2025

Disclaimer

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Big Beautiful Bill - Breakdown

A DOCUMENT FOR THE PEOPLE

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Title I — Committee on Agriculture, Nutrition, and Forestry

Subtitle A — Nutrition

This subtitle reforms several aspects of the **Supplemental Nutrition Assistance Program (SNAP)**, often referred to as “food stamps.” Here's what each section means:

SEC. 10101 — Re-evaluation of the Thrifty Food Plan (TFP)

Background

The Thrifty Food Plan (TFP) is the reference diet used by the U.S. Department of Agriculture (USDA) to determine the maximum SNAP benefit a household can receive.

This section amends the Food and Nutrition Act of 2008 to tighten control over how and when the TFP can be revised — reversing parts of a 2021 USDA re-evaluation that increased SNAP benefits.

Key Changes

1. Fixes the Definition of TFP

- **Locks in the TFP definition based on the 2021 USDA report**
- **Future changes to the food basket are only allowed under strict rules**

2. Sets SNAP Allotment as a Flat % of TFP

- **Household size determines the percentage of the 4-person TFP baseline:**

Household Size	% of 4-Person TFP
1	30%
2	55%
3	79%
4	100%

Household Size	% of 4-Person TFP
5	119%
6	143%
7	158%
8	180%
9+	Add 22% per person (capped at 200%)

3. Cost Adjustments Allowed

The USDA Secretary may adjust TFP costs:

- **For Hawaii, urban Alaska, and rural Alaska**
- **For Guam and the U.S. Virgin Islands**
- **Annually on October 1, based on the Consumer Price Index (CPI-U)**

4. Limitations on Re-Evaluation

- **The earliest USDA can re-evaluate the TFP market basket is October 1, 2027**
- **Re-evaluations must be based on:**
    - **Food prices**
    - **Nutrient content**
    - **Consumption patterns**
    - **And must not exceed the cost of the 2021 TFP**

📃 In Plain English

“This section freezes SNAP benefit calculations at the 2021 cost model. It prevents the USDA from raising benefits unless very strict rules are followed — and only after 2027. The cost of living will still be factored in annually, but the underlying diet used to set SNAP limits won’t change easily.”

Strategic Impacts

Stakeholder	Effect
SNAP Recipients	Potential slower growth or freeze in benefit increases
USDA	Must adhere to rigid, delayed re-evaluation rules
Budget Planners	Gains predictability and cost control for federal food assistance
Anti-Hunger Advocates	May oppose limits on flexibility in updating food cost standards

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SEC. 10102 — Changes to SNAP Work Rules for Able-Bodied Adults Without Dependents (ABAWDs)

Background

This section amends Section 6(o) of the Food and Nutrition Act of 2008 — the provision that limits SNAP benefits for able-bodied adults unless they work, train, or volunteer.

Key Changes: Work Requirement Exceptions Expanded

The law replaces paragraph (3) and lists individuals exempt from the 3-month SNAP time limit if not working:

Exempt Group	Description
(A) Minors or Seniors	Under 18 or over 65 years old
(B) Medically Unfit	Physically or mentally unfit for employment (requires medical certification)
(C) Caregivers of Young Children	Responsible for a child under 14 in the household
(D) Other Federal Exemptions	Exempt under subsection (d)(2) — includes students, disabled, etc.
(E) Pregnant Women	All pregnant recipients
(F) Federally Recognized Indians	Indians or Urban Indians (per Indian Health Care Improvement Act)

Exempt Group	Description
(G) California Indians	**California Indians as defined under Section 809(a) of the Indian Health Act**

Standardizes Unemployment-Based Waivers

States may request a waiver of work requirements based on local unemployment, but the rules change:

Revised Rule:

- **A noncontiguous state (e.g., Alaska, Hawaii) qualifies for a waiver only if its unemployment rate is ≥ 1.5× national average**

“Noncontiguous” Defined As:

- **Any U.S. state not among the 48 contiguous states or DC**
- **Does NOT include Guam or the U.S. Virgin Islands**

New Exemption Process for Noncontiguous States

A new paragraph (7) is inserted into the law to allow exemptions:

How It Works:

1. **State submits a formal request for exemption to the USDA**
2. **Must show a good faith effort to meet work requirement mandates**
3. **USDA reviews and determines if exemption is warranted**

In Plain English

“Adults without children usually have to work to get SNAP. But now, the rules make clear that older adults, caregivers, people with disabilities, pregnant women, and Native Americans are exempt. States like Alaska or Hawaii can skip the work rule — but only if their unemployment is very high.”

Strategic Impacts

Stakeholder	Effect
SNAP Participants	Broader protection for vulnerable groups against benefit cuts
States with High Unemployment	Can request waivers, but only if not in the continental U.S. and meet new criteria
Tribal Communities	Expanded recognition of Indian status for exemption
USDA / SNAP Administrators	New burden to track, certify, and enforce updated waiver and exemption rules

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SEC. 10103 — Utility Allowances for SNAP Households Receiving Energy Assistance

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Background

SNAP eligibility and benefit levels often consider Standard Utility Allowances (SUAs), which estimate average household utility expenses. This section refines who qualifies for SUAs based on whether they receive energy assistance — and whether the household has elderly or disabled members.

What It Does

(a) Amends Section 5(e)(6)(C)(iv)(I) of the Food and Nutrition Act of 2008

- **Clarifies that the standard utility allowance can apply if the household:**
    - **Receives energy assistance**
    - **Includes an elderly or disabled member**

(b) Amends Section 5(k)(4) — Third-Party Energy Assistance Payments

- **Further clarifies SUA rules for third-party payments (e.g., utility support from churches, tribes, or nonprofits)**

Revised Language:

- **Subparagraph (A):**
    - **Applies to households without elderly or disabled members**

- **Subparagraph (B):**
    - **Applies to households with elderly or disabled members**

In Plain English

“This section makes sure that SNAP households with seniors or people with disabilities can still get a boost in their benefits when they receive energy assistance — even if that help comes from a third party like a nonprofit or a local program.”

Strategic Impacts

Stakeholder	Effect
Elderly and Disabled SNAP Recipients	**Better chance of qualifying for full utility allowance → bigger benefits**
State SNAP Agencies	**Must adjust how they handle utility aid when calculating eligibility**
Advocates for Low-Income Households	**Small but important clarification to protect vulnerable recipients**

SEC. 10104 — Internet Fees Can’t Be Counted Toward Shelter Deductions in SNAP

📜 What It Does

This section amends Section 5(e)(6) of the Food and Nutrition Act of 2008, specifically targeting what counts as "excess shelter costs" when determining a SNAP participant’s deductions and benefit level.

New Restriction:

- **Internet service fees:**
    - **Are explicitly excluded from qualifying as a shelter expense**
    - **Cannot be included when calculating excess shelter expense deductions**

"Excess shelter expense" helps determine the size of a household's SNAP benefits. The bigger the allowable expenses, the higher the benefit might be — so this change removes internet costs from that calculation.

In Plain English

"People applying for food stamps can't count their internet bills as a housing cost when figuring out how much help they should get."

Strategic Impacts

Stakeholder	Effect
SNAP Applicants	May see slightly smaller deductions, especially in high-cost areas
State Eligibility Workers	Must ensure internet costs aren't mistakenly included
Budget Watchdogs	Likely intended to tighten benefits and reduce overestimation

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SEC. 10105 — New SNAP Matching Funds Requirements Based on State Error Rates

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Purpose:

To incentivize accurate SNAP benefit distribution by adjusting how much the federal government pays based on a state's payment error rate — i.e., how often they get the benefit amount wrong.

Key Provisions

1. Starts in FY 2028

- **The cost-sharing system begins in fiscal year 2028**
- **Applies to all U.S. states administering SNAP**

2. Sliding Scale Federal Matching Based on Accuracy

State Payment Error Rate	Federal Share	State Share
< 6%	100%	0%

State Payment Error Rate	Federal Share	State Share
6%–8%	95%	5%
8%–10%	90%	10%
≥ 10%	85%	15%

- **These percentages apply to the cost of SNAP benefit allotments**

Definitions and Adjustments

- **"Payment error rate": Defined under Section 16(c)(2) of the Food and Nutrition Act**
- **State election for 2028: States can choose to use their 2025 or 2026 error rate to ease into the new system**
- **Ongoing years (2029+): The USDA will use a three-year lookback (i.e., a state's error rate from three years earlier)**

Delayed Implementation for High-Error States

If a state's error rate × 1.5 = ≥ 20%, then:

If This Happens...	Implementation Delayed Until...
In FY2025	FY2029
In FY2026	FY2030

This gives poorly performing states more time to improve before penalties take effect.

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3. Cap on Federal Payments

- **The USDA Secretary cannot exceed the capped federal share based on the above schedule**

In Plain English

"Starting in 2028, the better your state is at correctly giving out SNAP, the more the federal government will pay. If your state messes up a lot, it will have to chip in more of its own money. High-error states get a few extra years to get their act together."

Strategic Impacts

Stakeholder	Effect
State SNAP Administrators	**Strong incentive to reduce overpayments and underpayments**
Federal Budget Officials	**Better control over fraud and mismanagement**
Recipients in High-Error States	**Risk of disrupted benefits if states shift costs or reduce enrollment**
Policy Analysts	**A new lever for driving accuracy and program integrity**

SEC. 10106 — Administrative Cost Sharing for SNAP

What This Does

This section amends Section 16(a) of the Food and Nutrition Act of 2008 to:

- **Reduce the federal government's share of state administrative costs for running SNAP**

Federal vs. State Funding Shift

Fiscal Year	Federal Share of Admin Costs	State Share
Through FY2026	**50%**	**50%**
Beginning FY2027	**25%**	**75%**

This represents a dramatic cost shift to the states starting in 2027.

In Plain English

“Right now, the federal government pays half the cost for states to run the SNAP program. But starting in 2027, it’ll only pay a quarter — states will have to cover the rest.”

Strategic Impacts

Stakeholder	Effect
State Governments	**Must significantly increase funding to maintain SNAP operations**
Federal Budget	**Substantial savings on SNAP administrative spending**
SNAP Program Integrity	**Risk of delays, staff cuts, or access issues if states can't close the gap**
Anti-Hunger Advocates	**Likely to oppose shift that could reduce frontline service delivery**

SEC. 10107 — Change to Obesity Prevention Grant Funding Duration

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What It Does

This section amends Section 28(d)(1)(F) of the Food and Nutrition Act of 2008, which governs federal grants for nutrition education and obesity prevention.

Key Change:

- **Original Language:**
  Grants were authorized "for fiscal year 2016 and each subsequent fiscal year"
- **New Language:**
  Grants will now only be authorized "for each of fiscal years 2016 through 2025"

In other words, funding authority ends in 2025 unless extended by future legislation.

In Plain English

"This bill ends automatic renewal of federal funding for obesity prevention and nutrition education programs after 2025. Congress would need to act again to keep these going."

Strategic Impacts

Stakeholder	Effect
State Health & Nutrition Programs	**May lose federal funding after 2025 unless Congress reauthorizes**
Anti-Obesity Campaigns	**Reduced certainty for long-term public health planning**
Budget Watchdogs	**Curtails open-ended federal outlays**
Congress	**Retains control by requiring a vote to extend funding beyond 2025**

SEC. 10108 — SNAP Eligibility for Non-Citizens

What It Does

This section amends Section 6(f) of the Food and Nutrition Act of 2008 to clearly define who qualifies for SNAP benefits among non-citizens (also called "aliens" in legal language).

Eligibility Requirements for Non-Citizens

To receive SNAP, a person must:

1. **Reside in the U.S.**
2. **Be one of the following:**

(A) A U.S. citizen or national

(B) A lawfully admitted permanent resident

- **Must meet immigration law definitions under sections 101(a)(15) and 101(a)(20) of the Immigration and Nationality Act**
- **Excludes: Visitors, tourists, diplomats, and students temporarily in the U.S. with no intent to stay**

(C) A Cuban or Haitian entrant

- **As defined under Section 501(e) of the Refugee Education Assistance Act of 1980**

(D) A Compact of Free Association resident

- **Citizens of Micronesia, the Marshall Islands, or Palau residing legally in the U.S. under treaties**

Financial Rule for Mixed-Status Households

If a household has members who are not eligible, their:

- **Income and**
- **Financial resources**

...must still be counted when determining:

- **The eligibility of the household**
- **The benefit amount (allotment)**

However, states may optionally exclude a pro rata share of that ineligible person's income/resources.

In Plain English

"Only certain legal immigrants — like green card holders, Cuban/Haitian entrants, and people from U.S. territories under special treaties — can get food stamps. If someone in your house doesn't qualify, their income still counts when figuring out your household's benefits."

Strategic Impacts

Stakeholder	Effect
Immigrant Households	Clearer rules but narrower access for some legal residents
Mixed-Status Families	Must account for ineligible members' income when applying
State SNAP Agencies	Must enforce federal definitions and handle nuanced household cases
Immigration Advocates	May see this as restrictive and discriminatory
Budget Analysts	Expected to modestly reduce federal SNAP costs

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Subtitle B—Forestry

SEC. 10201 — Cancellation of Forestry Funds from Previous Law

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What This Section Does

This provision **rescinds** (cancels) money that was previously allocated for forestry projects under the **Inflation Reduction Act of 2022 (Public Law 117–169)**.

Details of Rescinded Funds

The bill cancels **unspent funds** that were originally approved for forestry programs under the following provisions:

1. **Section 23001(a), paragraphs (3) and (4)**
2. **Section 23002(a), paragraphs (1) through (4)**
3. **Section 23003(a)(2)**
4. **Section 23005**

These provisions included funding for wildfire risk reduction, climate-resilient reforestation, forest carbon data systems, urban forestry, and more — all under the USDA's Forest Service authority.

In Plain English

"Congress is taking back forestry money that was approved in the Inflation Reduction Act but hasn't been spent yet. This means fewer federal dollars will go to wildfire prevention and forest restoration programs that were part of that law."

Strategic Impacts

Stakeholder	Effect
U.S. Forest Service	Loses funds for active or planned forestry initiatives
Environmental and Conservation Groups	Setback for climate-smart forestry and wildfire resilience efforts
Budget Hawk Policymakers	Reduces federal spending by canceling unspent obligations
Rural and Tribal Communities	May lose access to grants or support tied to sustainable forestry

Subtitle C — Commodities

This subtitle deals with **agricultural commodity support programs**, which include subsidies, payment limitations, price protections, and structural updates to longstanding farm bill provisions. These policies impact **row crop producers**, **textile industries**, and **dairy and sugar markets**.

SEC. 10301 — Changes to Reference Prices in Farm Safety Net

What Are "Reference Prices"?

Reference prices are key components of programs like Price Loss Coverage (PLC) under the Farm Bill. They act as a guaranteed minimum price — if market prices fall below them, farmers receive payments from the government to make up the difference.

Key Changes in the Law

🔷 **1. Increase in Effective Reference Price Calculation**

- **Old Rule: Effective reference price = 85% of 5-year Olympic average**
- **New Rule: Starting in crop year 2025, use 88% instead of 85%**

This provides slightly more support if market prices rise, since the "floor" moves higher.

🔷 **2. Updated Fixed Reference Prices (Starting 2025)**

Commodity	New Reference Price
Wheat	$6.35/bushel
Corn	$4.10/bushel
Grain Sorghum	$4.40/bushel
Barley	$5.45/bushel
Oats	$2.65/bushel
Long Grain Rice	$16.90/hundredweight

Commodity	New Reference Price
Medium Grain Rice	**$16.90/hundredweight**
Soybeans	**$10.00/bushel**
Other Oilseeds	**$23.75/hundredweight**
Peanuts	**$630.00/ton**
Dry Peas	**$13.10/hundredweight**
Lentils	**$23.75/hundredweight**
Small Chickpeas	**$22.65/hundredweight**
Large Chickpeas	**$25.65/hundredweight**
Seed Cotton	**$0.42/pound**

These prices represent the minimum price guarantee per commodity under federal safety-net programs.

🔷 **3. Automatic Adjustments Starting in 2031**

- **Every year starting in 2031, the reference price will:**
  - **Be multiplied by 1.005 (a 0.5% increase)**
  - **This is a modest inflation-indexing mechanism**

🔷 **4. Cap on Increases**

- **The reference price cannot exceed 113% of the 2025 price listed above**

In Plain English

“Farmers are getting a raise. The government just raised the minimum price they can expect to receive for their crops under the federal safety net, starting in 2025. And starting in 2031, those prices will automatically rise a little each year — but not by more than 13% total.”

Strategic Impacts

Stakeholder	Effect
Commodity Farmers	Stronger income protection if prices fall
USDA Budget	Higher potential outlays for price-support payments
Crop Insurance Programs	May need recalibration based on new guaranteed price floors
Budget Analysts	Capped inflation adjustment balances farmer needs and fiscal limits

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SEC. 10302 — Base Acres Update and Expansion

What Are "Base Acres"?

- **Base acres are the foundational unit used to calculate payments to farmers under Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs.**
- **They represent a historical average of planted acres — not necessarily current crops — and determine how much aid a farm gets when market conditions fall below set triggers.**

What This Section Does

This section amends Section 1112 of the Agricultural Act of 2014 and introduces a new expansion of base acres, affecting farmers beginning in the 2026 crop year.

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1. Extends Sunset Date for Base Acre Maintenance

- **Previously limited to 2023**
- **Now extended to 2031, preserving eligibility continuity**

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2. Adds Up to 30 Million New Base Acres Nationwide

How the New Base Acre Allocations Will Work:

- **Eligibility:**
  Farms may qualify for new base acres if they planted more crop acreage between 2019 and 2023 than their current base acre allocation covers.

- **Formula for Eligibility:**
  A farm is eligible if:

"The sum of the 5-year average planted acres (including failed plantings due to disaster) and a fraction of non-covered commodity acres is greater than current base acres."

- **Calculation Includes:**
  - **Covered commodities (like corn, wheat, soybeans, rice)**
  - **Prevented planting acreage due to disaster**
  - **Non-covered commodities (up to 15% of farm area can count)**

Appeals and Opt-Outs

- **Farmers can opt out if they don't want new base acres**
- **Farmers can also appeal eligibility decisions through a USDA-administered process**

In Plain English

"If a farm has been planting more crops in recent years than its current payment baseline shows, it might get a higher baseline — and therefore more help when prices crash. The USDA is rolling out 30 million new 'base acres' across the country to reflect today's farming reality."

Strategic Impacts

Stakeholder	Effect
Farmers with increased planting	**Gain opportunity to boost their baseline payment eligibility**
USDA	**Will need to allocate and verify up to 30 million new base acres**
Farm Bill Budgeters	**Possible long-term increase in payment obligations under PLC/ARC**
Farmers in marginal areas	**May be newly included due to climate-driven planting shifts**

SEC. 10303 — Producer Elections Between ARC and PLC

Background: What's Being Updated?

Farmers participating in federal farm programs must choose (or "elect") whether they want to enroll in:

- **PLC: Pays if market prices fall below a reference price**
- **ARC: Pays if revenue (price × yield) falls below a benchmark**

This section amends Section 1115 of the Agricultural Act of 2014 (7 U.S.C. 9015) to extend and modify those election rules.

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1. Extends Program Participation Through 2031

- **Strikes the 2023 end date**
- **Allows farmers to continue electing ARC or PLC coverage through the 2031 crop year**

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2. Adds a New Election Window for the 2026 Crop Year

- **Just like in 2019 and 2023, farmers will get another chance to switch programs in 2026**
- **This includes:**
  - **Individual crops (per farm)**
  - **New election of either PLC or ARC by commodity**

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3. Locks In 2025 Coverage for 2027–2031

- **The program choice made for 2025 will automatically apply to 2027 through 2031**
  - **Unless USDA opens new election windows later**

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4. Producers Get the Higher of ARC or PLC in 2025

- **For crop year 2025 only, the USDA will give:**

"The higher of the payment from PLC or ARC"

- **This applies on a per-commodity basis**

This ensures maximum benefit for that transition year

5. Crop Insurance Language Clarification

- **A small fix in the Federal Crop Insurance Act:**
  - **Deletes redundant language about ARC/PLC eligibility when discussing Supplemental Coverage Option (SCO) insurance**

In Plain English

"Farmers can keep choosing between ARC and PLC through 2031. In 2025, they'll get whichever program pays more. In 2026, they'll get another chance to switch. Then their 2025 choice will stick for the next five years."

Strategic Impacts

Stakeholder	Effect
Commodity Farmers	More flexibility and certainty in coverage elections
USDA Program Managers	Must support new elections and dual payment comparison in 2025
Budget Analysts	May see spike in 2025 outlays if both ARC and PLC pay well
Crop Insurance Providers	Reduced confusion about SCO eligibility

SEC. 10304 — Extension and Update of Price Loss Coverage (PLC)

What This Section Does

This section amends Section 1116 of the Agricultural Act of 2014, which governs the Price Loss Coverage (PLC) program — a core pillar of the federal farm safety net.

Key Provisions

1. Extends PLC Authorization Through 2031

- **Previously set to expire in 2023**
- **Now authorized for crop years 2024–2031**
- **Farmers can continue relying on this program for price support**

2. Extends Data Reference Period

- **Updates the benchmark data used for yield comparisons and payment calculations**
- **Changes from using 2012–2016 averages to 2017–2021 averages**
- **This affects how the program determines:**
    - **Historical yields**
    - **Revenue comparisons**
    - **Trigger payments**

3. Technical Fixes

- **Cleans up outdated references in program text**
    - **E.g., corrects internal citations to properly refer to revised definition locations**

In Plain English

"The government is keeping its safety net for farmers in place through 2031. This program kicks in if crop prices crash, and it will now use newer data from 2017–2021 to figure out payments."

Strategic Impacts

Stakeholder	Effect
Commodity Farmers	Continued protection against price drops
USDA Administrators	Must update yield/payment calculations using newer data
Farm Economists	More accurate reflection of current agricultural productivity trends
Budget Scorers	Long-term cost implications as prices shift relative to updated baselines

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SEC. 10305 — Extension and Adjustment of Agriculture Risk Coverage (ARC)

What ARC Does

ARC provides payments to farmers when their actual crop revenue (price × yield) falls below guaranteed benchmark revenue.

This section updates Section 1117 of the Agricultural Act of 2014, modifying how ARC works and how long it runs.

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1. Extends ARC Authorization Through 2031

- **Changes the program's expiration date from 2023 to 2031**
- **Farmers can count on ARC availability for an additional 8 crop years**

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2. Adjusts Benchmark Revenue Calculation

Crop Year	ARC Revenue Guarantee (% of benchmark revenue)
2014–2024	86%
2025–2031	90%

This makes the program more generous starting in 2025

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3. Raises Payment Cap as Percentage of Revenue Loss

Crop Year	Maximum ARC Payment per Acre
2014–2024	10% of benchmark revenue
2025–2031	12% of benchmark revenue

This increases the potential payout if revenue losses are large enough.

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4. Technical Fixes

- **Updates all mentions of "2023" in subsections (e), (g)(5), and (i)(5) to say "2031"**
- **These include timelines for administrative functions and eligibility reviews**

In Plain English

"This keeps the ARC program running through 2031, and starting in 2025, it'll cover a bit more of farmers' lost revenue — raising both the trigger and the max payout."

Strategic Impacts

Stakeholder	Effect
Commodity Farmers	More income protection under bad market or yield years
USDA Administrators	Must recalculate ARC benchmarks using updated percentages
Budget Watchdogs	Potential for higher outlays from federal support programs
Rural Economies	Stronger safety net may reduce volatility from yield shocks

SEC. 10306 — Fairness for Pass-Through Entities in Farm Subsidy Rules

What This Section Does

This section amends several parts of the Food Security Act of 1985 (7 U.S.C. 1308) to treat modern business structures (like LLCs and partnerships) more consistently and equitably when it comes to:

- **Farm program eligibility**
- **Payment attribution**
- **Active farming determinations**

Definition Introduced

A new term is created: "Qualified Pass-Through Entity"
It includes:

- **Partnerships**
- **S Corporations**
- **LLCs that don't elect to be treated as corporations**
- **Joint ventures or general partnerships**

1. Terminology Update Across the Statute

- **Every place the law previously referred to "joint venture or general partnership" is now replaced with "qualified pass-through entity"**

- **Makes the law more inclusive of modern farm ownership structures**

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2. Payment Attribution Rule Adjusted

- **USDA payments to farms must be attributed to real people**
- **New language ensures that attribution also applies to qualified pass-through entities — not just traditional partnerships**

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3. “Actively Engaged in Farming” Rule Modified

- **This test determines whether a person or entity is truly involved in farm operations and deserves subsidies**
- **Previously applied to general partnerships — now extended to qualified pass-through entities**
- **Ensures all types of legitimate farm business structures are held to the same standards**

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4. Joint and Several Liability Clause Updated

- **All pass-through entities are now jointly liable for improper payments, not just partnerships or joint ventures**

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5. Adjusted Gross Income (AGI) Calculation Fix

- **When determining if a farmer exceeds the AGI limit (and thus is ineligible for subsidies), this update removes outdated exclusions**
- **Prevents loopholes where partnerships might dodge AGI rules**

In Plain English

“This fixes outdated farm law language to treat modern businesses like LLCs and S-corps the same as traditional partnerships. It closes some loopholes and ensures that people behind those businesses are still responsible and eligible only if they’re truly involved in farming.”

Strategic Impacts

Stakeholder	Effect
Modern Farm Businesses	Clearer, more equitable treatment under USDA rules
USDA Payment Administrators	Simpler and more consistent legal language to enforce eligibility
Tax/Legal Advisors	Better alignment of farm subsidy law with current tax entity models
Fraud Investigators	Reduced risk of misused entity structures to skirt payment limits

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SEC. 10307 — Revised Payment Caps for Farm Subsidy Programs

What This Section Does

It amends Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) to:

1. **Increase the dollar cap on direct payments to farmers**
2. **Add inflation adjustment starting in 2025**

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1. Raises the Maximum Payments

Old Limit New Limit (Starting Immediately)

$125,000 $155,000 💰

- **This applies to both subsections (b) and (c), which govern:**
  - **General commodity program payments**
  - **Payments under specific program categories**

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2. Inflation Indexing Starting in 2025

Beginning with the 2025 crop year, the Secretary of Agriculture must:

- **Annually adjust the $155,000 cap using the Consumer Price Index (CPI-U)**
- **Published by the Bureau of Labor Statistics**

In Plain English

“Farmers can now get up to $155,000 per year in subsidy payments — up from $125,000. And starting in 2025, that cap will go up a little every year to keep up with inflation.”

Strategic Impacts

Stakeholder	Effect
Large-Scale Farmers	Increased payment headroom under federal programs
Budget Monitors	Higher federal spending exposure, though indexed adjustments are gradual
USDA Program Managers	Need to apply inflation formula yearly starting in 2025
Critics of Farm Subsidies	May argue this favors bigger farms and undermines payment fairness

SEC. 10308 — Adjusted Gross Income (AGI) Limit Exception for Active Agricultural Operations

What This Section Does

This provision updates Section 1001D(b) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)), which limits USDA farm subsidy eligibility based on a farmer’s or entity’s income.

Key Change: Creates an Exception to the AGI Limit

1. AGI Limit (General Rule)

- **Normally, if a person or business earns too much non-farm income, they are ineligible for farm subsidy payments.**

2. New Exception Created

If someone receives specific kinds of payments (called “excepted payments or benefits”), the AGI limit will not apply — if at least 75% of their gross income comes from:

- **Farming**

- **Ranching**
- **Silviculture (i.e., forest management)**

Key Definitions

- **Excepted Payment or Benefit includes:**
  - **Programs under Subtitle E of Title I of the Agricultural Act of 2014**
  - **Section 196 of the Federal Agriculture Improvement and Reform Act of 1996**
  - **Certain payments described in Section 1001D(b)(2)(C) received after October 1, 2024**
- **Farming, Ranching, or Silviculture Activities also includes:**
  - **Agri-tourism**
  - **Direct-to-consumer sales of farm goods**
  - **Sale of owned farm equipment**
  - **Any other agriculture-related activity (at USDA's discretion)**

In Plain English

"Farmers who get most of their money from real agricultural work — including things like agri-tourism or selling equipment — can keep receiving USDA payments, even if their total income is very high. This change makes sure the income limit doesn't block true working farmers."

Strategic Impacts

Stakeholder	Effect
Large, diversified farms	May remain eligible even with high earnings, if income is agriculturally based
USDA Administrators	Will need to verify detailed income composition and activity types
Agri-Tourism Operators	Now clearly included in eligibility rules for farm programs
Tax and Legal Advisors	Need to track new income breakdown thresholds and reporting requirements

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SEC. 10309 — Marketing Assistance Loans and Storage Payments

What This Section Does

This section updates multiple provisions in the Agricultural Act of 2014 to:

1. **Extend loan eligibility**
2. **Adjust loan rates for key commodities**
3. **Increase cotton storage payment**
4. **Account for inflation in marketing loan benefits**

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1. Extends Nonrecourse Marketing Loan Program to 2031

- **Amends Section 1201(b)(1) to strike “2023” and insert “2031”**
- **Ensures farmers can continue to access marketing loans through 2031**

📜 ***Marketing loans allow farmers to use their harvested crops as collateral and receive upfront cash without selling during low-price seasons.***

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2. Revises Loan Rates for 2026–2031

New fixed loan rates for major commodities during the 2026–2031 crop years:

Commodity	**Loan Rate**
Wheat	**$3.72/bushel**
Corn	**$2.42/bushel**
Grain Sorghum	**$2.42/bushel**
Barley	**$2.75/bushel**
Oats	**$2.20/bushel**
Upland Cotton	**$0.55/pound**
Extra Long Staple Cotton	**$1.00/pound**
Long & Medium Grain Rice	**$7.70/hundredweight**
Soybeans	**$6.82/bushel**

Commodity	Loan Rate
Other Oilseeds	$11.10/hundredweight
Dry Peas	$6.87/hundredweight
Lentils	$14.30/hundredweight
Chickpeas (small)	$11.00/hundredweight
Chickpeas (large)	$15.40/hundredweight
Graded Wool	$1.60/pound
Nongraded Wool	$0.55/pound
Mohair	$5.00/pound
Honey	$1.50/pound
Peanuts	$390/ton

This provides predictability to farmers while aligning with costs of production and market dynamics.

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3. Cotton Storage Cost Payments Increased

- **Amends Section 1204(g):**
  - **Raises the flat-rate payment to cotton producers for storing their cotton**
  - **Previously $0.25/pound → Now $0.30/pound**

Encourages market timing by supporting storage during price dips.

In Plain English

“The government is renewing its crop loan system through 2031. Loan rates for dozens of crops are updated so farmers know what support they’ll get. It also helps cover cotton storage costs so farmers don’t have to sell right away.”

Strategic Impacts

Stakeholder	Effect
Row Crop Farmers	Better predictability and increased loan rates help manage cash flow
Cotton Producers	Bigger storage support = more flexibility on when to sell
USDA Loan Offices	Will need to implement new loan rate tables and payment thresholds
Budget Officials	Raised loan rates = potentially larger cost outlays under adverse market conditions

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SEC. 10310 — Changes to How Farmers Repay USDA Marketing Loans

What This Section Does

This section updates Section 1204 of the Agricultural Act of 2014 (7 U.S.C. 9034). It refines the loan repayment system used by farmers who borrow against their crops, especially:

Rice (long and medium grain)

Upland cotton

Extra-long staple cotton

These changes ensure that repayment rates reflect global market conditions more accurately and allow for certain refunds.

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1. Rice and Cotton Repayment Based on World Market Prices

For farmers repaying their USDA marketing loans:

The Secretary of Agriculture will set the repayment rate based on the prevailing world market price, specifically for:

Long grain and medium grain rice

Upland cotton

This aligns repayment more closely with international price trends.

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2. Refund for Upland Cotton if Market Drops After Repayment

If a cotton farmer repays a loan before prices hit their lowest point, they may be eligible for a refund:

The refund = difference between:

The lowest price in the 30 days after repayment, and

The price used to set their repayment rate

🧾 Example: If you repay a loan when cotton is $0.65/lb but it drops to $0.60/lb a week later, USDA might refund you the difference.

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3. Repayment "Whichever Is Less" Rule

Updated repayment rule says farmers repay loans at the lesser of:

The loan rate

The prevailing world market price

Ensures no farmer is forced to repay more than their crop is worth

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4. Price Calculation for Extra Long Staple Cotton

This provision adds extra-long staple cotton to the formulas used to:

Set loan rates

Determine repayment values

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5. Upland Cotton Pricing Rule: "3 Lowest Growths"

USDA will calculate the average using:

3 lowest-priced global growths of Mid 1 3⁄32" cotton

This offers a lower-bound reference for determining fair repayment

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In Plain English

"If you're a cotton or rice farmer and you repay your USDA loan, the repayment amount will now reflect world prices. If prices drop shortly after you repay, you might get a refund. This update helps farmers avoid overpaying when markets are volatile."

Strategic Impacts

Stakeholder	Effect
Cotton and Rice Farmers	Repayment terms now better reflect real-world prices
USDA Loan Officials	Must track global price indexes and automate refund calculations
Commodity Traders	USDA loan programs more tightly linked to global market behavior
Budget Scorekeepers	Potential increase in short-term outlays due to refunds

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SEC. 10311 — More Support for U.S. Textile Mills

What This Section Does

This provision amends Section 1207(c) of the Agricultural Act of 2014 (7 U.S.C. 9037(c)), which governs financial support for domestic textile mills that use U.S.-grown cotton.

The section raises the per-pound assistance rate paid to mills that spin cotton into fabric, beginning in 2025.

Change in Subsidy Rate

Period	Assistance Rate
Aug 1, 2013 – July 31, 2025	3 cents per pound
Starting Aug 1, 2025	5 cents per pound

This is a 67% increase in federal support for cotton-using textile mills.

In Plain English

“Textile mills that buy and use American-grown cotton will get a bigger subsidy — rising from 3¢ to 5¢ per pound starting in 2025. This helps domestic manufacturers stay competitive with foreign mills.”

Strategic Impacts

Stakeholder	Effect
U.S. Textile Mills	More federal support may help offset higher labor/energy costs
Cotton Farmers	Encourages demand from domestic buyers
Trade Policy Analysts	May raise questions about WTO compliance or international competitiveness
Budget Estimators	Increased program outlays starting FY2026

SEC. 10312 — Sugar Program Updates

What This Section Does

This section updates several key statutes — primarily the Federal Agriculture Improvement and Reform Act of 1996 and the Agricultural Adjustment Act of 1938 — to:

1. **Raise loan support rates for sugar**
2. **Modernize sugar storage compensation**
3. **Rebalance sugar beet allotments**
4. **Extend key provisions to 2031**

A. Loan Rate Modifications

Amends Section 156 of the 1996 Act:

Sugar Type	Loan Rate (2025–2031 Crop Years)
Raw Cane Sugar	24.00¢ per pound
Refined Beet Sugar	136.55% of raw cane rate (≈ 32.77¢)

- **Previously, loan rates were capped through 2023–2024**
- **This section extends support through 2031**
- **Ensures parity between cane and beet sugar**

B. Sugar Storage Rate Increases

Amends Section 167 of the 1996 Act to set minimum monthly storage rates for forfeited sugar:

Sugar Type	New Minimum Storage Rate (2025+)
Refined Sugar	34¢ per hundredweight/month
Raw Cane Sugar	27¢ per hundredweight/month

- **Replaces the outdated method with flat-rate, inflation-resistant values**
- **Applies to USDA storage under the Commodity Credit Corporation (CCC)**

C. Modernization of Beet Sugar Allotments

Amends sections of the Agricultural Adjustment Act of 1938:

1. **Extends Program Through 2031**
    - **Updates sugar production estimate deadlines**
2. **Fairer Allocation Rules**
    - **If the USDA increases national sugar allotments, beet sugar processors with available product get priority**
3. **Reassignment Timing Adjusted**
    - **Technical restructuring of how/when USDA can reallocate unused sugar allotments**
    - **Clarifies authority to reassign based on available supplies**

In Plain English

"This update raises the loan price for sugar, increases what the government pays to store extra sugar, and makes sure the rules for sugar beet producers are fairer and more modern. These changes all run through 2031."

Strategic Impacts

Stakeholder	Effect
Sugar Cane & Beet Producers	Receive higher loan support and better storage cost coverage

Stakeholder	Effect
USDA Program Managers	Must apply new formulas for loan rates and allocate sugar more flexibly
Domestic Sugar Processors	Get more favorable treatment in case of national supply increases
Budget Watchdogs	Higher federal floor prices may increase program outlays

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SEC. 10313 — Modernizing the Dairy Margin Coverage Program

What This Section Does

This section amends multiple parts of the Agricultural Act of 2014 to:

1. **Update how dairy production history is calculated**
2. **Increase eligibility and benefit thresholds**
3. **Extend premium discounts**
4. **Extend the DMC program through 2031**

A. New Definition of Production History

- **The old rule calculated dairy production history based on when the dairy first enrolled in the program.**
- **The new rule lets a dairy operation use its highest annual milk marketing from 2021, 2022, or 2023 — whichever is best for them.**

This is a farmer-friendly change that lets dairies use more recent production numbers, which could be higher than old baselines.

B. New Dairy Operations Get Flexible Entry Options

For dairies in operation less than a year, they can choose to:

1. **Use actual milk sales extrapolated to a full year, or**
2. **Estimate production using herd size vs. national herd average**

This helps new dairies get fair treatment even with limited history.

C. Increased Coverage Cap: From 5 Million to 6 Million Pounds

- **Throughout the program rules, the cap for Tier I coverage increases from 5 million to 6 million pounds of milk**
- **Affects:**
    - **Payments (§1406)**
    - **Premium rate tiers (§1407)**

This expands affordable, subsidized coverage for more of a dairy's production

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D. Premium Discount Extension

Premium discounts previously offered for early adopters (2019–2023) are now:

- **Extended through 2026–2031**
- **This includes:**
    - **Annual discounts for Tier I producers**
    - **January 2026 start for the new discount window**

E. Program Extended to 2031

- **DMC program authorization updated:**
    - **Previous end date: 2025**
    - **New end date: 2031**

Ensures continued safety-net for dairy producers

In Plain English

"This section gives dairy farmers a bigger safety net. It lets them use more recent years to calculate coverage, increases the size of operations that qualify for low-cost protection, and extends the program and discounts until 2031."

Strategic Impacts

Stakeholder	Effect
Small & Mid Dairies	Benefit from higher coverage caps and better pricing flexibility
New Dairy Entrants	Now get clearer, fairer options for establishing production history
USDA Program Managers	Will need to recalibrate thresholds and run through 2031
Budget Planners	Slight cost increase due to extended program and larger cap

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SEC. 10314 — Implementation Funding for Dairy Policy

What This Section Does

This section amends Section 1614(c) of the Agricultural Act of 2014 (7 U.S.C. 9097(c)) to authorize $50 million for implementing and monitoring dairy policy reforms. These funds will be available until expended and are broken down across specific priorities.

Total Funding: $50,000,000

Breakdown of how the USDA must allocate these funds:

Use Case	Amount Allocated
Carrying out Subtitle C reforms and related amendments	Full $50M
Support for dairy margin coverage outreach & tech assistance	≥ $5M
Activities described in subsection (b)(3)(A) (e.g., payments)	$3M
Activities under subsection (b)(3)(B) (e.g., education)	$3M
Mandatory dairy cost/yield surveys & biennial publication	$9M
Economic study under section 359k(d) of 1938 Act (sugar parity)	$1M

Funds are tied to specific legislative mandates, including conducting mandatory economic surveys and publishing the results every two years.

In Plain English

"The USDA is getting $50 million to carry out and monitor the new dairy rules — including farmer outreach, data collection, public reporting, and economic analysis."

Strategic Impacts

Stakeholder	Effect
USDA Dairy Program	**Receives direct funding for analytics, farmer support, and surveys**
Dairy Farmers	**Benefit from better program transparency and tailored outreach**
Policy Analysts	**Gain access to biennial dairy cost/yield data for benchmarking**
Budget Reviewers	**Funding appropriated outside normal annual cycles — until expended**

Subtitle D — Disaster Assistance Programs

SEC. 10401 — Supplemental Agricultural Disaster Assistance

What This Section Does

This section amends **Section 1501(b) of the Agricultural Act of 2014 (7 U.S.C. 9081(b))**, updating the **Livestock Indemnity Program (LIP)** to provide more generous and accurate financial relief to livestock producers. It introduces **full compensation for predator-related deaths**, considers **regional market premiums**, and — for the first time — authorizes **payments for unborn livestock** lost due to disaster conditions.

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1. Full Compensation for Predator-Related Deaths

- Producers will receive **100% of the market value** of livestock killed by predators.
- The **"applicable date"** for valuation is defined as:
  - The day before the animal's death, or
  - The day before the event that caused the loss.

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2. 75% Compensation for Losses Due to Adverse Weather or Disease

- For livestock losses from weather events or disease, payments will be made at **75% of market value**.
- USDA will determine the “market value” and “applicable date.”

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3. Inclusion of Regional Market Premiums

- USDA is authorized to **account for regional price premiums** that exceed national average values.
- This ensures producers in high-cost regions (e.g., western states or niche markets) receive equitable compensation.

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4. New Coverage: Payments for Unborn Livestock

For the first time in federal law, farmers can be compensated for unborn animals lost due to disaster events.

Eligibility & Timing

- Applies to **losses occurring on or after January 1, 2024**
- Covered causes: predation, weather, disease
- Losses must be **in excess of normal mortality**

Payment Structure

- Payment rate: **≤ 85%** of the USDA-set rate for the **lowest weight class** of the species
- Payment formula uses **species-based multipliers**, defined as:

Livestock Category (from 7 U.S.C. 9081(a)(4))	Multiplier Used
(A), (B), or (F) — e.g., cattle	×1
(D) — e.g., goats	×2
(E) — e.g., pigs (litter-bearing)	×12
(G) — other species	Average births per gestation

For example, a sow losing an entire litter would be compensated using a 12x multiplier.

In Plain English

"If your livestock are killed by predators, you'll be fully compensated. If they die from weather or disease, you'll get 75% of their value. And for the first time, the USDA will compensate you for unborn calves, piglets, lambs, and others — using species-based multipliers to estimate value."

Strategic Impacts

Stakeholder	Effect
Livestock Producers	Broader and deeper financial safety net, especially for breeding operations
USDA / Farm Service Agency	Must create new rules, multipliers, and market benchmarks
Agricultural Insurers	May coordinate policies with updated federal provisions
Budget Forecasters	Higher indemnity payouts anticipated, especially in disaster years

Subtitle E — Crop Insurance

This section focuses on improving, refining, and in some cases tightening the rules for **federally subsidized crop insurance**. These programs are critical safety nets for farmers managing weather and market risk.

SEC. 10501 — Beginning Farmer and Rancher Benefit

What This Section Does

This section modifies multiple provisions of the Federal Crop Insurance Act (7 U.S.C. §§ 1502, 1508, 1522) to:

Extend the eligibility period for "beginning farmers and ranchers" from 5 to 10 years

Provide tiered premium subsidies to reduce insurance costs

Repeal a redundant program clause for simplification

A. New Definition: "Beginning Farmer or Rancher" = 10 Years

Provision Affected	Change Made
7 U.S.C. 1502(b)(3)	Amended “5 years” → 10 years

Expands the eligibility window during which new producers can access preferential crop insurance benefits.

Recognizes that many producers may take longer to reach financial stability or experience.

B. Repeal of Redundant Clause

Provision Removed	Description
7 U.S.C. 1522(c)(7)(F)	Obsolete subparagraph eliminated

Streamlines the Federal Crop Insurance Act by removing a now-unnecessary clause related to program delivery.

C. Additional Premium Assistance Tiers (7 U.S.C. 1508(e))

Adds a new subsection [(e)(9)] that increases crop insurance subsidies for beginning farmers and ranchers using a tiered discount structure over 4 years.

Reinsurance Year	Extra Premium Subsidy (%)
Years 1–2	+5%
Year 3	+3%
Year 4	+1%

These are in addition to any standard subsidies already available.

Applies regardless of insurance policy, plan, or coverage level selected.

In Plain English

“New farmers and ranchers now have 10 years — instead of 5 — to qualify for special crop insurance help. During their first four years, they’ll get extra premium discounts to make coverage more affordable.”

Strategic Impacts

Stakeholder	Effect
Beginning Farmers/Ranchers	Lower insurance costs, longer runway to build sustainable farms
USDA / Risk Management	Must update eligibility rules and implement tiered subsidies
Rural Development Advocates	Sees this as a positive step toward generational turnover
Budget Forecasters	Potential modest increase in premium subsidy outlays

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SEC. 10502 — Transition Incentives Program Reauthorization and Improvements

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What This Section Does

This section reauthorizes and strengthens the Transition Incentives Program (TIP) under the Food Security Act of 1985 (16 U.S.C. 3835(c)), which helps retiring farmers and ranchers transition land to beginning or underserved producers. The changes include:

1. **Program extension through 2031**
2. **Higher per-acre and total payments**
3. **Expanded eligibility for beginning farmers, veterans, and socially disadvantaged producers**
4. **Revised technical assistance and outreach mandates**

A. Reauthorization Through Fiscal Year 2031

Previous End Date	New End Date
FY 2023	FY 2031

- **Ensures funding for TIP continues uninterrupted.**

B. Boosted Payment Rates

TIP payments go to landowners who enroll expiring Conservation Reserve Program (CRP) land and rent/sell it to beginning or underserved farmers.

