



# Capitol Hill Weekly

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***This update reflects facts as of Monday morning, June 9, 2025. The situation is fluid and may change.***

The Senate continues this week to consider the House-passed budget reconciliation bill and its \$3.8 trillion tax title. The Senate Republican leadership still has given no indication that it intends to hold committee hearings and markups. Instead, it appears the plan is for the Budget Committee to assemble legislation submitted from the chairs of the nine committees of jurisdiction and send the bill to the floor, perhaps with further negotiated changes and later with floor amendments.

Two committees – Armed Services and Commerce, Science and Transportation – released text of legislation last week. The current plan calls for the remaining seven to release text by the end of this week, the last likely to be the largest most controversial: Finance, with jurisdiction over tax and health programs. That schedule would leave two weeks for final passage before the Independence Day recess, which begins June 27. Senate leadership has indicated, perhaps more realistically, a goal that the Senate pass its version of budget reconciliation legislation before the break.

The obstacles to final passage remain the same, accentuated by the thin Republican majorities and absence of Democratic support. Republicans can afford to lose only three votes in either chamber. Both House-Senate and intraparty differences make that difficult. House Speaker Johnson likened House passage of its version of the legislation – by a 215-214 vote – to crossing the Grand Canyon on dental floss.

Blue state House Republicans in competitive districts are adamant in their demands that the SALT cap be raised. The \$40,000 cap in the House bill, even with a phase out, has a substantial revenue cost of about \$353 billion. Senate Republicans, almost all of whom represent red states, do not prioritize SALT relief, and have raised concerns about the revenue cost, which both increases the total effect of the bill on deficits and potentially crowds out other priorities.

Conversely, many Senate Republicans have expressed, at best, lukewarm support for the spending cuts approved in the House bill.

Meanwhile, deficit hawks among House Republicans (and some in the Senate, too), are concerned about what the bill will add to the national debt. According to the release by the Congressional Budget Office last week, the bill would add \$2.4 trillion to the debt over 10 years, and according to a supplemental CBO letter, with interest on the addition to the debt, \$3.0 trillion. Quite a few provisions of the House bill provide only temporary tax benefits, such as the sections 174, 163(j), and 168(k) business provisions and the Trump campaign exclusions and benefits for tip income, overtime pay, auto loan interest, and seniors. If all were made permanent, the ten-year cost could approach \$5 trillion according to outside estimates. Deficit hawks therefore may want to make further cuts to spending programs, cuts that other members believe are already too large.

Another area of concern is the repeal or rapid phase out of Inflation Reduction Act energy tax credits in the House bill. Those changes would raise about \$572 billion in revenue. Republican members with ongoing or planned energy projects in their states or districts would like those projects protected.

Resolving intra-party issues in the Senate is only the next step. Changes made by the Senate may jeopardize that one-vote majority by which the House passed its reconciliation bill. And a host of smaller issues remain to be resolved. The timeline for passage of the legislation is therefore quite uncertain. The bill, and especially the tax title, remain, however, one of the highest priorities of the Republican Congressional majority and the White House.

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