

One Big Beautiful Bill

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Situation Report: One Big Beautiful Bill Act (Public Law 119-21)

Congress has passed and the President has signed the One Big Beautiful Bill Act, a sweeping budget reconciliation measure touching taxes, Medicaid, food assistance, defense, immigration, energy, and student loans. The legislation makes the 2017 individual tax cuts permanent, reshapes federal safety-net programs, and redirects federal energy policy away from renewables toward fossil-fuel development. Early reporting reflects the bill's breadth, but the collection window is under three days, no official CBO cost estimate was available at filing, and several numerical claims in circulation have already been corrected by the enacted statute text.

Key Judgments

- **We assess with high confidence** that H.R. 1 became Public Law 119-21, permanently extending the 2017 individual income tax rates, the enlarged standard deduction, and the SNAP Thrifty Food Plan freeze.
- **We assess with high confidence** that the bill creates an above-the-line tip-income deduction of up to \$25,000 through 2028, phasing out above \$150,000 AGI (\$300,000 joint).
- **We assess with moderate confidence** that the OBBBA was signed into law on July 4, 2025, though this date rests on 14 outlets whose sourcing has not been independently confirmed against an official signing record in this collection.
- **We assess with moderate confidence** that the legislation substantially reduces federal Medicaid and SNAP outlays through eligibility restrictions, work requirements, and new state cost-sharing rules; projected effects on coverage and enrollment are contested and unverified.
- **Where the record settles it**, the enacted statute corrects several widely circulated figures: the SALT cap is \$40,000 (not \$30,000) for 2025, the child tax credit rises to \$2,200 (not \$2,500), and the senior deduction is temporary through tax year 2028 (not permanent).
- **Reported but uncorroborated; low confidence** that federal Medicaid cuts mandate a flat 15% funding reduction — the primary statutory text does not establish that mechanism.

What the Legislation Says

The OBBBA is a reconciliation package spanning taxes, health coverage, food assistance, defense, immigration, energy, and student loans.

Taxes (§§70101–70607): The 2017 individual rates and doubled standard deduction are made permanent. The child tax credit rises to \$2,200 with annual inflation adjustments (§70104). The Section 199A pass-through deduction is made permanent at 23% (§70105). The estate tax exemption is permanently extended at elevated levels (§70106). The SALT deduction cap rises to \$40,000 for 2025, \$40,400 for 2026, and approximately 1% annually through 2029,

reverting to \$10,000 in 2030, with a high-income phasedown beginning at \$500,000 MAGI (§70120). A temporary senior deduction of \$6,000 (individual) or \$12,000 (joint, both spouses 65+) applies through tax year 2028 only (§70103). New above-the-line deductions cover tip income, overtime pay (up to \$12,500), and car-loan interest (up to \$10,000) (§§70201–70203). A 5% excise tax applies to international wire transfers, reclaimable as a credit by U.S. citizens (§70604). Nearly all clean-energy tax credits are terminated or phased out (§§70501–70514). The IRS Direct File program is shut down within 30 days (§70607).

Medicaid and Health Coverage (§§71101–71401): Work/community-engagement requirements of 80 hours per month apply to most non-disabled adult Medicaid enrollees effective after December 31, 2026 (§71119). Cost-sharing increases for ACA expansion enrollees (§71120). Provider tax rules are tightened (§71115). Undocumented immigrants and most legal immigrants are barred from Medicaid (§71109). Premium tax credit eligibility is restricted for certain immigrants and enrollment categories (§§71301–71304).

SNAP (§§10101–10108): The Thrifty Food Plan is frozen to CPI-only adjustments, preventing reevaluation-driven benefit increases (§10101). Work requirements extend to adults through age 64 and to parents of children 7 and older (§10102). State cost-sharing begins in FY2028 on a tiered basis tied to payment error rates, ranging from 0% to 15% (§10105). Noncitizens who are not qualified aliens are made ineligible (§10108).

Defense and Border (§§20001–20013, 90001–90007): Over \$150 billion in new defense appropriations and billions more for border wall construction, detention expansion, and enforcement. New fees on asylum and immigration filings (§§100002–100016).

Student Loans (§§81001–85002): Caps on graduate and parent PLUS borrowing; restructured income-driven repayment; tightened Public Service Loan Forgiveness (§82004).

Energy and Environment (§§50101–60026): Federal oil, gas, and coal leasing expanded. Virtually all unspent IRA climate funds rescinded, including the \$27 billion Greenhouse Gas Reduction Fund (§60002).

No CBO cost estimate was available at filing.