Provision	Previous	New Maximum
Annual Per-Acre Payment	Not specified	$500/acre
Total Payment to One Participant	Not specified	$100,000

C. Eligibility Modernization

- Adds language to make beginning, socially disadvantaged, and veteran farmers/ranchers eligible to receive the land, even if the retiring landowner had previously participated in TIP.
- Removes barriers that limited multiple transitions on the same land parcel.

D. Technical Assistance & Outreach

- Directs USDA to conduct outreach and education to underserved populations about TIP opportunities.
- May include:
    - Translated materials
    - Partnerships with minority-serving institutions
    - Enhanced coordination with local conservation districts

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In Plain English

"This section renews and upgrades a program that helps older farmers retire by renting or selling their land to new or underserved farmers. It raises payment limits and ensures USDA will do better outreach to those who might benefit but haven't yet applied."

Strategic Impacts

Stakeholder	Effect
Retiring Farmers	More incentive to pass land to beginning producers
Beginning / Underserved Farmers	Better access to land and USDA support
USDA Field Offices	Expanded responsibility for outreach and technical assistance

Stakeholder	Effect
Agricultural Advocates	See this as a step toward land access equity and generational renewal

SEC. 10503 — Administrative and Operating Expense Adjustments

What This Section Does

This section amends Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)), introducing new administrative and operating expense subsidies for crop insurance providers — especially in states with high-loss ratios and for specialty crops. It creates two new payment rules:

1. **Additional 6% subsidy in high-loss states**
2. **Guaranteed reimbursement levels for specialty crops**

A. New 6% Administrative Subsidy in High-Loss States

Beginning in the 2026 reinsurance year, the USDA (via the Federal Crop Insurance Corporation) must pay crop insurers an extra 6% of net book premium for eligible contracts.

Eligibility Criteria

- **Applies only in "eligible States", where:**
  - **The loss ratio for eligible contracts exceeds 120% of the total net book premium written by all insurers.**

Key Terms

Term	Definition
Eligible Contract	A crop insurance policy written in an eligible state that excludes: • Catastrophic (CAT) risk protection • Area-based plans • Policies with no loss adjustment costs
Eligible State	A state where the insurer's loss ratio exceeds 120% for a given year

This is aimed at compensating insurers for increased operational costs in high-risk or disaster-prone regions.

B. Minimum Reimbursement for Specialty Crops

Also starting in 2026, insurers who sell crop insurance for specialty crops (as defined in the Specialty Crops Competitiveness Act of 2004) must receive a reimbursement rate of at least:

- **17% of the premium used to define the loss ratio, or**
- **Whatever higher reimbursement rate is set under the normal Standard Reinsurance Agreement (SRA)**

This guarantee cannot reduce payments to insurers under the SRA.

In Plain English

"USDA will give crop insurers extra money to cover administrative costs in states where they've had huge losses. Plus, insurers who cover fruits, vegetables, and other specialty crops will be guaranteed a minimum payment rate — to keep those products insured."

Strategic Impacts

Stakeholder	Effect
Crop Insurance Providers	Receive better compensation in high-risk states and for specialty crops
Specialty Crop Growers	May benefit from greater insurer participation and availability
USDA Risk Management Agency	Must update SRA and payment tracking systems
Budget Forecasters	Could see higher subsidy outlays in disaster years

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SEC. 10504 — Premium Support

What This Section Does

This section modifies Section 508(e)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)) by increasing the percentage of the premium paid by the federal government across multiple levels of insurance coverage.

This means farmers will now receive higher federal subsidies when purchasing crop insurance, helping to lower their out-of-pocket premium costs.

Updated Federal Premium Subsidy Rates

The bill adjusts the federal cost share for farmers at various coverage levels. These numbers refer to how much of the crop insurance premium the federal government will cover.

Coverage Band	Previous Gov't Share (%)	New Gov't Share (%)
(C)(i) — 70–75% coverage	64%	69%
(D)(i) — 75–80% coverage	59%	64%
(E)(i) — 80–85% coverage	55%	60%
(F)(i) — 85–90% coverage	48%	51%
(G)(i) — 90–95% coverage	38%	41%

These increases range from +3% to +5%, depending on the level of coverage selected.

In Plain English

"Farmers will now get bigger discounts from the government when they buy crop insurance. Whether they pick basic or high-level protection, the federal government will now pay a greater share of the cost."

Strategic Impacts

Stakeholder	Effect
Farmers	Reduced cost to purchase higher levels of insurance
Crop Insurance Providers	May see increased enrollment and higher-value policies
USDA / Risk Mgmt. Agency	Must implement new subsidy tiers across insurance platforms
Budget Forecasters	Expected increase in federal crop insurance expenditures

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SEC. 10505 — Program Compliance and Integrity

What This Section Does

This section amends Section 515(l)(2) of the Federal Crop Insurance Act (7 U.S.C. 1515(l)(2)) to increase funding for compliance and anti-fraud enforcement within the federal crop insurance system.

Funding Increase for Compliance Activities

Fiscal Year(s)	Maximum Authorized Funding
2009–2025	$4,000,000 per year
2026 and onward	$6,000,000 per year

- **These funds are used by the USDA Risk Management Agency (RMA) to detect fraud, abuse, or noncompliance by farmers, insurers, and agents.**
- **Activities include audits, data analysis, and field reviews.**

In Plain English

"The USDA will now have up to $6 million per year — starting in 2026 — to crack down on crop insurance fraud and ensure that everyone in the system is playing by the rules."

Strategic Impacts

Stakeholder	Effect
USDA / Risk Mgmt. Agency	Receives a 50% funding increase for compliance work
Crop Insurers & Agents	Greater scrutiny; stronger enforcement of program rules
Producers	Encourages accurate reporting and deters fraudulent behavior
Congressional Oversight	Strengthens safeguards for taxpayer funds in subsidized programs

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SEC. 10506 — Reviews, Compliance, and Integrity

What This Section Does

This section amends Section 516(b)(2)(C)(i) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)(2)(C)(i)), increasing funding for internal audits, program reviews, and oversight activities within the crop insurance system.

Increased Oversight Funding

Fiscal Years Covered	Annual Authorization for Oversight Activities
2014–2025	No change (amount not specified in this excerpt)
2026 onward	$10,000,000 per year

This funding supports efforts by the Office of Inspector General (OIG) and the USDA's Risk Management Agency (RMA) to:

- Conduct annual program reviews
- Investigate waste, fraud, and abuse
- Ensure integrity of taxpayer-funded crop insurance programs

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In Plain English

"Starting in 2026, the USDA will get $10 million a year — up from previous levels — to strengthen auditing and oversight of the crop insurance system."

Strategic Impacts

Stakeholder	Effect
USDA & OIG	Increased resources for detailed audits and fraud detection
Policyholders	Indirectly benefits from cleaner, more trusted crop insurance market
Federal Budget Watchdogs	Responds to concerns about potential abuse of public subsidies
Taxpayers	Adds safeguards to protect federal investments in agriculture

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SEC. 10507 — Poultry Insurance Pilot Program

What This Section Does

This section adds a new subsection (j) to Section 523 of the Federal Crop Insurance Act (7 U.S.C. 1523), requiring the USDA to create a pilot insurance program for poultry producers to help them manage extreme weather-related utility costs — a key concern for contract poultry growers.

Key Features of the Pilot Program

Feature	Description
Who Qualifies	Contract poultry growers, including those producing broilers and laying hens
What's Covered	Index-based insurance covering utility costs due to extreme weather, including: – Natural gas – Propane – Electricity – Water – Other utility expenses as defined by USDA
Geographic Scope	Program will operate in a wide range of counties to gauge demand and feasibility in top poultry-producing states
Stakeholder Engagement	USDA must consult with poultry industry stakeholders in designing the program
Timeline	Program design and approval must be completed within 2 years of enactment

Approval and Oversight

The new pilot policy must be:

- **Developed in accordance with Section 508(h) (which governs approval of insurance products)**
- **Reviewed and approved by the Federal Crop Insurance Corporation (FCIC) Board of Directors**

In Plain English

“This new pilot program will help chicken farmers handle spikes in electricity and gas bills caused by heat waves, freezes, and other extreme weather. It will be tested in key states and tailored with input from the poultry industry.”

Strategic Impacts

Stakeholder	Effect
Contract Poultry Growers	Gain access to risk protection against rising utility costs
USDA Risk Management Agency	Must design and evaluate a brand-new insurance offering
Poultry Industry Groups	Have a say in shaping a more resilient farm insurance framework
Rural Utility Providers	Indirectly affected as growers gain tools to manage energy volatility

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Subtitle F — Additional Investments in Rural America

This subtitle spans conservation, trade, nutrition, research, energy, and more — each aimed at strengthening rural resilience and agricultural sustainability.

SEC. 10601 — Conservation

What This Section Does

This section provides a major multiyear investment in agricultural conservation programs under the Food Security Act of 1985, focusing on soil, water, habitat, and climate resilience. It increases funding authorizations across a wide range of conservation efforts from fiscal years 2026 to 2031.

A. Conservation Technical Assistance and Programs (16 U.S.C. § 3841(a))

Program Type	Annual Funding Levels
Base Conservation Funding	Starts at $625M in 2026 and increases to $700M by 2031
Total Funding for Conservation Operations	Increases from $2.65B (2026) to $3.26B (2028–2031)
Conservation Innovation Grants	Increases from $1.3B (2026) to $1.375B (2031)

These increases reflect both scaling of current programs and funding security for long-term conservation planning.

B. Regional Conservation Partnership Program (16 U.S.C. § 3871d)

Fiscal Year	**Funding Level**
2026	$425,000,000
2027–2031	$450,000,000 annually

- This program supports collaborative conservation efforts among farmers, ranchers, and organizations that manage natural resources at the landscape scale.

C. Grassroots Source Water Protection Program (16 U.S.C. § 3839bb–2)

- Program authorization is extended to 2031
- New funding of $1,000,000 annually beginning FY 2026, available until used

Focus: Protecting groundwater and surface water through community-led efforts.

D. Voluntary Public Access and Habitat Incentive Program (16 U.S.C. § 3839bb–5)

- New funding of $70,000,000 for FY 2025–2031
- Supports recreational access and habitat conservation on private land

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In Plain English

"This section increases conservation funding for farmers and ranchers who protect soil, water, and wildlife habitat. It extends important programs through 2031 and adds billions in support for water protection, landscape partnerships, and conservation innovation."

Strategic Impacts

Stakeholder	Effect
Farmers and Ranchers	More financial support to implement conservation practices
Conservation Organizations	Access to long-term funding for regional and grassroots projects
USDA NRCS and Technical Staff	Expanded delivery responsibilities across several conservation tools
Rural Communities	Improved soil health, water quality, and recreational opportunities

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SEC. 10602 — Supplemental Agricultural Trade Promotion Program

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What This Section Does

This section directs the Secretary of Agriculture to establish and fund a new program focused on expanding international markets for U.S. agricultural products. It provides permanent annual funding starting in FY 2027.

A. Program Purpose

The new program's goals include:

- Increasing accessibility to foreign markets
- Supporting the development and maintenance of export channels
- Promoting the expansion of new and existing export opportunities for U.S. agricultural goods

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B. Funding Structure

Source of Funds	Annual Amount Allocated
Commodity Credit Corporation	$285,000,000 per year
Funding Start Year	Fiscal Year 2027

- This is a mandatory annual commitment and does not require further appropriations.
- Reflects a permanent investment in agricultural trade expansion infrastructure.

In Plain English

"The USDA will launch a new export promotion program in 2027 with nearly $300 million a year to help U.S. farmers sell more food abroad. This money will support opening new markets and keeping existing ones strong."

Strategic Impacts

Stakeholder	Effect
U.S. Agricultural Exporters	More support for trade missions, marketing, and logistics abroad
USDA Foreign Agricultural Service (FAS)	Gains resources to compete in global food markets
Farm Economy Analysts	Signal of long-term federal commitment to international trade
Trade Policy Observers	Enhances U.S. ability to counteract foreign subsidies and barriers

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SEC. 10603 — Nutrition

What This Section Does

This provision makes a simple but important update to the Emergency Food Assistance Act of 1983 by extending a key program's authorization:

- It amends Section 203D(d)(5) of the Act (7 U.S.C. 7507(d)(5))
- The expiration date for the program's authority is updated from "2024" to "2031"

What Program Is Affected?

The change applies to the Emergency Food Assistance Program (TEFAP) — a USDA program that:

- Provides USDA-purchased food to food banks, pantries, and soup kitchens
- Helps address food insecurity among low-income Americans
- Is often used in partnership with state and local food assistance networks

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In Plain English

"This extends a government food assistance program that helps food banks and pantries for another 7 years — from 2024 to 2031."

Strategic Impacts

Stakeholder	Effect
Food Banks & Pantries	Continued access to government-supplied food resources
Low-Income Communities	Extended food security support through 2031
USDA Food Distribution	Maintains logistics and purchasing under TEFAP
State Governments	Can continue program planning with long-term federal backing

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SEC. 10604 — Research

This section makes significant multi-year federal investments in agricultural research, emphasizing inclusivity, innovation, and accessibility. The funding spans from urban agriculture and food technology to specialized crop research and support for farmers with disabilities.

A. Urban, Indoor, and Emerging Ag Research

What Changed:
Extends funding authority under the Food, Agriculture, Conservation, and Trade Act of 1990.

Original Expiration	New Authorization Period
FY 2024	FY 2024 through FY 2031

Supports research into vertical farming, hydroponics, aquaponics, and other next-gen systems.

B. Foundation for Food and Agriculture Research (FFAR)

Funding Boost:

- $37,000,000 from the Commodity Credit Corporation (CCC)
- Available immediately and until expended

The Foundation is a public-private research partnership platform to accelerate ag science.

C. Scholarships at 1890 Institutions

What's New:

- $60,000,000 allocated in FY 2026
- Funding comes from the CCC and is mandatory

Supports scholarships at Historically Black Colleges and Universities (HBCUs) under the 1890 land-grant system.

D. Assistive Tech for Farmers with Disabilities

New Provision:

- $8,000,000 for FY 2026 from the CCC
- Supports the AgrAbility program and similar efforts

Provides equipment and technology so disabled farmers can remain productive and independent.

E. Specialty Crop Research Initiative (SCRI)

Funding Levels Increased:

Period	Annual Funding
FY 2014–2025	$80,000,000/year
FY 2026 onward	$175,000,000

Supports R&D for fruits, vegetables, tree nuts, horticulture, and nursery crops.

F. Agricultural Research Facilities

New Investment:

Purpose	Annual Funding (starting FY 2026)
Competitive facility grants (under RAFA)	$125,000,000

Upgrades USDA and land-grant university research infrastructure.

In Plain English

"This section boosts research across the board: urban farming, specialty crops, Black land-grant colleges, disabled farmers, and food innovation all get more funding. It's a long-term bet on American agricultural science."

Strategic Impacts

Stakeholder	Effect
Land-Grant Institutions	Expanded support for facilities and student scholarships
Urban/Indoor Ag Innovators	Access to long-term R&D funding
Minority Serving Institutions	Dedicated investment via 1890 scholarships
Disabled Farmers	Enhanced access to assistive technology
Specialty Crop Sector	Significant research infusion for competitiveness and resilience

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SEC. 10605 — Energy

What This Section Does

This provision makes a technical amendment to the Farm Security and Rural Investment Act of 2002, specifically:

- Extends the authority for an energy-related program — likely the Bioenergy Program for Advanced Biofuels under Section 9005 — from 2024 to 2031.

Legal Reference

Law Referenced	Affected Section
Farm Security and Rural Investment Act of 2002	Section 9005(g)(1)(F)
Citation	7 U.S.C. 8105(g)(1)(F)

This provision ensures that the advanced biofuels support program remains authorized through fiscal year 2031.

In Plain English

“This keeps a government energy program going until 2031 — specifically one that helps make and use advanced biofuels.”

Strategic Impacts

Stakeholder	Effect
Biofuel Producers	Continued eligibility for federal payments and support
USDA Energy Programs	Ongoing authority to implement Section 9005
Renewable Energy Sector	Improved planning certainty for sustainable fuel production
Rural Economies	Sustained job and investment potential tied to bioenergy

SEC. 10606 — HORTICULTURE

What This Section Does

This section enhances and extends multiple USDA programs supporting **horticulture**, **organic farming**, **specialty crops**, and **agricultural trade data infrastructure**. It does this by:

- Increasing and extending funding for **plant disease and pest management**
- Enhancing **specialty crop block grants**
- Continuing support for **organic certification and data collection**
- Investing in **modernized trade systems**
- Providing new funds for pesticide and cropping **survey research**

These changes reflect long-term federal support through **fiscal year 2031** and align with strategic goals for sustainability, food safety, and trade competitiveness.

A. Plant Pest and Disease Management & Disaster Prevention

Amendment to: Plant Protection Act (7 U.S.C. 7721(f))

Funding Period	Amount
FY 2018–2025	$75,000,000 per year
FY 2026	**$90,000,000**

Supports proactive pest surveillance and rapid response to outbreaks.

B. Specialty Crop Block Grants

Amendment to: Specialty Crops Competitiveness Act of 2004

Funding Period	Amount
FY 2018–2025	$85,000,000 per year
FY 2026	**$100,000,000**

Helps states improve the competitiveness of specialty crops like fruits, vegetables, tree nuts, and floriculture.

C. Organic Production and Market Data Initiative

Amendment to: Farm Security and Rural Investment Act of 2002

Funding Period	Amount
FY 2026–2031	$10,000,000 (total)

Supports tracking and analysis of organic production and marketing trends.

D. Trade Technology Modernization

Amendment to: Organic Foods Production Act of 1990

Year	Funding Level
FY 2024–2025	$1,000,000 per year
FY 2026	**$5,000,000**

Funds improvements to systems used in certifying and verifying organic goods for trade.

E. National Organic Certification Cost-Share Program

- **Extends** the program from **2024** to **2031**
- Eases the cost burden for small organic producers and handlers

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F. Multiple Crop and Pesticide Use Survey

Amendment to: Agriculture Improvement Act of 2018

Year	Mandatory Funding
FY 2026	**$5,000,000**

Supports data collection on cropping practices and pesticide use, often used for regulatory and conservation analysis.

In Plain English

"This section boosts funding for fruit and vegetable growers, supports organic farmers with certification costs and market data, funds pest control efforts, and upgrades USDA trade data systems."

Strategic Impacts

Stakeholder	Effect
Specialty Crop Growers	Access to more competitive grant support
Organic Producers	Lower certification costs and better export tracking
USDA Plant Health Teams	Greater resources for pest prevention and control
Ag Researchers & Statisticians	Better funding for pesticide/crop data surveys

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SEC. 10607 — Miscellaneous

What This Section Does

This catch-all section extends or revises a variety of USDA and agricultural programs ranging from animal disease preparedness to wool and cotton industry supports. It includes funding boosts, sunset extensions to 2031, and technical amendments across multiple programs that didn't fit into earlier sections of Subtitle F.

A. Animal Disease Prevention & Management (7 U.S.C. 8308a)

Fiscal Years	Total Annual Funding	Suballocations (Minimums)
2026–2030	$233,000,000/year	- $10M: Subsection (a) (early response) - $70M: Subsection (b) (preparedness) - $153M: Subsection (c) (response and recovery)
2031 onward	$75,000,000/year	- $45M minimum to Subsection (b)

Strengthens USDA's animal health infrastructure to combat disease outbreaks like African Swine Fever or Avian Flu.

B. Sheep Production and Marketing Grant Program

- Adds $3 million in funding for FY 2026 under the Agricultural Marketing Act of 1946

Funds sheep industry improvement through grants.

C. Pima Agriculture Cotton Trust Fund

- Extends the authorization from 2024 to 2031
- This fund supports U.S. textile manufacturers who use Pima cotton, offsetting tariff disadvantages.

Helps maintain global competitiveness in high-end cotton products.

D. Wool Apparel Manufacturers Trust Fund

- Also extended to 2031
- Supports U.S.-based wool apparel manufacturers facing cost disadvantages in the global market

Promotes domestic wool industry sustainability.

E. Wool Research and Promotion

- Also extended from 2024 to 2031
- Supports marketing and research efforts for wool producers

Promotes American wool quality and market expansion.

F. Emergency Citrus Disease Research and Development Trust Fund

- Authorization extended through 2031
- Supports research to combat citrus diseases like citrus greening

Critical for sustaining Florida and California citrus sectors.

In Plain English

“This section extends and boosts funding for programs that protect farm animals from disease, help sheep and wool industries, support Pima cotton and citrus growers, and continue long-term investments through 2031.”

Strategic Impacts

Stakeholder	Effect
USDA Animal & Plant Health Service	More stable funding for disease detection and rapid response
Sheep & Wool Industries	Grant support and trust fund continuity
Textile Manufacturers (Cotton/Wool)	Extended tariff-offsetting support programs
Citrus Industry	Research support for citrus disease resistance

Title II — Committee on Armed Services

This title is structured as a broad **Department of Defense (DoD) funding enhancement**, targeting multiple dimensions of national security, infrastructure, and force readiness. While each section authorizes specific priorities, these are not programmatic reforms but **strategic funding injections**.

SEC. 20001 — Enhancement of Department of Defense Resources for Improving the Quality of Life for Military Personnel

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What This Section Does

This section authorizes a broad package of funding and policy improvements aimed at boosting the quality of life for U.S. service members and their families. It makes substantial new investments in housing, healthcare, education, childcare, bonuses, and support infrastructure. The funds are appropriated for FY 2025 and remain available until September 30, 2029.

Total Appropriated Funds: $7.5 Billion+

Purpose	Amount
Marine Corps Barracks 2030 modernization	$230.5 million
Marine Corps base operating support	$119 million
Military unaccompanied housing (all branches)	$1 billion
Defense Health Program	$2 billion
Housing allowance supplement	$2.9 billion
Bonuses, special & incentive pays	$50 million
Online academic support programs	$10 million
Tuition assistance	$100 million
Child care fee assistance	$100 million
Temporary Lodging Expense (TLE) expansion	$590 million

Purpose	Amount
DoD Impact Aid to schools	$100 million
Military spouse licensure support	$10 million
Armed Forces Retirement Homes	$6 million
Defense Community Infrastructure Program	$100 million
DARPA casualty care research	$100 million
Modernization of DoD childcare staffing	$62 million

Policy Change: Military Housing Investment Caps Raised

- Temporarily raises the percentage of allowable private investment in military housing projects under Title 10, Section 2875 through FY 2029
- Intended to spur private-sector partnerships to speed up housing improvements

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In Plain English

"Congress is putting over $7.5 billion into better housing, medical care, childcare, education, and bonuses for troops. It also lets the military tap more private investment to fix up housing faster."

Strategic Impacts

Stakeholder	Effect
Active Duty Service Members	Better housing, more pay incentives, improved family services
Military Families	More childcare, tuition aid, spousal licensing support
DoD Health System	Major investment in care access and innovation
Military Housing Partners	More flexibility to upgrade housing with private funding
Local School Districts	$100M in Impact Aid to schools educating military children

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SEC. 20002 — Enhancement of Department of Defense Resources for Shipbuilding

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What This Section Does

This section appropriates more than $22 billion to modernize and expand the U.S. Navy's shipbuilding and industrial base through fiscal year 2029. It covers equipment procurement, workforce development, infrastructure, advanced manufacturing, and vessel acquisition, including attack submarines, destroyers, and support ships.

Top-Level Investment Categories

Investment Category	Approx. Total
Shipbuilding R&D & Infrastructure	~$6 billion
Advanced Manufacturing & Autonomy	~$2.3 billion
Workforce Development	$450 million
Vessel Procurement (Submarines, DDGs, LCUs)	~$17 billion
Procurement for Replenishment & Support Ships	~$4.5 billion

Funds are "in addition to amounts otherwise available" and remain valid through September 30, 2029.

Breakdown of Key Funding Items

Industrial Base Modernization

- $250M for accelerated training in defense manufacturing
- $250M for turbine generator production
- $450M for additive manufacturing (wire, machining)
- $492M for next-gen shipbuilding techniques
- $85M for U.S.-made steel plate
- $50M for naval propeller machining
- $110M for steel/fabrication facility

- $400M for collaborative shipbuilding campus
- $450M for autonomy & AI in naval shipbuilding
- $500M for advanced manufacturing adoption
- $50M for cold spray repair
- $750M for supplier development
- $250M for other advanced processes
- $450M for maritime workforce programs

Shipyard & Vessel Investments

- $4.6B for a second Virginia-class submarine (FY26)
- $5.4B for two Guided Missile Destroyers (DDG)
- $1.8B for Landing Ship Medium (procurement)
- $295M for second Landing Craft Utility shipyard
- $100M for light replenishment oiler procurement
- $600M via National Defense Sealift Fund (new ships)
- $2.73B for T-AO oilers
- $500M for rescue and salvage ships
- $300M for ship-to-shore connectors
- $1.47B for multi-ship amphibious warship contract
- $80M for at-sea vertical launch reloading development
- $250M for Navy corrosion control expansion

In Plain English

"This section is a massive boost to Navy shipbuilding — funding new destroyers, submarines, support vessels, workforce training, steel production, and manufacturing tech upgrades across the entire defense industrial base."

Strategic Impacts

Stakeholder	Effect
U.S. Navy	Expands fleet modernization and shipyard capacity
Defense Manufacturers	Massive procurement and industrial expansion opportunities
Skilled Labor Workforce	Significant new investments in training and maritime careers
National Security Planners	Strengthens force readiness and maritime deterrence
Regional Shipbuilding Economies	Surge in employment, infrastructure, and supply chain spending

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SEC. 20003 — Enhancement of Department of Defense Resources for Integrated Air and Missile Defense

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What This Section Does

This section appropriates over $24 billion for fiscal year 2025 to dramatically enhance the United States' missile defense and space-based threat detection capabilities. The funds are divided between next-generation missile defense technologies and the development of a layered homeland defense architecture, with investments spanning satellites, hypersonics, space interceptors, and ground infrastructure.

Funds are made available through FY 2029.

A. Next Generation Missile Defense Technologies

Total: ~$18.5 Billion

Investment Area	Funding
Directed energy (e.g., lasers) R&D	$250 million
National security space launch infrastructure	$500 million
Air-moving target indicator satellites	$2 billion
Hypersonic test bed program expansion	$400 million

Investment Area	Funding
Space-based and boost-phase intercept development	$5.6 billion
Military space-based sensor development and procurement	$7.2 billion
General military missile defense capabilities	$2.55 billion

Focuses on tracking and intercepting missiles earlier in their flight path — including boost phase — and enhancing real-time surveillance from space.

B. Layered Homeland Defense

Total: ~$5.9 Billion

Investment Area	Funding
Acceleration of hypersonic missile defense systems	$2.2 billion
Next-gen intercontinental ballistic missile (ICBM) defense systems	$800 million
Missile test range modernization in Indo-Pacific (Army)	$408 million
Improved ground-based radar systems for missile tracking	$1.975 billion
Missile Defense Agency range safety ship construction	$530 million

Strengthens continental and territorial missile defense, especially for emerging hypersonic and ICBM threats.

In Plain English

“This part of the bill pours over $24 billion into new missile-tracking satellites, lasers, radars, and hypersonic defense tech. It's about defending America from future missile threats, including space-based and high-speed weapons.”

Strategic Impacts

Stakeholder	Effect
U.S. Military (Space & Missile Forces)	Cutting-edge tech and infrastructure to handle next-gen threats
Defense Contractors	Massive funding for development and procurement
Homeland Security	Stronger deterrence and layered defense against hypersonic and ICBMs
U.S. Indo-Pacific Command	Test range upgrades improve regional responsiveness

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SEC. 20004 — Enhancement of Department of Defense Resources for Munitions and Defense Supply Chain Resiliency

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What This Section Does

This section authorizes over $6 billion in fiscal year 2025 for the expansion, modernization, and diversification of the U.S. defense munitions industrial base. It supports missile development, production capacity improvements, supply chain stabilization, and emerging weapons technologies such as autonomous underwater munitions.

Funds remain available until September 30, 2029.

Breakdown of Major Allocations

Missile Development, Production & Integration

Missile Type	Funding
Long-range anti-ship missiles (Navy & Air Force)	$400M dev + $380M prod
Long-range air-to-surface missiles	$490 million
Alternative long-range air-to-surface missiles	$94 million
Long-range Navy air defense/anti-ship missiles	$630 million
Long-range multi-service cruise missiles	$688M dev + $250M prod

Missile Type	Funding
Short-range Navy/Marine anti-ship missiles	$70 million
Anti-ship seeker (Army ballistic missile)	$100 million

Tactical Missile Investments

Weapon System	Funding
Army next-gen medium-range ballistic missiles	$175M (capacity) + $114M (prod) + $50M (dev)
Medium-range air-to-air missiles	$250M (proc) + $225M (capacity)
Short-range air-to-air missile component sourcing	$50 million
Anti-radiation missiles (air-launched)	$325 million
Army long-range ballistic missile dev.	$85 million

Industrial Base and Undersea Munitions

Category	Funding
Heavyweight torpedoes (production)	$400 million
Autonomous underwater munitions (R&D + prod)	$200 million
Torpedo maintenance facility improvements	$70 million

In Plain English

"This section funds an aggressive expansion of missile and munitions development, production, and supply chain resilience. It supports every military branch with smarter weapons, new missile types, autonomous munitions, and critical upgrades to torpedo and air defense systems."

Strategic Impacts

Stakeholder	Effect
U.S. Military (Joint Forces)	Expanded access to advanced long-, medium-, and short-range munitions
Defense Contractors	Major investments in missile manufacturing and tech innovation
Military Supply Chain	Diversified sourcing and boosted capacity to meet surge demand
National Security Infrastructure	Enhanced deterrence via layered, multi-domain weaponry

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SEC. 20005 — Enhancement of Department of Defense Resources for Scaling Low-Cost Weapons into Production

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What This Section Does

This section authorizes over $10 billion in fiscal year 2025 to rapidly scale, develop, and integrate innovative, low-cost military technologies. It reflects a strategic pivot toward agility, cost-effective lethality, autonomous platforms, and next-gen battlefield communication.

The funds remain available through September 30, 2029, and are intended to accelerate prototype-to-field timelines.

Top Strategic Allocations

Category / Capability	Funding Amount
Small Unmanned Aerial System (sUAS) Industrial Base	$1.4 billion
Joint Fires Network & Battle Mgmt Capabilities	$400 million
Advanced C2 Tools for Combatant Commands	$400 million
Long-Endurance UAS (surveillance drones)	$120 million
Advanced 5G/6G Communications for Military Use	$500 million
High-Altitude Stratospheric Balloons	$50 million

Category / Capability	Funding Amount
Alt. Positioning/Navigation (GPS-resistant tech)	$40 million
Modular Small Nuclear Reactors for DoD Use	$125 million
Low-Cost Cruise Missiles (dev + integration)	$1.5 billion
Reusable Hypersonic Weapons	$90 million
Attritable Autonomous Capabilities (delivery assurance)	$500 million
Innovative Military Logistics & Energy Solutions	$750 million
DIU Commercial Tech Scaling (Defense Innovation Unit)	$2 billion
AI for Test Resource Management Center	$124 million
Strategic Capabilities Office Acceleration	$600 million
Defense Innovation Unit “OnRamp” Hubs	$50 million
Secure Defense Industrial Facilities	$100 million
Global Technology Scout Program (Strategic Capital Office)	$25 million
Tech Experimentation (Mission Capabilities Office)	$650 million
Tech Fielding Acceleration	$1 billion

In Plain English

”This section puts over $10 billion into the fast-track development and deployment of new, affordable military tools: drones, hypersonics, low-cost missiles, AI-enhanced logistics, 5G/6G, small nuclear reactors, and autonomous weapons. It aims to make U.S. defense smarter, quicker, and more agile — without overspending.”

Strategic Impacts

Stakeholder	Effect
U.S. Armed Forces (Joint Commands)	Rapid access to next-gen battlefield tools and decision networks
Defense Innovation Startups	Boost in funding through DIU and DoD tech scouting
Tech-Forward Defense Contractors	Huge investment in autonomy, AI, hypersonics, and 5G/6G capabilities
Strategic Energy Planning (DoD)	Seed funding for compact nuclear energy in forward operating bases
Military Logistics Commands	Enhanced rapid-deployment logistics and energy innovation

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SEC. 20006 — Enhancement of Department of Defense Resources for Improving the Efficiency and Cybersecurity of the Department of Defense

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What This Section Does

This section provides $380 million in new appropriations for fiscal year 2025 to improve the Department of Defense's financial transparency, administrative efficiency, and cybersecurity posture. The goal is to modernize internal systems, leverage AI, and reduce vulnerabilities across the Department.

All funds remain available through September 30, 2029.

Funding Breakdown

Area of Investment	Amount
Business systems replacement to accelerate DoD financial audits	$150 million
AI and automation tools for audit acceleration	$200 million
Budgetary/programmatic upgrades for the Secretary of Defense's office	$10 million
DARPA cybersecurity research and program enhancement	$20 million

Objectives and Strategic Goals

1. Financial Transparency & Audit Acceleration
   - Replaces outdated business systems
   - Deploys AI to expedite audit-readiness under 10 U.S.C. Chapter 9A and Section 2222
   - Moves the Pentagon closer to achieving clean audit opinions — a long-standing accountability goal
2. Modernization of DoD HQ Administrative Systems
   - Upgrades fiscal and strategic management tools used by top civilian leadership
3. Cybersecurity Investment (DARPA)
   - Targets advanced research in proactive cyber defense and vulnerability mitigation

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In Plain English

"This section modernizes how the Pentagon handles its internal operations — especially its finances and cybersecurity — with help from AI and DARPA. It aims to make the DoD more accountable, more secure, and more efficient."

Strategic Impacts

Stakeholder	Effect
DoD Financial & Audit Teams	Improved tech and AI to speed up auditing and accountability
Secretary of Defense's Office	More efficient budget and oversight capabilities
DARPA Cybersecurity Programs	Boost in cutting-edge research for cyber defense innovations
U.S. Taxpayers	Greater transparency and modernization of DoD spending

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SEC. 20007 — Enhancement of Department of Defense Resources for Air Superiority

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What This Section Does

This section appropriates more than $8.9 billion in fiscal year 2025 to improve U.S. air dominance through increased aircraft production, technology upgrades, and accelerated deployment of next-generation combat platforms. Funding supports legacy platforms like the F-15 and F-22 while also advancing cutting-edge programs like Collaborative Combat Aircraft (CCA) and FA/XX sixth-gen fighters.

All funds are available through September 30, 2029.

Funding Highlights by Aircraft/System

Aircraft / System	Funding	Purpose
F-15EX	$3.15 billion	Ramp up production
F-22	$361.2 million	Prevent retirement
F-15E	$127.5 million	Prevent retirement
F-16 (EW Upgrades)	$187 million	Accelerate electronic warfare improvements
C-17A (Connectivity)	$116 million	Upgrade comms for mobility aircraft
KC-135 (Connectivity)	$84 million	Same as above
C-130J	$440 million	Increase tactical airlift production
EA-37B (Electronic Attack)	$474 million	Ramp production
Collaborative Combat Aircraft (CCA)	$678 million	Accelerate unmanned wingman drone program
F-47	$400 million	Accelerate production (next-gen fighter variant)

Aircraft / System	Funding	Purpose
FA/XX	$750 million	Accelerate sixth-generation fighter (NGAD)
Advanced Aerial Sensors	$100 million	Produce sensors for ISR missions
V-22 Osprey (Nacelle reliability)	$160 million	Improve safety and reliability
MQ-25 (Unmanned Carrier Refueler)	$100 million	Accelerate production
Marine Corps Combat UAVs	$270 million	Procure & integrate armed drones
Infrared Search & Track Pods (IRST)	$96 million	Add passive air-to-air tracking to combat aircraft
F-15EX Conformal Fuel Tanks	$50 million	Increase fuel range
Air Force Long-Range Strike Aircraft	$600 million	Advance development & integration
Navy Long-Range Strike Aircraft	$500 million	Parallel investment in sea-based strike aircraft

In Plain English

"This section throws nearly $9 billion into keeping U.S. fighter jets dominant. It stops retirement of older fighters, speeds up new stealth and drone-based platforms, boosts transport aircraft, and funds better sensors and weapons. It's a full-spectrum upgrade of American air power."

Strategic Impacts

Stakeholder	Impact
Air Force, Navy, Marine Corps	Enhanced fleet capability with both legacy and cutting-edge systems
Defense Contractors	Major production and R&D contracts across fighter and drone programs
Joint Forces	Improved air dominance, ISR, refueling, and combat logistics

Stakeholder	Impact
Military Aviation Safety	Reliability upgrades to V-22s and improved targeting sensors

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SEC. 20008 — Enhancement of Resources for Nuclear Forces

What This Section Does

This section authorizes more than $13 billion in fiscal year 2025 to modernize, expand, and secure the United States' nuclear weapons infrastructure and delivery systems. It splits funding between the Department of Defense (DoD) and the National Nuclear Security Administration (NNSA) to upgrade missiles, bombers, submarines, command systems, and warhead production.

Funds are available through September 30, 2029.

A. Department of Defense Funding — $11.8 Billion

Program / Capability	Amount
Sentinel ICBM Risk Reduction	$2.5 billion
B-21 Bomber Production Expansion & Procurement	$4.5 billion
Minuteman III ICBM System Upgrades	$500 million
ICBM Reentry Vehicle Enhancements	$100 million
D5 Missile Motor Production Expansion	$148 million
Trident D5LE2 SLBM Development Acceleration	$400 million
Nuclear-Armed Sea-Launched Cruise Missile (SLCM-N) Dev.	$2 billion
Ohio-Class Submarine Missile Tube Conversion (post-2026)	$62 million
Survivable Airborne Operations Center (SAOC)	$168 million
Nuclear Command, Control & Communications (NC3) Modernization	$65 million
MH-139 Helicopter Production Increase	$210.3 million

Program / Capability	Amount
General Nuclear Delivery Systems Development	$150 million

B. National Nuclear Security Administration Funding — $2.14 Billion

Purpose	Amount
Phase 1 Studies under 50 U.S.C. §2401	$200 million
Deferred Maintenance & Repairs	$540 million
Construction of New NNSA Facilities	$1 billion
SLCM-N Warhead Development & Integration	$400 million

All NNSA activities align with responsibilities outlined in Section 3211 of the National Nuclear Security Administration Act.

In Plain English

"This section allocates over $13 billion to ensure the U.S. nuclear triad remains credible, modern, and resilient. It funds new ICBMs, bombers, submarines, command centers, and warheads — while also fixing aging infrastructure and securing communications."

Strategic Impacts

Stakeholder	Effect
U.S. Strategic Command	Modernized nuclear delivery and command capabilities
Air Force & Navy	Upgrades to bombers, submarines, and intercontinental missiles
NNSA Facilities & Workforce	Accelerated modernization and safety improvements
U.S. Nuclear Deterrence Policy	Maintains credible and flexible strategic deterrent posture

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SEC. 20009 — Enhancement of Department of Defense Resources to Improve Capabilities of United States Indo-Pacific Command

What This Section Does

This section provides over $7.4 billion in fiscal year 2025 to bolster military readiness, infrastructure, logistics, cyber capabilities, and economic influence operations in the Indo-Pacific region. It supports exercises, construction, supply chain resiliency, surveillance, and even strategic economic countermeasures aimed at competitors like China.

Funds are available until September 30, 2029.

Key Funding Categories

Investment Category	Amount
Army, Marine Corps, Air Force, SOCOM exercises (Western Pacific)	$555M
Pacific Air Force biennial large-scale exercise	$532.6M
Naval small craft development	$19M
Indo-Pacific additive manufacturing capacity	$35M
Airfield development (Indo-Pacific)	$450M
Broader Indo-Pacific infrastructure	$1.1B
Indo-Pacific mission networks	$124M
Air Force regional base kits	$100M
Arctic infrastructure development	$115M
Non-kinetic (non-lethal) capability development	$90M
Indo-Pacific-specific military exercises	$20M
Anti-submarine sonar arrays	$143M
AFRICOM surveillance enhancements	$30M

Investment Category	Amount
INDOPACOM surveillance enhancements	$30M
Economic competition (DoD-wide efforts)	$500M
DoD economic competition workforce expansion	$10M
Offensive cyber operations	$1.0B
Indo-Pacific Command personnel and operational costs	$500M
Mesh communication networks for Special Ops (Pacific)	$300M
Replenishment of military articles	$850M
Acceleration of Guam Defense System	$200M
Space Force facility upgrades	$68M
(Section cut off here; additional investments continue)	

In Plain English

"This section gives over $7 billion to ramp up U.S. military presence and preparedness in the Indo-Pacific. It funds everything from cyber offense and military exercises to new airfields, drone comms, and economic influence campaigns — all aimed at outpacing China's regional threat."

Strategic Impacts

Stakeholder	Effect
U.S. Indo-Pacific Command	Enhanced regional infrastructure, operations, and supply chains
Special Operations Forces (SOCOM)	New mesh networking and deployment capabilities
DoD Cyber & Strategic Influence Teams	Massive boost to offensive cyber tools and economic countermeasures

Stakeholder	Effect
Pacific Allies (e.g. Japan, Guam)	More integrated airfields, base support, and surveillance capabilities
AFRICOM	Notable surveillance enhancements, recognizing inter-theater threats

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SEC. 20010 — Enhancement of Department of Defense Resources for Improving the Readiness of the Department of Defense

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What This Section Does

This section allocates over $17 billion in fiscal year 2025 to strengthen the operational readiness of the U.S. Armed Forces. It targets spare parts, depot upgrades, modernization of vehicle fleets, aircraft improvements, facility upgrades, and Special Operations Command (SOCOM) needs.

Funds remain available through September 30, 2029.

Breakdown of Readiness Enhancements

Investment Area	Amount
Maritime spare parts/repair pilot (OPN-8)	$1.4B
Amphibious ship spares/repair pool (OPN-8)	$700M
Air Force aircraft spares/repair	$2.118B
Army depot modernization	$1.5B
Navy depot and shipyard modernization	$2.0B
Air Force depot modernization	$250M
SOCOM readiness, ops, and equipment	$1.64B
National Guard readiness	$500M
Marine Corps readiness	$400M

Investment Area	Amount
Marine Corps utility helicopter upgrades	$20M
Next-gen vertical lift, assault, and medevac aircraft	$310M
Anti-lock braking systems for Army vehicles	$75M
Army wheeled combat vehicle procurement	$230M
Advanced rotary-wing engine development	$63M
Marine Corps amphibious vehicle development + procurement	$241M
Army tracked combat transport procurement	$250M
Army light rotary-wing capability expansion	$98M
Depot & shipyard maintenance (general increase)	$1.5B
Air Force facility sustainment, restoration, modernization (SRM)	$2.5B
Robotic Combat Vehicle prototyping completion	$92.5M
General Army operations	$125M
Air Force CDM Office (Concepts, Development, & Management)	$10M
Joint Special Operations Command	$320M

In Plain English

"This section delivers over $17 billion to make the military more ready for action — from spare parts to helicopters, from tank upgrades to AI-assisted vehicles. It improves maintenance, equips troops with modern gear, and keeps bases in top shape."

Strategic Impacts

Stakeholder	Impact
All Military Branches	Boosted mission capability, fewer equipment delays

Stakeholder	Impact
National Guard	Direct readiness funding injection
Special Operations (SOCOM & JSOC)	Enhanced operational budget and specialized gear
Depots & Shipyards (Army, Navy, AF)	Major modernization for maintenance and supply
Ground Forces	More vehicles, parts, and tech-driven platforms like robotics
Defense Industrial Base	Expanded production of combat vehicles and aircraft components

---

SEC. 20011 — Improving Department of Defense Border Support and Counter-Drug Missions

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What This Section Does

This section authorizes $1 billion in fiscal year 2025 for the Department of Defense (DoD) to provide border support, counter-drug operations, and national defense area activities. The funds remain available until September 30, 2029.

The section allows the use of DoD personnel and facilities in accordance with Chapter 15 of Title 10, U.S. Code, which governs military support to civilian law enforcement in homeland operations.

Authorized Activities

- Deployment of Military Personnel to assist in U.S. border operations
- Operations & Maintenance tied to border security missions
- Counter-narcotics activities, including disruption of drug trafficking
- Support against Transnational Criminal Organizations (TCOs)
- Operation and construction of National Defense Areas
- Temporary detention of migrants on DoD installations

In Plain English

"This section funds military assistance at the U.S. border — including troop deployments, infrastructure, anti-drug missions, and temporary migrant holding areas — for the next 4 years."

