

TaxNewsFlash

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Legislative update: House Budget Committee releases 2025 budget resolution and schedules markup

The House Budget Committee today released [bill text](#) of a 2025 budget resolution and scheduled a committee markup of the resolution for tomorrow, February 13, 2025, at 10:00 a.m. ET.

The budget resolution contains reconciliation instructions that would authorize various House committees to draft portions of a reconciliation bill at a later date. Special “budget reconciliation” procedures allow tax legislation to be passed with only a simple majority vote in the Senate without being subject to a filibuster. Using the reconciliation process would allow Republicans to pass tax legislation with little or no support from the Democrats in the Senate. The procedure of budget reconciliation has been routinely used by both parties to enact tax legislation when one party is in control of Congress and the White House. Recent examples include the Tax Cuts and Jobs Act (TCJA) and the Inflation Reduction Act of 2022.

When combined into one reconciliation bill, the various portions of the bill would authorize a total maximum of \$4.8 trillion in deficit increases and require a minimum of \$1.502 trillion in deficit reductions over fiscal years 2025-2034. The budget resolution unveiled today specifically includes instructions that would allow the House Ways and Means Committee to increase the deficit by up to \$4.5 trillion over the budget window in a possible future reconciliation bill. Among other possible legislative changes that the Committee could choose to include in a reconciliation bill, Chairman Jason Smith (R-MO) has indicated that he intends for the Committee to address the scheduled expiration at the end of 2025 of many of the provisions of the TCJA.

However, the budget resolution also includes a policy statement that the goal of the budget resolution is to reduce mandatory spending by \$2 trillion over the budget window, and if the combined deficit reduction provided by authorizing committees is below this target, the \$4.5 trillion instruction provided to the House Ways and Means Committee should be reduced by a commensurate amount to offset the difference.

Next steps

The budget resolution must be approved by the House Budget Committee before it may be considered by the full House. If it passes the House, the Senate would then consider the resolution. A budget reconciliation bill can only be assembled after the two chambers pass identical budget resolutions.

The Senate Budget Committee today began a two-day committee markup of a [budget resolution](#) that does not contemplate addressing the scheduled expiration of the TCJA provisions, which Senate Republicans have indicated they plan to address in a 2026 budget resolution to be considered later this year.

KPMG observation

It appears that the House and Senate Republicans have not yet agreed upon a path forward for addressing budget and tax priorities. The House resolution would provide for a large reconciliation bill that could address both the expired TCJA tax cuts and scheduled business tax increases, as well as other border security, defense, and energy initiatives. By contrast, the Senate budget resolution provides only for the nontax initiatives and would not contain a significant tax title. The Senate approach would leave the TCJA and other tax issues for a second reconciliation bill at a later date. Any reconciliation bill would, of course, require agreement of the House and Senate.

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