What Is Firmly Established

- H.R. 1 became **Public Law No. 119-21** after presidential signature. *(Congress.gov, The Hill)*
- H.R. 1 is a reconciliation bill submitted by multiple House committees under the FY2025 budget resolution; it reduces taxes, adjusts spending, raises the statutory debt limit, and touches agencies across the federal government. *(Congressional Research Service, finance.yahoo.com, fool.com, rawstory.com)*
- The bill **permanently extends individual income tax rates** of 10%, 12%, 22%, 24%, 32%, 35%, and 37%. *(Congressional Research Service, finance.yahoo.com, fool.com)* — **Note:** these outlets share a common sourcing lineage; wire-echo applies.
- The **standard deduction** is permanently set at \$15,750 (single), \$23,625 (head of household), and \$31,500 (married filing jointly). *(Congressional Research Service, pasadenastarnews.com)* — wire-echo.
- An **above-the-line tip-income deduction** of up to \$25,000 through 2028 phases out above \$150,000 AGI (\$300,000 joint). *(Congressional Research Service, cpapracticeadvisor.com, finance.yahoo.com, kiplinger.com, pasadenastarnews.com, aol.com)* — wire-echo.

- H.R. 1 **prohibits USDA from increasing the Thrifty Food Plan** through reevaluation; adjustments are limited to CPI. *(Congressional Research Service, [economictimes.indiatimes.com](https://www.economictimes.indiatimes.com))*
- H.R. 1 **expands SNAP work requirements** to able-bodied adults through age 65 (up from 55). *(Congressional Research Service, [economictimes.indiatimes.com](https://www.economictimes.indiatimes.com))*

Where the Record Settles It

Senior tax deduction — temporary, not permanent *(Sec. 70103, amending IRC §151(d)(5)(C)(i))*: *Bearings reads the statute as establishing a \$6,000 deduction (individual) / \$12,000 (joint, both spouses 65+) that applies only to taxable years beginning before January 1, 2029. The section's own title reads "TEMPORARY SENIOR DEDUCTION." Sources describing it as permanent are incorrect.

Senior deduction and Social Security taxation *(Sec. 70103, amending IRC §151(d)(5)(C))*: *The record shows the deduction amends the personal exemption provision and says nothing about the Social Security benefit taxation rules in IRC §86. The claim that the deduction causes a majority of Social Security recipients to owe no taxes on benefits is unsupported by the statute or any CBO materials provided.

SALT cap — \$40,000, not \$30,000, with annual increments *(Sec. 70120, amending IRC §164(b)(6)–(7))*: *Bearings reads the statute as setting the cap at \$40,000 for 2025, \$40,400 for 2026, approximately 1% annual increases for 2027–2029, and a reversion to \$10,000 for taxable years beginning after 2029. The high-income phasedown begins at \$500,000 MAGI. Outlets reporting a flat \$30,000 or "\$40,000 through 2029" omit material details.

Child tax credit — \$2,200, not \$2,500 *(SEC. 70104(a)(2) and (c)(2), amending IRC §24(h)(2))*: *The record shows the enacted maximum child tax credit is \$2,200 per qualifying child for taxable years beginning after December 31, 2024, with annual inflation adjustments thereafter. The \$2,500 figure with a 2028 reversion appeared only in an earlier markup version and does not appear in the enacted text.

Medicaid work requirements — 80 hours; no 15% funding-reduction mechanism *(Sec. 71119, amending Social Security Act §1902(xx)(1)–(2))*: *Bearings reads the statute as imposing an 80-hour monthly community engagement requirement effective after December 31, 2026. No provision in the supplied statutory text establishes a 15% reduction in federal Medicaid funding as a distinct enforcement mechanism.

SNAP state cost-sharing — 0%–15%, not 5%–25% *(SEC. 10105, amending Food and Nutrition Act §4(a)(2)(B)(i)(I)–(IV))*: *The record shows four tiers tied to state payment error rates: 0% (below 6% error), 5% (6–8%), 10% (8–10%), and 15% (10% or above). The 0%–15% range controls; the CRS summary citing 5%–25% is incorrect.

What Is Reported but Less Certain

- **We assess with moderate confidence** that the OBBBA was signed on July 4, 2025. *(14 outlets; wire-echo risk across center and official-record bias groups)*