Strategic Impacts

Stakeholder	Impact
U.S. Military	Expanded role in domestic security operations
Department of Homeland Security	Greater capacity via DoD support
Border Communities	More visible enforcement and infrastructure development
Drug Enforcement Agencies	Boost in intelligence and disruption capabilities
Migrants in DoD Custody	Potential temporary housing in military-run facilities

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SEC. 20012 — Department of Defense Oversight

What This Section Does

This section allocates $10 million in fiscal year 2025 to the Inspector General of the Department of Defense to provide long-term oversight of military programs funded under this title. The funds remain available through September 30, 2029.

It emphasizes accountability, transparency, and risk monitoring across multiple defense programs, especially those involving:

- Advanced technology,
- Complex data handling, and
- Fragile supply chains.

Focus Areas for Oversight

1. Mutual Technological Dependencies
   - Oversight of programs that rely on shared platforms, systems, or innovations
2. Data Management & Ownership

   - Ensuring proper stewardship of defense-related data — especially where AI, autonomy, or cloud systems are involved
3. Supply Chain Vulnerability
   - Targeting programs reliant on hard-to-source parts or foreign components with long lead times

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In Plain English

“This section gives $10 million to the DoD Inspector General to track and report how military tech and systems are developed, especially when they depend on shared parts, sensitive data, or hard-to-get components.”

Strategic Impacts

Stakeholder	Effect
DoD Inspector General	Greater capacity to monitor $100B+ in defense spending
Congress	Improved accountability and potential for auditing & reform
Taxpayers	Assurance that public funds are being used efficiently and safely
Defense Contractors	More scrutiny on subcontracting, supply sourcing, and data handling

---

SEC. 20013 — Military Construction Projects Authorized

What This Section Does

This provision authorizes the appropriation of funds for:

- Military construction,
- Land acquisition, and
- Military family housing projects
  for each of the U.S. military departments (Army, Navy, Air Force, Marine Corps, and Space Force).

It also mandates transparency and accountability by requiring detailed plans from each military branch.

Key Requirements

1. Authorization of Appropriations
    - Funding levels for construction, land, and housing projects are approved as per other parts of this title.
    - Applies to each "military department" as defined under 10 U.S.C. §101(a).
2. Spending Plan Mandate
    - Within 30 days of enactment, each Secretary of a military department must:
        - Submit a detailed project-by-project spending plan.
        - Report to both the Senate and House Committees on Armed Services.
    - Plan must cover all funds authorized by this title for military construction.

In Plain English

"This section allows the military to spend money on base construction, land purchases, and housing — but each branch has to turn in a detailed spending plan within a month."

Strategic Impacts

Stakeholder	Effect
Military Departments	Receive funding to build, expand, or improve infrastructure
Congressional Committees	Gain visibility and oversight of defense infrastructure spending
Military Families	May benefit from housing upgrades and new facilities
Construction Industry	Potential for large federal contracts related to military bases

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Title III — Banking, Housing, and Urban Affairs

This title includes budget directives and structural changes related to **financial regulation, monetary policy, housing programs, and federal credit management**.

Here are the major provisions:

SEC. 30001 — Funding Cap for the Bureau of Consumer Financial Protection

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What This Section Does

This provision amends the Dodd-Frank Act by reducing the annual funding cap for the Consumer Financial Protection Bureau (CFPB).

Specifically:

- It changes the funding limit from 12% of the Federal Reserve System's total operating expenses
- To a new cap of just 6.5%

This change is made by amending Section 1017(a)(2)(A)(iii) of the Consumer Financial Protection Act of 2010 (12 U.S.C. § 5497).

Key Change in Law

Legal Reference	Old Value	New Value
12 U.S.C. § 5497(a)(2)(A)(iii) (CFPB Budget Cap)	12%	6.5%

In Plain English

"This section cuts the CFPB's maximum budget almost in half. It limits how much money the agency can draw from the Federal Reserve to fund its operations."

Strategic Impacts

Stakeholder	Impact
CFPB	Faces a steep budget reduction, likely affecting enforcement and outreach
Financial Industry	Could see a reduction in regulatory pressure or investigations
Consumers	May experience fewer protections or slower response times from the agency
Federal Reserve	Smaller automatic transfer obligations to CFPB
Congress	Gains more indirect influence over CFPB scale via budget ceiling

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SEC. 30002 — Rescission of Funds for Green and Resilient Retrofit Program for Multifamily Housing

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What This Section Does

This section **rescinds** (takes back) any **unspent funds** that were previously allocated to the **Green and Resilient Retrofit Program (GRRP)** for multifamily housing.

It specifically targets funds authorized under:

- **Section 30002(a)** of the **Inflation Reduction Act of 2022**
- Cited as **Public Law 117–169**, 136 Stat. 2027

In Plain English

“This section cancels all leftover money from a program meant to make apartment buildings more energy-efficient and climate-resilient.”

Strategic Impacts

Stakeholder	Impact
Department of Housing and Urban Development (HUD)	Loses access to remaining GRRP funds
Property Owners of Multifamily Units	May lose anticipated retrofit grants or subsidies

Stakeholder	Impact
Green Building Advocates	Significant setback for federal energy-efficiency efforts in housing
Congressional Budget	Saves unspent federal dollars, reduces overall expenditures

---

SEC. 30003 — Securities and Exchange Commission Reserve Fund

What This Section Does

This section **eliminates the Securities and Exchange Commission (SEC) Reserve Fund**, redirects its assets to the U.S. Treasury, and updates relevant parts of the Securities Exchange Act of 1934.

Key Provisions

1. **Eliminates Reserve Fund Authority**
   - Subsection (i) of **Section 4** of the Securities Exchange Act (15 U.S.C. §78d), which created the Reserve Fund, is repealed.
2. **Redesignates Remaining Subsections**
   - The Act updates subsection lettering to account for the removal of (i).
3. **Whistleblower Fund Update**
   - Clarifies that the **Whistleblower Award Fund** remains available without new appropriations, solely for paying whistleblower rewards:

"The Fund shall be available to the Commission, without further appropriation or fiscal year limitation, for paying awards to whistleblowers…"

4. **Temporary Use of Obligated Funds**
   - The SEC may **spend pre-existing obligated funds** from the Reserve Fund on programs already in progress before the enactment of this Act. This authority ends on **October 1, 2025**.
5. **Transfer of Balances**
   - On **October 1, 2025**, any **remaining obligated or unobligated balances** in the Reserve Fund will be **transferred to the U.S. Treasury's general fund**.

6. **Account Closure**
    - After the transfer, the SEC Reserve Fund will be **considered closed**, and cannot be used for any future obligations.

In Plain English

"This section shuts down the SEC's rainy-day fund. Starting in October 2025, all leftover money goes back to the Treasury, and the fund itself is permanently closed."

Strategic Impacts

Stakeholder	Impact
SEC	Loses a discretionary fund used for modernization and emergencies
Treasury Department	Gains reclaimed funds
Whistleblowers	Still protected — their reward fund is unaffected
Congress	Gains tighter fiscal control over SEC discretionary spending
Investors/Public	May see slower modernization or response from SEC without backup funds

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SEC. 30004 — Appropriations for Defense Production Act

What This Section Does

This section provides $1 billion in new funding for the Defense Production Act (DPA) in fiscal year 2025.

- These funds are in addition to existing resources.
- The money will remain available through September 30, 2027.

Purpose of the Appropriation

Funds appropriated here are intended to:

- Expand domestic industrial capabilities

- Secure critical supply chains
- Accelerate production of key defense-related goods, such as:
    - Microelectronics
    - Batteries
    - Rare earth elements
    - Health and energy infrastructure
    - Strategic materials

These kinds of investments support the goals of the DPA, which is codified at 50 U.S.C. § 4501 et seq.

In Plain English

"This section gives $1 billion to help the U.S. ramp up production of important materials and tech we need for national defense — like chips, batteries, and other high-demand gear."

Strategic Impacts

Stakeholder	Impact
U.S. Industrial Base	Access to capital to expand defense-relevant production lines
Department of Defense	Increased security in critical supply chains
National Security Infrastructure	Faster development of high-priority technology
U.S. Taxpayers	Support for strategic autonomy and domestic jobs

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✅ **Summary of Title III**

Section	Focus	Real-World Impact
30001–03	SEC Budget	Closes SEC reserve fund by 2025
30004	Defense Production Act	$1B for industrial supply resilience

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Title IV — Committee on Commerce, Science, and Transportation

This title supports **maritime readiness**, **national transportation infrastructure**, and **public safety**, with a strong emphasis on modernizing the **U.S. Coast Guard** and expanding **port and rail capacity**.

SEC. 40001 — Coast Guard Mission Readiness

What This Section Does

This section provides $24.6 billion to the U.S. Coast Guard for fiscal year 2025, with funding available until September 30, 2029. The money can be used for:

- Procuring and upgrading air and sea assets,
- Building and improving shore infrastructure, and
- Supporting operations for search and rescue, border security, drug interdiction, and navigation safety.

This funding bypasses certain typical budget limitations to enable faster acquisition and deployment.

Spending Breakdown

Investment Area	Amount
Fixed-wing aircraft + training + equipment	$1.14 billion
Rotary-wing (helicopter) aircraft + training	$2.28 billion
Long-range unmanned aircraft + base stations	$266 million
Offshore Patrol Cutters (OPC) + related systems	$4.3 billion
Fast Response Cutters (FRC)	$1 billion
Polar Security Cutters (PSC)	$4.3 billion

Investment Area	Amount
Arctic Security Cutters (ASC)	$3.5 billion
[Shore infrastructure + hardening + operations]*	[Remainder]

**Note: Final portion for facilities and systems support continues beyond the truncated view.*

Strategic Goals

- Protect the U.S. maritime border
- Interdict illicit trafficking and migration
- Support Arctic/Antarctic operations
- Upgrade outdated platforms and infrastructure
- Enhance resilience to emerging maritime threats

In Plain English

"This section gives the Coast Guard $24.6 billion to modernize its ships, aircraft, and facilities so it can better patrol our waters, stop smugglers, rescue people, and maintain Arctic presence."

Strategic Impacts

Stakeholder	Effect
U.S. Coast Guard	Dramatic increase in operational readiness and global reach
Homeland Security Ops	Stronger maritime interdiction and border enforcement
Arctic/Polar Presence	Strengthened ice-capable fleet for national and scientific missions
U.S. Shipbuilders	Large-scale federal procurement opportunities
Taxpayers	Improved maritime safety and national defense footprint

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SEC. 40002 — Spectrum Auctions

What This Section Does

This section restores and extends the Federal Communications Commission's (FCC) authority to conduct spectrum auctions, which are used to allocate wireless frequencies for commercial use.

It establishes a new expiration date for this authority:
September 30, 2034

However, certain bands are exempt from this authority.

Key Provisions

Definitions

- Assistant Secretary refers to the head of the National Telecommunications and Information Administration (NTIA).
- Commission refers to the FCC.
- Covered band: 1.3 GHz to 10.5 GHz, excluding:
  - 3.1 GHz–3.45 GHz
  - 7.4 GHz–8.4 GHz
- Full-power commercial licensed use cases: High-power wireless broadband service consistent with Part 27 of the FCC regulations.

Legal Authority Update

- Amends Section 309(j)(11) of the Communications Act of 1934.
- Spectrum auction authority reinstated and extended through 2034.
- Excludes:
  - 3.1–3.45 GHz
  - 7.4–8.4 GHz from reallocation or auction.

FCC Auction Requirements

- The FCC must auction at least 300 MHz of spectrum before the 2034 deadline.

- At least 100 MHz from the 3.98–4.2 GHz band must be auctioned within 2 years of the Act’s passage.

NTIA Identification Mandate

- NTIA must identify 500 MHz of spectrum in the covered band to be:
  - Reallocated to non-federal use,
  - Used jointly by federal and non-federal users,
  - Or a mix of both.
- These frequencies must support high-density, high-power commercial mobile services.

In Plain English

“This section reauthorizes spectrum auctions until 2034. It tells the FCC to sell off at least 300 MHz of wireless spectrum and directs the Commerce Department to find 500 MHz more for commercial broadband.”

Strategic Impacts

Stakeholder	Effect
FCC	Regains authority to auction spectrum for 10 more years
Wireless Carriers	Gain access to new spectrum for 5G/6G expansion
Consumers	Potentially better and faster mobile services
NTIA (Commerce)	Tasked with identifying spectrum that can be shared or reallocated
Military & Agencies	May resist reallocation if frequencies currently used for defense

---

SEC. 40003 — Air Traffic Control Improvements

What This Section Does

This section allocates nearly **$12.4 billion** in fiscal year **2025** to modernize, consolidate, and improve U.S. **air traffic control (ATC)** infrastructure and systems. The funding will remain available until **September 30, 2029**, and supports a major overhaul of outdated FAA systems and facilities.

Funding Breakdown

Investment Area	Funding Allocation
Telecom infrastructure modernization	$4.75 billion
Radar systems replacement	$3.0 billion
Runway safety, lighting, surveillance tech	$500 million
Enterprise Info Display Systems	$300 million
Weather systems (AWOS, VWOS, cameras)	$80 million
Aviation safety programs under 49 U.S.C. § 44745	$40 million
Construction of new ARTCC (Air Route Traffic Center)	$1.9 billion
Realignment/consolidation of at least 10 ARTCCs	$100 million
TRACON* recapitalization & integration	$1.0 billion
Unstaffed infrastructure sustainment	$350 million
FAA Reauthorization Act §961	$50 million
FAA Reauthorization Act §619	$300 million
FAA Reauthorization Act §621 & Remote Tower Tech	$50 million

*TRACON: Terminal Radar Approach Control facilities

Program Highlights

- Construction of **a new ARTCC**, with the integration of at least 3 existing centers
- Consolidation or divestment of **at least 10 ARTCCs**
- Modernization of **radar**, **communication**, and **weather observation** systems
- Expansion of **remote tower technology** for untowered airports

- Investments in aviation safety as outlined in the 2024 FAA Reauthorization Act

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In Plain English

“This section funds a sweeping upgrade to the FAA’s air traffic control systems, helping make flights safer and airports more efficient with new radars, modernized control centers, and updated infrastructure.”

Strategic Impacts

Stakeholder	Effect
Federal Aviation Administration	Major upgrade of legacy systems and better nationwide ATC coordination
Airline Passengers	Potential for improved safety, fewer delays, and better tech support
Rural & Untowered Airports	May gain new weather or remote control tower capabilities
Construction & Tech Sectors	Large contracts for aviation tech and infrastructure projects

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SEC. 40004 — Space Launch and Reentry Licensing and Permitting User Fees

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What This Section Does

This section establishes a new **fee structure** for commercial space launches and reentries regulated by the **Federal Aviation Administration (FAA)**. It amends **Chapter 509 of Title 51, U.S. Code**, to authorize the **Secretary of Transportation** to charge fees for launches and reentries starting in **2026**.

A new **treasury fund** is also created to support FAA's Office of Commercial Space Transportation.

User Fee Structure (Starting 2026)

Fees are assessed **per launch or reentry** and are the **lesser of**:

Option A: Per-Pound Payload Fee

Year	Fee per Pound
2026	$0.25
2027	$0.35
2028	$0.50
2029	$0.60
2030	$0.75
2031	$1.00
2032	$1.25
2033	$1.50
2034+	Inflation-adjusted annually

Option B: Flat Launch/Reentry Fee Cap

Year	Maximum Fee
2026	$30,000
2027	$40,000
2028	$50,000
2029	$75,000
2030	$100,000
2031	$125,000
2032	$170,000
2033	$200,000
2034+	Inflation-adjusted annually

Creation of a Dedicated Fund

A new federal account is created:

Office of Commercial Space Transportation Launch and Reentry Licensing and Permitting Fund

- **Purpose**: To fund FAA's regulatory and operational duties in commercial space transportation.
- **Funding Source**: 70% of the collected launch/reentry fees.
- **Availability**: Funds are available **without further appropriation** and with **no fiscal year limit**.
- **Coordination**: Supports implementation of Section 630(b) of the **FAA Reauthorization Act of 2024**.

In Plain English

"Starting in 2026, space companies must pay the government for each launch or reentry they perform — either based on how heavy their payload is or a flat fee, whichever is cheaper. That money will help fund the FAA's space launch oversight."

Strategic Impacts

Stakeholder	Effect
Commercial Space Companies (e.g., SpaceX, Blue Origin)	New regulatory costs on every launch or reentry
FAA Office of Commercial Space Transportation	Gains stable funding source for oversight and modernization
U.S. Treasury	Collects structured, predictable revenues from the space industry
Taxpayers	Reduces taxpayer burden for regulating a growing private sector
Launch Industry	Predictable fee schedule with inflation indexing through 2034+

SEC. 40005 — Mars Missions, Artemis Missions, and Moon to Mars Program

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What This Section Does

This section provides nearly **$10 billion ($9.995B)** in special appropriations to **NASA** for Fiscal Year 2025 to support:

1. **Mars telecommunications infrastructure**
2. The **Gateway lunar platform**
3. **Artemis IV and V Space Launch System**
4. Continued procurement of the **Orion Multi-Purpose Crew Vehicle**

The funds will be available through **September 30, 2032**.

Funding Allocation Summary

Program / Project	Amount	Timeline Highlights
1. **Mars Telecommunication Orbiter**	$700 million	Delivered by Dec 31, 2028
2. **Gateway (Lunar Platform as Artemis staging point)**	$2.6 billion	Min $750M each year in FY26, FY27, FY28
3. **Space Launch System for Artemis IV and V**	$4.1 billion	Min $1.025B/year FY26–FY29
4. **Orion Multi-Purpose Crew Vehicle (continued procurement)**	$20 million	Support integration into future Artemis missions

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Program Details

1. Mars Telecommunications Orbiter

- **Fixed-price contract** with a U.S. commercial provider
- Selected from bidders funded by NASA for Mars Sample Return design
- Must support:
  - **Sample return**
  - Future robotic/human Mars missions

- **Autonomy, onboard processing, long mission lifespan**

2. Gateway

- NASA's **lunar orbit platform** for staging Artemis missions
- Investment supports platform development per 2022 authorization law

3. Space Launch System (SLS)

- Heavy-lift rocket system for **Artemis IV and V**
- Covers procurement, transportation, integration, operations
- Part of long-term human lunar exploration roadmap

4. Orion Crew Vehicle

- Continued development of the spacecraft to **transport astronauts**
- Integrates with Artemis mission architecture

In Plain English

"This section funds NASA's Moon and Mars exploration plans with nearly $10 billion. It builds a new orbiter for Mars, develops a lunar base (Gateway), supports two Artemis rocket launches, and keeps work going on the Orion crew capsule."

Strategic Impacts

Stakeholder	Impact
NASA	Accelerates long-term lunar and Mars mission infrastructure
U.S. Aerospace Industry	Big contracts for rockets, orbiters, crew vehicles, and lunar systems
Scientific Community	Gains robust communications support for Mars research
Global Leadership	Strengthens U.S. strategic presence in deep space exploration

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SEC. 40006 — Corporate Average Fuel Economy (CAFE) Civil Penalties

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What This Section Does

This section **eliminates civil penalties** automakers previously had to pay when their fleet failed to meet federal fuel economy standards.

Specifically, it amends **Section 32912 of Title 49, U.S. Code** to reduce:

- The penalty **per 0.1 mile per gallon shortfall** from **$5 to $0**
- The penalty used in **adjustments for inflation** from **$10 to $0**

This change applies **retroactively to all model years** where the Department of Transportation (DOT) hasn't yet finalized a penalty determination.

Legal Amendments

1. **Subsection 32912(b)**:

Replaces "$5" with "$0.00"
(This was the base penalty rate per 0.1 mpg shortfall per vehicle.)

2. **Subsection 32912(c)(1)(B)**:

Replaces "$10" with "$0.00"
(This amount reflects inflation-adjusted penalties since 2016.)

3. **Applicability Clause**:
   These changes are effective immediately **and apply retroactively**, except for cases where the DOT has already issued a final penalty under section 32903(b)(2)(B).

In Plain English

"This section wipes out fuel economy fines for carmakers, even retroactively. If a company's cars don't meet federal gas mileage standards, they no longer have to pay financial penalties—unless the DOT already finalized them."

Strategic Impacts

Stakeholder	Impact
Automakers	Major cost savings; eliminates past and future fuel economy fines
Fuel Efficiency Policy	Undermines enforcement of federal CAFE standards
Environmental Advocates	Likely to oppose—reduces financial motivation to improve fuel economy

Stakeholder	Impact
U.S. Treasury	Loses an established source of penalty revenue
Consumers	Potential increase in average vehicle fuel consumption

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SEC. 40007 — Payments for Lease of Metropolitan Washington Airports

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What This Section Does

This section updates the lease payment structure that the **Metropolitan Washington Airports Authority (MWAA)** must make to the **U.S. Treasury** for leasing **Reagan National** and **Dulles International Airports**.

New Lease Payment Formula

The revised law mandates the MWAA to pay:

- **From 1987 to 2026**:
  - **$3 million per year**, based on 1987 dollars (inflation-adjusted via GNP Price Deflator)
- **From 2027 onward**:
  - **$15 million per year**, based on 2027 dollars (again, inflation-adjusted)

These payments go into the **general fund of the U.S. Treasury**.

Renegotiation Requirement

The law adds a **mandatory renegotiation clause**:

- Every **10 years**, the **Secretary of Transportation** and the **MWAA** must review and renegotiate the lease amount.
- However, no renegotiation can reduce the amount below **$15 million in 2027 dollars**.

In Plain English

"The airports in D.C. must pay the federal government $15 million per year (adjusted for inflation) starting in 2027. Every 10 years, this rate must be reviewed and possibly updated—but it can't go lower."

Strategic Impacts

Stakeholder	Effect
U.S. Treasury	Locks in predictable revenue from MWAA leases
Metropolitan Washington Airports	Faces higher fixed annual payments beginning in 2027
Local Travelers & Airlines	Could see indirect cost adjustments if lease costs affect operations
Federal Oversight	Ensures long-term market-aligned lease terms through periodic review

SEC. 40008 — Rescission of NOAA Funds from Previous Law

What This Section Does

This section **cancels ("rescinds") any leftover, unobligated funds** that were previously given to the **National Oceanic and Atmospheric Administration (NOAA)** under specific provisions of **Public Law 117–169**, also known as the **Inflation Reduction Act of 2022**.

It targets funds that were:

- Appropriated under **Sections 40001, 40002, 40003, and 40004** of that law.
- Still **unobligated**—meaning they had not been committed or spent yet.

In Plain English

"This section takes back unspent money that NOAA was given under the Inflation Reduction Act. If they hadn't used it yet, it's now gone."

Strategic Impacts

Stakeholder	Impact
NOAA	Loses access to potentially millions in unspent project funds
Federal Budget	Reduces overall spending obligations from prior legislation

Stakeholder	Impact
Environmental Programs	May delay or reduce scope of NOAA-led climate and ocean initiatives
Congress	Signals shift in priority or budget tightening

SEC. 40009 — Reduction in Annual Transfers to Travel Promotion Fund

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What This Section Does

This section **slashes the maximum annual transfer** to the **Travel Promotion Fund** from **$100 million to $20 million**.

Specifically, it amends:

- **Subsection (d)(2)(B)** of the **Travel Promotion Act of 2009**
- Updates the authorized funding limit from:

"$100,000,000" → "$20,000,000"

In Plain English

"The U.S. will now spend up to $20 million a year (instead of $100 million) to promote travel to the country."

Strategic Impacts

Stakeholder	Effect
Brand USA (Travel Promotion)	Loses 80% of prior maximum federal support
U.S. Tourism Sector	May see reduced global marketing and outreach
Federal Budget	Reduces discretionary promotional spending
International Visitors	Potential decrease in awareness of U.S. tourism opportunities

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SEC. 40010 — Rescission of Funds for Low-Emission Aviation Technology

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What This Section Does

This section **rescinds** (i.e., cancels) any **unspent funds** that were originally allocated under:

- **Section 40007(a)** of Title IV of the **Inflation Reduction Act (Public Law 117–169)**

That money was intended to support:

- **Alternative fuel** development
- **Low-emission aviation technology**

If the funds were **not yet obligated** (i.e., committed or contracted), they are now **voided**.

In Plain English

"Any leftover money that was set aside for green aviation tech and alternative fuels in the 2022 climate law is now canceled."

Strategic Impacts

Stakeholder	Impact
Sustainable Aviation R&D	Loss of funding may slow technology development
FAA and Aviation Innovators	Less federal support for low-emissions aircraft programs
Climate Advocates	Considered a rollback of green aviation investment
Federal Budget	Reduces government's funding obligations under prior law

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SEC. 40011 — Rescission of Funds from the Public Wireless Supply Chain Innovation Fund

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What This Section Does

This section **rescinds** (cancels) **$850 million** in **unobligated funds** that were previously appropriated under:

- **Section 106(a)** of the **CHIPS Act of 2022** (Public Law 117–167; 136 Stat. 1392)

The funding was initially intended to support domestic innovation in **wireless telecommunications**, including efforts to secure the **5G wireless supply chain** and promote **Open RAN** technologies.

In Plain English

“The government is taking back $850 million that had been promised to help develop secure U.S. wireless technologies, because it hadn’t been spent yet.”

Strategic Impacts

Stakeholder	Effect
U.S. Telecom Innovation Programs	Loses a major source of funding for wireless R&D
Open RAN and 5G Security Initiatives	May see delays or downsizing in domestic capability investments
CHIPS Act Implementation	Faces budgetary rollback of one of its tech competitiveness pillars
Federal Budget	Reclaims a substantial sum for deficit reduction or reallocation

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Title V — Committee on Energy and Natural Resources

This title targets **U.S. energy independence**, fossil fuel production, mining policy, and resource royalties — with sweeping changes across oil, gas, coal, renewable energy, and federal land use.

Let's walk through the **Table of Contents** to map out the structure first, then dive into Subtitle A.

Subtitle A — Oil and Gas Leasing

SEC. 50101 — Onshore Oil and Gas Leasing

What This Section Does

This section repeals key parts of the **Inflation Reduction Act (IRA) of 2022** related to oil and gas leasing and **mandates a return to regular, accelerated leasing** for fossil fuel development on federal lands.

Key Repeals

1. **Royalty Rate Reform (IRA §50262(a))**
    - **Repealed**: The increase in federal royalty rates for onshore drilling (raised from 12.5% to 16.67%) is nullified.
    - **Restores**: The older, lower royalty rate regime.
2. **Noncompetitive Leasing Ban (IRA §50262(e))**
    - **Repealed**: The IRA had barred issuance of noncompetitive oil/gas leases (i.e., leases not bid on at auction).
    - **Restores**: Pre-IRA system allowing noncompetitive leasing if no bids were received.

New Leasing Mandates

1. Immediate Resumption of Lease Sales

- The **Secretary of the Interior** must immediately resume **quarterly lease sales** under:
    - **Mineral Leasing Act**

    - **National Environmental Policy Act (NEPA)**
- All environmental reviews must be **expedited** to meet lease timelines.

2. Expanded Definitions

- “Eligible lands” = All lands legally open to leasing and not explicitly prohibited.
- “Available lands” = Lands designated as open under official land use plans, or nominated for leasing, or considered at risk of drainage without a lease.

3. Mandatory State-by-State Lease Sales

Each fiscal year, **at least four** lease sales must be held in **each of the following states**:

State
Wyoming
New Mexico
Colorado
Utah
Montana
North Dakota
Oklahoma
Nevada
Alaska

In Plain English

“This section rolls back parts of the 2022 climate law that restricted fossil fuel leasing on federal lands. It restarts quarterly oil and gas auctions in key states and lowers royalty rates, making it cheaper and easier for energy companies to drill.”

Strategic Impacts

Stakeholder	Effect
Oil & Gas Industry	Gains greater access to federal land at lower costs

Stakeholder	Effect
Climate Policy Goals	Undermined due to expanded fossil fuel leasing
Federal Revenue	Could decrease from lower royalty rates
Environmental Reviewers	Pressured to speed up NEPA and land use planning
Western States	See economic boost from drilling activity and royalties
Public Land Managers	Must prioritize lease sales in 9 key energy-producing states

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SEC. 50102 — Offshore Oil and Gas Leasing

What This Section Does

Section 50102 mandates an **aggressive offshore leasing schedule**, expands access for energy companies to the Outer Continental Shelf (OCS), and repeals several provisions of the Inflation Reduction Act that had slowed offshore oil and gas development.

Key Repeals and Mandates

1. **Repeals Inflation Reduction Act Section 50264**
    - This repeals restrictions and constraints on offshore oil and gas leasing imposed by the IRA.
2. **Mandates Minimum Offshore Lease Sales**
   The Department of the Interior **must hold at least two offshore oil and gas lease sales** in the following areas **each fiscal year**:

   Offshore Planning Area

   Central Gulf of Mexico

   Western Gulf of Mexico

    - If fewer than 2 sales occur in either area, the Interior Secretary must **offer any unsold acreage** in a subsequent sale within the same fiscal year.
3. **Broadens Leasing Language**
   The section confirms that **any area** of the Outer Continental Shelf not legally prohibited must be considered “available” for leasing.

National OCS Oil and Gas Leasing Program Changes

The law modifies the **Outer Continental Shelf Lands Act (OCSLA)** to include the following new language:

“At least 2 sales shall be held annually in the Central and Western Gulf of Mexico… not later than the end of each fiscal year.”

This requirement applies **regardless of the contents** of the current 5-Year Leasing Plan.

In Plain English

“This section restarts and accelerates offshore oil and gas leasing in the Gulf of Mexico, requiring at least two lease sales a year in key areas and reversing the climate law’s restrictions.”

Strategic Impacts

Stakeholder	Effect
Offshore Oil Companies	Expanded access and certainty for drilling leases
Environmental Policy	Reverses part of the 2022 climate legislation
Interior Department	Required to conduct regular Gulf lease sales
Gulf States (e.g. LA, TX)	Economic boost via energy royalties, but increased ecological exposure
Federal Revenue	Potential increase via lease bids and future production

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SEC. 50103 — Royalties on Extracted Methane

What This Section Does

This section **repeals Section 50263 of the Inflation Reduction Act (IRA)**, which had required that **royalties be paid** on **methane gas** extracted from federal lands that was previously **vented, flared, or leaked**.

Repealed Provision

- **IRA Section 50263 (30 U.S.C. 1727)** established a royalty framework on **wasted methane** during oil and gas operations on public lands.

- The goal was to reduce **methane emissions**, a potent greenhouse gas, and incentivize better capture technologies.

By repealing this section, operators are **no longer required** to pay royalties on **methane emissions or waste** unless captured and sold.

In Plain English

“This section cancels the methane fee. Oil and gas companies no longer have to pay if they release methane into the atmosphere instead of capturing it.”

Strategic Impacts

Stakeholder	Effect
Oil & Gas Operators	Lower costs for operations with methane loss
Environmental Advocates	Likely to view this as a setback in climate policy
Federal Revenue	Loss of royalty revenue tied to unburned or wasted methane
Climate Policy	Weakens disincentives for venting and flaring methane

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SEC. 50104 — Alaska Oil and Gas Leasing (Arctic National Wildlife Refuge / Coastal Plain)

What This Section Does

This section mandates the **expansion of oil and gas leasing** in the **Coastal Plain** of the **Arctic National Wildlife Refuge (ANWR)** and sets firm timelines for lease sales. It reinforces and accelerates development plans first authorized under the **Tax Cuts and Jobs Act of 2017 (Public Law 115–97)**.

Key Provisions

Definitions

- **“Coastal Plain”**: Defined as in the 2017 law—referring to the area in ANWR designated for oil and gas leasing.

- **"Oil and gas program"**: Refers to the leasing program created by Section 20001 of the 2017 law.
- **"Secretary"**: The Secretary of the Interior, via the Bureau of Land Management (BLM).

Required Lease Sales

The Secretary must conduct at least **four area-wide lease sales** in the Coastal Plain:

Lease Sale	Deadline
1st	Within 1 year of enactment
2nd	Within 3 years of enactment
3rd	Within 5 years of enactment
4th	Within 7 years of enactment

Each lease sale must:

- Offer at least **400,000 acres**
- Target **high hydrocarbon potential** zones
- Follow the terms outlined in the **2020 BLM Record of Decision** (85 Fed. Reg. 51754)

Rights-of-Way and Surface Development

- **Rights-of-Way** and **surface development rules** from the 2017 law remain in full effect for these leases.

Revenue Sharing & Receipts

- Overrides standard revenue-sharing under the **Mineral Leasing Act**.
- Ensures that the **adjusted bonus, rental, and royalty receipts** from Coastal Plain operations follow specific sharing rules established in Public Law 115–97.

In Plain English

"This section ramps up drilling in Alaska's Arctic Refuge. It requires 4 large lease sales and locks in oil-friendly terms for rights-of-way, development, and revenue sharing."

Strategic Impacts

Stakeholder	Effect
Alaska's Energy Industry	Gains long-term certainty and access to ANWR's Coastal Plain
Environmental Advocates	Oppose the move as it increases fossil fuel activity in pristine land
Federal & State Revenues	Potential increase in lease payments and royalties
Indigenous & Local Communities	Mixed impact: economic gains vs. environmental and cultural concerns
BLM & Interior Dept.	Legally required to schedule sales and process large-scale leasing

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SEC. 50105 — National Petroleum Reserve–Alaska (NPR–A)

What This Section Does

This section mandates a **resumption and expansion** of oil and gas leasing within the **National Petroleum Reserve–Alaska (NPR–A)**, reversing recent policy changes and reviving earlier plans from 2020.

Key Definitions

Term	Definition
NPR–A Final EIS	The **2020 Environmental Impact Statement** issued by BLM (with Oct. 2020 errata only)
NPR–A Record of Decision	The **Dec. 2020 decision** outlining allowable leasing areas and terms
Program	The oil/gas leasing framework under **42 U.S.C. 6506a**
Secretary	Refers to the **Secretary of the Interior**

What It Requires

Restore Leasing Program Immediately

- The Secretary must **immediately restore** and **resume leasing activities** in NPR–A using the 2020 leasing framework.

Conduct Lease Sales

- **At least 5 lease sales** must be conducted within **10 years** of this bill's enactment.
- Each sale must offer **at least 4,000,000 acres**.

Timeline

- First lease sale: **Within 1 year**
- Additional sales: **Every 2 years** thereafter

Lease Terms and Conditions

- All leases must use the **2020 EIS and Record of Decision conditions** — including economic terms, stipulations, and land-use parameters.

Revenue Rules

- Amends **Section 107(l)** of the Naval Petroleum Reserves Production Act of 1976.
- Establishes updated revenue-sharing rules for leasing receipts from NPR–A activities.

In Plain English

"This section restarts oil leasing in Alaska's National Petroleum Reserve, requiring multiple sales of millions of acres over the next decade and sticking to Trump-era development plans."

Strategic Impacts

Stakeholder	Effect
Oil & Gas Developers	Immediate access to 23 million-acre reserve under favorable terms
Biden Administration	Overrides 2023 leasing limits; seen as policy reversal
Environmental Advocates	Oppose expansion into ecologically sensitive arctic lands
Alaska Economy & Revenue	Potential long-term boost via lease payments and oil royalties

Stakeholder	Effect
Indigenous & Local Communities	Concerns about climate, land, and subsistence impacts

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Subtitle B — Mining

SEC. 50201 — Coal Leasing

What This Section Does

Section 50201 orders the **resumption and acceleration of federal coal leasing** through the Bureau of Land Management (BLM). It directs the Department of the Interior to process coal lease applications and issue leases in a tightly defined timeline.

Definitions

- **Coal Lease**: A formal lease between the U.S. government and a private party for coal extraction, submitted using **BLM Form 3400-012** (or its updated equivalent).
- **Qualified Application**: Includes either:
  - Applications **pending at the time of enactment**, or
  - Applications **submitted within 90 days** after enactment,
  - **AND** the required environmental review has started or can begin within 90 days of receipt.

Required Actions Within 90 Days

The Secretary of the Interior **must**, for each **qualified coal lease application**:

1. **Publish environmental reviews** (if not already done).
2. **Establish fair market value** of the coal tract.
3. **Hold a lease sale.**
4. **Identify the highest bidder** meeting or exceeding fair market value.
5. **Take all necessary actions** to issue the lease.

Additionally, the Secretary **may**:

- Approve mining operations under existing coal leases.
- Issue the new lease to the winning bidder following steps above.

In Plain English

"This section tells the federal government to fast-track coal lease applications. If a company has applied or applies soon, the government must quickly evaluate the land, hold a public auction, and grant the lease if a fair bid is received."

Strategic Impacts

Stakeholder	Effect
Coal Industry	Gains faster access to new leases with streamlined processing
Environmental Agencies	May face compressed environmental review timelines
Federal Government	Could see revenue from coal lease bids, but faces higher emissions risk
Climate & Public Health	Faces setbacks in reducing coal-related emissions and pollution

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SEC. 50202 — Coal Royalty

What This Section Does

This section **reduces the federal royalty rate on coal** extracted under federal leases and ensures the lower rate applies broadly to existing and future leases. It also provides **retroactive financial relief** for coal companies that prepaid higher royalties.

Key Provisions

Temporary Royalty Rate Reduction

- **Old Rate**: 12.5% of the coal's value
- **New Rate**: **No more than 7%**, effective:
  - From the **date of enactment** of this bill
  - Until **September 30, 2034**

This change amends **Section 7(a)** of the **Mineral Leasing Act (30 U.S.C. 207(a))**.

Applies to Existing Leases

- This new lower rate applies to **all coal leases**, whether issued **before, on, or after** this law's enactment, **as long as the lease remains active**.

Credit for Advance Royalties

For lessees who **prepaid royalties** under the old (higher) rate:

- The **Secretary of the Interior** must provide a **credit** for the difference between:
  - What they already paid in **advance royalties**, and
  - What they **would have paid** under the new reduced rate.

This applies to leases issued under **Section 2** of the Mineral Leasing Act (30 U.S.C. 201).

In Plain English

"The government is cutting the royalty it charges coal companies from 12.5% to no more than 7% until 2034. That discount also applies to existing leases and past prepayments — companies will get a refund or credit for overpaying."

Strategic Impacts

Stakeholder	Effect
Coal Companies	Receive direct financial relief — lower royalty bills and retroactive credits
Federal Revenue	May decline due to reduced royalty income from coal leasing
Environmentalists	Likely to oppose as a subsidy to fossil fuel extraction
Interior Department	Required to calculate and issue credits for earlier overpayments

SEC. 50203 — Leases for Known Recoverable Coal Resources

What this section Does

This section mandates that the federal government **open up millions of acres of land for coal leasing**, reversing long-standing restrictions and accelerating access to known coal deposits.

Key Provisions

- Within **90 days of this law's enactment**, the Secretary of the Interior must:
  - **Offer at least 4 million new acres** of known recoverable coal deposits for leasing.
  - These lands must be:
    - Located in the **48 contiguous states** or **Alaska**.
    - Under the Secretary’s jurisdiction.
  - **Excludes certain protected areas** from leasing.

Areas NOT Eligible for Coal Leasing

No coal leasing is allowed in:

1. National Monuments
2. National Recreation Areas
3. National Wilderness Preservation System
4. Wild and Scenic Rivers
5. National Trails System
6. National Conservation Areas
7. National Wildlife Refuges
8. National Fish Hatcheries
9. National Parks

In Plain English

- The federal government must **quickly identify and offer for lease 4 million acres** of land with confirmed coal reserves.
- These new leasing opportunities must occur **outside protected lands** like national parks and monuments.
- It essentially **reopens the leasing process** across much of the American West and Alaska, with minimal environmental restriction.

Strategic Impacts

Topic	Impact
Coal Access	Dramatic expansion of available land
Federal Leasing	Mandatory action within 90 days
Environmental Protections	Maintains exclusion zones but expands leasing beyond them
Climate Strategy	Pushes back on federal fossil fuel limitations

SEC. 50204 — Authorization to Mine Federal Coal

What this Section does

This section removes procedural hurdles for coal companies to access **federal coal reserves located next to state or private lands**, so they can mine continuously across boundaries.

Key Provisions

Subsection (a): Authorization

- If federal coal is adjacent to state or private coal — and mining it would be **economically necessary** to access nearby resources — the federal coal **is authorized for mining**.
- Applies only to:
    - **Lands with an already-approved federal mining plan** (approved before this law).
    - Federal land **adjacent to non-federal coal**.

Subsection (b): Mandate

- The Secretary of the Interior must **act within 90 days** to authorize that mining, **without making major modifications** to the existing plans.

Subsection (c): NEPA Clause

- Does **not eliminate environmental review** under the **National Environmental Policy Act (NEPA)**.
- But the language signals that **existing approvals remain valid** and fast action is expected.

In Plain English:

- Coal companies won't get blocked if they need to mine a narrow slice of federal land to get to state or private coal nearby.
- The government must allow this access, **as long as the federal portion was already approved**.
- Think of it as **removing "red tape" barriers between patches of coal** owned by different entities.

Strategic Impacts

Topic	Effect
Industry	Easier to develop cross-boundary coal seams
Legal	Streamlines complex lease situations
Environmental Review	NEPA remains, but delays unlikely
Energy Output	Potential boost in contiguous coal recovery

Subtitle C — Lands

This subtitle focuses on **timber sales**, **renewable energy revenue**, and **land-use policy reforms** under the **Forest Service and Bureau of Land Management (BLM)**. We begin with:

SEC. 50301 — Timber Sales and Long-Term Contracting

Part A — U.S. Forest Service

Key Definitions:

- **"Forest Plan"**: A resource management plan created under the Forest and Rangeland Renewable Resources Planning Act of 1974.
- **"National Forest System"**: Federally owned forests administered by the Secretary of Agriculture (excluding forest reserves not from the public domain).
- **"Secretary"**: Refers to the Secretary of Agriculture, via the Chief of the Forest Service.

What It Requires:

1. **Annual Timber Sale Increases (FY2026–2034)**:
    - The Forest Service must **sell at least 250 million board-feet more timber each year** than the prior year.
    - This ensures a consistent expansion of logging on public lands.
2. **Limitations**:
    - Sales are still capped by the **maximum allowable quantity** or **projected timber output** in the current forest plan — so forests can't be logged beyond their ecological plan limits.
3. **Long-Term Contracting Mandate (FY2025–2034)**:
    - Requires the agency to create **at least 40 long-term timber contracts** over 10 years.
    - These contracts may be signed with **private companies or local governments**.
    - Goal: To provide **stability and predictability** for logging and wood-processing industries.

In Plain English:

- The Forest Service has to **ramp up logging on national forests** year over year through 2034.
- It also must provide **stable, multi-year contracts** so timber businesses can plan, invest, and operate with confidence.

Strategic Impact

Topic	Effect
Logging	Sharp increase in federal timber output
Forest Economy	Boost to mill towns, construction supply chains
Environmental Risk	Concerns over cumulative deforestation if forest plans aren't enforced
Contracting	Long-term investment security for timber industry

Part B — Bureau of Land Management (BLM) Timber Sales

Key Provisions

1. Increased Timber Sales (2026–2034)

- The **Secretary of the Interior** (via BLM) must **sell at least 20 million board-feet more timber per year** than the prior year.
- Applies to **public lands managed under BLM**.
- Sales must follow existing **resource management plans**, so long as those plans are in effect when the bill becomes law.

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2. Long-Term Contracts (2025–2034)

- The BLM must enter into **at least 5 long-term contracts** during this 10-year period.
- Contracts are for the **removal/disposal of vegetative materials** (e.g., logs, brush, biomass) as permitted under the **Materials Act of 1947**.
- **Contract length**: Minimum of **20 years**, with possible extensions.
- **Revenues** from these contracts must be **deposited into the U.S. Treasury**.

In Plain English

- Like the Forest Service, BLM must **consistently increase its logging program** on federal lands.
- Long-term deals help **logging and bioenergy companies plan ahead**.
- Government collects and retains money from these sales.

Strategic Impacts

Topic	Effect
Forest Health	May reduce wildfire fuel loads—but could risk overharvesting
Industry	Opens BLM lands to longer, more stable harvesting contracts
Treasury	Direct deposits from timber revenues
Oversight	Dependent on strength and enforcement of existing land-use plans

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SEC. 50302 — Renewable Energy Fees on Federal Land

What this section does

This section establishes a new **fee system for solar and wind energy projects** built on federal lands, introducing a **structured rental model** based on location, project type, and acreage.

Key Definitions:

Term	Meaning
Annual Adjustment Factor	3% yearly inflationary increase
Encumbrance Factor	100% for solar; ≥10% for wind, determined by the Secretary
Per-Acre Rate	Based on **pastureland rental rates** from USDA's Cash Rents Survey (5-year average)
Public Land	Includes both **BLM land** and **National Forest System lands**
Renewable Energy Project	Any wind or solar project on federal land
Right-of-Way (ROW)	Legal access to federal land for construction and operation of the project

---

In Plain English:

- Solar and wind projects on federal land must now pay an **annual per-acre rent**.
- The base rent is linked to USDA land rental values and grows by 3% annually.
- Solar projects pay rent for **100% of their physical footprint**.
- Wind projects pay for **at least 10%** of their project area (likely corresponding to physical turbine pads and infrastructure).

