzed too: Also on May 20 – in response to a request from House Minority Leader Hakeem Jeffries, (D-N.Y.) and Budget Committee Ranking Member Brendan Boyle (D-Pa.) – CBO released a letter detailing the distributional effects of the GOP legislation, taking into account both its proposed revenue and spending changes.
URL: https://www.cbo.gov/system/files/2025-05/61422-Reconciliation-Distributional-Analysis.pdf

In general, CBO estimates that the version of the bill originally reported by the Budget Committee would slightly decrease "household resources" (*e.g.*, total income, including the effect of federal tax and spending programs) for the bottom tenth of income earners while slightly increasing such resources for the top tenth.

"CBO estimates that household resources would decrease by an amount equal to about 2 percent of income in the lowest decile … of the income distribution in 2027 and 4 percent in 2033, mainly as a result of losses of in-kind transfers, such as Medicaid and SNAP…," the letter states.

"By contrast, resources would increase by an amount equal to 4 percent for households in the highest decile in 2027 and 2 percent in 2033, mainly because of reductions in the taxes they owe."

Though the report's findings were seized on by congressional Democrats, they ultimately did not move the Republicans to change the bill.

What's next

Now that the tax and spending package has cleared the House, attention shifts to the Senate, where Finance Committee Republicans are expected to unveil their own version of the tax package in the coming weeks.

Changes are almost certain in the Senate where lawmakers must navigate not only their own policy priorities and political dynamics, but also the procedural constraints of budget reconciliation. With a narrow margin and differing views among Senate Republicans on this complex legislation (including both tax and non-tax elements), the upper chamber is likely to revise key provisions of the House bill to ensure it complies with reconciliation rules and can secure the necessary support for passage.

As Senate Republicans prepare to reshape the House bill, broader fiscal concerns – amplified by rising national debt and deficit levels – are shaping the debate, with Senate Majority Leader John Thune (R-S.D.) emphasizing the need for fiscal discipline.

"A lot of our colleagues have made it very clear that 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," Thune said at a press conference.

Even as Senate Republicans emphasized the need for fiscal restraint, lawmakers found common ground on a narrower tax measure. The Senate demonstrated rare bipartisan agreement in passing the No Tax on Tips Act (S. 129) by unanimous consent this week. The measure would allow service industry workers to deduct up to $25,000 in reported cash tips from their taxable income. The bill, which applies to workers earning up to $160,000 annually, was framed by supporters as a way to provide immediate relief to working-class Americans – and its swift passage underscores the political appeal of targeted tax breaks even amid broader debates among lawmakers.
URL: https://www.congress.gov/bill/119th-congress/senate-bill/129/text

Sen. Ted Cruz (R-Texas), who introduced the bill, stressed its alignment with President Trump's campaign promise and its potential impact on working Americans. Notably, both Democratic Senators from Nevada – Jacky Rosen and Catherine Cortez Masto – joined Cruz as cosponsors.

"President Trump made a promise to the American people that he would eliminate taxes on tips. In Congress, I formed a bipartisan, bicameral coalition to get that done, and in the Senate introduced the No Tax on Tips Act. Today, I went with Senator Rosen to the floor to secure Senate passage of the bill. This legislation will have a lasting impact on millions of Americans by protecting the hard-earned dollars of blue-collar workers, the very people who are living paycheck to paycheck. I urge my colleagues in the House to pass this important bill and send it to the President's desk to be signed into law," said Cruz.
URL: https://www.cruz.senate.gov/newsroom/press-releases/sen-cruzs-no-tax-on-tips-legislation-passes-senate

While a related provision is in the bill approved the House on Thursday, the outlook for the Senate's stand-alone measure there is far murkier, particularly in light of the constitutional requirement that all revenue measures originate in the House of Representatives.

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