



*Week Ending 7-11-25
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Congressional Overview

With the “One Big Beautiful Bill” signed into law, Congress shifted focus on pushing through a \$9.4B rescissions package, advancing FY 2026 appropriations, navigating National Defense Authorization Act (NDAA) markups, and responding to notable retirements reshaping the chamber's landscape.

Rescissions Package

- Republicans aim to codify \$9.4 billion in rescissions, cancelling previously approved funding for NPR, PBS, and foreign aid before the July 18 deadline or risk automatic spending.
- The Senate is expected to vote next week, but Republican leaders must rally support amid resistance from centrists like Sens. Susan Collins (R-ME), Lisa Murkowski (R-AK), Dan Sullivan (R-AK), and Mike Rounds (R-SD), especially on cuts affecting rural stations and public health.

Appropriations & Shutdown Risk

- Senate appropriators began FY 2026 consideration on Thursday, opting for individual bills to dodge an omnibus or a continuing resolution (CR). The August recess looms as a deadline threat.
- In the House, only one appropriations bill has been passed, with four others advanced through committee. Chair Tom Cole (R-OK) aims to finalize all 12 by July 30, though Republican unity remains fragile as VA funding passed with only two Democratic votes.

Reconciliation 2.0 & NDAA

- Speaker Mike Johnson (R-LA) is preparing for two more reconciliation bills, likely targeting entitlements or regulatory reform, with conservative hardliners expecting inclusion of stipulations from One Big Beautiful Bill Act (OBBBA) negotiations.
- Senate Armed Services considered its version this week; the House Armed Services Committee follows next Tuesday. Expect debate on troop deployment rules in Europe, acquisition reforms, and cybersecurity defenses.

Balance of Power

- **Sen. Thom Tillis (R-NC)** confirmed he will not seek reelection in 2026, signaling fatigue with polarization and Trump criticism that cost him support. His exit opens a competitive seat and highlights fissures in Republican unity.
- **Rep. Don Bacon (R-NE)**, a moderate known for bipartisan cooperation, also announced his retirement, exiting a competitive Nebraska district and widening the GOP's narrow House majority gap.
- **Rep. Mark Green (R-TN)** officially resigned over the July 4 weekend, leaving early after helping pass OBBBA; a special election will follow his departure.

House

- **Rescissions Debate** – the House considered the \$9.4 billion rescissions package this week, though leadership is still working to consolidate Republican support amid pushback over cuts to public broadcasting and global health programs.

- **Appropriations Markups** – the House Appropriations Committee continues moving through FY 2026 spending bills, with Chair Cole aiming to complete all 12 by July 30. Four have advanced out of committee so far, with floor action expected to remain slow and highly partisan.
- **Disaster Response** – members affected by the Texas flooding, including Reps. August Pfluger (R-TX) and John Carter (R-TX), are expected to push for oversight of the National Weather Service’s forecasting failures and may seek emergency relief measures.
- **Reconciliation Planning** – Speaker Johnson is consulting with conservative factions to determine the content and timing of two additional reconciliation bills, with a focus on entitlement reform and regulatory rollbacks.

Senate

- **Rescissions Vote Preparation** – the Senate is preparing to vote no earlier than next week on the White House’s rescissions request to cancel \$9.4 billion in previously authorized funding. GOP leaders are navigating internal opposition from moderate Republicans like Sens. Collins (R-ME) and Murkowski (R-AK).
- **Appropriations Markups** – the Senate Appropriations Committee began its FY 2026 consideration on Thursday, focusing on Military Construction-VA and Homeland Security. Leaders aim to advance individual bills to avoid a September omnibus or continuing resolution.
- **NDAA Markup** – the Senate Armed Services Committee approved its FY 2026 NDAA draft by a 26–1 vote. The version includes \$500 million for Ukraine.
- **Reconciliation Readiness** – behind the scenes, Senate Republicans are discussing the scope and viability of additional reconciliation packages, though floor movement remains dependent on House progress and internal consensus.

President Trump Signs “One Big Beautiful Bill” Into Law

Congressional Republicans were able to meet their self-imposed July 4 deadline to pass their sweeping reconciliation measure. The Senate passed the bill 51-50, with Vice President JD Vance breaking a tie, and the House voted 218-214 to clear the measure for President Trump’s signature. The bill would cost \$3.4 trillion under traditional estimates while saving about \$400 billion under an alternative “current policy” model.

Key parts of Trump’s policy agenda were included:

- Permanently extending 2017 tax cuts.
- Cutting Medicaid and nutrition assistance.
- Phasing out Biden-era clean energy tax credits.
- Boosting funds for immigration and border security.

Provisions of Republicans’ 2017 Tax Law Made Permanent

- Lower individual income tax rate.
- Enhanced standard deduction and child tax credit, which would be further boosted.
- Higher estate and gift tax exemption.
- Increased income exemption subject to AMT.
- Raise SALT deduction cap for five years, starting at \$40,000 and growing by 1% through 2029, then permanently reduce cap to \$10,000.
- Make 20% pass-through deduction permanent; create new \$400 deduction for certain filers.
- Make permanent business tax breaks for R&D, depreciable property, and interest expenses.
- Create deductions for tips, overtime, auto loans, seniors through 2028, with caps on tip, overtime deductions.

Tax Section of the Bill

- **Making 199A Qualified Business Income Deduction Permanent** – the bill makes the Section 199A tax deduction permanent, supporting the top tax goal. Section 199A, revised in 2018, offers up to a 20% deduction on qualified business income for certain pass-through entities.
- **Estate Tax Relief** – the bill permanently increases the unified estate and gift tax exemption to an inflation-indexed \$15 million per individual and \$30 million per couple for taxable years beginning after December 31, 2025. Under current law, the 2025 estate and gift tax exemption is an inflation-indexed \$5 million.
- **Restoring 100% Bonus Depreciation** – the availability of 100% bonus depreciation benefits, enabling essential investments in equipment and infrastructure without the burden of delayed tax benefits. Current law states that qualified property has 40% bonus depreciation if put into service on January 1, 2025; 20% bonus depreciation if put into service on or after January 1, 2026; and no bonus depreciation if put into service on or after January 1, 2027. The bill makes 100% bonus depreciation permanent.
- **Maintaining Section 179 Expensing** – Section 179 expensing allows for the immediate expensing of qualifying capital investments, allowing contractors to choose how to expense and depreciate their capital investments such as machinery and technology to promote investment and innovation in their operation. The bill increases the maximum amount a taxpayer can expense under section 179 from a total expense amount of \$1,250,000 and a phaseout threshold amount of \$3,130,000 for tax year 2025 to \$2,500,000 and \$4,000,000 respectively for tax year 2026.
- **Extension of Clean Hydrogen Production Credit** – in a change from previous text, the bill extends the Section 45V Clean Hydrogen Production Tax Credit until January 1, 2028, instead of cutting it off at the end of 2026 under previous law. This credit was created in the Inflation Reduction Act of 2022.

Trump Administration Ends Temporary Protected Status for Honduras and Nicaragua

The Department of Homeland Security announced it will end Temporary Protected Status (TPS) for nationals of Honduras and Nicaragua. TPS was first granted to these countries in 1999 after Hurricane Mitch, allowing nationals to live and work in the U.S. while their home countries recovered. The administration cited improved conditions in both countries as the reason for ending TPS.

TPS for these groups will end 60 days after the official notice, which means protections will conclude around early September 2025. Approximately 72,000 Hondurans and 4,000 Nicaraguans currently hold TPS under this designation.