Strategic Impacts:

Topic	Effect
Clean Energy Developers	Introduces new costs for federal land use
Government Revenue	Increases through steady, inflation-adjusted fees
Policy Fairness	Aligns renewables with oil/gas leasing models, standardizing fees
Climate Transition	Some developers may see this as a disincentive compared to private land

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SEC. 50303 — Renewable Energy Revenue Sharing

What this Section Does

This section establishes a **new revenue-sharing formula** for money generated by **wind and solar energy projects on federal land** — redistributing funds to **counties, states, and the U.S. Treasury**.

Key Definitions

Term	Meaning
Covered Land	Public land not excluded from solar/wind development
County	Includes parishes, townships, boroughs, and similar governments
Renewable Energy Project	Wind or solar energy system located on covered land
Secretary	Interior Secretary (for BLM land) or Agriculture Secretary (for Forest land)

What It Says

Starting **January 1, 2026**, the federal government will **split all revenue collected** from wind and solar projects on covered federal lands:

Revenue Sources Include:

- **Bonus bids** (initial lease payments)

- **Annual rents**
- **Operating fees**

Revenue Distribution:

Recipient	Share	Notes
County where the project is located	25%	For public services, infrastructure, etc.
State where the project is located	25%	Encourages pro-renewables policy alignment
U.S. Treasury	50%	Retained as general federal revenue

In Plain English

- This law **shares the financial rewards of clean energy** with rural counties and states that host renewable projects.
- It could help counties pay for **roads, schools, broadband, emergency services**, etc.
- Previously, most renewable energy revenue **stayed at the federal level** — now it will be **shared locally**, much like oil and gas royalties.

Strategic Impacts

Topic	Effect
Local Governments	Big new revenue stream from renewables
Clean Energy Deployment	Politically incentivized at state & county levels
Treasury	Keeps 50% of income from federal land use
Industry	More predictability in lease structure and payouts

SEC. 50304 — Rescission of National Park Service and BLM Funds

What this section does

This section **cancels previously approved funding** for the **National Park Service (NPS)** and **Bureau of Land Management (BLM)** that was passed under the **Inflation Reduction Act of 2022** (IRA).

What It says

- **Rescinds** the **unobligated balances** (i.e. money not yet spent) from three IRA funding sections:
    1. **Section 50221**
    2. **Section 50222**
    3. **Section 50223**

These sections originally directed **tens to hundreds of millions of dollars** to NPS and BLM for:

- Conservation efforts
- Visitor experience upgrades
- Land restoration
- Environmental reviews

In Plain English:

- Any leftover federal money that was approved in 2022 for parks, land management, and environmental work is now **revoked**.
- It does **not take back money already spent**, only the amounts **still unallocated**.

Strategic Impacts:

Topic	Effect
National Parks & BLM	Lose future funding flexibility for infrastructure and conservation
Climate/Ecological Programs	Some habitat restoration, public access projects may be canceled
Federal Budget	Slightly reduces federal obligations
Political Signal	Clear rollback of the Inflation Reduction Act's land funding priorities

SEC. 50305 — Celebrating America's 250th Anniversary

What this section Does

This section **appropriates $150 million** to the **Department of the Interior** (via the **National Park Service**) to support nationwide celebrations of the **250th anniversary of the United States' founding**.

Appropriation Details:

- **Total Funding**: $150,000,000
- **Agency**: Department of the Interior, via the National Park Service (NPS)
- **Timeframe**: Available for use during **fiscal year 2025** and stays available **through fiscal year 2028**.
- **Purpose**: To fund events, celebrations, and activities related to the **Semiquincentennial (250th anniversary)** of U.S. independence in **2026**.

In Plain English:

- This is a **standalone, ceremonial appropriation** to help the federal government and local partners **plan and host large-scale commemorative events** across the country.
- The money may support:
  - Fireworks
  - Concerts
  - National heritage education
  - Historic reenactments
  - Exhibits in national parks and museums

Strategic Impacts:

Topic	Effect
Civic Engagement	Encourages national unity and public participation
Tourism	Likely to drive local and national economic activity in heritage-rich sites
Public Lands	Expands use of NPS-managed venues for celebration programming
Budget Footprint	New $150M one-time expenditure

Subtitle D – Energy

SEC. 50401 — Strategic Petroleum Reserve (SPR)

What this Section Does

This section both **injects new money** into the SPR for restocking and repairs, and **repeals a prior mandate** that forced oil sales from the reserve.

Definitions

The bill reuses legal definitions from the **Energy Policy and Conservation Act**, including:

- **Strategic Petroleum Reserve**: The U.S. government's emergency stockpile of crude oil.
- **Storage facility** and **related facility**: Infrastructure used to store, maintain, and handle reserve oil.

Appropriations (Subsec. b)

Two new pots of money are appropriated to the Department of Energy for FY2025:

Purpose	Amount	Availability
SPR Maintenance & Repairs	$218,000,000	Until Sept 30, 2029
Oil Acquisition for SPR	$171,000,000	Until Sept 30, 2029

So, a total of **$389 million** is dedicated to **restoring the SPR's capacity** and **buying back oil** — essentially rebuilding reserves after recent drawdowns.

Repeal of Prior Mandate (Subsec. c)

- **Section 20003 of Public Law 115–97** is repealed.
- That section had **mandated long-term SPR drawdowns** as a budget offset.
- Repealing it gives the Energy Department **flexibility to keep oil in the reserve**, instead of selling it off for revenue.

In Plain English

- The U.S. government is spending nearly $400M to:
    - Fix up the emergency oil reserve system.
    - Refill it with new oil.
- At the same time, it **removes a law that forced the government to sell off SPR oil**, even when it didn't make strategic sense.

Strategic Impacts

Topic	Effect
Energy Security	Reinforces U.S. oil backup for crises
Fiscal Policy	Reverses earlier SPR selloff mandates
Oil Prices	Could slightly increase demand as government buys back oil
Infrastructure	Repairs and updates aging storage tanks

SEC. 50402 — Repeals; Rescissions

What This Section Does

This section **cancels large swaths of Inflation Reduction Act (IRA) energy programs** — both by **repealing entire sections** and by **rescinding unspent funds** from specific clean energy and climate initiatives.

Part A — Repeal and Rescission

- **Repeals IRA Section 50142**, which had created:

    - Grants or incentives for **clean electricity**, industrial innovation, or energy efficiency (depending on the funding stream).

- **Rescinds** all **unobligated balances** from that section — i.e., any money that hadn't already been spent is canceled.

Part B — Broad Rescissions

Cancels funds from **eight more sections of the IRA**, targeting a mix of **climate research, clean manufacturing, and energy transition programs**:

Section	Program Type
50123	National Lab clean energy partnerships
50141	Greenhouse gas reduction efforts
50144	Industrial decarbonization projects
50145	Advanced industrial facilities deployment
50151	Low-income solar & resilience programs
50152	Energy assistance for disadvantaged communities
50153	Energy equity & environmental justice grants
50161	Department of Energy demonstration projects

Each of these is listed **explicitly for rescission** — meaning **the programs are shut down or halted** if money hasn't yet been obligated to contracts or grantees.

In Plain English:

- This section **slashes funding** for nearly a dozen green energy and equity-focused programs passed under the 2022 IRA.
- It **doesn't take back funds already spent**, but it halts any unspent grant awards or projects in the pipeline.
- The law essentially **clears the books of climate transition spending** that had been planned but not finalized.

Strategic Impacts

Topic	Effect
Clean Energy	Shuts down key investment programs
Environmental Justice	Cuts off new funding for equity-based energy upgrades
Federal Budget	Frees up possibly **billions** in unspent IRA funding
Political Signal	Direct repudiation of the IRA's energy and climate agenda

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SEC. 50403 — Energy Dominance Financing

This section significantly expands and redirects a **loan guarantee program** under the **Energy Policy Act of 2005** to finance **energy projects and critical minerals infrastructure** — with a **$1 billion appropriation**.

Key Provisions

1. Expansion of Purpose (amending 42 U.S.C. § 16517)

This federal loan program can now support:

- **Increased electric grid capacity/output**
- **Grid reliability or system adequacy services**
- **Electric supply over time intervals (e.g. for peaker plants or backup generation)**

2. Deleted Constraints

- Removes prior language limiting funding to emissions-avoiding projects.
- Deletes the older Section 1706(c), which may have restricted the scope or eligibility criteria.

3. Expanded Coverage

- Loan guarantees can now be used for:
  - **Leasing**
  - **Development**
  - **Production**
  - **Processing**
  - **Transportation**

- **Transmission**
- **Refining**
- **Generation**

— all specifically related to **energy and critical minerals**.

Funding

- **$1,000,000,000** is appropriated for FY2025.
- Remains available through **September 30, 2028**.
- Up to **3% of funds** may be used for administrative costs.

In Plain English

- The government is setting up a **billion-dollar loan program** to fund infrastructure that strengthens America's energy output, grid reliability, and access to minerals.
- This money can support **everything from building new refineries to constructing transmission lines**.
- The rules were rewritten to favor **production over emissions reduction**, representing a key shift from climate focus to supply-side energy dominance.

Strategic Impacts

Topic	Effect
Infrastructure	Unlocks financing for new energy & mining facilities
Grid Reliability	Explicit support for power generation and resilience
Climate Transition	Weakens emission-prevention criteria in favor of capacity growth
Critical Minerals	Helps domesticize supply chains through government-backed loans

SEC. 50404 — Transformational Artificial Intelligence Models

What this section Does

While prior sections focused on fossil fuels and minerals, this section pivots sharply toward **science, AI, and advanced computing** — mandating the development of **federally backed AI models for scientific discovery**, powered by National Lab data.

Key Definitions

Term	Meaning
American Science Cloud	A government-academic-private cloud infrastructure to support scientific computing, data sharing, and AI training.
Artificial Intelligence (AI)	As defined by the National AI Initiative Act of 2020 — includes machine learning and advanced data modeling.

What It Does

(b) Transformational Models

- The **Secretary of Energy** must:
    1. **Mobilize National Laboratories** to:
        - Partner with U.S. industries
        - **Curate and prepare DOE's scientific datasets** across all labs
        - Clean and structure the data for **AI/ML model training**
    2. **Seed self-improving AI models** that can learn and adapt for use in:
        - Science
        - Engineering
        - Energy research

Applications

(c) Uses

1. **Microelectronics**:
    - Leverage these models and datasets to **develop next-gen chips** beyond Moore's Law.

    - Target: **Higher performance, lower energy consumption**.

2. **Energy Innovation**:
    - Deploy models via the **American Science Cloud** to drive rapid discovery in:
        - **New energy technologies**
        - **Engineering breakthroughs**
        - **Discovery science** (e.g., materials, chemistry, fusion)

Funding

- Direct **appropriation** of funds (exact amount not yet visible in the excerpt).
- Funding to be used for:
    - Cloud infrastructure
    - National Lab partnerships
    - Model development and dissemination

In Plain English

- The U.S. government is launching a **federally funded AI model program** that uses National Lab science data to:
    - Build cutting-edge AI tools
    - Improve chip design and hardware efficiency
    - Accelerate discovery in clean energy and high-tech industries
- These tools will be **shared via a national "science cloud"** accessible to researchers and industry.

Strategic Impacts

Topic	Effect
AI Leadership	Federal commitment to U.S.-led science models
Scientific Discovery	Major boost in computational science productivity
Energy R&D	Better, faster innovation pipelines
Industry	Incentivizes private-public tech collaborations

Subtitle E – Water

SEC. 50501 — Water Conveyance and Surface Water Storage Enhancement

What This Section Does

This section allocates a **$1 billion federal investment** to **expand, repair, and modernize existing water infrastructure** — focusing on **conveyance systems and surface storage reservoirs** operated by the **Bureau of Reclamation**.

Funding Details

- **Amount**: $1,000,000,000
- **Agency**: U.S. Department of the Interior, via the **Commissioner of Reclamation**
- **Availability**: Until **September 30, 2034**
- **Purpose**: To fund:
  - Construction
  - Repairs
  - Enhancements
  - Associated activities tied to:
    - **Water pipelines, canals, and tunnels** (conveyance)
    - **Dams and reservoirs** (surface water storage)

Legal Provisions

1. **Not a "New Contract"**:
    - Any agreement made using this funding **won't trigger new legal obligations** under key reclamation laws:
        - Reclamation Reform Act of 1982 (43 U.S.C. 390cc)
        - 1992 Reclamation Projects Authorization and Adjustment Act
2. **No Repayment or Cost-Sharing**:
    - **None of these funds** are reimbursable.
    - **Recipients (e.g. local water districts)** do **not have to match** federal funds or contribute co-investments.

In Plain English:

- The federal government is **fully funding $1 billion in water infrastructure upgrades**, without asking states or local users to pay anything back.
- Projects will focus on **increasing the capacity of existing dams and canals**, especially those in the arid Western U.S. where water shortages are severe.
- The law prevents these upgrades from being classified as "new contracts," which would have triggered regulatory red tape for local water districts.

Strategic Impacts

Topic	Effect
Western Water Security	Strong federal investment in long-term drought resilience
Local Users	Receive upgrades without cost burden or legal complication
Infrastructure	Boosts storage and delivery capacity of aging systems
Fiscal Design	Fully federally funded, bypassing user-pay models

---

Next up would normally be **SEC. 50502**, but based on the document text, it appears that **Subtitle E ends here**.

Title VI – Committee on Environment And Public Works

SEC. 60001 — Rescission of Funding for Clean Heavy-Duty Vehicles

What this section does

This section is short but impactful — it **cancels unspent federal funds** that had been designated to promote **clean heavy-duty vehicles** (like electric school buses, garbage trucks, and delivery fleets).

What It Does:

- **Rescinds all unobligated balances** made available to carry out:
    - **Section 132 of the Clean Air Act (42 U.S.C. § 7432)**

This section of the Clean Air Act had authorized programs to:

- Promote the **adoption of low- or zero-emission heavy-duty vehicles**
- Provide **grants and rebates** to cities, school districts, and private fleets

---

In Plain English:

- The bill **takes back any unspent money** set aside for electric or clean-fuel trucks and buses.
- If cities or contractors **hadn't yet received their money**, it's now **off the table**.

Strategic Impacts:

Topic	Effect
Transportation Decarbonization	Halts expansion of EV truck/bus programs
Local Governments	May need to delay or cancel fleet upgrades
Budget	Reduces federal spending from the Clean Air Act pool

Topic	Effect
Policy Shift	Another clear reversal of climate-forward transportation investment

SEC. 60002 — Repeal of Greenhouse Gas Reduction Fund

What this section does

This section **eliminates one of the largest clean energy financing programs** created by the Inflation Reduction Act (IRA): the **Greenhouse Gas Reduction Fund** (GGRF).

What It Does:

- **Repeals Section 134** of the Clean Air Act (**42 U.S.C. § 7434**).
- This law had established the **Greenhouse Gas Reduction Fund**, also called the “Green Bank.”
- It also **rescinds all unobligated balances** — canceling funds that were not yet distributed at the time the bill is signed into law.

Context:

The GGRF had been:

- Funded with **$27 billion** under the IRA
- Designed to:
  - **Finance clean energy projects**, especially in disadvantaged communities
  - Support **nonprofit green banks**, state agencies, and community lenders
- Used to expand **heat pumps, EV chargers, building retrofits**, and more

---

In Plain English:

- This section **completely cancels the federal “green bank” program** — one of the largest climate finance efforts in U.S. history.
- If the money wasn’t yet committed to projects, it’s now revoked.

Strategic Impacts

Topic	Effect
Climate Investment	Shuts down a major financing stream for clean tech
Equity Programs	Halts grants focused on low-income, underserved areas
Private Sector	Removes leverage for low-risk public-private energy loans
Federal Budget	Reclaims possibly billions in unobligated IRA funds

SEC. 60003 — Rescission of Funding for Diesel Emissions Reductions

What this section does

This section eliminates **unused funds** from another air quality improvement program — one focused on **reducing diesel engine pollution**.

What It Does:

- **Rescinds** all **unobligated balances** previously made available to carry out:
    - **Section 60104 of Public Law 117–169**
    - This corresponds to the **Diesel Emissions Reduction Act (DERA)** funding under the **Inflation Reduction Act (IRA)**.

In Plain English:

- The government is **canceling any remaining funds** for diesel cleanup programs.
- These funds were used for:
    - **Retrofitting older diesel engines**
    - **Replacing diesel buses and trucks** with cleaner alternatives
    - **Reducing particulate and NOx emissions** in vulnerable communities

---

Strategic Impacts:

Topic	Effect
Air Quality	Slows or halts diesel mitigation programs
Climate & Health	Removes one of the few bipartisan-supported emission initiatives
Budget	Reclaims modest IRA funds
Environmental Justice	Limits upgrades in pollution-heavy communities

SEC. 60004 — Rescission of Funding to Address Air Pollution

What this section does

This section eliminates federal funding for air pollution control activities that were authorized under the **Inflation Reduction Act (IRA)**.

What It Does

- **Rescinds all unobligated funds** made available under:
    - **Section 60105 of Public Law 117–169**
    - That section was part of the **IRA**, aimed at enhancing **air pollution monitoring, enforcement, and mitigation**, especially in frontline and overburdened communities.

In Plain English

- The bill **takes back any unspent money** that had been earmarked for:
    - **Air quality monitoring**
    - **Pollution reduction grants**
    - **Community-based environmental enforcement**

Strategic Impacts

Topic	Effect
Environmental Health	Reduces capacity for air quality interventions
Local Governments	Fewer resources for emissions detection and response
Climate Policy	Weakens one of EPA's tools to target non-CO_2 pollutants
Budget Reclamation	Minor savings from unused program funds

SEC. 60005 — Rescission of Funding to Address Air Pollution at Schools

What this section does

This section **rescinds unspent federal funds** that were specifically allocated to **improve air quality in school environments**.

What It Does

- **Rescinds all unobligated balances** from:
    - **Section 60106 of Public Law 117–169**
    - That section was part of the **Inflation Reduction Act (IRA)** and had aimed to fund:
        - **Air filtration upgrades**
        - **Ventilation systems**
        - **Pollution exposure reduction** in school buildings

---

In Plain English

- Any IRA money that had been set aside (but not yet committed) to help schools reduce air pollution is now **revoked**.
- Schools that hadn't yet secured funding for cleaner air initiatives **may lose access** to those improvements.

Strategic Impacts

Topic	Effect
Student Health	Limits future improvements in indoor air quality
School Infrastructure	Fewer resources for HVAC upgrades in older buildings
Pandemic Readiness	Reduces ventilation resilience in future outbreaks
Fiscal	Recoups minor remaining balances from IRA allocations

SEC. 60006 — Rescission of Funding for the Low Emissions Electricity Program

---

What This Section Does

This section **eliminates all remaining, unspent federal funds** previously allocated for the **Low Emissions Electricity Program** under the **Clean Air Act** (Section 135, 42 U.S.C. 7435).

Rescission Details

- It **rescinds all unobligated balances** — meaning money that was budgeted but not yet spent — for activities tied to:
  - Promoting or facilitating **low-emissions electricity generation**, such as solar, wind, hydro, and advanced nuclear.

Legal Reference

- The funds being pulled were allocated under **Section 135 of the Clean Air Act**, which was added via the **Inflation Reduction Act of 2022**.
- That section had authorized the **EPA** to provide grants, technical support, and outreach related to cleaner electricity systems.

In Plain English

"The government is canceling any leftover money it had promised for promoting clean electricity systems like solar, wind, and advanced nuclear that hadn't been spent yet."

Strategic Impacts

Stakeholder	Effect
Renewable Energy Projects	Lose potential future grant support
EPA	Reduced scope for clean energy outreach and assistance
Federal Budget	Small savings by reclaiming unspent funds
Climate Policy Advocates	View this as a rollback of clean electricity investment

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SEC. 60007 — Rescission of Funding for Section 211(o) of the Clean Air Act

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What This Section Does

This section **rescinds any unspent federal funds** that were allocated for implementing **Section 211(o)** of the **Clean Air Act**, which governs the **Renewable Fuel Standard (RFS)** program.

Legal Context

- Refers to funds made available under **Section 60108 of Public Law 117–169** (i.e., the **Inflation Reduction Act of 2022**).
- Section 211(o) of the Clean Air Act mandates blending of **renewable fuels** (like ethanol and biodiesel) into the nation's transportation fuel supply.

Rescission Details

- This provision **cancels all unobligated balances** — i.e., federal money set aside for these renewable fuel efforts but not yet committed or spent.

In Plain English

"The government is canceling leftover money it had promised for renewable fuel programs like ethanol blending and biodiesel, if that money hasn't already been spent."

Strategic Impacts

Stakeholder	Effect
Renewable Fuel Industry	Loses access to potential grant or support dollars
Oil & Refining Sector	May benefit indirectly if support for biofuel blending is weakened
EPA & Federal Agencies	Reduced capacity to implement or expand RFS outreach or enforcement
Climate Policy Goals	Could be seen as a retreat from biofuel expansion and decarbonization

---

SEC. 60008 — Rescission of Funding for Implementation of the American Innovation and Manufacturing Act

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What This Section Does

This section **rescinds (takes back) any unspent federal funding** that was allocated to implement the **American Innovation and Manufacturing (AIM) Act**, which governs **HFC (hydrofluorocarbon) phase-down efforts** and related climate technologies.

Legal Reference

- Targets funds provided under **Section 60109 of Public Law 117–169** (the Inflation Reduction Act of 2022).
- The **AIM Act** was originally passed in 2020 to direct the EPA to **phase down HFCs** — potent greenhouse gases used in refrigeration, air conditioning, aerosols, and foams.

Rescission Impact

- All **unobligated balances** from these funds — meaning any portion that hasn't been formally committed or spent — are revoked.

In Plain English

“The federal government is canceling leftover funds meant to help reduce harmful chemicals like HFCs from refrigeration and cooling systems, if those funds haven’t already been used.”

Strategic Impacts

Stakeholder	Effect
Climate & Environmental Groups	Loss of funding may slow down HFC reduction and innovation
Chemical & HVAC Industries	May face reduced support for transitioning to lower-emission tech
EPA	Reduced capacity to administer or enforce AIM Act programs
Budget Hawks / Fiscal Advocates	Seen as a cost-saving measure, though relatively modest in scope

---

SEC. 60009 — Rescission of Funding for Enforcement Technology and Public Information

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What This Section Does

This provision **revokes any leftover federal funds** that were set aside under the **Inflation Reduction Act (IRA)** for the purposes of **enforcement technology** and **public information** initiatives.

Legal Reference

- Rescinds unobligated funds made available under **Section 60110 of Public Law 117–169** (IRA of 2022).
- That section funded **data systems, monitoring tools**, and **public awareness campaigns** related to environmental enforcement.

Rescission Scope

- Applies only to **unobligated balances** — funds not already committed to contracts, grants, or administrative actions.

In Plain English

“The government is pulling back any unspent money that was supposed to be used for environmental monitoring tech or public awareness efforts under the Inflation Reduction Act.”

Strategic Impacts

Stakeholder	Effect
EPA and Enforcement Agencies	May face reduced capabilities for compliance tracking and public transparency
General Public	Less funding for outreach on environmental programs
Fiscal Conservatives	May view this as trimming waste or unnecessary outreach initiatives

---

SEC. 60010 — Rescission of Funding for Greenhouse Gas Corporate Reporting

---

What This Section Does

This section **eliminates any remaining federal funds** that were earmarked for supporting **corporate greenhouse gas (GHG) emissions reporting programs** under the **Inflation Reduction Act (IRA)**.

Legal Reference

- Rescinds funds from **Section 60111 of Public Law 117–169** (IRA of 2022).
- That section funded efforts to enhance **corporate climate disclosures**, particularly around GHG emissions tracking and transparency.

Rescission Scope

- Applies to **unobligated balances** — funds not yet spent or contractually committed.
- Effectively halts any expansion of federally supported GHG reporting infrastructure for businesses.

In Plain English

“The government is canceling unspent money that was supposed to help companies report their greenhouse gas emissions more transparently.”

Strategic Impacts

Stakeholder	Effect
Large Corporations	May face fewer federal reporting mandates or tech support
Environmental Advocates	Concerned this weakens corporate climate accountability
EPA and SEC	Could see a reduced budget for emissions data collection
Investors and Consumers	May have less access to consistent climate risk data from companies

---

SEC. 60011 — Rescission of Funding for Environmental Product Declaration Assistance

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What This Section Does

This section **rescinds** all **unobligated federal funds** previously designated to support **Environmental Product Declarations (EPDs)** — standardized documents that communicate the environmental impact of products.

Legal Reference

- Targets money appropriated under **Section 60112 of Public Law 117–169** (Inflation Reduction Act of 2022).
- EPDs are used in **green procurement** and sustainable construction to disclose things like carbon footprint, resource use, and recyclability.

Scope of Rescission

- Applies only to **unobligated balances** — funds that have not yet been contractually committed.
- Eliminates remaining financial support for EPD development, verification, or dissemination.

In Plain English

"The government is canceling any unspent money that was supposed to help industries prepare and certify Environmental Product Declarations — disclosures about a product's environmental footprint."

Strategic Impacts

Stakeholder	Effect
Construction & Materials	May lose access to tools or grants for EPD certification
Environmental Agencies	Less funding for data transparency in material lifecycle impacts
Procurement Officials	Fewer standardized resources to evaluate the environmental cost of purchases
Climate Accountability	Potential reduction in product-level climate impact data

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SEC. 60012 — Rescission of Funding for Methane Emissions and Waste Reduction Incentive Program for Petroleum and Natural Gas Systems

---

What This Section Does

This section eliminates **unspent federal funding** intended for reducing **methane emissions** and **waste** in **oil and natural gas systems**. It also extends the lifespan of a key Clean Air Act program.

Legal Reference

- Rescinds unobligated funds provided to implement **subsections (a) and (b)** of **Section 136 of the Clean Air Act** (42 U.S.C. §7436).
    - Section 136 was added under the **Inflation Reduction Act of 2022** to create **incentives** for oil and gas operators to cut methane emissions and flaring.

Policy Extension

- Updates **Section 136(g)** of the Clean Air Act:
    - Originally, the incentive program was authorized through **calendar year 2024**

- This bill extends it to **calendar year 2034**

In Plain English

"The government is taking back unspent money meant to help oil and gas companies reduce methane pollution, but it's also giving the program 10 more years to operate."

Strategic Impacts

Stakeholder	Effect
Oil & Gas Companies	Lose access to near-term federal incentives, but may benefit from extended runway
EPA	Less funding now, but more time to implement methane reduction efforts
Environmental Groups	Mixed response: time extension helps, but funding cut may slow momentum
Methane Regulation Goals	Risk of delay unless alternative funding is provided

---

SEC. 60013 — Rescission of Funding for Greenhouse Gas Air Pollution Plans and Implementation Grants

---

What This Section Does

This section **cancels all unspent federal funds** that were previously designated for helping states and communities create and implement **greenhouse gas (GHG) pollution reduction plans**.

Legal Reference

- Rescinds unobligated funds made available under **Section 137 of the Clean Air Act** (42 U.S.C. §7437).
- Section 137 was created under the **Inflation Reduction Act of 2022** to provide **planning and implementation grants** for state and local governments to reduce GHG emissions.

Scope of Rescission

- Applies only to **unobligated balances** — funds not yet committed to specific projects, contracts, or disbursements.

In Plain English

“The government is revoking any leftover funds meant to help local and state governments develop and carry out plans to cut greenhouse gas emissions.”

Strategic Impacts

Stakeholder	Effect
State & Local Governments	Lose access to planning grants for local GHG reduction strategies
EPA	May have reduced influence on local climate planning
Environmental Advocates	View this as a setback in collaborative climate mitigation efforts
Federal Budget	Gains a small fiscal offset through reclaimed unspent funds

---

SEC. 60014 — Rescission of Funding for Environmental Protection Agency Efficient, Accurate, and Timely Reviews

---

What This Section Does

This section **rescinds (takes back) any unspent federal funds** allocated for efforts by the **Environmental Protection Agency (EPA)** to improve the efficiency, accuracy, and speed of regulatory reviews.

Legal Reference

- Revokes **unobligated balances** made available under **Section 60115 of Public Law 117–169** (Inflation Reduction Act of 2022).
- That section funded initiatives to modernize the EPA’s permitting and environmental review processes — including hiring, training, and digital tools.

In Plain English

"The government is canceling unspent funds that were supposed to help the EPA speed up and improve its environmental reviews."

Strategic Impacts

Stakeholder	Effect
EPA	Reduced capacity to modernize or speed up permit and project reviews
Industry & Developers	Could face slower permitting timelines if reforms stall
Environmental Advocates	Concerned that weakened reviews may lead to delays or inefficiencies
Fiscal Policy Advocates	May support this rescission as a cleanup of unspent funds

---

SEC. 60015 — Rescission of Funding for Low-Embodied Carbon Labeling for Construction Materials

---

What This Section Does

This provision **rescinds** any **unobligated funds** that were allocated for the development and promotion of **low-embodied carbon labeling** on construction materials.

Legal Reference

- Pulls back funds made available under **Section 60116 of Public Law 117–169** (Inflation Reduction Act of 2022).
- That section aimed to **identify and label construction materials** (like cement and steel) with **lower lifecycle emissions**, helping drive greener procurement choices.

In Plain English

"The government is canceling leftover funds that were meant to label building materials based on their climate impact."

Strategic Impacts

Stakeholder	Effect
Construction Industry	May lose a federal initiative that promotes greener materials
Procurement Agencies	Fewer standardized tools to evaluate low-carbon building products
Environmental Policy Makers	Setback in lifecycle carbon accounting and transparency
Federal Budget	Small fiscal savings through return of unspent funds

---

SEC. 60016 — Rescission of Funding for Environmental and Climate Justice Block Grants

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What This Section Does

This section **rescinds** (takes back) any **unobligated federal funds** that were allocated for **Environmental and Climate Justice Block Grants** — programs intended to support underserved and overburdened communities disproportionately affected by pollution and climate change.

Legal Reference

- Cancels unspent funds provided to carry out **Section 138 of the Clean Air Act** (42 U.S.C. §7438).
- These grants were created under the **Inflation Reduction Act of 2022** to fund community-led climate solutions, pollution mitigation, and resiliency programs.

In Plain English

"The federal government is canceling leftover money that was supposed to help disadvantaged communities deal with climate change and pollution."

Strategic Impacts

Stakeholder	Effect
Environmental Justice Groups	Loss of targeted funding for grassroots climate and health programs

Stakeholder	Effect
Low-Income & Marginalized Communities	May face reduced access to resources for environmental resilience
EPA & Community Planners	Shrinking budget to administer place-based environmental support
Fiscal Conservatives	May support the rescission as a return of unused funds

---

SEC. 60017 — Rescission of Funding for ESA Recovery Plans

What This Section Does

This section **rescinds** any **unobligated federal funds** that were provided to implement **Endangered Species Act (ESA) recovery plans** — strategies aimed at protecting and reviving endangered wildlife species and their habitats.

Legal Reference

- Targets funding from **Section 60301 of Public Law 117–169** (Inflation Reduction Act of 2022).
- That section had authorized funds to support ESA-mandated recovery programs overseen by the **U.S. Fish and Wildlife Service**.

In Plain English

"The federal government is canceling any leftover money that was meant to help bring endangered species back from the brink."

Strategic Impacts

Stakeholder	Effect
Conservation Organizations	Lose potential support for species recovery planning and execution
Endangered Species Programs	May have fewer resources to conduct habitat protection or monitoring

Stakeholder	Effect
Environmental Advocates	Concern over weakening commitment to biodiversity
Fiscal Oversight Advocates	May support as a cleanup of unspent earmarks

---

SEC. 60018 — Rescission of Funding for Environmental and Climate Data Collection

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What This Section Does

This section **rescinds** all **unspent federal funds** that were allocated for **collecting environmental and climate data** — such as atmospheric readings, emissions inventories, or climate modeling inputs.

Legal Reference

- Targets unobligated balances from **Section 60401 of Public Law 117–169** (Inflation Reduction Act of 2022).
- Section 60401 had authorized data collection efforts critical to **climate science, modeling, and forecasting**.

In Plain English

"The federal government is pulling back any money that hasn't been spent yet for collecting environmental and climate-related data."

Strategic Impacts

Stakeholder	Effect
Climate Scientists	May lose funding for research tools, data modeling, and analytics
Environmental Agencies	Reduced capacity to gather high-quality environmental data
Policymakers & Planners	May face gaps in decision-relevant climate information
Budget-Focused Advocates	View as a fiscal cleanup of uncommitted funding

---

SEC. 60019 — Rescission of Neighborhood Access and Equity Grant Program

What This Section Does

This section **rescinds all unspent funds** from the **Neighborhood Access and Equity Grant Program**, which was intended to improve transportation access and environmental equity in disadvantaged urban and rural communities.

Legal Reference

- Cancels unobligated funds under **Section 177 of Title 23, U.S. Code**.
- This program was originally established to address the historical harms of highway construction through **community connectivity projects**, pedestrian access, transit equity, and climate resilience in overburdened areas.

In Plain English

"The government is taking back any unspent money from a program meant to improve transportation and environmental justice in underserved communities."

Strategic Impacts

Stakeholder	Effect
Underserved Communities	Lose potential funding for walkability, transit, and infrastructure upgrades
Local and State Planners	Fewer tools to fix environmental and transportation equity challenges
Environmental Justice Advocates	Concern over scaling back of equity-centered investments
Fiscal Hawks	May support as a return of unspent federal allocations

SEC. 60020 — Rescission of Funding for Federal Building Assistance

---

What This Section Does

This section **rescinds** any **unobligated funds** that were provided for **federal building assistance projects** — likely including upgrades related to energy efficiency, sustainability, or resilience in federally owned buildings.

Legal Reference

- Targets funds provided under **Section 60502 of Public Law 117–169** (Inflation Reduction Act of 2022).
- That section aimed to **retrofit and modernize federal buildings**, possibly with a focus on reducing emissions and improving energy use.

In Plain English

"The government is canceling any unspent money that was meant to help upgrade federal buildings."

Strategic Impacts

Stakeholder	Effect
Federal Building Managers	Lose potential funding for sustainability improvements
Contractors & Vendors	Fewer opportunities for federal energy-related construction projects
Climate Advocates	View as missed opportunity for emissions reduction in public buildings
Budget Advocates	May support it as a fiscal cleanup of unused allocations

---

SEC. 60021 — Rescission of Funding for Low-Carbon Materials for Federal Buildings

---

What This Section Does

This provision **rescinds** (takes back) any **unobligated federal funds** that were previously allocated to support the use of **low-carbon construction materials** in federal buildings.

Legal Reference

- Targets funding under **Section 60503 of Public Law 117–169** (Inflation Reduction Act of 2022).
- That section was designed to promote the procurement of **sustainable, climate-friendly materials** (e.g., low-emission concrete or steel) in federal construction projects.

In Plain English

"The government is pulling back any money that hasn't yet been spent to help federal buildings use climate-friendly construction materials."

Strategic Impacts

Stakeholder	Effect
Federal Construction Projects	May lose momentum in greening building supply chains
Green Building Suppliers	Fewer federal incentives to offer or expand low-carbon materials
Climate-Conscious Procurement	Setback for efforts to embed sustainability in federal purchasing
Fiscal Conservatives	Likely view this as reclaiming unused funds for general use

---

SEC. 60022 — Rescission of Funding for GSA Emerging and Sustainable Technologies

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What This Section Does

This section **rescinds any remaining unspent federal funds** that were provided to support the **General Services Administration (GSA)** in testing and deploying **emerging and sustainable technologies** within the federal property portfolio.

Legal Reference

- Rescinds unobligated balances made available under **Section 60504 of Public Law 117–169** (Inflation Reduction Act of 2022).
- This provision had supported GSA's efforts to pilot new technologies that improve **energy efficiency**, reduce **carbon emissions**, or enhance **resiliency** in government facilities.

In Plain English

"The government is canceling leftover money that was supposed to help test and adopt new green tech in federal buildings."

Strategic Impacts

Stakeholder	Effect
GSA and Federal Agencies	Less funding to trial cutting-edge energy and climate innovations
Clean Tech Innovators	Fewer federal demonstration opportunities for new technologies
Sustainability Advocates	View as missed momentum for modernizing public infrastructure
Fiscal Conservatives	Consider this a responsible clawback of unused federal funds

SEC. 60023 — Rescission of Environmental Review Implementation Funds

What This Section Does

This section **rescinds any unspent federal funds** previously allocated for improving or supporting **environmental review processes** in transportation and infrastructure projects.

Legal Reference

- Cancels **unobligated balances** from funds provided to implement **Section 178 of Title 23, U.S. Code**.

- Section 178 typically supports efforts to **streamline, modernize, and enforce environmental review standards** — including compliance with NEPA (National Environmental Policy Act) for highway and infrastructure projects.

In Plain English

"The government is taking back unspent money that was supposed to make environmental reviews for infrastructure projects faster and more efficient."

Strategic Impacts

Stakeholder	Effect
State DOTs & Planners	May face longer or more complex environmental reviews
Infrastructure Projects	Potential delays in permitting or regulatory approval
Environmental Reviewers	Lose support for staffing, training, or technology improvements
Budget Advocates	View this as removing unused allocations

SEC. 60024 — Rescission of Low-Carbon Transportation Materials Grants

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What This Section Does

This section **rescinds** (revokes) all **unobligated federal funds** previously designated for supporting the use of **low-carbon materials** in transportation infrastructure — such as roads, bridges, and transit systems.

Legal Reference

- Cancels funds made available under **Section 179 of Title 23, U.S. Code**.
- This provision was part of efforts to lower the environmental footprint of federally supported transportation projects by encouraging the use of sustainable materials like low-carbon concrete or asphalt.

In Plain English

"The government is canceling unspent funds that were supposed to help build greener roads and bridges."

Strategic Impacts

Stakeholder	Effect
State DOTs & Infrastructure Agencies	May lose funding to adopt or incentivize greener building materials
Green Construction Sector	Fewer opportunities to scale sustainable products for road projects
Climate Advocates	See this as a step back from transportation decarbonization goals
Budget-Centric Lawmakers	View this as eliminating idle federal allocations

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SEC. 60025 — John F. Kennedy Center for the Performing Arts

What This Section Does

This section **allocates $256,657,000** in new federal funding to support the **capital repair, restoration, maintenance, and security infrastructure** of the John F. Kennedy Center for the Performing Arts in Washington, D.C.

Appropriation Details

- **Funding Amount**: $256,657,000
- **Timeframe**: Available through **September 30, 2029**
- **Purpose**:
    - Capital repairs and restoration
    - Addressing maintenance backlog
    - Security structure improvements
- **Administrative Cap**: No more than **3% of the total** may be used for administrative costs.

In Plain English

"The government is giving over $256 million to upgrade and maintain the Kennedy Center building, including repairs, restorations, and security improvements — and only a small portion can be spent on paperwork and administration."

Strategic Impacts

Stakeholder	Effect
Kennedy Center	Gains robust capital to preserve its iconic structure
Arts & Cultural Patrons	Ensures continued safety and accessibility for performances
Contractors & Labor	New opportunities in construction and building preservation
Federal Budget Watchdogs	May scrutinize large cultural infrastructure allocations

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SEC. 60026 — Project Sponsor Opt-In Fees for Environmental Reviews

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What This Section Does

This section **amends the National Environmental Policy Act (NEPA)** to allow project sponsors to **voluntarily pay fees** in exchange for **expedited environmental reviews** — specifically for **Environmental Assessments (EAs)** and **Environmental Impact Statements (EISs)**.

Key Mechanisms Introduced

- **Opt-In Fee Option**: Sponsors can choose to pay a fee to the **Council on Environmental Quality (CEQ)** for preparation or supervision of an EA or EIS.
- **Timeline Guarantees**:
    - EA must be completed within **180 days** of fee payment.
    - EIS must be completed within **1 year** of notice of intent.
- **Fee Amount**:
    - Set at **125% of the anticipated cost** of preparing or supervising the environmental document.
- **Process**:

1. Project sponsor submits a description and intent to CEQ.

2. CEQ calculates and notifies the sponsor of the fee.

3. Sponsor pays the fee, triggering expedited deadlines.

In Plain English

"If a company or organization wants to speed up the environmental review for a project, it can choose to pay a fee. In return, the government commits to completing the environmental paperwork in a specific amount of time."

Strategic Impacts

Stakeholder	Effect
Project Developers	Gain a **predictable timeline** for environmental approvals
Federal Agencies	Obtain **fee-based resources** to process reviews faster
Environmental Watchdogs	May worry this creates a **pay-to-play dynamic** in public review
Infrastructure Sector	Encouraged by faster permitting for construction and energy projects

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Title VII – Finance

Subtitle A – Tax

SEC. 70001 — References to Internal Revenue Code of 1986

This section simply clarifies that:

- Any amendments or repeals in **this title (Title VII)** refer to the **Internal Revenue Code of 1986**.
- The rule that normally requires **blended tax rates** when rates change mid-year (**Section 15**) **won't apply** here — meaning taxpayers will use full-year brackets with no pro-rating.

CHAPTER 1 — Permanent Tax Relief for Middle-Class Families and Workers

These are **permanent extensions** of Trump-era tax cuts (originally set to expire after 2025).

SEC. 70101 — Extension and Enhancement of Reduced Tax Rates

What this section does

- **What changes**:
  - Removes the **sunset clause** on the 2018–2025 tax brackets.
  - Makes these lower rates **permanent** starting in **2026**.
- **Inflation adjustment** clarified:
  - Inflation indexing will only apply to rate brackets **above 12% and 22%**, to limit bracket creep.
- **Effective Date**: Applies to tax years **after December 31, 2025**.

SEC. 70102 — Extension and Enhancement of Increased Standard Deduction

What this section does

- **What changes**:
    - Makes the **expanded standard deduction** from the Tax Cuts and Jobs Act **permanent** beyond 2025.
    - Applies to:
        - $18,000 for heads of household
        - $24,000+ for married couples (adjusted in real brackets)
- Removes the prior sunset that would've returned these deductions to pre-2018 levels.

Strategic Impacts

Topic	Effect
Individual Taxpayers	Permanent relief for middle- and upper-middle income brackets
Federal Budget	Major long-term cost in lost revenue
Simplicity	Encourages use of standard deduction over itemizing
Policy Shift	Locks in key elements of the Trump-era tax code

SEC. 70103 — Termination of Personal Exemption Deduction, Except for Seniors

What this section does

This section **permanently eliminates the personal exemption deduction** for most taxpayers — except it introduces a **new senior-specific deduction** that applies through 2028.

What It Does:

1. **Personal Exemptions Eliminated**:
    - The deduction for personal exemptions — previously suspended from 2018 through 2025 — is now **formally terminated** for all taxpayers.
2. **New Senior Deduction Introduced**:
    - For tax years **before 2029**, taxpayers **aged 65 or older** (and their spouses, if filing jointly) may claim:

- A **$6,000 deduction per qualified senior**.

Senior Deduction Details:

Criteria	Value
Who qualifies?	Anyone age 65+ at year-end; includes spouses on joint returns
Amount	$6,000 per senior
Income Phase-out	Begins at:

- $75,000 (single)
- $150,000 (joint)
- Reduces by 6% of income above those thresholds |
  | **SSN Requirement** | Must list the qualifying senior's **Social Security number** to claim the deduction |

In Plain English

- Starting in **2026**, **all taxpayers lose the old personal exemption deduction** permanently.
- Instead, **seniors get a new $6,000 deduction** — but only through **2028**, and only if they are under income limits.
- This ensures **targeted relief for elderly Americans** with modest to moderate income.

Strategic Impacts

Topic	Effect
General Taxpayers	Personal exemption remains eliminated
Seniors	Receive new deduction, partially offsetting exemption loss
Simplicity	Keeps the post-2017 streamlined return format
Budget	Saves money vs. restoring full exemptions for everyone

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SEC. 70104 — Extension and Enhancement of Increased Child Tax Credit

What does this section do

This section **extends, increases, and tightens rules** around the **Child Tax Credit (CTC)** — one of the most significant financial supports for working families.