- **We assess with moderate confidence** that the overtime deduction reaches up to \$12,500 per year, phasing out above \$150,000 (single) / \$300,000 (joint). *(cpapracticeadvisor.com, finance.yahoo.com, kiplinger.com, pasadenastarnews.com)*
- **We assess with moderate confidence** that the auto-loan interest deduction is capped at \$10,000 per year for certain new personal-use vehicles. *(cpapracticeadvisor.com, finance.yahoo.com, kiplinger.com, pasadenastarnews.com)*
- **We assess with moderate confidence** that the senior deduction phases out at 6% per \$1,000 of MAGI above \$75,000 (single) / \$150,000 (joint), disappearing entirely at \$150,000 / \$250,000. *(finance.yahoo.com, fool.com, kiplinger.com)*
- **We assess with moderate confidence** that SNAP work requirements now extend to parents, grandparents, and caregivers of children aged 14 and above, and that exemptions for veterans, homeless individuals, and youth aging out of foster care are removed. *(economictimes.indiatimes.com, etftrends.com, pjmedia.com)*
- **We assess with moderate confidence** that the OBBBA introduced Trump Accounts — custodial birth-to-retirement accounts with combined parent/employer contributions up to \$5,000 annually per child under 18, converting to a traditional IRA at age 18. *(finance.yahoo.com, fool.com, kiplinger.com)*
- **We assess with moderate confidence** that the CBO estimates the bill reduces federal SNAP spending by \$186 billion over 2024–2034. *(economictimes.indiatimes.com, etftrends.com, pjmedia.com)* Caution: this figure predates the unavailability of the official CBO score noted in the legislative record.
- **We assess with moderate confidence** that SNAP enrollment fell by roughly 3.4–4 million between mid-2025 and early 2026 as OBBBA rules began phasing in. *(pjmedia.com, washingtonexaminer.com)*
- **We assess with moderate confidence** that 29 rural Missouri hospitals are at risk of closure and that an outpatient clinic affiliated with Saint Louis University Hospital will close. *(krcu.org, stlouisstar.com)*
- **Reported but uncorroborated; low confidence:** The OBBBA mandates a flat 15% reduction in federal Medicaid funding. *(news9.com, newson6.com — wire-echo; contradicted by the statute as noted above)*
- **Reported but uncorroborated; low confidence:** The Trump administration projected the 2026 tax refund season will be the largest in U.S. history, with average refunds rising by \$1,000 or more. *(aol.com, zerohedge.com — wire-echo)*
- **Reported but uncorroborated; low confidence:** Oklahoma lawmakers failed to advance Medicaid constitutional amendment proposals before their legislative session ended; Oklahomans will not vote on those measures in 2026. *(news9.com, newson6.com — wire-echo)*

Where Reporting Conflicts

Medicaid coverage losses — 12 million vs. 15 million:

newson6.com and news9.com report that nearly 12 million people are projected to lose Medicaid coverage under the OBBBA; rawstory.com reports the figure as 15 million. Both figures originate from external analyses not included in the provided materials. The primary sources — specifically the statute and the partial CBO materials — contain no coverage-loss projections; the CBO cost estimate was explicitly not received by the committee at filing. Neither figure can be adjudicated on the basis of available materials.

Tax refund figures — ~\$350 increase vs. \$1,000+ increase:

aol.com and nypost.com report 53 million Americans have received refunds averaging nearly \$3,500, up approximately 11.1% (\$356) year-over-year. The White House (via zerohedge.com) projected refunds would rise by \$1,000 or more, a figure incompatible with the IRS-reported data. Separate sources citing Media Matters and Treasury data reflect increases of approximately \$346–\$350. The enacted statute and CBO materials contain no IRS filing-season statistics; resolution requires the actual IRS administrative reports.

Asserted Causes

The following causal claims are attributed to the asserting outlets only. **Statistical validation is not yet available; the causal analysis module is not active for this collection.**

- **The OBBBA resulted in devastating cuts to SNAP, ACA, and Medicaid.** *(talkingpointsmemo.com, themarysue.com, yahoo.com)*
- **The OBBBA's Medicaid cuts could lead to hospital closures in rural areas.** *(krcu.org, wgal.com)*
- **The \$6,000 senior deduction lowers taxable income so that seniors pay substantially less or no tax on Social Security benefits, reducing revenue flowing back into Social Security's trust funds.** *(247wallst.com, fool.com)*
- **The \$15 million estate tax exemption removes the urgency of immediate estate planning that would have been triggered by a drop to \$7 million.** *(kiplinger.com, stuttgartdailyleader.com)*
- **Food stamp recipients fell by 50% in Arizona following OBBBA SNAP rule changes.** *(pjmedia.com, washingtonexaminer.com — attributed, not independently verified)*
- **The OBBBA will provide \$4.5 trillion in tax cuts for the wealthiest Americans and most profitable corporations.** *(aol.com, citylimits.org, themarysue.com)*
- **The top 1% will receive \$117 billion in tax cuts in 2026, part of a \$1 trillion reduction over 10 years.** *(Attributed to ITEP via aol.com, themarysue.com)*
- **All but the richest Americans are paying higher taxes on average in 2026 than last year.** *(Attributed to ITEP via aol.com, mediamatters.org)*

Collection Notes

Maturity: Initial snapshot; under three days of collection. Conclusions are provisional and subject to significant revision as reporting matures and an official CBO score is released.

Source mix: 56 articles from 42 outlets spanning center and official-record bias groups. The Congressional