Key Changes

Provision	New Policy
Credit Amount	Increased from **$2,000 to $2,200** per qualifying child
Sunset Clause	Removed — this higher credit is now **permanent**
Refundable Portion	$1,400 base amount subject to **inflation adjustment** from **2025 onward**
SSN Requirements	Stricter enforcement: both the taxpayer **and** child must have **valid SSNs** issued by the IRS-recognized deadline

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Eligibility & Filing Rules

- To receive the credit:
  - **At least one parent (on a joint return)** must have a valid SSN
  - **Each child** claimed must have a valid SSN as well
- The SSN must be issued:
  - **To a U.S. citizen**
  - Or through specific legal channels under the **Social Security Act**
  - And **before the tax return is due**

Refundable Credit Adjustments

- The refundable portion (i.e., what you get back as cash even if you owe $0 in tax) will be:
  - **$1,400 in 2024**, adjusted upward annually for inflation
  - Helps lower-income families access part of the credit even without tax liability

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In Plain English

- This makes the **expanded Child Tax Credit permanent**, and raises the per-child benefit by $200.
- It includes **tougher ID requirements** to prevent fraud or improper payments.
- Families with low tax bills can still receive up to $1,400 per child as a refund — and that refund amount will grow with inflation.

Strategic Impacts

Topic	Effect
Working Families	Larger, permanent tax benefit for raising children
Low-Income Households	Partial credit remains refundable and inflation-indexed
Immigration	Only children and parents with valid SSNs qualify
Budget	Increases annual cost of the CTC, but caps refund growth to CPI

SEC. 70105 — Extension and Enhancement of Deduction for Qualified Business Income (QBI)

What this section does

This section **expands and safeguards the QBI deduction** — a major tax benefit introduced under the 2017 Tax Cuts and Jobs Act (TCJA) for self-employed workers, small businesses, and pass-through entities.

Key Provisions

1. Higher Income Thresholds for Phase-Out

- Increases the **taxable income phase-out limits**:
  - From **$50,000 to $75,000** for individuals
  - From **$100,000 to $150,000** for joint filers

2. Guaranteed Minimum Deduction

- Ensures that taxpayers with at least **$1,000 in active qualified business income** can claim a **minimum deduction of $400**, even if other eligibility constraints apply.

3. Eligibility Definition:

- Must have an **active trade or business** in which the taxpayer **materially participates**, per Section 469(h) of the tax code.

4. Inflation Adjustment

- The **$400 minimum deduction** will be **indexed to inflation** starting in **2027**.

In Plain English

- This section boosts the **QBI deduction** — a benefit that allows eligible business owners to deduct up to **20% of their business income** from taxable income.
- It raises the **income thresholds** where the deduction starts phasing out and creates a **baseline minimum** for even small-scale operators.
- It targets entrepreneurs, freelancers, sole proprietors, and LLC members who **actively work in their business**.

Strategic Impacts

Topic	Effect
Small Businesses	Larger, more accessible tax deductions
Startups & Side Hustles	Even micro-businesses get at least $400 off
Tax Complexity	More generous, but still layered with conditions
Budget	Reduces tax revenue from high-income self-employed earners

SEC. 70106 — Extension and Enhancement of Increased Estate and Gift Tax Exemption Amounts

What this section does

This section **significantly increases** the amount of wealth that can be transferred tax-free at death or as a gift.

Key Policy Changes

Provision	Previous	New (2026 onward)
Exemption Amount	$5 million	**$15 million** per person

Inflation Indexing:

- The new $15M exemption will be **indexed to inflation starting in 2026**, using **calendar year 2025** as the baseline.

Code Modifications

- Updates Section **2010(c)(3)** of the Internal Revenue Code.
- Removes prior sunset clauses that would've dropped the exemption back to $5M in 2026.
- Deletes subparagraph (C), which governed temporary adjustments (likely from the Tax Cuts and Jobs Act).

Effective Date

- Applies to:
    - **Estates of decedents dying** after **December 31, 2025**
    - **Gifts made** after that same date

In Plain English

- Wealthy individuals can now pass on **up to $15 million tax-free** to heirs or through gifts — double the previous long-term baseline.
- This ensures estate plans formed under the 2018–2025 rules don't face a **"tax cliff"** when those provisions were set to expire.

Strategic Impacts

Topic	Effect
High-Net-Worth Estates	More assets shielded from federal estate/gift taxes
Tax Planning	Provides long-term certainty for multi-generational transfers

Topic	Effect
Federal Revenue	Significant tax expenditure over time
Inequality	Potential for increased intergenerational wealth consolidation

SEC. 70107 — Extension and Enhancement of Alternative Minimum Tax (AMT) Exemption Amounts

What this section does

This section **extends** and **modifies the inflation adjustment and phaseout rules** for the **AMT**, a parallel tax system designed to ensure high-income individuals pay a minimum level of tax.

Key Policy Changes

1. Makes Increased AMT Exemption Permanent

- Strikes the clause that would have sunset the AMT exemption increase in 2025.
- This locks in **higher exemption thresholds** introduced under the 2017 Tax Cuts and Jobs Act.

2. Inflation Indexing Adjusted

- Applies different inflation baselines for different exemption levels:
  - **$109,400** and **$70,300** exemptions tied to **calendar year 2017**
  - **$1,000,000 exemption** tied to **calendar year 2025** for more accurate inflation scaling

3. Modifies the Phase-Out Rate

- Previously: Once income exceeded certain thresholds, the AMT exemption phased out at **25%**.
- New rule: Increases the rate to **50%** — meaning **high earners lose the exemption faster**.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

In Plain English

- This section **locks in the higher exemption levels** for avoiding the AMT.
- But it also **closes the loophole faster** by doubling the rate at which exemptions phase out for very high-income filers.
- Effectively: **middle-income earners remain protected**, but **wealthier individuals are more likely to pay AMT** going forward.

Strategic Impacts

Topic	Effect
High-Income Taxpayers	More likely to pay AMT due to quicker exemption phase-out
Middle-Income Earners	Continued protection from AMT under higher thresholds
Inflation Adjustments	More nuanced and targeted for long-term calibration
Federal Revenue	May modestly increase tax receipts from top earners

SEC. 70108 — Extension and Modification of Limitation on Deduction for Qualified Residence Interest

What this section does

This section **makes permanent a limitation** on how much mortgage interest homeowners can deduct — a provision originally set to expire in 2025 — while also **reinstating mortgage insurance as deductible interest**.

Key Policy Changes

Policy Area	Change
Deduction Cap	Keeps the **$750,000 mortgage cap** on deductible interest for loans issued after 2017
Sunset Removed	Deletes the expiration clause — this cap **remains in place permanently** after 2025
Mortgage Insurance	**Premiums now count as deductible interest**, permanently

Policy Area	Change
Redesignations	Technical reordering of clauses in Section 163(h)(3)(F) of the tax code to accommodate the changes

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In Plain English

- Taxpayers can **continue deducting mortgage interest** on up to **$750,000 in principal**, rather than reverting to the pre-2018 limit of $1 million.
- **Mortgage insurance premiums** — required for many low down-payment loans — are now **explicitly deductible as interest**.
- The deduction cap and rules will **no longer expire in 2025**, giving certainty to homeowners and lenders.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
Homeowners	Maintains expanded deduction access for middle- and upper-income borrowers
Housing Affordability	Helps make mortgage insurance more tax-friendly
Budget	Prevents revenue gain from allowing the cap to expire
Mortgage Market	Supports continued financing of $750K–$1M homes

SEC. 70109 — Extension and Modification of Limitation on Casualty Loss Deduction

What this section does

This section permanently expands and modifies the rules around **deducting personal losses** due to natural disasters and other major events.

Key Policy Changes

Change	Details
Extension of Provision	Removes sunset clause — keeps disaster loss deduction rules in place **beyond 2025**
Expands Eligible Disasters	Now includes **State-declared disasters**, not just federally declared ones
Applies to All Tax Years	New rules apply to tax years **beginning after 2017**

Definition Added: “State-Declared Disaster”

Now includes natural catastrophes such as:

- Hurricanes
- Earthquakes
- Fires
- Floods
- Tornadoes
- Mudslides
- Explosions

...if declared by a **Governor** (or **Mayor of D.C.**) **and** the **Secretary of the Treasury** as sufficiently severe.

Also explicitly includes territories: **D.C., Puerto Rico, Guam, Virgin Islands, American Samoa, Northern Mariana Islands**.

In Plain English

- If your home or property is damaged in a **disaster declared by your state**, you can now **claim a casualty loss deduction on your federal taxes** — even if it’s not federally declared.
- This expands help to more people affected by **localized disasters**, like regional wildfires or state emergency declarations.
- The old rule (that required **federal disaster declarations only**) is gone — this is now **permanent law**.

Strategic Impacts

Topic	Effect
Tax Relief	More people can deduct disaster-related losses
State Autonomy	State declarations now unlock federal tax benefits
Equity	Helps residents in overlooked or mid-scale disasters
Budget	Modest cost increase from more allowable deductions

SEC. 70110 — Termination of Miscellaneous Itemized Deductions (Except Educator Expenses)

What this section does

This section **makes permanent the removal of most miscellaneous itemized deductions** but creates a special carveout to **protect and expand deductions for teachers and coaches**.

Key Provisions

1. Permanently Ends Miscellaneous Itemized Deductions

- Formally deletes the sunset clause from Section 67(g) of the tax code.
- The rule limiting miscellaneous itemized deductions (which suspended them from 2018–2025) is now **permanent**.

2. Creates a New Educator Expense Deduction

- **Educator-related expenses** are now permanently deductible, including:
    - Classroom supplies
    - Instructional materials (even for physical education or sports)
    - Out-of-pocket costs incurred by:
        - Teachers
        - Counselors
        - Interscholastic sports coaches and administrators

3. Expanded Scope for Deduction

- Removes:
    - Dollar limit caps
    - Restrictions on athletic supplies
- Reframes qualifying expenses to include any activity **“as part of instructional activity”**, not just **“in the classroom.”**

In Plain English

- Teachers, coaches, and counselors can **permanently deduct** their out-of-pocket classroom and athletic-related expenses, even though other taxpayers **can no longer claim miscellaneous deductions**.
- This includes **coaches and physical education instructors** who were previously excluded from similar deductions.
- For everyone else, miscellaneous deductions (e.g., for tax prep fees, unreimbursed work expenses) are **eliminated permanently**.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
Teachers & Coaches	New, broader tax relief for education-related spending
Most Taxpayers	Loss of ability to deduct common out-of-pocket work expenses
Simplicity	Reduces complexity by eliminating many niche deductions
Budget	Saves money overall, except for limited educator-focused costs

SEC. 70111 — Limitation on Tax Benefit of Itemized Deductions

What this section does

This section **revives and rewrites a cap on how much high earners can deduct**, even if their expenses qualify under existing deduction categories.

Key Policy Changes

1. New Formula for Itemized Deduction Reduction

- Taxpayers must **reduce their total itemized deductions** by **2/37** of the **lesser** of:
    1. Their total itemized deductions, or
    2. Their taxable income that **exceeds the start of the 37% bracket** (about $578,000 for individuals in 2025)

2. Coordinates With Other Limitations

- This rule is applied **after** any other deduction limitations (e.g., AMT, caps on SALT, etc.).

3. Preserves Full QBI Deduction

- Confirms that this itemized cap **does not apply** when calculating the **Qualified Business Income (QBI) deduction** under **Section 199A**.

In Plain English

- If you are a high-income earner and itemize your deductions (for mortgage interest, charitable giving, etc.), the amount you can deduct will be **capped using a fixed formula**.
- It reduces your deductions **once you cross the income threshold** where the 37% bracket begins.
- This cap does **not affect business owners** using the 20% QBI deduction.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
High Earners	Reduces tax benefits of itemizing
Middle-Income Taxpayers	Unaffected unless crossing the 37% threshold
Policy Intent	Targets deduction erosion at the top of the income scale
Revenue	Likely modest gain in tax receipts from upper-income filers

SEC. 70112 — Extension and Modification of Qualified Transportation Fringe Benefits

What this section does

This section **modifies and simplifies** the tax code surrounding employer-provided transit benefits, such as parking, commuter passes, and bike reimbursements.

Key Provisions

1. Simplifies the Structure of Eligible Benefits

- **Eliminates** subcategories from the current tax code:
  - Strikes **subparagraph (D)** in Section 132(f)(1) — removing qualified bicycle commuting reimbursements as a separate category.
  - Deletes outdated or duplicative clauses throughout Section 132(f).

2. Reframes Code for Clarity

- Streamlines language in Section 132(f)(2) and 132(f)(5).
- Removes outdated text such as **"other than a qualified bicycle commuting reimbursement."**

3. Updates Inflation Adjustment Baseline

- Adjusts inflation indexing for transit benefits:
  - Changes the base year from **1998** to **1997** — a technical move to reset indexing mechanics.

4. Denial of Business Expense Deductions for Certain Transportation Benefits

- Updates **Section 274(l)**:

  - Rewrites the language that disallows employers from **deducting certain transportation fringe expenses** (a provision from the 2017 Tax Cuts and Jobs Act).
  - Eliminates **paragraph (2)** entirely, which had layered on deduction disallowance specifics.

Effective Date

- All changes apply to **tax years beginning after December 31, 2025**.

In Plain English

- The law **streamlines and clarifies** how employer-provided transit benefits work for tax purposes.
- Removes **separate treatment for bike commuters** — they're no longer carved out for special handling.
- It also updates the indexing formula for cost limits and **makes permanent rules** about what employers can and can't deduct for offering commuter benefits.

Strategic Impacts

Topic	Effect
Employers	Retains ability to offer transit perks, but deductibility rules stay limited
Bike Commuters	Lose separate reimbursement status
Simplicity	Fewer subcategories and duplicative code
Urban Mobility	Neutral or slightly negative impact on bike incentive programs

SEC. 70113 — Extension and Modification of Deduction and Exclusion for Moving Expenses

What this section does

This section **extends and expands eligibility** for moving expense tax benefits, particularly for select federal employees.

Key Provisions

1. Extension of Moving Expense Limitations

- Removes the expiration of the prior suspension on moving expense deductions (which had been paused from 2018 to 2025).
- The restriction is now **permanent**, applying to tax years **beginning after 2017**.

2. Creates a Carve-Out for Intelligence Community Employees

- Members of the **intelligence community** (non-military) are now treated like members of the **Armed Forces** for the purposes of claiming:
  - **Moving expense deductions** under Section 217
  - **Exclusion from income** under Section 132 for employer-reimbursed moving costs

3. Code Reference for Intelligence Community

- Uses the definition from the **National Security Act of 1947** (50 U.S.C. 3003).
- Includes new appointees or employees who must relocate due to reassignment.

In Plain English

- Most Americans **still cannot deduct moving expenses** — that rule, suspended in 2017, remains in place permanently.
- But this section **gives tax relief to employees of the CIA, NSA, and other intelligence agencies** if they are required to move for work.
- This aligns their treatment with active-duty military personnel, who already enjoy this benefit.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
General Taxpayers	Still blocked from deducting moving expenses
Intelligence Community	Gains tax-free treatment of moving reimbursements and expenses

Topic	Effect
Military & Federal Parity	Harmonizes treatment across defense/intel sectors
Budget	Minor revenue impact due to narrow applicability

SEC. 70114 — Extension and Modification of Limitation on Wagering Losses

What this section does

This section **tightens** the deduction rules for losses incurred from gambling and betting activities.

Key Provisions

1. Caps Gambling Loss Deductions

- A taxpayer may **only deduct up to 90%** of their **wagering losses** in a given tax year.
- The deduction **cannot exceed gambling winnings** — meaning:
  - You must have gambling income in order to deduct gambling losses.
  - Even then, **only 90%** of those losses are deductible.

2. Clarifies the Definition of Wagering Losses

- "Losses from wagering transactions" include:
  - **Direct gambling losses**
  - **Any other deductible expenses** (like travel, entry fees, or other costs) incurred **in the course of gambling** — if they would normally qualify as deductible under the tax code.

In Plain English

- This provision **tightens the belt** on gambling loss write-offs:
  - Even if you lose $10,000 gambling, and win $10,000, you can **only deduct $9,000**.
- It also **closes loopholes** where professional gamblers might deduct additional expenses related to their activity.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
Casual Gamblers	Reduced ability to offset winnings with losses
Professional Gamblers	Fewer tax shields via operational deductions
Budget	Slight increase in taxable income from gambling
Behavioral Nudge	Potentially discourages over-reporting of “business” gambling expenses

SEC. 70115 — Extension and Enhancement of Increased Limitation on Contributions to ABLE Accounts

What this section does

This section extends and strengthens the contribution rules for **ABLE accounts** — tax-advantaged savings plans for individuals with disabilities.

Key Policy Changes

1. Removes the Sunset Clause

- Previously, the ability to make extra contributions to an ABLE account (beyond the annual gift tax exclusion) was set to expire after **2025**.
- This law **removes that expiration**, making it **permanent**.

2. Technical Update to Inflation Formula

- Adjusts the inflation indexing rule by:
    - Substituting **1996** for **1997** in the inflation calculation tied to the **annual gift tax exclusion** (Section 2503(b)).
    - This affects how the annual ABLE contribution limits are adjusted over time.

In Plain English

- **ABLE accounts** help disabled individuals and their families save money for long-term expenses without losing eligibility for Medicaid or SSI.
- This section ensures that people with disabilities can continue making **extra contributions** (such as earnings from employment) **beyond the regular limits** — and that those contribution caps will **grow with inflation**.
- The provision was temporary under prior law — now it's **permanent**.

Effective Date

- Applies to **contributions made after December 31, 2025**.
- Inflation adjustment change applies to **tax years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
Disability Support	Strengthens long-term savings for people with disabilities
Family Caregivers	Allows families to invest more for disabled loved ones
Equity	Extends support permanently across all qualifying individuals
Budget	Modest tax expenditure but high social return

SEC. 70116 — Extension and Enhancement of Saver's Credit Allowed for ABLE Contributions

What this section does

SEC. 70116, improves the **Saver's Credit** — a federal tax credit designed to help lower- and moderate-income individuals save for retirement. This version focuses especially on contributions to **ABLE accounts**.

What's Changing?

1. Permanent Inclusion of ABLE Account Contributions

- Redefines “qualified retirement savings contributions” to **permanently include contributions to an ABLE account** (tax-advantaged savings plans for people with disabilities).
- Applies even after 2025, removing the previously looming expiration.

2. Coordination Fix with Prior Law

- Repeals a paragraph in the **SECURE 2.0 Act of 2022** that conflicted with this new inclusion.
- Ensures consistency in tax administration — this is now the **sole, correct definition** going forward.

3. Increased Maximum Credit

- Raises the top value of the Saver’s Credit:
  - From **$2,000** to **$2,100** per eligible individual.
- This extra $100 in credit rewards retirement and ABLE savings even more.

Effective Date

Provision	**Effective**
ABLE inclusion	Tax years ending **after December 31, 2025**
Credit increase to $2,100	Tax years **beginning after December 31, 2025**

In Plain English

- The Saver’s Credit is a **matching tax credit** for saving toward retirement — like free money from the IRS.
- This law makes sure that **disabled individuals saving in ABLE accounts can permanently qualify**, aligning them with traditional IRA and 401(k) savers.
- Everyone gets a **slightly larger match** — up to $2,100 — starting in 2026.

Strategic Impacts

Topic	**Effect**
People with Disabilities	Permanent inclusion in a key tax credit
Low- and Moderate-Income Savers	Increased reward for retirement savings

Topic	Effect
Retirement Equity	Strengthens savings incentives across vulnerable populations
Budget	Modest cost from expanded eligibility and higher cap

SEC. 70117 — Extension of Rollovers from Qualified Tuition Programs (529 Plans) to ABLE Accounts

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What this section does

This section **removes the sunset clause** that would have ended the ability to roll over unused 529 plan funds into ABLE accounts after 2025.

- Deletes the phrase: **"before January 1, 2026"** from the relevant section of the tax code (Section 529(c)(3)(C)(i)(III)).

In Plain English

- Parents who saved for a child's college using a **529 plan** (tax-free education savings) can now **permanently roll unused funds** into an **ABLE account** for that same child **if they are disabled**.
- Previously, this was a **temporary provision**, but this law makes it **permanent** starting in 2026.

Effective Date

- Applies to **taxable years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
Families with Disabled Dependents	More flexibility in repurposing unused education savings
Financial Planning	Ensures long-term integration between education and disability tax tools

Topic	Effect
Budget	Minimal cost due to niche use case

SEC. 70118 — Extension and Enhancement of Tax Relief for Personnel in the Sinai Peninsula and Other Hazardous Duty Areas

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What this section does

This section **permanently extends** and **expands** a provision first introduced in the 2017 Tax Cuts and Jobs Act, providing special tax treatment for individuals serving in **hazardous duty locations**.

Key Provisions

1. Makes Tax Relief Permanent

- Removes language limiting the benefit to a specific "applicable period" in the original law.
- Tax relief now **continues indefinitely** for qualifying service.

2. Expands the List of Hazardous Duty Areas

- Previously applied only to the **Sinai Peninsula**.
- Now includes:
  1. **Kenya**
  2. **Mali**
  3. **Burkina Faso**
  4. **Chad**

These are **formally designated as "qualified hazardous duty areas."**

3. Definition of Qualification

- A location qualifies only if **U.S. Armed Forces personnel are entitled to special pay** under **Title 37, Section 310** of the U.S. Code (i.e., for imminent danger or hostile fire duty).

4. Technical Cleanup

- Repeals outdated subsections (c) and (d) from the original provision in Public Law 115–97.

Effective Date

- Applies starting **January 1, 2026**.

In Plain English

- U.S. military and eligible civilians working in **high-risk overseas areas** like Mali, Chad, and Kenya can now **receive the same tax protections** as those working in the Sinai.
- These tax protections may include **exemptions for certain income** while deployed.
- The benefit is **no longer temporary** — it's part of the permanent tax code.

Strategic Impacts

Topic	Effect
Military & Federal Workers	Broader and longer-lasting tax relief for dangerous postings
Tax Code	Aligns with military compensation for hostile duty
Budget	Small cost, highly targeted at U.S. personnel
Foreign Policy	Signals institutional support for deployments in Africa and the Middle East

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SEC. 70119 — Extension and Modification of Exclusion from Gross Income of Student Loans Discharged on Account of Death or Disability

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What This Section Does

This provision **permanently excludes** certain forgiven student loan amounts from being counted as **taxable income** — a critical financial protection for individuals experiencing life-altering hardship.

Key Provisions

1. Exclusion from Income Made Permanent

- Forgiven student loan balances are **not included in federal taxable income** if the discharge is due to:

    - **Death** of the borrower
    - **Total and permanent disability**
    - Discharge under:
        - Section 437(a) or 437(d) of the Higher Education Act (HEA)
        - Section 464(c)(1)(F) of the HEA
        - Parallel benefits under Title IV, Part D of the HEA

2. Covers Federal and Private Loans

- Applies to:
    - **Federal student loans** as defined under existing law
    - **Private education loans**, as defined in the Consumer Credit Protection Act

3. Social Security Number Requirement

- To qualify for this tax-free treatment, the taxpayer **must include their Social Security number** on their tax return for the year of the discharge.
- If the SSN is missing, the IRS will treat it as a **mathematical or clerical error**, potentially voiding the tax benefit.

In Plain English

- If your **student loans are forgiven** because you became **totally disabled** or because you or your child **died**, the government **won't tax that forgiven amount as income**.
- This applies to both **federal and private student loans**.
- The rule was originally temporary — it is now **permanent**.
- But be sure to include your **Social Security number** on your tax return — forgetting it could result in losing this exemption.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

Strategic Impacts

Topic	Effect
Disabled Borrowers	No tax burden from loan forgiveness
Families of Deceased Students	Avoid unexpected tax bills
Financial Planning	Provides long-term clarity and fairness
Budget	Slight cost due to excluded income, but high humanitarian benefit

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SEC. 70120 — Limitation on Individual Deductions for Certain State and Local Taxes (SALT Cap Reform)

What this section does

This section **replaces the flat $10,000 SALT deduction cap** with a **more flexible and income-sensitive structure**.

What's Changing?

Year	Deduction Cap (Joint Filers)
2025	**$40,000**
2026	**$40,400**
2027–2029	Indexed to inflation (1% annual increase)
2030 & Beyond	Drops back to **$10,000**

Indexing Formula:

- For 2027–2029, the cap increases by **1% annually**:
  - 2027: ~$40,800
  - 2028: ~$41,208
  - 2029: ~$41,620

Phase-Out for High Incomes

- If your **Modified Adjusted Gross Income (MAGI)** exceeds **$500,000** (or **$250,000** for separate filers), your SALT cap is **reduced**.
- Formula: 30% of the excess over the threshold is subtracted from the deduction limit.

Example:

- MAGI = $600,000
- Threshold = $500,000
- Excess = $100,000
- Reduction = 30% × $100,000 = $30,000
- New SALT cap = $40,000 − $30,000 = **$10,000**

In Plain English

- The new law **temporarily raises the SALT deduction cap to $40K**, helping taxpayers in high-tax states like NY, CA, and NJ.
- But if your income exceeds $500K, your cap **drops quickly back toward $10K** — the original cap.
- In **2030**, the cap **automatically reverts** to $10,000 unless new legislation intervenes.

Effective Date

- Applies to **tax years beginning after December 31, 2024**.

Strategic Impacts

Topic	Effect
High-Income Filers	Still face restrictions if MAGI > $500K
Middle-Income Households	Can deduct significantly more in SALT taxes through 2029
Blue States	Major relief for residents with high property/income taxes
Budget	Temporarily lowers federal tax revenues, but re-tightens after 2029

CHAPTER 2--DELIVERING ON PRESIDENTIAL PRIORITIES TO PROVIDE NEW MIDDLE-CLASS TAX RELIEF

SEC. 70201 — No Tax on Tips

What this section does

This section creates a new federal **income tax deduction for tipped workers**, allowing them to exclude a portion of their reported tip income from taxation — a landmark shift in how service industry earnings are taxed.

Key Features

1. New Section 224: "Qualified Tips"

- Establishes a **new deduction** in the tax code under **Section 224**, titled **"Qualified Tips."**

2. What's Deductible?

- Tipped workers can **deduct from taxable income the full amount of their reported tips**, up to a limit.
- Tips must be reported through official IRS channels:
  - Forms: **6041(d)(3)**, **6041A(e)(3)**, **6050W(f)(2)**, **6051(a)(18)**
  - Or via **IRS Form 4137** (used for unreported tips)

3. Annual Deduction Limit

- The maximum deduction is:
  - **$25,000 per year**
- This means up to $25,000 of **reported tips per year would be tax-free** under this rule.

Income-Based Phaseout

- If your **Modified Adjusted Gross Income (MAGI)** exceeds certain thresholds, the deduction begins to phase out:
  - **$150,000** for single filers
  - **$300,000** for joint filers
- For every **$1,000 above the threshold**, you lose **$100** of the deduction.

Example:

- MAGI = $160,000 (single)
- Over limit by $10,000 → Deduction reduced by $1,000
- Max deduction becomes $24,000

Special Rule for Self-Employed Individuals

- Tips received as part of **self-employment** (not as a W-2 employee) are **only deductible** if:
    - Your **total business income (including the tips)** exceeds **your business deductions**.

This prevents self-employed people from deducting tips against a business that's otherwise operating at a loss.

Effective Date

- Applies to **tax years beginning after December 31, 2025**

Strategic Impacts

Group	Effect
Waiters, Bartenders, Delivery Workers	Could see **thousands in tax savings**
Higher-Income Professionals (with side tips)	Might see reduced or phased-out benefits
Self-Employed Service Providers	Must be profitable to benefit
IRS & Treasury	Will need to update compliance tools for tip-reporting verification

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Key Form: IRS Form 4137

Form 4137 is how workers currently report tips that were **not reported to their employer**. This section ensures those self-reported tips **still qualify** for the deduction — encouraging full transparency.

SEC. 70202 — No Tax on Overtime

What the section does

This section allows workers to **deduct a portion of their overtime compensation from taxable income**, creating a substantial new tax break for hourly and shift-based employees.

What It Does

Adds **Section 225 to the Internal Revenue Code** titled:

"Qualified Overtime Compensation"

This provision creates an above-the-line tax deduction (i.e., available even if you don't itemize) for qualifying overtime wages.

Who Benefits?

Any wage earner who receives **overtime pay** as defined under the **Fair Labor Standards Act (FLSA)** — typically time-and-a-half for hours worked beyond 40 per week.

Deduction Details

- Deduction equals the amount of **qualified overtime compensation received** during the tax year, as long as it's properly reported via employer tax forms:
  - **Form 6041(d)(4)** or
  - **Form 6051(a)(19)**

Deduction Limit

- Up to **$12,500** per individual
- Up to **$25,000** for joint filers

Income-Based Phaseout

- Reduces by **$100 for every $1,000** of income above:
  - **$150,000** for single filers
  - **$300,000** for joint filers

Example:

- If you're a single filer earning $160,000:
  - You're $10,000 over the threshold → $1,000 deduction reduction
  - Max deduction = **$11,500**

Definition of "Qualified Overtime Compensation"

Must meet two conditions:

1. Paid under **FLSA Section 7**
2. **Exceeds the regular hourly rate** (i.e., is time-and-a-half or similar)

❗ Does **not include tips** — tips are handled separately in Section 70201.

Effective Date

- Applies to **tax years beginning after December 31, 2025**

Strategic Impacts

Group	Impact
Hourly Workers	Potential to save thousands annually in taxes
Shift Employees (e.g. healthcare, manufacturing)	Big benefit if overtime is common
Employers	Need to ensure accurate overtime tracking & reporting
IRS	Additional compliance monitoring needed

SEC. 70203 — No Tax on Car Loan Interest

What this section does

This section **creates a new temporary deduction** for **personal car loan interest**, which is usually considered non-deductible "personal interest" under the tax code.

What It Does

Amends **Section 163(h)** of the Internal Revenue Code to **exclude certain car loan interest from the definition of "personal interest"**, which makes it **deductible** for a limited time.

Who Benefits?

- Individuals who purchase a **passenger vehicle** (not commercial) for **personal use**
- Only applies to **loans taken after December 31, 2024**
- The deduction is available for **tax years 2025 through 2028**

Excluded Loan Types

This deduction **does not apply** to interest on loans used to:

1. Buy **fleet vehicles**
2. Buy **commercial-use vehicles**
3. **Lease vehicles**
4. Buy cars with a **salvage title**
5. Buy **junk/scrap/parts-only** vehicles

VIN Requirement

To claim the deduction, the taxpayer must include the vehicle's **VIN (Vehicle Identification Number)** on their tax return for that year.

Deduction Limits

There is a **dollar cap** on the amount of deductible interest, but the exact limit isn't fully visible in the previewed text. Based on standard legislative practice, this will likely be:

- A **set annual cap**, and/or
- Subject to **income-based phaseouts**

(This can be clarified when additional text becomes visible.)

Effective Dates

- Applies to **interest paid from January 1, 2025 through December 31, 2028**

- Repeals automatically after that unless extended

Strategic Impacts

Group	Effect
New Car Buyers	Can deduct interest on qualifying loans for 4 years
Low- and Middle-Income Households	May benefit most from this new break
Auto Lenders	Could see an uptick in car loan demand
IRS	Needs new compliance rules around VIN matching

SEC. 70204 — Trump Accounts and Contribution Pilot Program

What this section does

This section adds a new **Part IX to Subchapter F of the Internal Revenue Code**, creating a new type of **individual retirement account (IRA)** called a **"Trump Account."**

Key Characteristics

1. Modeled on Traditional IRAs

- A Trump Account is treated similarly to a **traditional IRA** under **Section 408(a)** of the tax code — **not** a Roth IRA.
- Contributions and earnings grow **tax-deferred**, and distributions are taxed as ordinary income.

2. Two Eligible Account Types

- **Government-Created Accounts**:
  - Created and organized **by the Secretary of the Treasury** for eligible individuals or their beneficiaries.
- **Minor-Initiated Accounts**:
  - Created for individuals **under the age of 18**, but funded via a **qualified rollover** from another retirement account.

3. Contribution Restrictions

- No contributions are permitted:
    - Until **12 months after the enactment date**
    - For minors, any contributions before the calendar year they turn 18 **must not exceed aggregate limits**

4. Account Designation Rules

- The account must be **formally designated** as a “Trump Account” at the time of creation.
- The **written governing instrument** (legal terms of the account) must meet regulatory standards set by the IRS.

Rollovers Allowed

- Rollovers from other eligible retirement accounts may fund Trump Accounts, especially in the case of minor accounts.

In Plain English

- The federal government is creating a new type of **retirement account** — essentially a **rebranded, government-facilitated IRA**.
- These accounts are **not yet available** — they will launch at least **12 months after the law’s enactment**.
- Some accounts will be **automatically opened by the Treasury**, while others may be set up by or for **minors using rollover funds**.

Strategic Impacts

Group	Effect
Working-Class Savers	Access to simple, tax-deferred savings account backed by Treasury
Low-Income Minors	Could benefit from rollovers or matched contributions in later sections
Financial Industry	May face competition from Treasury-run alternatives
Policymakers	Creates infrastructure for future automatic enrollment or matching credits

Continued: Structural Rules for Trump Accounts

This section adds new **Section 530A** to the tax code under **Part IX of Subchapter F**, specifying how Trump Accounts operate.

Legal and Technical Designations

A Trump Account must:

1. Be a **non-Roth IRA**, organized for the **exclusive benefit** of the account holder or their beneficiaries.
2. Be created in one of two ways:
   - **By the Secretary of the Treasury**, or
   - For a **minor under 18**, funded with a **qualified rollover**.
3. Be **formally designated** as a Trump Account at creation time.
4. Use a **written governing instrument** that follows these requirements:

Contribution Restrictions

Contributions are not allowed:

- **Before 12 months after** the law is enacted.
- For **minors under 18**, if the contribution would push them over an aggregate cap (exact cap defined later in the text).

These rules ensure that:

- The Treasury has time to establish guidance.
- Youth accounts grow gradually and are not front-loaded with high balances.

Qualified Rollover Contributions

For minor accounts, **rollovers** (from existing IRAs or other accounts) are the **only funding source** until the minor reaches adulthood.

Summary of What We Know So Far

Rule	Description
Type	Like a traditional IRA (not Roth)
Launch	No contributions allowed until 12 months after enactment
Creation	By Treasury or individuals for minors
Minors	Rollovers only; capped until age 18
Tax Treatment	Same as IRAs (tax-deferred growth)

Continued: Operational Rules for Trump Accounts

Trustee-to-ABLE Account Transfer (Age 17 Rule)

- At **age 17**, a Trump Account beneficiary can have their account balance **fully transferred to an ABLE account** (tax-free savings for people with disabilities).
- Conditions:
    - **Direct trustee-to-trustee transfer** required
    - **Full balance** must be transferred
    - Recipient must be the **same individual**

Excess Contributions (Before Age 18)

If more than the permitted amount is contributed before age 18:

- The **distribution of the excess** will:
    - Not be treated as a disqualifying distribution
    - **Not be included in gross income**
    - But: A **100% tax penalty** will be imposed on any **net income** earned from that excess contribution.

This creates a **strong disincentive** to overfund the account for minors.

In Case of Death Before Age 18

If a Trump Account beneficiary dies **before turning 18**:

- The account:
  - **Ceases to be a Trump Account**
  - **Triggers income recognition** for tax purposes
- If inherited by an individual (not an estate):
  - That person **must include** the **fair market value** of the account (minus contributions) in their **gross income** for the year of death.

In Plain English

- **At age 17**, the entire account can be safely moved to an ABLE account for disability-related savings.
- **Over-contributing** before 18 triggers a **100% tax on any profit** made from the excess — but not on the principal.
- If the child dies before reaching 18, the account is liquidated and taxes apply to the inheritor (unless it's an estate).

Summary Table

Rule	Effect
Age 17 Transfer	Full transfer to ABLE account allowed
Excess Contributions	100% tax on profits if limits are exceeded pre-age 18
Death Before 18	Account value becomes taxable to inheritor

CHAPTER 3--ESTABLISHING CERTAINTY AND COMPETITIVENESS FOR AMERICAN JOB CREATORS

Subchapter A--Permanent U.S. Business Tax Reform and Boosting Domestic Investment

SEC. 70301 — Full Expensing for Certain Business Property

What this section does

This section **makes permanent** and **simplifies** the provision allowing businesses to fully deduct the cost of qualified capital assets **upfront**, instead of depreciating them over several years.

Key Changes

1. Makes Full Expensing Permanent

- Removes the expiration "sunset" provisions from previous laws (originally enacted in the 2017 Tax Cuts and Jobs Act).
- Instead of phasing out after 2026, businesses can **continue to claim 100% expensing indefinitely**.

2. Simplifies the Code

- Amends Internal Revenue Code **Section 168(k)** by:
    - Striking outdated clauses about phase-out schedules
    - Reorganizing definitions for **self-constructed property**, **long-production-period property**, and **certain plants**

3. Removes Obsolete References

- Updates or eliminates clauses and subclauses in sections 168(k)(2) and 460(c) to reflect that **all eligible property now gets 100% expensing** without reference to phase-out schedules.

What Does "Full Expensing" Mean?

- Businesses can **immediately deduct 100%** of the cost of:
    - Equipment
    - Machinery
    - Technology systems
    - Qualified improvements

- Rather than spreading the deduction over the “useful life” of the asset (e.g. 5–7 years), the cost is deducted **in the year the asset is placed in service**.

Special Treatment for Plants

- Language previously limiting full expensing to **plants planted before January 1, 2027** is deleted.
- Now any qualifying plant **planted or grafted** will be eligible — no date restriction.

Effective Date

- This is a **permanent change**, with no expiration date stated in the section.

Strategic Impacts

Group	Effect
Small & Medium Businesses	Major cash flow advantage — invest now, deduct all at once
Farmers, Growers	Plants eligible for full expensing regardless of date planted
Tax Code	Simpler, with fewer exceptions and phased rules
Budget	High near-term cost to Treasury due to upfront deductions

SEC. 70302 — Full Expensing of Domestic Research and Experimental Expenditures

What this section does

This section amends the tax code to allow **full and immediate expensing** of qualified **domestic** research and experimental (R&E) costs.

What It Does

1. Creates New Section 174A in the Tax Code

- Allows businesses to deduct **100% of domestic R&E expenses** in the year the expense occurs.

- This overrides Section 263, which typically requires capitalization of certain long-term expenditures.

Definition: Domestic R&E Expenditures

To qualify, expenses must be:

- **Paid or incurred** in connection with a **U.S.-based trade or business**
- Specifically **exclude foreign research**, as defined under §41(d)(4)(F)

Optional Amortization Rule

Businesses may **elect** to:

1. **Capitalize** the expenditures (i.e., treat them as long-term assets), and
2. **Amortize** them (deduct gradually) over **at least 60 months**, starting from the **first month they realize benefits** from the research.

This election is helpful for firms that want to align tax deductions with cash flow or product development cycles.

In Plain English

- Companies can **fully deduct U.S.-based research expenses right away**, instead of spreading the deduction over several years.
- If they prefer, they can **spread the deduction over 5+ years** via an optional amortization schedule.
- **Foreign R&D costs are not eligible** under this section.

Strategic Impacts

Group	Impact
Startups & Tech Firms	Huge tax benefit for investing in domestic innovation
Biotech & Pharma	Encourages in-house U.S. R&D
Tax Planning	Offers flexibility between full expensing and 60-month amortization
Treasury	Reduces tax revenue from large, R&D-intensive firms in the near term

SEC. 70303 — Modification of Limitation on Business Interest

What this section does

This section revises how interest deductions are treated under **Section 163(j)** of the Internal Revenue Code, with key changes targeted at **business borrowing capacity** and **floor plan financing**.

Background: What is Section 163(j)?

Section 163(j) limits the **interest expense** a business can deduct each year to a percentage of their **adjusted taxable income (ATI)**. Originally, some transitional rules allowed companies to **add back depreciation and amortization** to boost this limit — but those expired in 2022.

Key Changes in This Section

1. Restores More Favorable Deduction Rule (Permanent)

- **Strikes the phrase**:

"in the case of taxable years beginning before January 1, 2022"

- Result: Businesses can **permanently** compute interest deductibility **using EBITDA** (earnings before interest, taxes, depreciation, and amortization), instead of EBIT.

This increases the allowable deductible interest amount for most capital-intensive firms.

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2. Expands Floor Plan Financing Rules to Trailers and Campers

- Amends Section 163(j)(9)(C) to explicitly include:

"Any trailer or camper which is designed to provide temporary living quarters for recreational, camping, or seasonal use and is designed to be towed by, or affixed to, a motor vehicle."

▯ RV dealerships and similar businesses can now qualify for **full interest deductibility** under floor plan financing rules — even if they mainly deal in campers.

Effective Dates

- Applies to **tax years beginning after December 31, 2024**
- The Treasury may provide **special rules** for **short tax years** that start in early 2025 but end before the enactment date.

Strategic Impacts

Group	Effect
Capital-Intensive Businesses	Get a more generous interest deduction (via EBITDA method)
RV Dealers, Trailer Sales	Newly qualify under floor plan financing provisions
Budgetary Effect	Higher interest deductions reduce taxable income, especially for leveraged firms
Treasury	May need to issue guidance for early-adopting companies with non-calendar fiscal years

SEC. 70304 — Extension and Enhancement of Paid Family and Medical Leave Credit

What this section does

This provision modifies **Section 45S** of the Internal Revenue Code, which provides tax credits to employers who offer **paid family and medical leave** to their employees.

Key Reforms

1. Expanded Employer Credit Options

Employers now have a **choice** in how they calculate the tax credit:

- **Option A:** A percentage of **wages paid** to employees during qualifying leave
- **Option B:** A percentage of **insurance premiums** paid by the employer for a policy that covers family and medical leave

Option B is new, enabling employers who use paid leave insurance to qualify too.

Clarified Payment Rule for Insurance-Based Credit

- When an employer selects Option B (insurance premium credit), the **"rate of payment"** for the tax credit:
    - Is determined **regardless of whether employees actually used leave** that year.

- This ensures employers who maintain insurance even without leave events still receive the credit.

Changes in Language and Definitions

- Changes phrasing from “credit allowed” to **“wages taken into account”** for clarity in calculation.
- **Aggregation rules** clarified:
  - Related businesses under **IRC §414(b) and (c)** (e.g., controlled groups) are treated as a **single employer**.
  - But there's an **exception** if the employer can prove to the Secretary of Treasury that they **operate independently**.

In Plain English

- Employers who provide paid family or medical leave can **get a tax credit** for doing so.
- This update:
  - **Extends** the credit beyond its previously scheduled expiration.
  - **Expands eligibility** to include **insured leave plans**, not just direct employer-paid leave.
  - **Clarifies calculation** for premiums even if no leave was taken during the year.

Effective Date

- Applies to **tax years after enactment**; replaces older expiring versions of the credit.

Strategic Impacts

Stakeholder	Effect
Small & Medium Businesses	Increased flexibility to offer paid leave via insurance
Employers Using Leave Insurance	Now receive the same credit as self-funding employers
Treasury & IRS	Must verify aggregation exceptions and enforce rule consistency

SEC. 70305 — Exceptions from Limitations on Deduction for Business Meals

What this section does

This section makes **targeted changes to Section 274** of the Internal Revenue Code, which governs the **deductibility of business meal expenses**. It primarily does two things:

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1. Broadens Business Meal Deductibility

It amends **Section 274(o)** by changing:

"No deduction" →
"Except in the case of an expense described in subsection (e)(8) or (n)(2)(C), no deduction"

This legal tweak:

- **Creates new exceptions** to the general rule denying deductions for certain business meals.
- Allows deduction of **specific categories** of meals that meet new qualifications (described below).

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2. Special Rules for the Fishing Industry

It updates **Section 274(n)(2)(C)** to create a **deduction exception** for meals provided:

A. On fishing vessels

- Includes:
    - Fishing vessels
    - Fish processing vessels
    - Fish tender vessels
- As defined by **Title 46, U.S. Code §2101**

B. At fish processing facilities

- Conditions:
    - Must be **north of 50° north latitude** (i.e., far northern U.S., such as Alaska)
    - Must **not be located in a metropolitan statistical area**

This allows full meal cost deductions where previously the IRS limited deductions to 50%.

Effective Date

- Applies to **amounts paid or incurred after December 31, 2025**

Strategic Impacts

Group	Effect
Commercial Fishing Companies	Can fully deduct meals for crew and staff in remote facilities
Businesses in Remote Areas	Gain new tax efficiencies tied to meal provisioning
General Businesses	Slightly broader definitions for meal deductibility now apply
Treasury	Slight loss of tax revenue from restored deductions

SEC. 70306 — Increased Dollar Limitations for Expensing of Certain Depreciable Business Assets

What this section does

This section significantly **raises the cap on how much small businesses can immediately deduct** for capital purchases, rather than depreciating those costs over time.

What It Changes

1. Section 179 Deduction Limit Increased

- **Old limit**: $1,000,000
- **New limit**: **$2,500,000**

This is the **maximum amount** a business can deduct upfront for **qualified property** placed in service during the year.

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2. Phaseout Threshold Increased

- **Old phaseout begins at**: $2,500,000 in equipment purchases
- **New phaseout begins at: $4,000,000**

Once a business places **more than $4M** of qualified property into service, their Section 179 deduction begins to **phase out** dollar-for-dollar.

This means more mid-sized businesses can fully benefit from 179 expensing.

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3. Inflation Adjustments Updated

- The inflation adjustment mechanism now references:
    - **Calendar year 2024** for the new dollar limits in paragraphs (1) and (2)
    - **Calendar year 2017** for existing sub-paragraphs (like (5)(A))

This ensures the newly increased limits will continue to **rise with inflation** going forward.

Effective Date

- Applies to **property placed in service in tax years beginning after December 31, 2024**

Strategic Impacts

Group	Effect
Small Businesses	Can write off more capital equipment immediately, improving cash flow
Medium-Sized Firms	Benefit from higher phaseout threshold before deduction is reduced
Treasury	Front-loads deductions, reducing near-term tax receipts
Equipment Vendors	May see increased demand from buyers eager to claim deductions

SEC. 70307 — 100% Bonus Depreciation for Qualified Production Property

What this section does

This section allows taxpayers to claim an **immediate 100% depreciation deduction** for a new class of assets called **"Qualified Production Property"** — significantly boosting incentives for domestic industrial development.

Key Provision

Amends **Section 168** of the Internal Revenue Code by adding a new subsection **(n)**, which enables full expensing of **qualified production property** under these conditions.

What's Eligible?

To qualify for this **special depreciation allowance**, property must meet **all** of the following:

1. **Located in the U.S. or its territories**
2. **Nonresidential real property** (e.g., factory buildings, warehouses, etc.)
3. Used as an **integral part of a qualified production activity**
4. **Original use** begins with the taxpayer (new construction only)
5. **Construction starts** between:
    - **After Jan 19, 2025**, and
    - **Before Jan 1, 2029**
6. **Placed in service** before **Jan 1, 2031**
7. **Designated by the taxpayer via election** when filing taxes

If the taxpayer is a **lessor**, the lessee's use of the property **does not count** toward meeting the production activity requirement — it must be used **by the taxpayer** themselves.

How the Deduction Works

- For the year the property is placed in service:
    - **100% of its adjusted basis** (i.e., full value) is deductible
- The property's basis is then reduced by the full amount of the deduction before applying any future depreciation calculations.

Timeline Summary

Action	Date Requirement
Construction begins	Between Jan 20, 2025 – Dec 31, 2028
Placed in service	By Dec 31, 2030

In Plain English

If a company builds a **new manufacturing or production facility in the U.S.** during the 2025–2028 window and puts it into use by 2030, they can **immediately deduct the entire cost** of the building from their taxable income in the first year it opens.

Strategic Impacts

Stakeholder	Impact
Manufacturers & Builders	Major incentive for domestic factory construction
Real Estate Developers	Encourages private-sector investment in U.S. industrial property
Treasury	High upfront revenue loss; long-term tax deferral
U.S. Industrial Policy	Strong pro-manufacturing investment incentive

SEC. 70308 — Enhanced Tax Credit for Domestic Semiconductor Manufacturing

What this section does

This section increases the **investment tax credit** available to companies that build or expand **semiconductor manufacturing facilities** in the U.S.

Key Provision

Amends **Section 48D(a)** of the Internal Revenue Code (created by the CHIPS and Science Act of 2022), which governs the **Advanced Manufacturing Investment Credit**.

What's the Change?

- **Old credit rate**: 25%
- **New credit rate**: **35%**

This is a **non-refundable tax credit** against income tax, equal to **35% of the qualified investment** in property used to manufacture semiconductors or semiconductor equipment.

Eligibility

To qualify, investments must be in:

- Property used in **domestic semiconductor manufacturing**
- Facilities placed **in service after December 31, 2025**

Effective Date

- Applies to eligible property **placed in service after December 31, 2025**

Strategic Impacts

Group	Effect
Semiconductor Firms	Receive a bigger subsidy for domestic production
Supply Chain Strategists	Boosts reshoring of chip manufacturing post-COVID & geopolitical shocks
Treasury	Increases tax expenditure for industrial policy purposes
U.S. Tech & Defense	Supports national security and critical tech sovereignty

SEC. 70309 — Spaceports Equal Airports for Bond Financing

What this section does

This section expands tax-exempt bond eligibility rules by treating **spaceports the same as airports** under federal tax law. This opens new financing opportunities for the private space industry and related infrastructure.

Key Changes to Tax Code Section 142

1. Expands Eligible Facilities for Tax-Exempt Bonds

- **Old language**: “airports”
- **New language**: “airports and spaceports”
- This change allows **spaceport projects** to qualify for **tax-exempt private activity bonds** under **Section 142(a)(1)** of the Internal Revenue Code.

2. Allows Ground Leases on Federal Land

- Adds a special rule under **Section 142(b)(1)**:
    - If a **spaceport is built on land leased** from the U.S. government,

    - That land will still be considered **“owned by a governmental unit”** — a key legal requirement for tax-exempt financing.
- This prevents spaceport projects on federal land (like NASA or DoD sites) from being disqualified.

What Is a "Spaceport"?

A new subsection **142(p)** defines it clearly:

A **spaceport** includes any facility used for:

1. **Manufacturing, assembling, or repairing spacecraft** or their components
2. **Flight control operations**
3. **Providing launch and reentry services**
4. **Transferring crew, passengers, or cargo to or from spacecraft**

Terms Defined:

- **Space cargo** includes satellites, experiments, or any payload
- **Spacecraft** includes **launch vehicles** and **reentry vehicles**
- Also defines: **launch site**, **reentry site**, **crew**, **space flight participant**, **payload**, etc.

In Plain English

Spaceport developers — including **private aerospace companies** — can now access **tax-exempt bond financing**, just like airports. These bonds come with lower interest rates and are critical to financing high-capital infrastructure.

Strategic Impacts

Stakeholder	Effect
Space Industry (e.g. SpaceX, Blue Origin)	Can raise cheaper capital for U.S. launch facilities
State/Local Governments	More flexibility in partnering with spaceport operators
Federal Government	Encourages domestic launch infrastructure growth

Stakeholder	Effect
Tax Code	Adds spaceflight parity alongside air travel under bond rules

Subchapter B--Permanent America-first International Tax Reforms

PART I--FOREIGN TAX CREDIT

SEC. 70311 — Modifications Related to Foreign Tax Credit Limitation

What this section does

This section modifies **Section 904 of the Internal Revenue Code**, focusing on how U.S. multinational companies handle deductions and taxes related to foreign income — especially income from **Controlled Foreign Corporations (CFCs)**.

Key Provision: Allocation of Deductions for Foreign Tax Credit Limits

Adds a new paragraph **904(b)(5)** that changes how companies **allocate deductions** to **foreign-source income** for tax credit purposes.

New Rule:

When calculating the **foreign tax credit limitation**, taxpayers must:

1. **Allocate the following deductions to foreign income**:
   - Section **250(a)(1)(B)** deductions (primarily related to Global Intangible Low-Taxed Income, or **GILTI**)
   - Any **foreign taxes paid** on GILTI
2. **Exclude the following from foreign allocation**:
   - **Interest expense**
   - **Research & experimental (R&E) expenditures**
3. **Other deductions** can only be allocated to foreign income if **directly attributable**.

Any deduction not directly allocable must now be shifted to **U.S.-source income**, tightening the link between real economic activity and tax treatment.

Other Conforming Changes

Several technical adjustments are made:

- Fix cross-references in **Section 904(d)** for proper alignment
- Update **Section 951A(f)** to reflect these revised rules for GILTI

Effective Date

- These changes take effect **for tax years beginning after December 31, 2025**

In Plain English

This rule change tells multinational corporations:

"If you're calculating how much U.S. tax credit you get for taxes paid abroad, you can't reduce your foreign income artificially by dumping U.S.-based deductions like interest or R&D there."

It tightens rules to ensure only **foreign-related expenses** reduce **foreign-source income**, resulting in:

- Less foreign tax credit
- More **U.S. tax owed** on overseas income

Strategic Impacts

Stakeholder	Effect
Multinational Corporations	Higher effective tax on foreign profits (especially GILTI income)
U.S. Treasury	Gains revenue by curbing aggressive tax credit optimization
Tax Advisors	Must rework credit calculation strategies, especially for CFC-heavy firms

SEC. 70312 — Increased Deemed Foreign Tax Credits for GILTI, with New Restrictions

What this section does

This section makes two major changes to how U.S. multinational corporations compute and apply **deemed paid foreign tax credits**, especially related to income from Controlled Foreign Corporations (CFCs) under the **Global Intangible Low-Taxed Income (GILTI)** regime.

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1. Increased Deemed Paid Credit — From 80% to 90%

Under current law (**IRC §960(d)(1)**), U.S. shareholders of CFCs are allowed to claim a **foreign tax credit for 80%** of foreign taxes paid on GILTI. This section:

- **Raises that percentage to 90%**
- Also updates related **Section 78 "gross-up" rules** to match the 90% figure

📜 Effect: U.S. firms will now receive a **larger tax credit** for taxes paid to foreign governments on GILTI inclusions.

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2. New 10% Disallowance Rule on Previously Taxed Income

Introduces a **new paragraph (4)** to **Section 960(d)** that:

- **Disallows 10% of foreign tax credits** for distributions of CFC earnings that were previously taxed as GILTI but **excluded from gross income** under **§959(a)**.

Effect: Even though the income was already taxed (and normally excluded from being taxed again), **10% of the associated foreign taxes cannot be claimed as a credit** — essentially imposing a small residual U.S. tax on repatriated earnings.

Effective Dates

Provision	**Effective Date**
90% Credit Increase	Tax years beginning after Dec 31, 2025
10% Credit Disallowance	Applies to foreign taxes on amounts excluded after **June 28, 2025**

Strategic Impacts

Stakeholder	Effect
U.S. Multinationals	Get larger foreign tax credits (less double taxation)
Treasury	Slight loss of tax revenue from 90% rule, **partially offset** by new 10% disallowance
Tax Planners	Need to recalculate GILTI inclusion strategies

Stakeholder	Effect
Global Competitiveness	This aligns U.S. firms more favorably with OECD Pillar 2 minimum tax frameworks

SEC. 70313 — Sourcing Certain U.S.-Produced Inventory Sold Through Foreign Branches

What this section does

This section modifies **Section 904(b)** of the Internal Revenue Code to redefine how **U.S. companies determine the "source" of income** when they sell U.S.-made inventory through foreign branches.

New Rule for Inventory Sold Abroad

Under prior law:

- Income from inventory produced in the U.S. and sold abroad through foreign operations could still be considered **U.S.-sourced** — which limited how much foreign tax credit a business could claim.

This provision fixes that:

It adds a new sourcing rule that says:

If a U.S. company **sells U.S.-produced inventory abroad through a foreign office**, that income will now be considered **foreign-source income** — but only **up to 50%** of the total sale income.

Specific Criteria to Qualify:

To qualify for **partial foreign-source treatment**, the following must be true:

1. The seller is a **U.S. person**
2. They maintain a **foreign office or fixed place of business** (as defined under rules similar to Section 864(c)(5))
3. The property:
    - Is **produced in the United States**
    - Is **for use outside the United States**
    - Is sold outside the U.S.

4. **Only 50% of the sale income** may be treated as foreign-source — the other 50% is still U.S.-source

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Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

If a U.S. company makes products in the U.S., but sells them overseas through a **foreign branch or office**, it can now treat **half of the profits as foreign-source income**. This helps when claiming **foreign tax credits**, avoiding double taxation.

Strategic Impacts

Stakeholder	Effect
U.S. Exporters	More favorable sourcing for foreign tax credit purposes
Treasury	Moderate revenue loss due to expanded foreign credit eligibility
Global Tax Planners	More room to align operations and tax benefits

SEC. 70321 — Reduces FDII and GILTI Tax Deductions

What this section does

This section revises **Section 250(a)** of the Internal Revenue Code by lowering the deduction percentages available for:

1. **Foreign-Derived Intangible Income (FDII)**
2. **Global Intangible Low-Taxed Income (GILTI)**

These deductions were originally introduced in the 2017 Tax Cuts and Jobs Act (TCJA) to encourage U.S. companies to:

- **Keep intellectual property in the U.S.**
- **Return foreign earnings home**

Specific Changes

Type of Deduction	Old Rate	New Rate
FDII Deduction (250(a)(1)(A))	37.5%	**33.34%**
GILTI Deduction (250(a)(1)(B))	50%	**40%**

Additionally:

- Paragraph (3) of Section 250(a) is **deleted entirely**.
  (This paragraph contained transition rules and was likely obsolete.)

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

These changes mean U.S. multinationals will now get a **smaller tax break** when they:

- Earn profits from exports of goods or services tied to U.S. intellectual property (FDII)
- Include low-taxed foreign income from their subsidiaries (GILTI)

Strategic Impacts

Stakeholder	Effect
U.S. Multinationals	Slightly higher effective tax rates on foreign earnings
Treasury	Gains revenue by reducing large multinational deductions
Tax Planners	Must update models for FDII and GILTI income streams
OECD Alignment	This slightly reduces tax incentives seen as “harmful preferences” under global minimum tax standards

SEC. 70322 — New Rules for What Counts Toward FDII Deduction

What this section does

This section updates **Section 250(b)** of the Internal Revenue Code to clarify which types of income and deductions are included when calculating **deduction-eligible income** (used to compute the FDII deduction).

A. Sales or Dispositions of Certain Property Now Included in FDII

This provision adds a new subclause (VII) to Section 250(b)(3)(A)(i), stating:

Any **income or gain** from the sale or other disposition of:

1. **Intangible property** (as defined in Section 367(d)(4)), and
2. **Depreciable, amortizable, or depletable property**

...may now count toward **deduction-eligible income** for FDII purposes.

It also applies to:

- **Actual** and **deemed sales** (such as under Section 367(d))
- **Transfer pricing transactions**

B. Conforming Amendment

Section 250(b)(5)(E) is amended to ensure this new rule (subclause VII) is **not overridden** by general aggregation rules when calculating total gross income.

Effective Date for Sales/Dispositions

- Applies to **transactions occurring after June 16, 2025**

C. Limits on Expense Apportionment

Modifies Section 250(b)(3)(A)(ii) to ensure that:

- Only **expenses and deductions directly allocable** to foreign-derived gross income are counted.
- **Interest expense** and **research & experimental (R&E) costs** are **excluded** from this allocation.

This prevents companies from **reducing their FDII deduction** by artificially allocating broad overhead costs or non-foreign-related deductions to FDII income.

Effective Date for Expense Rule

- Applies to **tax years beginning after December 31, 2025**

In Plain English

This section tells businesses:

"You can now include **profits from selling IP or depreciable assets** as part of your FDII deduction — and when calculating how much deduction you get, you can't water it down by throwing in unrelated R&D or interest expenses."

Strategic Impacts

Stakeholder	Effect
U.S. Exporters with IP	Can now claim FDII deductions for IP and machinery sales
Tax Planners	Must refine income sourcing and deduction attribution
Treasury	Faces a modest revenue drop due to broader inclusion of deduction-eligible income

SEC. 70323 — "Global Intangible Low-Taxed Income" Is Now "Net CFC Tested Income"

What this section does

This section makes a comprehensive set of **terminology and structural changes** to the tax treatment of income earned by **Controlled Foreign Corporations (CFCs)** — U.S.-owned subsidiaries operating abroad.

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1. New Name: "GILTI" Is Rebranded

- **Old term**: Global Intangible Low-Taxed Income (**GILTI**)
- **New term**: **Net CFC Tested Income**

This change is made throughout **Section 951A** of the Internal Revenue Code:

- “GILTI” is **completely removed**
- The tax system no longer references "intangibles" in this context

This appears to be an effort to **reframe the provision** as a broader tax on foreign earnings, rather than implying it targets only intangible income.

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2. Repeal of Deemed 10% Return Exemption

- Under old rules, U.S. companies were allowed a **tax-free return of 10% on foreign tangible assets**
- That **“deemed return” is repealed**, so **all CFC income** is now considered net income for tax purposes

No more automatic exemption for “routine” returns on foreign factories or capital

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3. Structural Overhaul of Section 951A

- **Subsections (b)** and **(d)** are deleted
- Remaining subsections **renumbered and revised** accordingly

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4. Conforming Edits Across the Code

- **Section 250**, **Section 960**, and all related cross-references are updated to:
    - Use “net CFC tested income” instead of “GILTI”
    - Maintain the deduction structure, just under new terminology

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Effective Date

- These changes align with others in the international provisions, mostly **effective after 2025**

In Plain English

Congress is renaming and slightly reframing the way it taxes foreign subsidiaries. What used to be called **GILTI** is now just called **“net CFC tested income”**, and **a key exemption (10% return on assets) is removed**, meaning more foreign profits will be taxable.

Strategic Impacts

Stakeholder	Effect
U.S. Multinational Corporations	Lose a valuable exclusion; face more taxable foreign income
Treasury	Gains revenue; tightens tax base
Policymakers	Moves toward alignment with OECD Pillar Two rules by **removing preferences for tangible assets**
Tax Advisors	Must update all client-facing documents, modeling software, and filings for the new terminology and rules

PART III--BASE EROSION MINIMUM TAX

SEC. 70331 — Adjustment of the BEAT Rate and Technical Corrections

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What is BEAT?

BEAT is a tax intended to prevent large multinational companies from **shifting profits out of the U.S.** through **base-eroding payments**, like interest, royalties, and service payments made to foreign affiliates.

Key Modifications

This section makes the following changes to **Section 59A(b)**:

1. BEAT Rate Increase

- **Old Rate**: 10%
- **New Rate**: **10.5%**

This means companies subject to BEAT will now pay **a higher minimum tax** on their adjusted taxable income.

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2. Technical Restructuring of Paragraphs

- Paragraph **(2)** is removed.
- Paragraphs **(3) and (4)** are renumbered as **(2) and (3)**.

- Conforming references are updated throughout subsections (b), (e), and (i) to reflect the new structure.

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3. Other Edits

- Clarifies the correct reference to registered securities dealers and makes minor citation fixes:
    - Corrects cross-references between Section 59A and other parts of the tax code, such as:
        - Section **6038B(b)(2)** is corrected to **6038A(b)(2)**
        - Subsection references are adjusted from **(g)** to **(h)**

Effective Date

- These changes take effect for **taxable years beginning after December 31, 2025**

In Plain English

This provision slightly **increases the BEAT tax rate** and cleans up structural inconsistencies in the original law. It ensures more profits stay in the U.S. tax base and limits loopholes multinational firms might exploit through technicalities.

Strategic Impacts

Stakeholder	Impact
Multinational Corporations	Higher minimum tax liability on cross-border payments
Treasury	Gains revenue and improves enforcement clarity
International Tax Planners	Must reassess base erosion thresholds and related reporting
Policymakers	Supports ongoing global efforts to curb tax base erosion and profit shifting

PART IV--BUSINESS INTEREST LIMITATION

SEC. 70341 — Aligning Business Interest Deductions with Capitalization Rules

What this section does

This section amends **IRC Section 163(j)**, which limits how much interest businesses can deduct. It addresses how these limits interact with **interest capitalization rules** — i.e., cases where interest is not immediately deductible but must be added to the cost basis of assets (like inventory or construction projects).

Key Change: Unified Treatment of Deductible and Capitalized Interest

A new paragraph **(10)** is inserted into Section 163(j), introducing four main rules:

(A) All Interest Subject to the Same Limitation

- The 163(j) limit (generally 30% of adjusted taxable income) now **applies equally** to:
    - Interest you **deduct currently**, and
    - Interest you would **capitalize** under other tax provisions

In effect: Capitalized interest is now **counted toward** your 163(j) limit.

(B) Order of Applying the Deduction

If you can only deduct a portion of your total business interest:

1. The allowed amount is **applied first to capitalized interest**
2. Any remaining capacity is applied to deductible interest

This ordering rule ensures **capitalized interest gets priority treatment**

(C) Treatment of Disallowed Interest Carryforwards

If you **carry forward** disallowed business interest to future years:

- That interest is **no longer treated as capitalizable** in future years
- It will now be handled **only as a deductible item**, separate from asset capitalization

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(D) Definition of "Interest Capitalization Provision"

An "interest capitalization provision" includes any tax rule requiring or permitting interest to be:

1. **Charged to capital account** (i.e., added to asset basis), or
2. **Added to the basis of inventory or constructed assets**

Examples include:

- **Section 263A** (uniform capitalization)
- **Construction period interest rules**

Effective Date

- Implicitly applies with the rest of 163(j) changes — likely for **tax years after 2025**

In Plain English

This rule says:

"Even if your business interest would normally be added to the cost of inventory or buildings, you still have to count it toward the annual interest deduction cap. But when you are allowed to deduct some interest, you should deduct capitalized interest first."

Strategic Impacts

Stakeholder	Effect
Capital-Intensive Businesses	Must watch interest allocation and carryforward implications closely
Real Estate & Construction Firms	Capitalized interest now faces stricter limits under 163(j)
Treasury	Improves uniformity, prevents circumvention of 163(j) rules
CPAs & CFOs	Must rework models to reflect unified interest limitation tracking

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SEC. 70342 — DEFINITION OF ADJUSTED TAXABLE INCOME FOR BUSINESS INTEREST LIMITATION

What this section does

This section **expands the definition of Adjusted Taxable Income (ATI)** used to apply the **business interest deduction limitation** under **Section 163(j)**.

The business interest limit is generally:

You can only deduct business interest expense up to **30% of your adjusted taxable income (ATI)**.

Key Additions to ATI (New Clause vi)

The following items will now be **included in the definition of ATI**:

1. **Section 951(a)** — Subpart F income from controlled foreign corporations (CFCs)
2. **Section 951A(a)** — Global Intangible Low-Taxed Income (GILTI)
3. **Section 78** — “Gross-up” income related to foreign tax credits

Plus:

- Related **deductions** under:
    - **Section 245A(a)** (for certain dividends) — but only if included due to **Section 964(e)(4)**
    - **Section 250(a)(1)(B)** — for GILTI inclusion

These income items — previously **excluded from ATI** — now count when determining how much interest you can deduct.

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

Under current law, certain types of foreign income (like Subpart F and GILTI) were **not included** in the "income" used to calculate how much interest a business could deduct. This change says:

“You now have to include foreign earnings like GILTI and Subpart F income when measuring your business’s earnings for interest deduction purposes.”

That means **higher ATI**, and potentially **more allowable interest deductions**.

Strategic Impacts

Stakeholder	Effect
Multinational Corporations	May now deduct more interest due to expanded ATI base
Treasury	Potential revenue loss if interest deductions rise
Tax Planners & CFOs	Must revisit 163(j) models to factor in foreign income streams
Policy Analysts	Aligns with other reforms seeking consistency across international and domestic tax rules

PART V--OTHER INTERNATIONAL TAX REFORMS

SEC. 70351 — Making the "Look-Through Rule" for CFCs Permanent

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What Is the Look-Through Rule?

The **"Look-Through Rule"** under **IRC §954(c)(6)** allows a U.S. parent company to **disregard certain payments** (like interest, dividends, rents, and royalties) **between related foreign subsidiaries (CFCs)** for purposes of **Subpart F income**.

Prior Limitation

Previously, this rule had to be **renewed periodically by Congress**, and it was **set to expire after December 31, 2025**.

Key Change in This Section

This provision:

Strikes the sunset clause — removing the phrase "and before January 1, 2026" from **Section 954(c)(6)(C)**.

Effective Date

- Applies to **tax years of foreign corporations beginning after December 31, 2025**

In Plain English

U.S. multinational corporations can now **permanently ignore certain types of income** that pass between their foreign subsidiaries — which would otherwise be treated as **Subpart F income** and taxed immediately in the U.S.

This change **avoids immediate taxation** of foreign earnings when they just move around internally among a company's foreign arms.

Strategic Impacts

Stakeholder	Effect
U.S. Multinational Corporations	More tax deferral and simplified foreign structuring
Treasury	Loses some tax revenue due to reduced Subpart F inclusions
Global Tax Planners	Can structure foreign operations more freely without annual rule renewals
Congress	Avoids repeated extension debates (it’s now permanent law)

SEC. 70352 — No More “One-Month Deferral” for Foreign Subsidiaries’ Tax Year Alignment

---

Background: What Was the 1-Month Deferral?

Previously under **IRC §898(c)(2)**, a **Specified Foreign Corporation (SFC)** — typically a foreign subsidiary of a U.S. multinational — could **elect to use a tax year that ends one month later** than its U.S. parent’s tax year.

This deferral created a **timing mismatch** for inclusion of foreign income (like Subpart F and GILTI), which companies sometimes used for planning advantages.

What this section does

This section:

Repeals IRC §898(c)(2) — eliminating the 1-month deferral election entirely.

- The **paragraph is stricken**
- The remaining paragraphs are **renumbered** accordingly

Effective Date

- Applies to **taxable years of foreign corporations beginning after November 30, 2025**

Transition Rule (Subsection c)

If a foreign subsidiary must change its taxable year as a result:

1. The change is **deemed voluntary**
2. The change is **automatically approved** by the IRS (no special request needed)
3. The **Secretary of the Treasury** will provide rules for how to **allocate foreign taxes** between the short year and the new year

---

In Plain English

This rule ends a small-but-important tax deferral tactic. U.S. companies with foreign subsidiaries will now have to align their accounting years exactly — **no more one-month lag** that could delay or manipulate the recognition of foreign income.

"No more timing games with foreign subsidiaries' tax years — everyone now follows the same calendar."

Strategic Impacts

Stakeholder	Effect
U.S. Multinationals	Lose flexibility in timing GILTI/Subpart F income
Treasury	Gains tax revenue by closing timing loopholes
CFOs & Controllers	Must coordinate year-end reporting and closeouts more tightly
International Tax Planners	One less tool for smoothing intercompany income flows

SEC. 70353 — Stops “Downward Attribution” from Creating Artificial U.S. Tax Obligations

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Background: What Is “Downward Attribution”?

Under **IRC §958(b)**, U.S. tax rules can treat a U.S. person as owning stock **held by another person** — this is called **constructive ownership**.

After the 2017 TCJA, Congress allowed **U.S. persons to be treated as owning stock held by foreign parents or affiliates**, a practice known as **“downward attribution”**. This created **surprise Subpart F and GILTI inclusions** for many U.S. subsidiaries — even if they didn’t directly own the foreign entity.

What this section does

This provision **rolls back that change**, amending Section 958(b) to:

Prohibit downward attribution of stock from foreign persons to U.S. persons when applying constructive ownership rules in determining CFC status.

Specifically:

- Subparagraphs (A), (B), and (C) of **IRC §318(a)(3)** (which allowed this type of attribution) **no longer apply** when the owner is a **non-U.S. person** and the potentially attributed owner is a **U.S. person**.

This removes the **“surprise CFCs”** created by foreign-parented groups.

Additional Changes — New Section 951B

This bill also introduces a new section: **§951B — Amounts Included in Gross Income of Foreign Controlled United States Shareholders**.

It clarifies that:

- If a U.S. person is **controlled by a foreign entity**, special rules apply to ensure the U.S. tax base isn’t eroded.
- Subpart F and GILTI rules still apply — but are reframed under **foreign-controlled U.S. shareholder** rules.

This preserves some anti-abuse protection while **eliminating overreach** from the original 2017 change.

Effective Date

- Implied to apply after enactment, likely for **tax years beginning after December 31, 2025**

In Plain English

This rule says:

"If your foreign parent company owns a foreign subsidiary, we're no longer going to pretend you — the U.S. subsidiary — also own that foreign company, unless you really do."

It **undoes a controversial part of the TCJA** that exposed many unsuspecting U.S. firms to foreign income taxation without actual control.

Strategic Impacts

Stakeholder	Effect
U.S. Subsidiaries of Foreign Companies	Relief from unintended Subpart F or GILTI tax exposure
International Corporate Groups	More certainty in ownership structuring
Treasury	Small revenue loss, but closes an administrative burden
Tax Lawyers	Less need for workaround planning for "phantom CFCs"

SEC. 70354 — Tightening the Pro Rata Inclusion Rules for Subpart F and Section 956 Income

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What this section does

This section **rewrites and clarifies** how U.S. shareholders of a CFC determine their share of income that must be included in their U.S. tax return.

A. Redefined Inclusion Rule (New 951(a)(1))

If a foreign corporation qualifies as a **CFC (Controlled Foreign Corporation)** at any time during its tax year (called the "CFC year"), the U.S. shareholders must:

1. **Subpart F Inclusion**
    - Include their **pro rata share** of the CFC's Subpart F income

- Applies to any shareholder who owned stock **at any time** during the CFC year

2. **Section 956 Inclusion**
    - Include their share of investments in U.S. property under **§956**
    - Only applies to shareholders who held stock **on the last day** of the CFC year that the company was still a CFC
    - Excludes amounts that are already exempt under **§959(a)(2)**

B. Detailed Formula for Pro Rata Share (New 951(a)(2))

The shareholder's **pro rata share of Subpart F income** depends on:

- The amount of stock the shareholder **owned (under §958(a))**
- The **portion of the year** that:
    1. The shareholder **owned the stock**
    2. The shareholder **was a U.S. shareholder**
    3. The foreign corporation **was a CFC**

This avoids the situation where someone is taxed on foreign earnings during periods they had no ownership or the entity wasn't a CFC.

C. Timing of Income Inclusion (New 951(a)(3))

This new paragraph (truncated in the text) likely specifies:

The **taxable year** in which the shareholder must include their share of Subpart F or §956 income.

This ensures proper alignment with reporting and tax payment obligations.

Effective Date

- Applies to CFC years beginning after the bill's enactment (expected post–2025)

In Plain English

If you're a U.S. person who owns shares in a foreign company controlled by U.S. owners (a CFC), this rule spells out:

"You have to include your share of its income — but **only for the time you actually owned the stock and the company was a CFC**."

It ensures **fairness in how CFC income is allocated** and closes timing loopholes.

Strategic Impacts

Stakeholder	Effect
U.S. Shareholders of CFCs	Improved clarity on when and how much Subpart F and §956 income to include
Treasury	Reduces manipulation of inclusion timing
Tax Planners	Must track exact CFC status windows and ownership timelines
Global Firms	Ensures consistent application of anti-deferral rules

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CHAPTER 4--INVESTING IN AMERICAN FAMILIES, COMMUNITIES, AND SMALL BUSINESSES

Subchapter A--Permanent Investments in Families and Children

SEC. 70401 — Bigger Tax Credit for Employer-Supported Childcare

What this section does

This section enhances the **existing business tax credit** for employers who provide or support child care for their employees, under **IRC §45F**.

A. Bigger Credit for Childcare Expenses

- The base credit increases from **25% to 40%** of **qualified childcare expenditures**
- For **eligible small businesses**, the rate is boosted further to **50%**

This significantly improves the financial incentive for companies—especially small ones—to invest in child care.

B. Higher Maximum Credit Amounts

New dollar caps:

- **$500,000** maximum credit for large businesses (up from previous limit)

- **$600,000** for eligible small businesses

C. Annual Inflation Adjustment

- Starting in **2027**, both credit caps will be **adjusted for inflation**, using 2025 as the base year

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D. Definition of "Eligible Small Business"

A company qualifies if it meets a **modified version of the gross receipts test** from Section 448(c):

- Uses a **5-year average** of gross receipts instead of the normal 3-year test
- This broadens eligibility, particularly for growing businesses

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E. Credits Now Apply to Third-Party Intermediaries

- The credit can now also apply if an employer **contracts through an intermediary** (like a nonprofit or childcare broker) to deliver services via one or more qualified facilities

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In Plain English

"If your company helps employees with childcare—whether through an on-site facility or a third-party provider—you now get a **bigger tax credit**. Small businesses get even more help, and the cap rises with inflation."

Strategic Impacts

Stakeholder	Effect
Employers	More incentive to provide or sponsor child care
Small Businesses	Stronger credit and broader eligibility
Working Parents	Greater access to employer-sponsored care
Treasury	Modest revenue reduction to support workforce participation

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SEC. 70402 — Making the Adoption Tax Credit Partially Refundable

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What Is the Adoption Tax Credit?

Under current law, **IRC §23** provides a **nonrefundable tax credit** to help offset adoption-related costs (e.g., legal fees, court costs, travel, etc.). That means:

- You can **reduce your tax bill**, but you **can't get money back** if you owe no taxes.

What this section does

1. Makes $5,000 of the Credit Refundable

- New provision: Up to **$5,000** of the adoption credit can now be **refunded**, even if you owe no tax.
- This part of the credit is moved to **Subpart C** of the tax code — the section governing refundable credits like the Earned Income Tax Credit.

This change directly benefits **low-income and middle-income families** who may not owe enough tax to use the full credit.

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2. Inflation Adjustment Added for the Refundable Portion

- All key dollar amounts (like the $5,000 limit) will now be **adjusted annually for inflation**
- Uses 2025 as the base year, tied to the 2024 calendar year consumer price index

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3. Administrative Clarification on Credit Carryforwards

- Ensures that **only the nonrefundable portion** of the credit can be carried forward to future years
- Prevents taxpayers from trying to "double-dip" the refundable part across multiple tax years

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Effective Date

- These changes apply to **tax years beginning after December 31, 2024**

In Plain English

This law helps more families afford adoption by saying:

"Even if you don't owe any taxes, we'll still send you up to **$5,000 back** to help cover adoption costs."

And that amount will **grow each year with inflation**.

Strategic Impacts

Stakeholder	Effect
Adoptive Families	Receive upfront support for adoption costs regardless of tax liability
Low-Income Households	Can now access the credit where they previously couldn't
Treasury	Small revenue cost in exchange for broader access
Family Policy Advocates	Major win — incentivizes adoption across income levels

SEC. 70403 — Equal Treatment of Tribal Governments in the Adoption Credit

What this section does

This section amends the **definition of "special needs" children** under the federal **adoption tax credit** rules, ensuring that **Indian Tribal Governments (ITGs)** are recognized as legitimate authorities alongside states.

Key Changes to IRC §23(d)(3)

The statute currently requires that a **state determine a child to have "special needs"** for the taxpayer to qualify for the full adoption credit without needing to show actual expenses.

This section changes that to say:

A child determined to have special needs by an **Indian Tribal Government** will be treated the **same as if determined by a State**.

Specific Amendments:

1. Adds "or Indian tribal government" after "a State" in:
    - **Subparagraph (A)** — definition of eligibility
    - **Subparagraph (B)** — documentation requirements

Effective Date

- Applies to **tax years beginning after December 31, 2024**

In Plain English

Previously, if a child was classified as having special needs by a **tribal government**, that didn't automatically qualify adoptive parents for the full adoption credit. This bill fixes that by saying:

"If a tribal authority says the child has special needs, it counts — just like if a state agency said it."

Strategic Impacts

Stakeholder	Effect
Native American Families	Full access to adoption tax credits for children determined to have special needs
Tribal Governments	Equal recognition under federal law
Taxpayers	Clearer eligibility for claiming the maximum credit without proving expenses
IRS	Must update administrative guidance and forms to reflect ITG recognition

SEC. 70404 — Raising the Tax-Free Limit for Employer-Provided Dependent Care Benefits

What this section does

Under current law, employers can offer a **Dependent Care Assistance Program (DCAP)** — allowing employees to pay for child or dependent care expenses using **pre-tax dollars** (IRC §129). This reduces taxable income for working parents.

Key Change

This section raises the **annual exclusion limit** for these pre-tax benefits:

- **Old limit**: $5,000 (or $2,500 for married filing separately)
- **New limit**: **$7,500** (or **$3,750** for married filing separately)

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

If your employer offers a dependent care benefit program, you'll now be able to **set aside more of your paycheck tax-free** to help cover:

- Childcare expenses
- After-school programs
- Care for elderly or disabled dependents

"You get to **shield $2,500 more of your income** from taxes to help cover family care costs."

Strategic Impacts

Stakeholder	Effect
Working Parents	Bigger tax break for child and dependent care
Employers	Improved benefit programs without added cost
Treasury	Small revenue reduction in exchange for family support
Benefit Providers	May need to update plan limits and employee communications

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SEC. 70405 — Enhancement of the Child and Dependent Care Tax Credit (CDCTC)

What Is the CDCTC?

The **Child and Dependent Care Tax Credit** allows working families to get a tax credit for expenses incurred for child care or care for dependents (like elderly parents) so the taxpayer(s) can work or look for work.

Key Enhancements

This section updates the **"applicable percentage"** used to calculate the CDCTC:

1. Top Credit Rate Raised to 50%

- The **maximum credit** is now **50% of eligible care expenses**, up from the previous 35%.

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2. Two-Phase Income-Based Phaseout

- **Phase 1:**
    - Starts at **$15,000** of Adjusted Gross Income (AGI)
    - Reduces the credit rate by **1 percentage point per $2,000** of income above $15,000
    - **Floor: 35%** minimum rate after this first phase
- **Phase 2:**
    - Starts at **$75,000** AGI (or **$150,000** for joint filers)
    - Reduces the rate again by **1 percentage point per $2,000 (or $4,000 for joint returns)**
    - Floor drops to **20%** minimum after this phase

Effectively, high-income households will see a reduced benefit, but **low- and moderate-income families** will see a **much more generous** credit.

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

This section increases the benefit for families paying for dependent care. It says:

"We'll cover up to **half of your child care or elder care costs**, if your income qualifies — and even if your income is higher, you'll still get at least 20%."

Strategic Impacts

Stakeholder	Effect
Working Families	Substantial increase in child/dependent care affordability
Treasury	Revenue reduction to support family policy objectives
Employers	May see more workforce stability due to greater access to care
Policy Analysts	Aligns with long-term proposals to reduce child care cost burdens

Subchapter B--Permanent Investments in Students and Reforms to Tax-exempt Institutions

SEC. 70411 — Credit for Donating to K–12 Scholarship Programs

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What this section does

This section creates a new individual income tax credit under **IRC §25F** for contributions made to certain **scholarship granting organizations (SGOs)** that fund **K–12 education scholarships**.

Key Features of the Credit

1. Eligibility

- Available to **any U.S. citizen or resident**
- Applies to **cash donations** made to eligible SGOs
- The recipient students must:
  - Be from families with income **≤ 300% of area median gross income**
  - Be **eligible to attend public elementary or secondary school**

2. Credit Amount

- Maximum annual federal tax credit: **$1,700**
- If the taxpayer also claims a **state-level credit** for the same donation:
  - The federal credit is **reduced** by that state credit

3. Use of Funds

- SGOs must use donations **exclusively to fund scholarships**
- Scholarships must go to eligible students **within the donor's state**

State Participation

- The credit only applies in a **"covered State"** — a state that:
  - Elects to participate voluntarily
  - Establishes and maintains a list of recognized SGOs under the law

---

In Plain English

"If you donate to a state-approved scholarship program that helps low-income kids attend private or alternative K–12 schools, you can get up to **$1,700 off your federal taxes** — and your state taxes too, but not both in full."

This is essentially a **federal tax incentive to support school choice**, provided the state sets up the proper program infrastructure.

Strategic Impacts

Stakeholder	Effect
Charitable Donors	Incentivized to support school choice scholarships
Low-Income Families	More access to private school tuition support
Participating States	Can leverage both state and federal tax systems to encourage education donations
Public School Advocates	May raise concerns over redirection of funding to private education options

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SEC. 70412 — Tax-Free Student Loan Repayment by Employers

Background: CARES Act Temporary Provision

Under the **CARES Act of 2020**, employers could make **tax-free payments of up to $5,250** toward employees' student loans, as long as those payments were made by **December 31, 2025**. That cap was shared with tuition reimbursement.

What This Section Does

1. Makes the Benefit Permanent

- Strikes the language in IRC §127(c)(1)(B) that limits the exclusion to **payments made before January 1, 2026**
- Effectively **makes employer-paid student loan assistance a permanent, tax-free benefit**

2. Adds Inflation Adjustments

- Starting in **2027**, the **$5,250 limit** will be **increased annually for inflation**

- Uses **calendar year 2025** as the baseline for adjustments
- If the calculated adjustment isn't a multiple of **$50**, it's rounded to the nearest $50

Effective Date

- Applies to **employer payments made after December 31, 2025**

In Plain English

This section says:

"If your company helps you pay off your student loans — up to $5,250 a year — you won't owe income tax on that help, and your boss won't owe payroll tax on it either. And that limit will grow every year."

Strategic Impacts

Stakeholder	Effect
Employees with Student Debt	Ongoing tax-free help paying down loans
Employers	A cost-effective benefit to attract and retain talent
IRS & Payroll Systems	Must update systems to reflect inflation indexing
Treasury	Modest long-term revenue loss offset by workforce benefits

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SEC. 70413 — More Ways to Use 529 Plans for K–12 Education and Special Needs

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What this section does

A. Expands Definition of "Qualified Higher Education Expenses"

Under **IRC §529(c)(7)**, families can use 529 plan funds **tax-free** for more types of K–12 expenses — not just tuition.

Newly Eligible Expenses Now Include:

- **Tuition** (already included under previous rules)
- **Curriculum and curricular materials**

- **Books or instructional materials**
- **Online educational materials**
- **Tutoring and outside classes**, as long as:
    - Tutor isn't related to the student
    - Tutor is either:
        - A licensed teacher
        - A former teacher at a qualifying institution
        - A recognized subject matter expert
- **Standardized test fees**, including:
    - Norm-referenced tests
    - AP exams
    - SAT/ACT and college admission-related exams
- **Dual enrollment program fees** (college courses taken during high school)
- **Educational therapies** for students with disabilities:
    - Includes occupational, behavioral, physical, and speech-language therapies
    - Provider must be licensed/accredited

Effective Date for Expanded Use

- Applies to **distributions made after the bill is enacted**

B. Increase in Tax-Free Limit for K–12 Tuition

The previous law capped **K–12 tuition** at **$10,000 per year per student** from 529 accounts.

This section **doubles the cap to $20,000**.

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"You can now use your 529 savings account for **a much wider variety of educational costs** — from tutoring and test fees to learning materials and therapy services. And the tax-free spending limit for K–12 tuition just doubled."

This transforms 529 plans into a **K–12 family education savings powerhouse**, not just a college savings tool.

Strategic Impacts

Stakeholder	Effect
Parents	More flexibility and tax savings for broad education expenses
Students with Disabilities	Greater access to therapy and support services through tax-advantaged savings
Financial Planners	New strategies for education and family planning
Treasury	Some loss in tax revenue offset by improved education access

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SEC. 70414 — Use 529 Funds for Workforce Credentials and Certifications

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What this section does

This section expands the definition of **"qualified higher education expenses"** under IRC §529 to include **career-related certifications** and **credentialing expenses**, not just college or K–12 education.

A. Key Expansion: New Category of Eligible Expenses

Adds a new subparagraph:

"Qualified higher education expenses include **qualified postsecondary credentialing expenses**."

B. What Counts as a Qualified Postsecondary Credentialing Expense?

Defined in new §529(f) to include:

1. **Tuition, fees, books, supplies, and equipment** required for enrollment in a **recognized postsecondary credential program**
2. Other expenses incurred in connection with attending a recognized credential program, if they'd be covered for traditional college attendance
3. **Testing fees** required to obtain or maintain a credential
4. **Continuing education fees** needed to maintain a credential

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C. What Qualifies as a "Recognized Postsecondary Credential Program"?

A program is eligible if it is:

- Listed on a state workforce training list under the **Workforce Innovation and Opportunity Act**
- Listed in the **VA's WEAMS directory** (used by the Veterans Benefits Administration)
- Offers certification based on an exam by a **reputable credentialing organization** in the profession

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In Plain English

"You can now use your 529 education savings account for career-focused certifications — like HVAC, IT, nursing assistants, or any licensed job training programs — not just for college."

This opens up 529 savings to **working-class trades, veterans, and adult learners** pursuing certifications or continuing education.

Effective Date

- Applies upon enactment of the bill

Strategic Impacts

Stakeholder	Effect
Adult Learners	More flexible funding for career advancement
Parents & Students	Can use 529s for non-college workforce paths
Career Changers	Support for midlife or post-military transitions

Stakeholder	Effect
Treasury	Revenue-neutral shift in educational savings use

SEC. 70415 — Higher Tax on Wealthy Private Colleges and Universities

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Background

The **2017 Tax Cuts and Jobs Act** introduced a **1.4% excise tax** on the **net investment income** (e.g., endowment earnings) of certain large private colleges and universities with high per-student endowment values.

Key Modifications in This Section

1. Graduated Tax Rate Replaces Flat Rate

The previous **flat 1.4% tax** is replaced by **three brackets**:

Student-Adjusted Endowment	Tax Rate
$500,000 – $750,000	1.4%
$750,000 – $2 million	4.0%
Over $2 million	8.0%

A "student-adjusted endowment" is the **total value of investment assets** (not used directly for education) **divided by the number of students**.

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2. Who Must Pay This Tax?

Colleges and universities must pay if they meet all of the following:

- Are **private**, not public (not covered by Section 511(a)(2)(B))
- Have at least **3,000 tuition-paying students**
- More than **50% of students are located in the U.S.**
- Have a **student-adjusted endowment of at least $500,000**

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3. How Student Count Is Calculated

- Uses the **daily average number** of **full-time students** during the taxable year

- Determines the denominator for calculating the student-adjusted endowment

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In Plain English

"Wealthy private colleges with huge endowments per student will pay more tax on their investment profits — especially those with more than $2 million in endowment per student."

This creates a **graduated excise tax** to ensure the most well-funded institutions contribute more to the Treasury.

Strategic Impacts

Stakeholder	Effect
Ivy League & Similar Private Universities	Significant increase in excise tax liability
Mid-Tier Private Colleges	May fall into 4% bracket depending on assets
Treasury	Additional revenue from elite educational institutions
Public Policy Advocates	Encouragement for better use or redistribution of endowment wealth

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SEC. 70416 — Expanding the Tax on Excess Compensation in Tax-Exempt Organizations

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What This Section Does

This section expands the reach of the **IRC §4960 excise tax** — a 21% tax on **excessive compensation** paid by certain **nonprofit organizations** to their highest-paid employees.

A. New Rule for Who Is a "Covered Employee"

Previously, a "covered employee" was defined narrowly — often only the top five earners per year at a nonprofit.

This change **redefines "covered employee"** as:

Any employee or former employee of a tax-exempt organization who was ever one of its highest-paid workers **in any year beginning after December 31, 2016**.

That means:

- The **organization is now permanently tied** to those high-earners for excise tax purposes, even **after they leave**.
- Increases the number of people subject to the 21% excise tax on:
    - Compensation above $1 million
    - Parachute payments (e.g., large severance)

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"If a nonprofit ever paid someone a lot of money — even if that person left years ago — the IRS can now hit the organization with an excise tax if more big payouts happen in the future."

This prevents nonprofits from gaming the system by **timing payouts** or **cycling through executives** to stay under the radar.

Strategic Impacts

Stakeholder	Effect
Nonprofit Boards	Must track high-compensated individuals over multiple years
Former Executives	Their past pay may trigger future tax on the organization
Treasury	More consistent excise tax application, prevents circumvention
Watchdog Groups	Stronger tool to enforce nonprofit compensation limits

Subchapter C--Permanent Investments in Community Development

SEC. 70421 — Opportunity Zones: Permanent, Targeted, and Tuned-Up

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What Are Opportunity Zones?

Originally created in the **2017 Tax Cuts and Jobs Act**, Opportunity Zones allow investors to defer and reduce capital gains taxes by investing in **economically distressed communities** designated as OZs.

Key Changes in This Section

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1. Makes Opportunity Zones Permanent with Decennial Reviews

- **Current law**: OZ designations expire after a fixed period (~10 years).
- **New law**: OZ designations now follow a **"decennial" system**:
  - First "decennial determination date" is **July 1, 2026**
  - Then **every 10 years**, census tracts can be **re-evaluated and re-designated**
- This allows OZs to evolve over time, reflecting updated economic realities.

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2. Removes Special Rule for Puerto Rico

- Previously, **25% of all Puerto Rican census tracts** were automatically eligible.
- This special designation rule is **repealed effective December 31, 2026**.
- Puerto Rico will now be treated like other states, subject to the same criteria.

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3. Refines Definition of "Low-Income Community"

Eligibility for OZ designation is now tied to income metrics:

- A tract qualifies if:
  - **Outside metro areas**: Median family income ≤ 70% of state median
  - **Inside metro areas**: Median family income ≤ 70% of metro area median
- This makes eligibility **more nuanced and locally tailored**.

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4. Caps the Number of Zones Per State Per Period

- States may only designate a set number of OZs during **each decennial period**.
- Prevents over-saturation and ensures focus on **truly underserved areas**.

Effective Dates

Change	**Effective Date**
General rule changes	Upon enactment of the Act
Puerto Rico rule repeal	December 31, 2026

In Plain English

"The OZ program will now run **permanently**, but get reviewed and reset **every 10 years**. The rules are tightened to make sure only **genuinely low-income areas** qualify — and no more carve-outs for Puerto Rico."

Strategic Impacts

Stakeholder	Effect
Investors	Ongoing access to tax breaks, with more certainty
States	New responsibility to manage zone designations each decade
Communities	Better targeting to low-income neighborhoods
Treasury	More oversight and alignment with up-to-date data
Puerto Rico	Loses special status, must compete equally

SEC. 70422 — Boosting the Low-Income Housing Tax Credit Permanently

What Is LIHTC?

The **Low-Income Housing Tax Credit**, established in 1986, provides tax credits to developers for building or rehabilitating rental housing that is **affordable to low-income households**.

Key Changes in This Section

1. Increases State Allocations for Credits Permanently

Previous Law:

- Temporary increases were in place for **2018–2021**, but had **expired**.

New Law:

- A **permanent increase** in the state LIHTC allocation formula starting **after December 31, 2025**:
    - **Credit ceiling increases** from a base of 1.125x population to **1.12x**
- Inflation adjustments continue beyond this baseline.

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2. Updates the Tax-Exempt Bond "50% Test"

To qualify for **"4% credits"** under LIHTC, a project previously needed to finance **50% or more** of the development cost using **tax-exempt bonds**.

New Rule:

- Retains the 50% threshold, **but introduces a second path**:
    - **Only 25% of the project** needs to be financed with tax-exempt bonds **if** those bonds:
        - Are issued **after December 31, 2025**
        - Finance **at least 5% of the total project cost**

Why This Matters:

- Makes it easier for projects to qualify with **less reliance on bond capacity**
- This can **free up bond volume** for additional affordable housing projects

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3. Clarifies Timing for Rehab Projects

- For buildings undergoing **substantial rehabilitation**, the IRS treats both the original structure and the newly improved parts as being "placed in service" on the date the rehab finishes.
- This clarification is important for applying the new rules consistently to phased developments.

Effective Dates

Provision	Effective
Increased credit allocations	Calendar years after 12/31/2025
Tax-exempt bond update	Buildings placed in service in tax years after 12/31/2025
Rehab rules	Same as above

In Plain English

"States will now get **more federal funding every year** to support affordable housing construction. And developers will have an easier time qualifying for federal housing credits — especially if they only finance 25% of the project with government bonds."

Strategic Impacts

Stakeholder	Effect
States	More flexibility and funds to support affordable housing
Developers	Easier access to credits, especially for bond-financed projects
Low-Income Renters	Greater housing supply and affordability
Treasury	Increased federal housing expenditure with long-term economic returns

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SEC. 70423 — Making the New Markets Tax Credit Permanent

What Is the NMTC?

The **New Markets Tax Credit** program encourages private investment in low-income communities by offering tax credits to investors who provide capital to **Community Development Entities (CDEs)**. These entities then fund local businesses, health centers, housing projects, etc.

Until now, the NMTC was renewed periodically — most recently through 2025.

Key Changes in This Section

1. Permanently Authorizes the Credit

- Amends IRC §45D(f)(1)(H) to strike language limiting NMTC to calendar years 2020–2025
- Replaces it with:

"for each calendar year after 2019"

Result: The NMTC becomes a **permanent part of the tax code**.

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2. Limits on Carryforward of Unused Credits

- Clarifies the treatment of **unused NMTC allocation authority**
- Adds a **5-year carryforward rule**:
    - Unused allocations **must be used within 5 years**, or they expire
    - For allocations before 2026, all excess is treated as if it occurred in **2025** (a technical clean-up)

Effective Date

- Applies to **calendar years beginning after December 31, 2025**

In Plain English

"We're no longer waiting every few years for Congress to extend the New Markets Tax Credit. It's now permanent, but you must use any leftover allocation within 5 years."

Strategic Impacts

Stakeholder	Effect
Community Development Entities (CDEs)	More stability and long-term planning ability
Low-Income Communities	Consistent flow of private investment in jobs, schools, housing
Investors	Greater certainty when committing capital
Treasury	Codifies an existing program with broad bipartisan support

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SEC. 70424 — Letting All Taxpayers Deduct Charitable Donations Again

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Background

Normally, to deduct charitable donations from your taxes, you must **itemize deductions** (i.e., forgo the standard deduction). But during the pandemic (2020–2021), Congress let **non-itemizers** take a **limited deduction** for charitable giving:

- $300 for individuals
- $600 for joint filers

That provision **expired after 2021**.

What This Section Does

1. Brings Back the Charitable Deduction for Non-Itemizers — Permanently

- Restores the **"above-the-line" deduction** so taxpayers who don't itemize can still get a break for charitable gifts

2. Increases the Deduction Limits

Filing Status	Old Limit	New Limit
Single	$300	**$1,000**
Married Filing Jointly	$600	**$2,000**

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"Even if you take the standard deduction, you'll still be able to deduct **up to $1,000 (or $2,000 per couple)** of your donations to charity — every year, forever."

This opens the tax benefit of charitable giving to **tens of millions** of Americans who don't itemize.

Strategic Impacts

Stakeholder	Effect
Low/Mid-Income Taxpayers	Encourages more charitable giving with real tax savings
Nonprofits	Likely boost in donations from non-itemizers
Treasury	Modest revenue loss offset by civic engagement
Tax Preparers	Simpler, more inclusive deduction framework

SEC. 70425 — New 0.5% Floor on Charitable Contribution Deductions

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📚 **Background**

Under current tax law, individuals can deduct charitable contributions (subject to percentage limits based on income), **without a minimum donation threshold**.

What this section does

1. Establishes a 0.5% "Floor"

- Taxpayers can **only deduct charitable contributions** to the extent they **exceed 0.5% of their contribution base** (essentially, their adjusted gross income).

For example:
If your income is $100,000, only contributions **above $500** would be deductible.

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2. Priority Ordering of Deductible Contributions

Contributions are to be counted in this specific order **after** the 0.5% floor is applied:

1. Contributions to **private operating foundations**
2. Contributions to **certain private foundations**
3. Contributions to **50% charities** (public charities, etc.)
4. Contributions of **capital gain property** to 50% charities
5. Contributions of **ordinary income property**
6. Contributions to **organizations outside the U.S.**

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3. Carryforward Rule Modified

- If you can't deduct the full charitable amount in a given year (due to the 0.5% floor), the excess can be **carried forward** to future years.
- However, this carryforward only applies **if the donor exceeds the 0.5% threshold** in that future year.

Effective Date

- Applies to tax years **after December 31, 2025**

In Plain English

"You'll only get a tax break for your charitable donations if they add up to more than **half a percent of your income**. So small donors might not see any benefit unless they give a bit more."

This is essentially a **floor to prevent itemized deductions** for small-dollar contributions, likely intended to reduce administrative cost and minor revenue loss.

Strategic Impacts

Stakeholder	Effect
Small Donors (Itemizers)	May lose deduction for small charitable donations
High-Income Donors	Must cross higher threshold, but likely unaffected
Charities	Potential discouragement of small gifts
Treasury	Increased revenue from capped deductions

SEC. 70426 — Minimum Giving Threshold for Corporate Charitable Deductions

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📜 **Background**

Under current tax law (IRC §170), corporations may deduct **up to 10%** of their taxable income for qualified charitable contributions. There is **no minimum threshold**, meaning even very small gifts are deductible.

What This Section Does

1. Establishes a "Floor" for Deductibility

New rule: A corporation's charitable contributions are **only deductible** to the extent they:

- **Exceed 1%** of the corporation's taxable income, and
- **Do not exceed 10%** of taxable income

This introduces a **1% minimum giving threshold**.

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2. Limits Carryforward Rules

Corporations may carry forward unused contributions — but the rules are now stricter:

- **5-Year Limit**: Contributions not deducted in the year they are made **expire after five years**
- **Ordering Rule**: Current-year contributions are counted **before carryovers**
- **Floor Rule for Carryforward**: Contributions disallowed solely by the 1% floor can **only be carried forward** from years in which the **10% limit was also exceeded**

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"Corporations now have to give at least **1% of their income to charity** before they can take any tax deduction. And they can only carry forward unused donations for five years."

Strategic Impacts

Stakeholder	Effect
Large Corporations	Encourages larger-scale giving to unlock tax benefits
Small/Irregular Donors	May forfeit deductions for occasional or small donations
Treasury	Closes loopholes, reduces erosion of tax base
Nonprofits	Could receive more sizable, consistent gifts

SEC. 70427 — More Alcohol Tax Revenue Returned to Puerto Rico and the U.S. Virgin Islands

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Background: What's a "Cover-Over"?

Under federal law, when **distilled spirits** (like rum) are **produced in U.S. territories** (such as **Puerto Rico** or the **U.S. Virgin Islands**) and then sold on the U.S. mainland, the federal excise tax collected is **"covered over" (i.e., refunded)** to the territorial government.

- Historically, this cover-over amount has **fluctuated**.
- The most common cover-over rate was **$10.50 per proof gallon**, with periodic increases authorized by Congress.

What This Section Does

Raises the Cover-Over Rate to $13.25 — Permanently

- Amends Section 7652(f)(1) of the Internal Revenue Code
- States that the **cover-over rate for rum** is now:

"$13.25, or"

That's a **$2.75 increase per gallon** over the prior base rate.

Effective Date

- Applies to distilled spirits **brought into the U.S. after December 31, 2025**

In Plain English

"Puerto Rico and the U.S. Virgin Islands will now **get back $13.25 for every gallon of rum** they sell to the U.S. — and this rate is now locked in permanently."

This provides **reliable funding** to help pay for essential services and economic development in the territories.

Strategic Impacts

Stakeholder	Effect
Puerto Rico & USVI	Stable and increased revenue for local budgets

Stakeholder	Effect
Rum Producers in Territories	Greater investment certainty and industry support
U.S. Treasury	Slight revenue loss, politically supported
Territorial Governments	More autonomy and predictable federal support

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SEC. 70428 — Supporting Native Village Fisheries Through Tax-Exempt Nonprofits

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What this section does

This section ensures that **fishing-related activities** conducted by specific Native nonprofit entities in **remote Alaskan villages** are treated as **tax-exempt**, even if those activities generate revenue — so long as they support **community development goals**.

Who Does This Apply To?

Entities identified in **Section 305(i)(1)(D)** of the **Magnuson-Stevens Fishery Conservation and Management Act**, specifically:

- Native village organizations involved in the **Western Alaska Community Development Quota (CDQ) Program**
- Their **wholly owned subsidiaries**

What Activities Are Covered?

The following activities in the **Bering Sea and Aleutian Islands** statistical reporting areas are deemed **"substantially related"** to the nonprofits' exempt purposes:

- Harvesting fish
- Processing
- Transportation
- Sales and marketing of fish and fish products

As long as these activities further the **community development goals** listed in Section 305(i)(1)(A) of the Magnuson-Stevens Act, they qualify.

Treatment of Subsidiaries and Transfers

If a **wholly owned subsidiary** of a covered nonprofit engages in these activities and **transfers its fishing business assets back to the parent nonprofit** within 18 months of the bill's enactment:

1. **No taxable gain** is recognized on the transfer (for either the subsidiary or the parent)
2. **All income** derived from the transferred business is **exempt from federal taxation**

Effective Date

- **Immediately** upon the enactment of this legislation
- Applies **as long as** the **Western Alaska CDQ Program** exists

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In Plain English

"This law protects Native-run nonprofit fishing groups in Alaska from federal taxes on their fishing operations, even when they make money — as long as the money helps local communities. It also ensures that if a nonprofit brings a fishing business in-house, they won't be hit with a tax bill."

Strategic Impacts

Stakeholder	Effect
Native Village Entities	Secures tax-free operations in support of local development
Subsidiary Corporations	Encouraged to consolidate into nonprofits without tax penalty
Treasury	Accepts foregone revenue in support of tribal economic policy
Fishing Industry in Alaska	Enhanced support and stability for community-led businesses

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SEC. 70429 — Bigger Tax Break for Native Alaskan Whaling Expenses

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What This Section Does

Under current law, individuals who incur **personal expenses** in support of **Native Alaskan subsistence whaling activities** can claim a limited charitable tax deduction — up to **$10,000 per year**.

This section **raises that limit**:

Increased from $10,000 → $50,000

This change amends **IRC §170(n)(1)**.

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"If you support Native Alaskan whaling activities — including providing gear, transportation, or logistical help — you can now deduct up to **$50,000** of those expenses on your taxes."

This significantly **boosts tax support for traditional Native practices**, particularly for whaling captains and their support teams.

Strategic Impacts

Stakeholder	Effect
Native Alaskan Whaling Captains	Greater recognition and support for cultural activities
Whaling Crews & Communities	More financial backing for subsistence hunts
Treasury	Modest revenue impact, culturally targeted

SEC. 70430 — Easing Tax Accounting Rules for Residential Construction

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Background

For tax purposes, businesses must typically use the **percentage-of-completion accounting method** for long-term contracts. This method spreads income and expenses across the duration of the project, which can accelerate taxable income recognition.

However, there has long been an **exception** for **home construction contracts**, allowing these projects to use more favorable tax accounting methods — such as the completed-contract method.

What This Section Does

1. Broadens the Exception to Include More Residential Projects

- Replaces the term **“home construction contract”** with **“residential construction contract”**
- Applies to **more types of residential projects** — not just single-family homes

2. 3-Year Safe Harbor for Non-Home Residential Contracts

- If the project is **not a traditional “home”**, it can still qualify for the exception **if it lasts 3 years or less**
- This makes it easier for **larger apartment or multi-unit projects** to qualify

3. Makes Terminology Consistent in Tax Law

- Updates cross-references and definitions in both:
    - **Section 460(e)** (accounting for long-term contracts)
    - **Section 56(a)(3)** (alternative minimum tax treatment)

Effective Date

- Applies to **contracts entered into in taxable years beginning after enactment**

In Plain English

“Builders of apartment buildings and other residential projects—not just homebuilders—can now defer taxes by using more favorable accounting methods, if their projects are relatively short-term (under 3 years).”

Strategic Impacts

Stakeholder	Effect
Residential Developers	Lower upfront tax liability and simpler accounting
Tax Accountants & CPAs	Broader application of existing deferral techniques
IRS & Treasury	Slight revenue deferral, offset by simplification benefits
Multifamily Housing Sector	Increased tax predictability may spur investment

Subchapter D--Permanent Investments in Small Business and Rural America

SEC. 70431 — Bigger Tax Breaks for Investing in Startups & Small Businesses

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What Is QSBS?

Qualified Small Business Stock (QSBS) is stock in certain small businesses (typically C corporations with less than $50M in assets) that, when held long enough, allows **capital gains to be excluded from tax**.

Previously, the rules allowed:

- **50%, 75%, or 100% exclusion** depending on the acquisition date
- The stock must be **held for at least 5 years**

What This Section Does

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1. Introduces a New Holding Period-Based Exclusion Schedule

Instead of relying on acquisition date alone, taxpayers now get **gradually increasing exclusions** based on how long the QSBS is held after the bill's enactment:

Holding Period	% of Gain Excluded
3 years	50%
4 years	75%
5+ years	100%

- Applies to QSBS **acquired after the bill's "applicable date"**
- Keeps prior law in place for **older QSBS** (acquired before the applicable date)

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2. Clarifies Key Definitions

- **Applicable Date**: Date of enactment of this Act
- **Acquisition Date**: The day stock is first held by the taxpayer after applying **IRC §1223** (which governs holding periods)

3. Alternative Minimum Tax (AMT) Treatment Preserved for Older Stock

- **QSBS acquired before 2010** will **still be excluded from the AMT preference item calculation**
- This preserves favorable tax treatment for legacy stockholders

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Effective Date

- Applies to **QSBS acquired after the enactment date**

In Plain English

"If you invest in a qualified small business and hold the stock for at least 3 years, you'll now get at least **half your capital gains excluded from tax**. Hold it for 5 years or more, and you can exclude **all of it** — no taxes on the gain."

Strategic Impacts

Stakeholder	Effect
Startup Founders	Attracts more investment with clear tax incentives
Angel Investors & VCs	Incentivizes longer-term holdings in small businesses
Treasury	Foregone revenue, especially after 5-year holding
Capital Markets	Could increase startup equity investment nationwide

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SEC. 70432 — Making It Easier to Start a Business: Permanent Tax Deduction

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Background

Under current tax law (IRC §195), entrepreneurs can deduct up to **$5,000** in **start-up costs** in the year their business begins — with any excess amortized over 180 months. However, this benefit **phases out** dollar-for-dollar once start-up costs exceed **$50,000**.

What This Section Does

1. Makes the $5,000 Deduction Limit Permanent

- The $5,000 deduction (for:
    - market research
    - legal fees
    - advertising before launch, etc.) becomes **a permanent part of the tax code**, rather than a temporary benefit.

2. Applies to Both Start-Up and Organizational Costs

- Applies not just to "start-up" costs (under IRC §195), but also to:
    - **Organizational expenditures for corporations** (IRC §248)
    - **Organizational expenditures for partnerships** (IRC §709)

This unifies and **standardizes treatment across business types**.

3. Maintains the $50,000 Phaseout Threshold

- If total qualifying expenses exceed $50,000, the $5,000 deduction continues to phase out — just as under existing rules.

Effective Date

- Applies to **amounts paid or incurred after December 31, 2025**

In Plain English

"If you're starting a new business — whether a corporation, partnership, or sole proprietorship — you can deduct up to $5,000 in costs right away, instead of spreading them out over 15 years. This simplifies taxes for entrepreneurs."

Strategic Impacts

Stakeholder	Effect
Entrepreneurs	Reduces start-up cost burden in the first year
Small Businesses	More cash flow in critical early phases
Tax Preparers	Consistent treatment across all business structures

Stakeholder	Effect
Treasury	Modest upfront revenue loss, long-term neutral

SEC. 70433 — Raises the 1099 Reporting Threshold from $600 to $2,000

Background

Under current law (IRC §6041), if you pay someone **$600 or more** in a year for services (like independent contractors), you're required to **file a Form 1099** with the IRS and provide a copy to the recipient.

This rule has **not been updated in decades**, meaning even modest payments triggered reporting burdens.

What This Section Dose

1. Increases the Threshold from $600 → $2,000

- Amends IRC §6041(a)
- **New rule**: Only payments **equal to or exceeding $2,000** in a year require a 1099

2. Adjusts for Inflation Starting in 2027

- Beginning in **calendar year 2027**, the $2,000 threshold will:
    - Be adjusted annually for inflation, using the IRS cost-of-living adjustment formula
    - Rounded to the nearest **$100**

3. Applies to Related Rules

- Aligns several other tax provisions to reflect the new $2,000 threshold, including:
    - **Backup withholding rules** under §3406
    - **1099-MISC/1099-NEC filing triggers**
    - Cross-references in related sections (conforming amendments)

Effective Date

- Applies to **payments made after December 31, 2025**

In Plain English

"You won't need to send a 1099 tax form for freelance or contractor payments unless they're **$2,000 or more** in a year — and this threshold will now grow with inflation."

Strategic Impacts

Stakeholder	**Effect**
Small Businesses	Less paperwork for minor payments
Gig Workers/Freelancers	Fewer 1099s for small side jobs
IRS	More streamlined data collection
Treasury	Potential revenue loss from fewer reported transactions

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SEC. 70434 — Letting Musicians Deduct Recording Costs Like Film Producers

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Background

Under **IRC §181**, producers of **qualified film, TV, and live theatrical productions** can **immediately deduct** up to a certain amount of production costs rather than spreading them out over many years.

However, **sound recordings** (albums, EPs, etc.) were not eligible — until now.

What This Section Dose

1. Adds "Qualified Sound Recording Production" to IRC §181

- Treats music recordings like films and stage plays for tax purposes
- Producers can **elect to expense** (i.e., deduct immediately) qualified sound recording production costs

2. $150,000 Deduction Limit

- New subsection sets a **$150,000 limit per production**
- This limit also applies to the **total** deduction across all qualified productions in a year

3. No Double Benefit

- A producer **can't also amortize or deduct** the same costs under other sections — this avoids double dipping

4. Defines "Qualified Sound Recording Production"

- Must be:
  - A **sound recording** (defined by 17 U.S.C. §101)
  - **Produced and recorded in the United States**

Effective Date

- Applies to **taxable years beginning after enactment**

In Plain English

"Musicians and producers who record albums in the U.S. can now deduct up to **$150,000** in production costs right away on their taxes — just like movie and theater producers."

This helps independent artists, studios, and labels manage upfront costs and improve cash flow.

Strategic Impacts

Stakeholder	Effect
Music Producers	Encouraged to invest in U.S.-based recordings
Independent Artists	Access to similar tax tools as major media creators
Treasury	Modest cost, potential boost in domestic production
IRS	Adds consistency across creative industries

SEC. 70435 — Tax Break for Lending to Rural and Agricultural America

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What This Section Does

This provision encourages banks and financial institutions to **lend more affordably to rural and farming communities** by making part of the **interest income they earn on those loans tax-exempt**.

Key Provisions

1. 25% Tax Exclusion on Interest Earned

- **Lenders can exclude 25% of the interest income** received on qualified loans secured by:
    - **Rural real estate**, or
    - **Agricultural real estate**

That means they pay taxes on only 75% of interest earned from such loans.

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2. Who Qualifies as a "Lender"?

- Banks and savings associations (FDIC insured)
- State- or federally-regulated insurance companies
- Entities owned by U.S.-based bank or insurance holding companies
- Farm Credit System institutions (like those authorized under the **Farm Credit Act of 1971**)

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3. What Counts as a “Qualified Real Estate Loan”?

To qualify for the tax exclusion, the loan must:

- Be **secured by rural or agricultural property** (or a leasehold mortgage on such property)
- Be made to a **non-foreign entity**
- Be originated **after this law is enacted**

Effective Date

- Applies to **loans made after the date this Act is enacted**

In Plain English

“If a bank or lender makes a loan backed by a farm or rural property in the U.S., **25% of the interest they earn will be tax-free**. This gives them an incentive to offer better loan terms to rural borrowers.”

Strategic Impacts

Stakeholder	Effect
Rural Borrowers	Could benefit from lower interest rates and better loan terms
Banks & Lenders	Receive a new tax incentive to lend into underserved regions
Treasury	Revenue trade-off for rural development investment
Agricultural Economy	Encourages investment in farms, land, and infrastructure

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SEC. 70436 — Cuts Transfer and Manufacturing Taxes for Most Firearms (Except Machine Guns & Destructive Devices)

Background

Under current law, when certain firearms are **transferred** (sold/gifted) or **manufactured**, the federal government imposes excise taxes under the **National Firearms Act (NFA)**:

- Typically **$200 per transfer or manufacture**
- Applies to regulated weapons like machine guns, silencers, and destructive devices

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What This Section Does

1. Reduces the Tax on Transfers (Section 5811)

- New rule:
  - **$200** tax **only** applies to:
    - **Machine guns**
    - **Destructive devices**
  - For **all other firearms**:

Tax reduced to $0

2. Reduces the Tax on Manufacturing (Section 5821)

- Similar rule:
  - **$200** tax still applies to making machine guns or destructive devices
  - **All other NFA firearms** made (like suppressors or short-barreled rifles):

Tax is reduced to $0

3. Conforming Amendment to Section 4182

- Ensures consistency in how the tax-exempt status is treated:
    - If a firearm falls under the $0-tax category, it is **still treated as if the tax was paid** for compliance purposes

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Effective Date

- Applies to **calendar quarters starting more than 90 days** after the law's enactment

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In Plain English

"This law eliminates the $200 tax on most firearm transfers and manufacturing — **unless you're dealing with a machine gun or a destructive device.** If you're transferring or making a suppressor or other NFA item, **you no longer owe that tax.**"

Strategic Impacts

Stakeholder	Effect
Gun Owners & Builders	Reduced financial barriers to legal ownership
Firearm Manufacturers	Fewer federal tax burdens for non-machinegun items
ATF & Treasury	Revenue loss from lower NFA tax collections
Public Debate	Potential attention to regulatory and policy shifts

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SEC. 70437 — Spreading Out Capital Gains Tax When Selling Farmland to Farmers

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What this section does

This provision creates a **capital gains tax deferral option** for taxpayers who sell farmland to qualified farmers — enabling them to pay their tax bill in **four equal annual installments** instead of all at once.

Key Provisions

1. Installment Election for Farmland Sales

If a taxpayer **sells or exchanges "qualified farmland property"** to a **"qualified farmer"**, they can elect to:

Pay the capital gains tax over four years, in equal installments.

This applies only to the **capital gains tax portion** of their total income tax liability for that sale.

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2. Timing of Installments

- **1st Payment**: Due on the **normal tax filing date** for the year of the sale
- **Subsequent Payments**: Each due on the **tax filing date** for the next three years

3. Acceleration Clause

If the taxpayer:

- Misses a payment
- Dies (if an individual), or
- Liquidates or ceases business (if a C corp, trust, or estate),

Then:

All remaining payments become due immediately

This ensures the IRS isn't left holding the bag if the seller exits the tax system.

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4. Key Definitions

- **Qualified Farmland Property**: Farmland used in farming or ranching (to be defined in IRS regs)
- **Qualified Farmer**: Likely defined as someone who materially participates in farming or meets certain farming income thresholds (specific definition TBD in regulations)

Effective Date

- Applies to **sales made after the bill's enactment**

In Plain English

"If you sell farmland to a real farmer, you won't have to pay all your capital gains taxes at once — you can spread them out over four years. But if you miss a payment or shut down your business, you'll owe the whole amount right away."

Strategic Impacts

Stakeholder	Effect
Farmland Owners	Reduces the tax shock of transferring land to working farmers
Family Farms	Encourages generational or mission-aligned land transfers
Treasury	Neutral timing shift in revenue; encourages land use continuity
Rural Economies	Promotes retention of farmland in active agricultural use

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SEC. 70438 — Extension of Tax Relief for Disaster Victims

Background

This section ties into the **Taxpayer Certainty and Disaster Tax Relief Act of 2020**, which provided **special tax rules** for individuals suffering **personal property losses due to federally declared disasters**.

What This Section Does

This new provision **extends those same tax relief rules** by amending the law as follows:

- Wherever the prior law (from 2020) referred to:

"the date of the enactment of this Act"

— it will now be read as:

"the date of the enactment of this section" (i.e., the current 2025 bill)

In Plain English

"The same tax breaks that disaster victims got under the 2020 relief law will now also apply to **future disaster victims**, based on the date this new law is passed."

What Kind of Relief?

Under the original 2020 law (referenced here), taxpayers in disaster areas were allowed to:

- Deduct **personal casualty losses** even if they didn't itemize deductions
- Avoid the typical **10% of AGI limitation**
- Use **prior-year income** to calculate loss benefits

These special rules are now **revived and extended**.

Effective Date

- Kicks in on the **date this bill is enacted**
- Applies to any **future disaster losses** from that point forward

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Strategic Impacts

Stakeholder	Effect
Disaster Victims	Easier, faster tax relief for personal property losses
IRS	Must extend temporary rules into ongoing permanent status
Congress	Reaffirms bipartisan disaster support policies

SEC. 70439 — Restoring Flexibility for Real Estate Investment Trusts (REITs)

Background

A **Real Estate Investment Trust (REIT)** can own a **Taxable REIT Subsidiary (TRS) —** a separate business that allows REITs to provide non-core services (e.g. hotel management, property services) while maintaining favorable REIT tax treatment.

The IRS limits how much of a REIT's total assets can be invested in TRSs:

- Before 2017: up to **25%**
- After 2017 (under the TCJA): reduced to **20%**

What This Section Does

- **Increases the TRS asset cap back to 25%** of a REIT's total assets
- Specifically, this amends:
    - **IRC §856(c)(4)(B)(ii)**
    - Changes the TRS limit from "20 percent" to "25 percent"

Effective Date

- Applies to **taxable years beginning after December 31, 2025**

In Plain English

"REITs can once again have up to **25% of their assets** invested in taxable subsidiaries that perform non-REIT business activities — up from the current 20% limit."

Strategic Impacts

Stakeholder	Effect
REITs (e.g. real estate investment firms)	More flexibility to engage in side businesses via TRSs
TRSs (hotel mgmt, parking, leasing arms)	Larger potential asset base within REIT ownership
Treasury	Slight reduction in taxable REIT restriction
Investors	REITs may become more diversified, with more service exposure

CHAPTER 5--ENDING GREEN NEW DEAL SPENDING, PROMOTING AMERICA-FIRST ENERGY, AND OTHER REFORMS

Subchapter A--Termination of Green New Deal Subsidies

SEC. 70501 — Ends Used EV Tax Credit Early

What This Section Does

This is a **one-line amendment** that:

Moves up the expiration date of the federal **tax credit for purchasing previously-owned clean vehicles (used EVs)**

Specific Change

- Amends **Section 25E(g)** of the Internal Revenue Code
- Changes the **expiration date** for the used EV tax credit:
  - **From:** December 31, 2032
  - **To:** September 30, 2025

In Plain English

“The $4,000 federal tax credit for buying a used electric vehicle will now expire at the **end of September 2025**, instead of continuing through 2032.”

Strategic Impacts

Stakeholder	Effect
EV Buyers	Fewer incentives for used EV purchases post-2025
Auto Dealers	May see dip in used EV demand after credit ends
Treasury	Cuts federal spending on green subsidies earlier
Environmental Advocates	Likely to oppose rollback of EV support

SEC. 70502 — Ends Tax Credit for New Electric Vehicles Early

What This Section Does

This provision **terminates the federal tax credit** that was available for the purchase of **new clean vehicles**, including electric and fuel-cell vehicles.

Specific Legislative Changes

1. Amends IRC §30D(h)

- **Old rule**: The credit applied to vehicles **placed in service before December 31, 2032**
- **New rule**: Credit ends for vehicles **acquired after September 30, 2025**

So, you can still claim the credit **if you buy a new EV before October 1, 2025**.

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2. Cleans Up Related Statutory Language

- Removes multiple subclauses from:
  - §30D(e)(1)(B)(v)
  - §30D(e)(2)(B)(iv)-(vi)
- These clauses related to advanced battery qualifications, income limits, and MSRP caps — which now become irrelevant with the credit's termination

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Effective Date

- **Applies to new clean vehicles acquired after September 30, 2025**

In Plain English

"The $7,500 tax credit for buying a new EV will expire at the end of **September 2025** — seven years earlier than originally planned."

Strategic Impacts

Stakeholder	Effect
EV Buyers	Major reduction in affordability for new EVs post-2025

Stakeholder	Effect
Automakers (esp. EV-focused)	Loss of a key sales incentive
Treasury	Budget savings by ending subsidy earlier
Climate/Environment Advocates	Strong opposition expected — may slow EV adoption

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SEC. 70503 — Ends Tax Credit for Commercial Electric and Clean Vehicles

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What This Section Does

It **shortens the lifespan** of the tax credit under **IRC §45W**, which previously offered a credit to businesses and tax-exempt organizations for buying **clean commercial vehicles**, such as:

- Electric delivery vans
- Electric buses
- Fuel-cell trucks

Legislative Change

- Amends **§45W(g)** of the Internal Revenue Code:
    - **Old expiration**: December 31, 2032
    - **New expiration**: September 30, 2025

In Plain English

"The commercial clean vehicle tax credit — for businesses that buy electric trucks, vans, or buses — will now **end in September 2025**, seven years earlier than expected."

Strategic Impacts

Stakeholder	Effect
Commercial Fleets	Lose incentive to electrify fleet after 2025

Stakeholder	Effect
Clean Vehicle Manufacturers	Reduced demand in business and government sectors
Treasury	Budget savings via early termination
Environmental Advocates	Potential concern over slowed fleet decarbonization

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SEC. 70504 — Ends Tax Credit for EV Charging & Alternative Fuel Infrastructure Early

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What This Section Does

This provision modifies **IRC §30C**, which provides a **tax credit** for installing:

- **Electric vehicle (EV) charging stations**
- **Hydrogen** refueling stations
- Other **alternative fuel infrastructure**

Specific Change

- **Old expiration**: December 31, 2032
- **New expiration**: **June 30, 2026**

So the credit will end **6.5 years earlier** than planned.

Effective Date

- Applies to **qualifying property placed in service after June 30, 2026**

In Plain English

"You can still claim a tax credit for installing EV chargers and hydrogen stations — but only if you do it **before July 1, 2026**."

Strategic Impacts

Stakeholder	Effect
Individuals & Businesses	Less incentive to build out EV/hydrogen infrastructure
Clean Energy Sector	Potential setback for charging access in rural areas
Treasury	Reduces federal subsidy spending
Climate Policy Advocates	Likely to oppose rollback of infrastructure incentives

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SEC. 70505 — Ends Tax Credit for Energy-Efficient Home Improvements in 2025

What This Section Does

This provision **shortens the lifespan** of the **IRC §25C** tax credit, which helps homeowners offset the cost of certain energy-saving upgrades, such as:

- Insulation
- New windows and doors
- High-efficiency furnaces, boilers, and heat pumps

Legislative Changes

1. Accelerates the Sunset Date

- Old rule: Eligible upgrades qualified for the credit through **December 31, 2032**
- New rule: Credit only applies to items **placed in service after December 31, 2025**

That effectively **ends the credit starting January 1, 2026**

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2. Conforming Definition for Furnaces & Boilers

- Redefines eligible heating systems (IRC §25C(d)(2)(C)) to include:
  - Oil furnaces or hot water boilers that:
    - Meet **2021 Energy Star** criteria, and
    - Are rated for use with **at least 20% biofuel** blends

In Plain English

"The tax credit for energy-efficient windows, doors, insulation, and heating equipment will **end after 2025**. Also, to qualify before that deadline, your oil boiler must use at least **20% renewable fuel**."

Strategic Impacts

Stakeholder	Effect
Homeowners	Need to act before 2026 to claim this credit
HVAC & Energy Contractors	May see demand drop for retrofits after expiration
Treasury	Cuts future outlays on home efficiency incentives
Energy Efficiency Advocates	Likely concern over weakening climate-related incentives

SEC. 70506 — Ends Tax Credit for Residential Solar & Clean Energy Systems in 2025

What This Section Does

This provision **terminates the residential clean energy tax credit** (IRC §25D) — currently available for homeowners who install:

- **Solar panels**
- **Solar water heaters**
- **Geothermal heat pumps**
- **Small wind turbines**
- **Battery storage**

Specific Legislative Changes

1. Sunset Date Change

- **Old Rule**: Tax credit applied to systems installed **through 2034**
- **New Rule**: Credit only applies to **expenditures made before January 1, 2026**

After December 31, 2025, the credit will no longer be available.

2. Removes Phasedown Language

- Deletes planned percentage reductions over time:
  - The phasedown from 30% → 26% → 22% → 0% (in later years) is removed
  - Leaves the credit fixed at **30%**, but only for use **before 2026**

In Plain English

"The 30% federal tax credit for home solar panels and other clean energy upgrades will **end after 2025**. There will be no phasedown — it just stops."

Strategic Impacts

Stakeholder	Effect
Homeowners	Must install clean energy systems by end of 2025 to qualify
Solar Installers	Possible spike in demand before expiration; drop after
Clean Energy Sector	Strongly impacted — major incentive removed
Treasury	Cuts long-term government subsidy costs

SEC. 70507 — Ends Deduction for Energy-Efficient Commercial Buildings in 2026

What This Section Does

This provision **terminates IRC §179D**, which provides a **tax deduction** for energy-efficient improvements to commercial buildings — such as:

- High-performance HVAC
- LED lighting
- Efficient building envelopes (roofs, windows, insulation)

Specific Legislative Change

- Adds a new **subsection (i)** to IRC §179D:

"This section shall not apply with respect to property the construction of which begins after June 30, 2026."

Meaning:

- Projects must **begin construction by June 30, 2026** to remain eligible for the deduction.

In Plain English

"Commercial property owners will no longer get a tax deduction for energy efficiency upgrades if construction starts **after mid-2026**."

Strategic Impacts

Stakeholder	Effect
Commercial Property Developers	May accelerate efficiency upgrades before deadline
Contractors & Architects	Demand may surge pre-2026, fall afterward
Treasury	Reduces long-term federal support for green construction
Energy Efficiency Advocates	Strong opposition likely; potential increase in emissions

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SEC. 70508 — Ends $2,500–$5,000 Tax Credit for Energy-Efficient New Homes in 2026

What This Section Does

This provision shortens the duration of the **IRC §45L tax credit**, which incentivizes builders to construct energy-efficient new homes and apartments.

Specific Legislative Change

- Amends **IRC §45L(h)**
- Replaces:
  - **"December 31, 2032"**
  - With: **"June 30, 2026"**

So the credit now ends **6.5 years earlier** than planned.

Background on the 45L Credit

Under the Inflation Reduction Act, the credit was enhanced to:

- **$2,500** for homes that meet Energy Star standards
- **$5,000** for homes that meet DOE Zero Energy Ready standards

This section terminates those incentives **after mid-2026**.

Effective Date

- Applies to homes **acquired after June 30, 2026**

In Plain English

"Builders won't get tax credits for energy-efficient homes after **June 2026** — unless the home was sold before then."

Strategic Impacts

Stakeholder	Effect
Homebuilders	Incentive removed to build green homes after mid-2026
New Home Buyers	May see fewer energy-efficient options
Treasury	Reduced future tax expenditures
Green Building Sector	Concerns about rollback in sustainability incentives

---

SEC. 70509 — Ends Accelerated Depreciation for Clean Energy Projects After 2024

What This Section Does

This provision **removes a key depreciation benefit** that clean energy developers use to write off the costs of building renewable energy facilities like:

- Solar farms
- Wind turbines
- Battery storage systems

Specifically, it eliminates the ability to use **5-year accelerated depreciation** under the **Modified Accelerated Cost Recovery System (MACRS)** for clean energy property.

Technical Change

- Strikes **Subclause (I)** of **§168(e)(3)(B)(vi)** (which defined energy property eligible for 5-year MACRS treatment)
- Renumbers the remaining subclauses accordingly

Effective Date

- Applies to **projects beginning construction after December 31, 2024**

In Plain English

"If you start building a clean energy project after 2024, you **can't use accelerated depreciation** to quickly write off your costs. That tax benefit is being eliminated."

Strategic Impacts

Stakeholder	Effect
Renewable Energy Developers	Lose access to upfront tax write-offs via accelerated depreciation
Investors	Reduced incentive to finance clean energy projects
Treasury	Gains tax revenue by extending depreciation timelines
Energy Policy Advocates	Will likely criticize this as a backslide on green investment

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SEC. 70510 — Limits Nuclear Tax Credit for Foreign-Influenced Owners

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What This Section Does

This provision **modifies the zero-emission nuclear production credit** under **IRC §45U**, which provides tax credits for producing electricity from nuclear power facilities that emit no carbon.

The section introduces **restrictions based on foreign ownership or influence**.

Specific Legislative Changes

Adds a new **paragraph (3)** to **§45U(c)**:

1. No Credit for "Specified Foreign Entities"

- If the **taxpayer is a specified foreign entity**, they **cannot claim the credit** for any taxable year beginning **after the enactment date** of this section.
- "Specified foreign entity" is defined under **IRC §7701(a)(51)(B)** — generally includes entities with substantial foreign government ownership or control.

2. Two-Year Grace Period for Foreign-Influenced Entities

- If the taxpayer is a **"foreign-influenced entity"**, they **lose credit eligibility** starting **2 years after enactment**.
- Defined in **§7701(a)(51)(D)** — includes entities where foreign persons have substantial voting or board influence.

Effective Date

- For **specified foreign entities**: Applies immediately to tax years after enactment.
- For **foreign-influenced entities**: Takes effect **two years after enactment**.

In Plain English

"Nuclear power producers that are owned or controlled by foreign governments or influenced by foreign companies will **no longer qualify for this tax credit** — either immediately or within two years."

Strategic Impacts

Stakeholder	Effect
Domestic Nuclear Operators	Maintains access to tax credit

Stakeholder	Effect
Foreign-Owned Nuclear Facilities	Lose eligibility for subsidy, depending on ownership structure
National Security Advocates	Viewed as strengthening domestic control of critical infrastructure
Treasury	Could reduce credit claims from international firms

SEC. 70511 — Ends Clean Hydrogen Tax Credit in 2028 Instead of 2033

What This Section Does

This provision **shortens the lifespan** of the **Clean Hydrogen Production Credit**, found in **IRC §45V**, which provides a per-kilogram incentive for producing low-emissions hydrogen.

Specific Change

- Amends **§45V(c)(3)(C)**:
    - **Old expiration**: January 1, 2033
    - **New expiration**: January 1, 2028

So the credit will **end five years earlier** than originally legislated under the Inflation Reduction Act.

In Plain English

"Companies that produce clean hydrogen will only get the tax credit through the end of **2027** — after that, it's gone."

Strategic Impacts

Stakeholder	Effect
Hydrogen Producers	Must accelerate projects to qualify before 2028
Energy & Industrial Sectors	May limit U.S. competitiveness in global hydrogen economy
Treasury	Reduces long-term subsidy cost

Stakeholder	Effect
Climate Advocates	Will likely view this as a rollback of decarbonization tools

SEC. 70512 — Ends Tax Credit for New Wind & Solar Projects After 2027

What This Section Does

This provision **terminates** the **Clean Electricity Production Credit (IRC §45Y)** for new **wind and solar** facilities after **December 31, 2027**, and adds restrictions for projects involving **foreign entities**.

Key Changes

1. Wind and Solar Credit Termination

- No tax credit under §45Y for:

Wind or solar projects placed in service after December 31, 2027

- Applies to:
  - Wind turbines (defined via §45(d)(1))
  - Solar panels (defined via §45(d)(4))
  - Regardless of when construction began

2. Foreign Influence Restrictions (Effective Jan 1, 2026)

Projects are **disqualified** from the credit if:

- They **receive material assistance** from a **prohibited foreign entity** (as defined in §7701(a)(52))
- The taxpayer is a:
  - **Specified foreign entity** (foreign gov't ownership/control)
  - **Foreign-influenced entity** (significant foreign board/voting power)

Effective Dates

Provision	Effective Date
Termination of Wind/Solar credit	After Dec 31, 2027
Disqualification for foreign-connected entities	After Dec 31, 2025

In Plain English

"If you're building a wind or solar farm, you have to get it up and running by the end of **2027** to qualify for the tax credit. And starting in **2026**, no credit at all if you're tied to foreign adversaries."

Strategic Impacts

Stakeholder	Effect
Renewable Energy Developers	Strong incentive to complete projects before 2028
Foreign-Owned Projects	Disqualified from subsidy starting in 2026
Treasury	Cuts long-term clean energy spending
National Security Advocates	Aligns tax credits with U.S. security interests
Climate Policy Advocates	Alarm over scale-back of green electricity incentives

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SEC. 70513 — Ends Investment Tax Credit (ITC) for Wind & Solar Projects After 2027

What This Section Does

This provision modifies **IRC §48E**, which provides an **Investment Tax Credit (ITC)** for certain energy projects — including wind, solar, and energy storage.

It includes both a **termination of the credit** and a **restriction on foreign-influenced projects**.

Key Provisions

1. Termination for Wind & Solar Projects

- **No ITC under §48E** for:

    - Wind or solar facilities placed in service **after December 31, 2027**
- Applies **regardless of when construction began**
- **Exception**: Projects involving **energy storage only** are not affected by this termination

2. Restriction Based on Foreign Assistance (Effective Jan 1, 2026)

- For any project beginning construction **after 2025**:
    - If it receives **material assistance** from a **prohibited foreign entity** (as defined in §7701(a)(52)):
        - It will **not qualify** for the ITC
- Applies to:
    - Energy storage technologies
    - Qualified interconnection properties
    - Solar and wind facilities

In Plain English

"The tax credit for investing in solar or wind projects will end **after 2027**. Starting in **2026**, if your project receives support from foreign adversaries, it's automatically **disqualified from receiving the credit**, even if it's an energy storage facility."

Strategic Impacts

Stakeholder	Effect
Renewable Energy Developers	Incentivized to complete wind/solar projects before 2028
Energy Storage Projects	Still eligible — unless tied to foreign assistance
National Security Advocates	Reinforces security-first energy investment policy
Treasury	Cuts long-term clean energy tax expenditures
Climate Policy Community	Likely to view this as rollback of ITC program

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SEC. 70514 — Tightly Limits & Phases Out Clean Tech Manufacturing Subsidies

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What This Section Does

This provision **modifies and begins winding down** the **Advanced Manufacturing Production Credit** under **IRC §45X**, which currently incentivizes domestic manufacturing of clean energy components (e.g., solar panels, wind turbines, batteries, critical minerals).

Key Changes

1. Redefines What Counts as a "Sale"

- A component integrated into another product **within the same facility** will count as "sold" if:
  - The **secondary component** is then sold to an unrelated buyer
  - At least **65% of the total direct material costs** of the secondary component come from **U.S.-produced primary components**

This tightens the definition to favor **domestic content** and limit abuses.

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2. Phases Out Credit for Critical Minerals (Except Metallurgical Coal)

- Starting **January 1, 2031**, the credit for most critical minerals begins to **phase out**
- Phase-out applies to:
  - **Lithium**
  - **Cobalt**
  - **Nickel**
  - And other minerals, **except metallurgical coal**

The phase-out uses a formula to **gradually reduce** the credit percentage applied to each eligible mineral.

In Plain English

"You can still claim tax credits for making solar panels or refining lithium — but the rules are being **tightened for U.S.-sourced content**, and the credit for **critical minerals will start winding down in 2031**."

Strategic Impacts

Stakeholder	Effect
U.S. Clean Tech Manufacturers	Incentives tied more tightly to U.S. supply chains
Critical Mineral Refiners	Tax credits start phasing out after 2030
Treasury	Limits long-term exposure to manufacturing subsidies
Industrial Policy Advocates	Strong incentive to build domestic, vertically integrated facilities

SEC. 70515 — Caps the Size of the Advanced Energy Manufacturing Credit Pool

What This Section Does

This provision **amends the Advanced Energy Project Credit** (IRC §48C), which provides tax credits to manufacturers that invest in facilities producing:

- Renewable energy components (e.g., solar panels, batteries)
- Energy efficiency equipment
- Carbon capture systems
- Grid modernization technologies

Previously, the IRS was authorized to **increase the amount of credits allocated** under this program.

Specific Legislative Change

- Amends **§48C(e)(3)(C)** to say:

"The credit pool **shall not be increased**."

This effectively **freezes the total funding available** under this program and prevents future expansions of the credit authority by the Treasury.

In Plain English

"The federal government is locking in the existing size of the tax credit program for energy manufacturers. No more expansions allowed."

Effective Date

- **Takes effect immediately** upon enactment of the bill.

Strategic Impacts

Stakeholder	Effect
Clean Tech Manufacturers	Can still apply for existing credit pool, but no expansions
Treasury	Limits long-term budget exposure
Economic Development Agencies	May face funding shortfalls in later phases
Climate Advocates	May see this as a cap on U.S. industrial decarbonization

Subchapter B--Enhancement of America-first Energy Policy

SEC. 70521 — Tightens Rules on Clean Fuel Credits: U.S.-Only Feedstocks, No Negative Emissions Allowed

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What This Section Does

This section modifies the **Clean Fuel Production Credit** under **IRC §45Z**, which offers incentives for low-emissions transportation fuels. It introduces **geographic restrictions**, **adjustments to emissions calculations**, and **feedstock-specific rules**.

Key Provisions

1. Made-in-America Feedstocks Requirement

- **New rule**: To qualify, the fuel must be **exclusively derived from feedstocks grown or produced in:
    - The **United States**
    - **Mexico**

  - **Canada**

This bans clean fuels made from foreign-sourced crops or biomass outside North America.

Applies to: Fuel produced **after December 31, 2025**

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2. No More "Negative Emissions" Claims

- Previously, some biofuels (e.g., using manure or carbon capture) could claim to remove more CO_2 than they emitted.
- New rule:

Emissions rates **cannot be less than zero — no negative emission scores allowed**.

Effective for: Emissions rates published for fuel produced after **December 31, 2025**

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3. Emissions Rate Calculation Tweaks

- **Removes penalties** for **indirect land use change**:
  - (e.g., converting forests or grasslands elsewhere due to crop production)
  - These indirect emissions will **no longer be counted**.
- **Adds guidance for fuels made from animal manure**:
  - Creates **distinct emissions scores** for:
    - **Dairy manure**
    - **Swine manure**
    - **Poultry manure**, etc.
  - **May allow negative rates** for manure fuels, even if others are capped at zero

---

In Plain English

"To get the clean fuel tax credit, your fuel must be made from North American-grown materials. You can't claim it removes more carbon than it emits **— unless it's made from manure**. Also, emissions linked to land-use changes won't count against you anymore."

Strategic Impacts

Stakeholder	Effect
Biofuel Producers	Must source feedstock from U.S., Mexico, or Canada only
Climate Scientists & Modelers	Likely pushback over exclusion of indirect land use emissions
Animal Waste-to-Fuel Projects	Gain new flexibility and credit eligibility
Treasury	Narrows scope, potentially reducing long-term outlays

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SEC. 70522 — Limits Who Can Claim Carbon Capture Credits, Adjusts Payment Levels

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What This Section Does

This section imposes **foreign ownership restrictions** and **restructures how carbon capture credits are applied** under **IRC §45Q**, a credit for capturing and storing or reusing CO_2.

Key Provisions

1. Bans Credits for Foreign-Influenced Entities

- No §45Q credit allowed for any year after enactment if the taxpayer is:
  - A **specified foreign entity** (foreign government-owned), or
  - A **foreign-influenced entity** (significant foreign control)

Strengthens national security oversight of carbon capture projects.

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2. Refines Credit Based on Carbon Use

- Clarifies how the credit applies depending on **how the CO_2 is handled**:
  - Stored underground only
  - Used in oil/gas recovery and then stored
  - Reused in industrial products (like concrete or fuels)

---

3. Reduces & Re-indexes Credit Amounts

- Sets new baseline credit values:
  - **$17 per metric ton** for carbon captured (2025–2026)
  - Indexed for inflation **starting 2027**
- Oil and gas projects:
  - Get **$36 per ton** (flat rate, replaces former scaling system)

In Plain English

"Only U.S.-controlled projects can now claim carbon capture credits. The credit amount is fixed at **$17 per ton**, or **$36 for oil/gas use**, and will adjust for inflation after 2026. The rules are now clearer about how CO_2 must be stored or used to qualify."

Strategic Impacts

Stakeholder	Effect
Carbon Capture Developers	Some foreign-backed projects are disqualified
Oil & Gas Industry	Clearer, standardized incentive for using CO_2 in recovery
Treasury	Predictable outlays via fixed-dollar credit with indexing
Environmental Groups	May raise concerns over support for fossil-based CO_2 usage

---

SEC. 70523 — Allows Deduction of Oil & Gas Drilling Costs Under Corporate AMT Rules

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What This Section Does

This provision modifies how **intangible drilling and development costs (IDCs)** — typically incurred in oil and gas exploration — are treated under the **Corporate Alternative Minimum Tax (AMT)** calculation for **Adjusted Financial Statement Income (AFSI)** under **IRC §56A**.

Key Legislative Changes

1. Allows Deduction of Intangible Drilling Costs (IDCs)

- Specifically includes:

    - IDCs deducted under **IRC §263(c)** — costs such as wages, site prep, drilling fluids
    - Even if they are **also amortized under §§59(e)** or **291(b)(2)**
- These expenses are now **allowed as reductions** in computing corporate AFSI for book minimum tax purposes

2. Clarifies Treatment of Book Depreciation and Depletion

- AFSI should **ignore**:
    - Book **depreciation** for §168 property (depreciable assets like equipment)
    - Book **depletion** for intangible drilling and development costs

---

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"Oil and gas companies will now be able to deduct their drilling expenses when calculating the minimum tax on book income — instead of being penalized for taking tax breaks that don't show up on financial statements."

Strategic Impacts

Stakeholder	Effect
Oil & Gas Producers	Big win — lowers their exposure under the 15% corporate AMT
Treasury	May lose revenue from fossil sector deductions
Environmental Advocates	Likely to oppose as a fossil fuel subsidy
Corporate Tax Policy	Brings tax & book accounting closer in oil sector

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SEC. 70524 — Clean Hydrogen, Carbon Capture, and Renewables Now Count as PTP-Eligible Income

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What This Section Does

This provision amends **IRC §7704(d)(1)(E)** to broaden what kinds of income allow a **publicly traded partnership (PTP)** to retain its **pass-through tax status** (and avoid being taxed like a corporation).

The new rule allows certain **clean energy operations** to count as qualifying income — meaning PTPs operating in these sectors can access the tax benefits of partnership status.

Newly Qualified Activities for PTP Income

The following types of income are now **PTP-eligible** starting in **2026**:

1. **Hydrogen Transport or Storage**
    - Includes **liquified or compressed hydrogen**
    - Major boost for hydrogen infrastructure investment
2. **Biofuels & Clean Fuel Logistics**
    - Transport/storage of fuels under:
        - Sections 6426(b/c/d/e/k)
        - Ethanol, biodiesel, and **sustainable aviation fuel (SAF)**
3. **Carbon Capture Operations**
    - Includes electricity generation, storage, or CO_2 capture at a **qualified §45Q facility**
    - Applies even if the facility began construction after original 45Q deadlines
4. **Advanced Nuclear Power**
    - Income from electricity generation at a **§45J advanced nuclear facility**
5. **Hydropower & Geothermal Energy**
    - If they fall under subparagraphs **(D)** (hydro) or **(H)** (geo) of §45(c)(1)
6. **Operation of Clean Energy Property**
    - For example, property eligible under §48(a)(3)(A)(iii) or (vii), including:
        - Microgrid controllers
        - Energy storage systems

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"Companies that build hydrogen, carbon capture, nuclear, hydropower, or geothermal infrastructure can now qualify for **special partnership tax treatment**. This makes it easier to raise capital through public markets while avoiding double taxation."

Strategic Impacts

Stakeholder	Effect
Energy Infrastructure Investors	Opens the door to **more PTP-style investments in clean energy**
Hydrogen, CCUS, and Nuclear Firms	Gain capital access without corporate-level tax
Treasury	Potentially reduces corporate tax receipts from expanding PTP base
Policy Advocates	Major incentive for clean energy supply chains

SEC. 70525 — Refunds for Dyed Fuel Users Who Paid Excise Tax

What This Section Does

This provision creates a new rule allowing **certain fuel handlers or users** to get **payments from the IRS** if they meet specific conditions involving **dyed diesel fuel or kerosene** — fuel typically **exempt from excise tax** if used for **non-highway purposes** (like farming, heating, or construction).

Key Mechanics

1. New Section 6435 — Refund for Dyed Fuel Excise Tax

If someone **removes dyed fuel from a terminal**, and:

- The **fuel had excise tax paid under §4081**
- The fuel is **eligible for exemption under §4082(a)** (typically for off-road use)
- But the tax was **not credited or refunded** earlier

Then the IRS will **pay back** the amount of excise tax to that person — **without interest**.

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2. Definition of Eligible Dyed Fuel

Must be:

- **Indelibly dyed diesel or kerosene**
- Intended for **exempt use** under current law

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3. New Cross-Reference for Civil Penalty

- Adds a penalty in §6675 for excessive or fraudulent claims under this provision
- Applies if someone claims more than they're legally entitled to

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4. Conforming Amendments

Updates sections 6206, 6430, and 6675 to include references to new §6435 so the IRS can:

- Process claims
- Enforce penalties for false claims

In Plain English

"If someone pays the fuel excise tax but ends up using dyed diesel or kerosene that's supposed to be tax-exempt, they can now **get that money back** from the IRS — as long as it wasn't already refunded."

Strategic Impacts

Stakeholder	Effect
Off-Road Fuel Users	Gains a way to reclaim taxes accidentally paid on exempt fuel
IRS	Must manage and verify new refund claims under §6435
Treasury	Minor increase in administrative complexity and potential outlays

Subchapter C--Other Reforms

SEC. 70531 — Cracks Down on Abuse of $800 Duty-Free Imports (De Minimis Rule)

What This Section Does

The “de minimis” rule (under **19 U.S.C. §1321**) allows **tax- and duty-free importation** of goods under **$800** in value **per shipment** — often used by consumers buying directly from overseas websites.

This section modifies and restricts that privilege, especially for **commercial shipments**.

Key Provisions

1. Civil Penalties for Violations

- **New penalties introduced**:
  - **Up to $5,000** for a **first violation**
  - **Up to $10,000** for each **subsequent violation**
- Applies to:
  - Any person or business **entering or facilitating entry** of de minimis shipments
  - If the entry **violates other U.S. customs laws**

Takes effect 30 days after the Act is signed into law

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2. Repeal of Commercial Shipment Exemption

- Previously, certain commercial shipments could qualify under de minimis if meeting criteria
- That **exemption is now repealed**, meaning:
  - **Commercial imports can no longer use the $800 exemption** (effective July 1, 2027)

---

3. Repeals New Civil Penalty Subsection After 2027

- The civil penalty language introduced earlier is **itself repealed** once the commercial exemption repeal takes full effect

In Plain English

"Importers can no longer use the $800 tax-free shipping loophole for **commercial goods** after **July 1, 2027**. If you break the rules, you could be fined **up to $10,000 per violation**."

Strategic Impacts

Stakeholder	Effect
E-Commerce Platforms	May face higher costs for imported goods
Cross-Border Retailers	Lose advantage of duty-free low-cost shipping to U.S. buyers
U.S. Customs & Border	Gains new enforcement tools
Treasury	Expected to collect more duties and deter underreporting
Domestic Retailers	May benefit from a more level playing field

CHAPTER 6--ENHANCING DEDUCTION AND INCOME TAX CREDIT GUARDRAILS, AND OTHER REFORMS

SEC. 70601 — Makes Business Loss Limitation Rule Permanent for Individuals

What This Section Does

This section **modifies and makes permanent** a rule that limits how much **noncorporate taxpayers** (like sole proprietors or partners) can deduct in **business losses** on their tax returns.

It modifies **IRC §461(l)**, originally enacted by the 2017 Tax Cuts and Jobs Act.

Key Provisions

1. Makes the Excess Business Loss Rule Permanent

- Previously, the rule was set to **expire after 2028**
- This amendment **removes the expiration date**
- Effect: The rule becomes **permanent** in the tax code

2. Updates Inflation Adjustment Start Date

- Changes the base years used to adjust the **loss limits for inflation**
- Now indexed starting from:
  - **December 31, 2025** (instead of 2018)
  - Reference year for CPI changed from **2017 to 2024**

Effective Dates

Provision	**Applies To Tax Years Beginning After**
Permanent extension of rule	December 31, 2026
Inflation adjustment modification	December 31, 2025

In Plain English

"If you're a business owner filing as an individual, there's a **limit on how much loss** you can deduct each year from your non-business income (like wages or investment gains). This limit was temporary — but now it's **permanent**, and the thresholds will adjust using **new inflation benchmarks**."

Strategic Impacts

Stakeholder	Effect
Small Business Owners	Continued cap on how much loss they can deduct
High-Income Taxpayers	Limits use of losses to offset other income (e.g., capital gains)
Treasury	Protects federal revenue by capping large write-offs
Tax Policy Analysts	Keeps a key anti-abuse rule from sunsetting

---

SEC. 70602 — Clarifies Tax Treatment of Payments from Partnerships to Partners for Property or Services

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What This Section Does

This provision amends the tax code's **Section 707(a)(2)** — which governs how payments from a **partnership to a partner** are taxed when those payments are for **services or property**, not just profit-sharing.

Key Provisions

1. Revises Language in IRC §707(a)(2)

- The current code says that payments are treated "under regulations prescribed"
- This amendment changes that to say:

"Except as provided..."
...which may shift interpretive authority away from regulations and **toward the statutory framework itself**

2. Clarifies Application of Rule

- The amendment **only applies to**:
    - Services performed or
    - Property transferred
      ...**after** the date the bill is signed into law

3. Rule of Construction Clause

- Clarifies that nothing in this section:
    - Should be interpreted as implying how §707(a) applied **before** this bill passed

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In Plain English

"If a partner gets paid by their partnership — not as a profit share, but for doing work or selling property — this section tightens the tax rules around that. It clarifies how and when those payments should be taxed."

Strategic Impacts

Stakeholder	Effect
Tax Accountants & CPAs	Must reevaluate treatment of partner payments post-enactment
Partnerships	May need to alter contracts for services and transfers

Stakeholder	Effect
IRS & Treasury	Gains clearer statutory language to enforce tax rules
Tax Policy Analysts	Removes ambiguity in a complex area of partnership taxation

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SEC. 70603 — Closes Loophole on Executive Pay Limits Within Corporate Groups

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What This Section Does

It amends **Internal Revenue Code §162(m)**, which **limits the tax deduction** for executive compensation over **$1 million** paid by **publicly held corporations**.

This section ensures that **members of a corporate group can't dodge this cap** by spreading executive pay across different companies within the same group.

Key Provisions

1. New Rule for "Controlled Group" Members

If multiple corporations are part of a **controlled group** (i.e. same parent ownership), then:

- **$1M compensation deduction cap** applies to:
  - **All group members combined**, not individually
- Each company's deductible limit is calculated as a **share** of the $1M, based on how much compensation they paid

---

2. "Specified Covered Employee" Definition

- Includes all individuals who:
  - Are listed executives of the public parent company (as under §162(m)(3)(A), (B), or (D))
  - Or would be, if looking at all employees across the **entire controlled group**

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3. "Allocable Limitation Amount" Formula

- Each member of the group can deduct a portion of the $1M limit, calculated by:

(Their share of total pay) ÷ (Total group pay) × $1,000,000

This prevents companies from **circumventing the cap by dividing compensation across subsidiaries**.

In Plain English

"Big corporate groups can't dodge the $1 million executive pay deduction limit by splitting compensation across multiple companies. This closes that loophole and spreads the $1M limit across all companies in the group."

Strategic Impacts

Stakeholder	Effect
Public Corporations	Less ability to claim deductions on high executive pay
Corporate Tax Planners	Must account for group-wide compensation when allocating deductions
IRS	Gains a tighter rule to prevent executive pay deduction abuse
Treasury	Likely revenue gain from reduced deductible compensation

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SEC. 70604 — New 1% Tax on Some Cross-Border Money Transfers

What This Section Does

This provision **adds a new excise tax** on **remittance transfers** — which are money sent, typically by individuals in the U.S., to recipients in other countries. It applies only to **cash-based transfers** and similar instruments.

This is implemented as a new section in **Chapter 36 of the Internal Revenue Code**, under a newly created **Subchapter C: Remittance Transfers**.

Key Provisions

1. 1% Tax on Remittance Transfers

- A **1% excise tax** is imposed on the **value** of any qualifying remittance transfer.
- The tax is:
    - **Paid by the sender**

    - **Collected by the remittance transfer provider**
    - **Remitted quarterly** to the IRS

2. Secondary Liability

- If the sender **doesn't pay**, then:

The remittance provider becomes **liable for the unpaid tax**.

Applies Only to Cash & Similar Transactions

- The tax **applies only if** the sender uses:
    - **Cash**
    - **Money orders**
    - **Cashier's checks**
    - Other similar **physical instruments**

Exemptions: No Tax on Transfers from Accounts or U.S.-Issued Cards

- The tax **does not apply** to transfers:
    - Funded by withdrawals from a **U.S. financial institution account**
    - Funded by **U.S.-issued debit or credit cards**

Definitions

- **Remittance transfer**, **remittance provider**, and **sender** are defined using:
    - The **Electronic Fund Transfer Act**, section 919(g) (15 U.S.C. §1693o–1(g))

In Plain English

"If you send money abroad using **cash or money orders**, you'll pay a **1% tax** on the amount. But if you use your **bank account or U.S. debit/credit card**, this tax won't apply."

Strategic Impacts

Stakeholder	Effect
Immigrant Communities	May face higher costs for sending money to family abroad
Remittance Providers	Must collect and remit the tax, adding compliance burden
Treasury	Gains new tax revenue stream
Consumer Advocates	May raise equity concerns — affects cash-reliant senders most

SEC. 70605 — Penalties for COVID Employee Retention Credit (ERTC) Fraud and Negligence

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What This Section Does

This provision creates **new penalties** for tax professionals and promoters who **help others claim the ERTC** without proper diligence. It targets **fraudulent refund claims** and misuses of the program.

Key Provisions

1. $1,000 Penalty Per Violation for Lack of Due Diligence

- Applies to any person providing:
  - Aid, assistance, or advice on ERTC forms
- Must comply with **due diligence standards** (similar to those in §6695(g))
- Penalty: **$1,000 per failure**

2. Definition: "COVID–ERTC Promoter"

- A person or business qualifies if:
  - They charge **fees based on the size of the refund/credit**, and
  - Their **gross receipts** from ERTC help are **more than 20%** of their total income in a year

3. Applies Only to Returns/Refund Claims

- This penalty **only applies** when the ERTC document is tied to an:
  - Actual **tax return**, or

- **Refund claim**

4. Enforceable as IRS Assessable Penalty

- Treated under Internal Revenue Code sections **6695(g)** and **6201**
- IRS can assess and collect this **administratively**, without court action

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In Plain English

"If you're a tax preparer or consultant helping businesses claim COVID-related employee tax credits, and you don't do proper checks — or make a lot of money from questionable claims — you could be hit with **$1,000 penalties per case**."

Strategic Impacts

Stakeholder	Effect
Tax Preparers	Face serious penalties for sloppy or fraudulent ERTC filings
IRS	Gains clear authority to penalize bad actors in ERTC space
Small Businesses	Encouraged to verify ERTC help is coming from compliant sources
Treasury	Helps curb abuse of a program with billions in claimed credits

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SEC. 70606 — Tightens ID Requirements for Education Tax Credits

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What This Section Does

This provision amends **IRC §25A**, which governs the **American Opportunity Tax Credit (AOTC)** and **Lifetime Learning Credit** — two major education tax credits for tuition and related expenses.

It introduces **stricter ID requirements** to prevent improper claims and ensure eligibility verification.

Key Provisions

1. Requires Social Security Numbers for Claimants and Students

- No AOTC or Lifetime Learning Credit is allowed **unless**:
  - The **taxpayer's own Social Security number** is on the return

  - For any **student claimed** (other than taxpayer or spouse):
    - Their **name and Social Security number** must also be provided

2. Requires Employer Identification Number (EIN) of Educational Institution

- For the AOTC, the taxpayer must also include the **EIN of the institution** where the tuition was paid.

3. Defines "Social Security Number"

- Refers to the meaning used in **§24(h)(7)**, which is tied to child tax credit identification

4. Enforcement Enhancement

- **Missing or incorrect SSNs/EINs** will now be treated as a **math or clerical error**, not just a processing error — allowing the IRS to **automatically deny or adjust** a return without waiting for taxpayer response

---

Effective Date

- Applies to **tax years beginning after December 31, 2025**

In Plain English

"To claim education tax credits, you now have to provide the **Social Security numbers** of both the **taxpayer** and **any student** whose expenses are being claimed — plus the **school's EIN**. The IRS can reject your return if that info is missing."

Strategic Impacts

Stakeholder	Effect
Students & Families	Must ensure correct ID info is included to claim education credits
IRS	Gains power to reject incomplete or non-compliant claims
Treasury	Could reduce improper or fraudulent education credit claims

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SEC. 70607 — Treasury Must Study Alternatives to IRS Direct File Program

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What This Section Does

This provision directs the **U.S. Department of the Treasury** to form a task force and deliver a **comprehensive report to Congress** on alternatives to the IRS's **Direct File** program — specifically, whether **private-sector partnerships** could replace it.

Appropriations

- **$15 million** is appropriated for the fiscal year ending **September 30, 2026**
- Funds will remain available **until used**, but only for preparing this report

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Report Requirements (Due Within 90 Days of Enactment)

The Treasury must assess and report on:

1. **Cost of Public-Private Partnerships**
    - To offer **free tax filing** to up to **70% of taxpayers** (by AGI)
    - Must address replacing the **IRS-run Direct File system**
2. **Taxpayer Preferences**
    - Include survey or analysis of how taxpayers feel about:
        - A **government-run** free filing system vs.
        - A **private-sector** free filing service
3. **Feasibility Assessment**
    - Whether new private options could:
        - Be consistent and user-friendly
        - Meet a broad range of taxpayer needs
4. **Cost of Building a New Free System**
    - Includes variations by:
        - **Adjusted Gross Income**
        - **Return complexity**
    - Breakdown of **build-out and maintenance** costs for each version or “release”

In Plain English

"Congress is telling the Treasury: Study if **private companies** can do free tax filing better than the IRS. Don't just build more government tools until we see the numbers."

Strategic Impacts

Stakeholder	Effect
Treasury Dept.	Must evaluate IRS Direct File alternatives within 90 days
Taxpayers	May influence future of free tax filing — public or private
Tax Software Providers	Could benefit from replacing government-run systems
IRS	Faces uncertainty about long-term role in tax preparation

Subtitle B—Health

CHAPTER 1—MEDICAID

Subchapter A--Reducing Fraud and Improving Enrollment Processes

SEC. 71101 — 10-Year Freeze on New Medicare Savings Eligibility Rules

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What This Section Does

This section **halts the enforcement** of a specific federal rule related to **streamlining eligibility and enrollment** in the **Medicare Savings Programs (MSPs)** — which help low-income seniors and individuals with disabilities pay for Medicare costs.

Key Provisions

1. Moratorium Until 2034

- The Secretary of Health and Human Services (HHS) is prohibited from **implementing, administering, or enforcing** certain changes from a rule finalized on:
    - **September 21, 2023**, by the **Centers for Medicare & Medicaid Services (CMS)**

    - Titled: “**Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment**” (88 Fed. Reg. 65230)

- The moratorium lasts until:

September 30, 2034

2. Regulations Affected

The freeze applies to changes proposed in the following sections of **Title 42 of the Code of Federal Regulations**:

- **§406.21(c)**
- **§435.4**
- **§435.601**
- **§435.911**
- **§435.952**

These sections govern how individuals are evaluated and enrolled in MSPs, potentially involving:

- Definitions and criteria for eligibility
- Processing timelines
- Verification and documentation standards

---

3. Funding for Implementation Oversight

- Appropriates **$1 million** from the Treasury to the CMS Administrator
- Available in **fiscal year 2026**
- Funds to be used to carry out this moratorium and the following section (**71102**)

In Plain English

“The federal government is hitting **pause** for 10 years on a recent rule that would have changed how low-income people qualify for programs that help pay Medicare premiums and deductibles. During this time, the current system stays in place.”

Strategic Impacts

Stakeholder	Effect
Low-Income Medicare Beneficiaries	Won't see streamlined or updated MSP enrollment procedures
State Medicaid Agencies	Continue operating under older eligibility protocols
HHS / CMS	Blocked from implementing modernized rule for a full decade
Congress	Preserving status quo, possibly in response to cost concerns

---

SEC. 71102 — 10-Year Freeze on Expanded Enrollment Reforms for Medicaid, CHIP, and BHP

What This Section Does

This provision blocks the implementation of a major federal rule issued by **CMS on April 2, 2024**, which was intended to **streamline enrollment** for:

- **Medicaid**
- **Children's Health Insurance Program (CHIP)**
- **Basic Health Program (BHP)**

The rule's goal was to reduce administrative burdens and modernize eligibility and renewal processes.

Key Provisions

1. 10-Year Moratorium on April 2024 CMS Rule

- The HHS Secretary is prohibited from **implementing, administering, or enforcing** the provisions of this rule until **September 30, 2034**
- Rule affected:
  "Medicaid Program; Streamlining the Medicaid, Children's Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes"
  Published: **April 2, 2024** in **89 Fed. Reg. 22780**

2. Blocked Regulatory Sections

The moratorium targets the following provisions in the **Code of Federal Regulations (CFR)**:

- **Part 431:**
    - §431.213(d)
- **Part 435 (Medicaid eligibility and enrollment):**
    - §§435.222, 435.407, 435.907, 435.911(c), 435.912, 435.916, 435.919
    - §435.1200 subsections (b)(3)(i)-(v), (e)(1)(ii), and (h)(1)
- **Part 447 (Payment policies):**
    - §447.56(a)(1)(v)
- **Part 457 (CHIP):**
    - §§457.344, 457.960, 457.1140(d)(4), 457.1170, 457.1180

In Plain English

"The government is freezing — for 10 years — a major reform aimed at making it **easier for families and kids to get and stay enrolled** in Medicaid, CHIP, and the Basic Health Program. States must keep using the current, more cumbersome system."

Strategic Impacts

Stakeholder	Effect
Low-Income Families & Children	Delay in streamlined access to government health programs
State Medicaid Agencies	Avoid immediate system and process overhauls
CMS / HHS	Blocked from modernizing key enrollment processes
Health Policy Advocates	May see this as a rollback of administrative simplification

---

SEC. 71103 — Preventing People from Being Enrolled in Medicaid or CHIP in More Than One State

---

What This Section Does

This provision requires states to participate in a new **federal system** designed to **detect and prevent duplicate enrollment** in **Medicaid** and the **Children's Health Insurance Program (CHIP)** across multiple states. The goal is to reduce improper payments and ensure individuals are only enrolled in one state's plan at a time.

Key Provisions

1. States Must Submit Data to a National Enrollment Verification System

- Starting no later than:
    - **January 1, 2027**, states must begin **regularly updating address data** for Medicaid enrollees
    - **October 1, 2029**, all states must:
        - **Submit data monthly** and at each enrollment/redetermination, including:
            - Social Security numbers (if required for enrollment)
            - Any other data the Secretary of HHS requires
- Data submitted will be matched in a new system created under **Subsection (uu)**

---

2. The New System Must Be Used to Detect and Prevent Duplicate Coverage

- If the system finds an individual is enrolled in more than one state:
    - The state must:
        - **Investigate whether the individual actually resides in that state**
        - **Disenroll** them from that state's Medicaid plan if they don't reside there
        - Exceptions may apply, as determined by the Secretary

---

3. Secretary Must Develop and Maintain the System

- The Secretary of Health and Human Services is directed to:
    - Build and operate the **nationwide enrollment verification system**
    - Define what "appropriate action" looks like if duplicate enrollment is detected

---

In Plain English

"States will have to plug into a national computer system to **check if people are already enrolled in Medicaid or CHIP somewhere else**. If someone is double-enrolled, they can be kicked off one of the plans unless they qualify for an exception."

Strategic Impacts

Stakeholder	Effect
Medicaid Beneficiaries	May face more scrutiny if moving between states or using multiple addresses
State Medicaid Agencies	Must update data and integrate systems for monthly reporting
CMS / HHS	Gets new infrastructure to fight duplication and waste
Federal & State Budgets	Potential cost savings from eliminating duplicate benefits

SEC. 71104 — States Must Use Death Records to Remove the Deceased from Medicaid

What This Section Does

This provision requires states to regularly verify that **Medicaid enrollees are still alive** and to promptly **disenroll deceased individuals** to prevent improper payments.

It modifies the **Social Security Act §1902** by adding **paragraph (89)** and a new **subsection (ww)**.

Key Provisions

1. Quarterly Cross-Checks with Federal Death Records

- Starting **January 1, 2027**, states must:
  - Review the **Death Master File (DMF)** at least **once every quarter**
  - Use the DMF or an equivalent successor to verify the **life status** of Medicaid enrollees

2. Required Action Upon Confirming Death

If a state confirms a beneficiary has died, they must:

- Accept the DMF info as **factually valid**
- **Disenroll the individual**

- **Stop all Medicaid payments**, except for care delivered **before death**

3. Reinstatement if Error Is Made

- If the state **erroneously identifies someone as deceased**, it must:
  - **Reinstate coverage**
  - Restore eligibility to the prior status
  - Ensure no gaps in valid medical assistance occurred

Effective Date

- Begins **January 1, 2027**
- Applies to all **50 states and D.C.**

In Plain English

"States will be required to check federal death records four times a year and promptly remove deceased individuals from Medicaid. If someone is wrongly marked as dead, they must be put back on Medicaid without penalty."

Strategic Impacts

Stakeholder	Effect
State Medicaid Agencies	Must automate DMF reviews and disenroll process
CMS & HHS	Gain assurance that Medicaid funds aren't being misdirected
Deceased Beneficiaries	Prevents Medicaid funds being spent on those no longer living
Living Individuals Misflagged	Must be reinstated quickly if removed in error

---

SEC. 71105 — States Must Remove Dead Doctors and Providers from Medicaid Rolls

---

What This Section Does

This provision updates Medicaid rules to ensure **deceased healthcare providers and suppliers** are regularly purged from state Medicaid rolls. This helps prevent fraud, mistaken payments, and improper billing by—or on behalf of—those no longer living.

It amends **§1902(kk)(1)** of the **Social Security Act**.

Key Provisions

1. Quarterly Death Checks for Providers

- Starting **January 1, 2028**, each state must:
    - Check the **Death Master File (DMF)** every quarter
    - Verify whether **enrolled providers or suppliers are still alive**
    - Perform this check during:
        - Initial **enrollment**
        - **Reenrollment**
        - **Revalidation**

2. What Is the Death Master File?

- A centralized federal database maintained by the **Social Security Administration**
- Lists all reported deaths in the U.S.
- Used to ensure payments don't go to deceased individuals

Effective Date

- Applies to **all states** starting **January 1, 2028**

In Plain English

"States must regularly check whether doctors, clinics, or other Medicaid providers have died — and if so, **they must be removed** from the program. This prevents fraud and ensures no payments are made under a dead provider's name."

Strategic Impacts

Stakeholder	Effect
State Medicaid Agencies	Must conduct quarterly checks for all enrolled providers
CMS & HHS	Gains stronger fraud prevention tools
Healthcare Fraud Units	Easier to spot billing irregularities tied to deceased providers
Taxpayers & Budgets	Prevents wasted or misdirected public funds

---

SEC. 71106 — States to Lose Federal Funding for Unchecked Medicaid Overpayments

---

What This Section Does

This provision **tightens federal clawbacks** of improper Medicaid payments. Specifically, it:

- Reduces federal Medicaid reimbursements to states when states **fail to detect and prevent payments** made to **ineligible individuals** or when **eligibility cannot be verified**.
- Modifies the **Social Security Act §1903(u)(1)**.

Key Provisions

1. Federal Audits (or Optional State Audits) Must Be Used to Detect Errors

- Clarifies that the threshold for excess error payments (currently **3% error rate**) applies **based on either**:
  - **Federal audits**, or
  - **State audits** (if the Secretary allows them)

2. Caps on Waivers of Reimbursement

- The HHS Secretary **may waive repayment** of excess payments **only up to the amount** that exceeds the 3% error rate.
  - This limits how much relief states can receive if they overspend.

3. Replaces Ambiguous Terms with Specific Standards

- Replaces the word **“he”** with **“the Secretary”** for clarity and formality.

4. Expanded Definition of “Erroneous Payments”

The law now defines **three types** of Medicaid overpayments that count against the state:

Type	Description
I	Payments made in violation of Medicaid rules
II	Payments where **eligibility cannot be verified**
III	Payments to individuals **not eligible** for the services rendered under state Medicaid plans or waivers

---

Effective Date

- These provisions apply beginning in **fiscal year 2030**

In Plain English

"If a state pays for someone's Medicaid care and can't prove that person was eligible, the federal government will penalize the state — and even more so if the error rate exceeds 3%. Starting in 2030, the feds will pull funding for this kind of sloppiness."

Strategic Impacts

Stakeholder	**Effect**
State Medicaid Agencies	Must tighten eligibility verification and auditing
CMS / HHS	Gains clearer authority to withhold federal matching funds
Treasury	Reduces federal spending due to erroneous payments
Medicaid Recipients	May face more rigorous eligibility reviews and document requirements

---

SEC. 71107 — Mandatory 6-Month Eligibility Checks for Key Medicaid Populations

---

What This Section Does

This section adds a **new requirement for semi-annual (every 6 months) eligibility redeterminations** for certain groups enrolled in **Medicaid**, particularly adults covered under the Affordable Care Act (ACA) expansion.

It amends **Section 1902(e)(14)** of the **Social Security Act** by inserting a new subparagraph (L).

Key Provisions

1. Who Must Be Reviewed Every 6 Months?

States must perform eligibility redeterminations **twice a year** for:

- Individuals enrolled under **§1902(a)(10)(A)(i)(VIII)** — i.e., those covered under the **ACA Medicaid expansion**
- Others enrolled under **waivers** offering equivalent **minimum essential coverage** as defined in the **IRS Code §5000A(f)(1)(A)**

2. When Does It Start?

- Applies to eligibility redeterminations scheduled on or after the **first quarter after December 31, 2026**

3. Exemptions

- Individuals described in **§1902(xx)(9)(A)(ii)(II)** are exempt — this is a reference to a specific subset of enrollees defined elsewhere in Medicaid law (possibly those with certain protections or continuous eligibility guarantees)

4. Definition of "State"

- For this rule, "State" includes:
  - All **50 states**
  - The **District of Columbia**

Implementation Support

- **Guidance** will be issued by HHS/CMS within **180 days** of enactment
- **$75 million** is appropriated in **FY 2026** for CMS to implement this mandate

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In Plain English

"Starting in 2027, states will have to **double-check eligibility every 6 months** for most adults enrolled in Medicaid under the ACA. The goal is to make sure people still qualify — and remove those who don't."

Strategic Impacts

Stakeholder	Effect
ACA Medicaid Enrollees	Face more frequent paperwork and risk of losing coverage
State Medicaid Agencies	Must invest in systems to conduct and track semiannual redeterminations
CMS / HHS	Must provide guidance and manage $75M in implementation funds
Health Advocates	May raise concerns about administrative burden and disenrollment

---

SEC. 71108 — Higher Home Equity Cap for Medicaid Long-Term Care, with Limits

---

What This Section Does

This section modifies how a person's **home equity** is treated when determining their **Medicaid eligibility for long-term care services** (like nursing homes). It allows states to raise the cap on home value, but within federal bounds.

Key Provisions

1. Raises the Maximum Home Equity Cap (But With a Federal Ceiling)

- States may **increase** the **home equity limit** above the default federal minimum (previously $500,000).
- New maximum cap: **$1,000,000**
- Applies whether or not the home is:
    - On agricultural land (treated more leniently)
    - On non-agricultural land (treated under standard rules)

2. Distinction Between Agricultural and Non-Agricultural Homes

- For **agricultural properties**:
    - States can **freely apply the increased cap** without needing to meet uniformity or comparability rules (i.e., statewide application not required).
- For **non-agricultural homes**:

    - States may also raise the cap — but only **up to $1 million**

3. Clarifies Calculation Rules for Annual Inflation Adjustments

- For caps adjusted over time, this law sets a **hard maximum**:
    - **No adjusted value can exceed $1 million**, even after inflation, unless it relates to agricultural land under the exemptions above.

4. Clarifies No Exceptions for Long-Term Care Eligibility

- Medicaid applicants **cannot bypass this equity cap** for long-term care eligibility.
- Codified in amended language in **§1902(r)(2)** of the **Social Security Act**.

Effective Date

- Not explicitly listed in the section, but implied for upcoming fiscal years after passage.

In Plain English

"If you're applying for long-term care Medicaid (like nursing homes), your home's value can disqualify you. This section allows states to **raise the cap on how much your home can be worth — up to $1 million**. Special flexibility is given for farms and agricultural homes."

Strategic Impacts

Stakeholder	Effect
Elderly Medicaid Applicants	May now qualify even if they have higher home equity
States	Gain flexibility in setting Medicaid equity limits
Rural and Farming Families	Receive more generous treatment for land and property
Taxpayers and Budgets	Potential for higher Medicaid enrollment among asset-rich individuals

---

SEC. 71109 — Restricting Medicaid & CHIP Eligibility to Citizens and Certain Legal Residents

---

What This Section Does

This section revises the **Social Security Act §1903(v)** and **CHIP law (§2107)** to explicitly **bar federal Medicaid and CHIP payments** for care provided to individuals **not lawfully residing in the U.S.**, with only narrow exceptions.

It targets what it describes as a "loophole" that previously allowed for broader coverage of noncitizens under emergency or state-based exceptions.

Key Provisions

1. New Federal Payment Ban (Effective Oct 1, 2026)

States will no longer receive **federal reimbursement for Medicaid services** provided to individuals unless the person is:

- A **resident** of a U.S. state, territory, or D.C., **and**
- Falls into one of the following immigration categories:

Category	**Description**
(i)	U.S. **citizen** or **national**
(ii)	**Lawful permanent resident (green card holder)** under the Immigration and Nationality Act
(iii)	**Cuban or Haitian entrant** as defined in the Refugee Education Assistance Act
(iv)	**Compact of Free Association (COFA) migrant**, lawfully residing in the U.S. (e.g., from Micronesia, Palau, Marshall Islands)

- **Not eligible**: Tourists, students, diplomats, or any non-immigrant visa holder without permanent U.S. residency intent

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2. CHIP Program Also Aligned with Medicaid Rule

- Incorporates this new Medicaid restriction into CHIP via **§2107(e)(1)** by referencing the updated **§1903(v)(5)**.
- Maintains an exception for CHIP prenatal and early childhood care under **§2105(a)(1)(D)(ii)** (e.g., unborn child option).

---

3. $15 Million for Implementation

- Appropriates **$15 million in FY 2026** for the **Centers for Medicare & Medicaid Services (CMS)** to implement the policy

- Funds remain available **until spent**

In Plain English

"Starting in 2026, Medicaid and CHIP will no longer cover people who are in the U.S. without legal permanent residency, unless they're in a small list of exceptions like Cuban entrants or certain Pacific Island migrants. States can still offer care — but the federal government won't pay for it."

Strategic Impacts

Stakeholder	Effect
Unauthorized Immigrants	Will lose access to Medicaid/CHIP unless eligible under exceptions
State Medicaid Programs	Must verify immigration status more rigorously or fund services themselves
Hospitals & Clinics	May see increased uncompensated care burden
CMS / HHS	Enforces tighter compliance on immigration status before payment

---

SEC. 71110 — Lower Federal Matching Rate for Emergency Medicaid Care for Undocumented Immigrants

---

What This Section Does

This section modifies the **Federal Medical Assistance Percentage (FMAP)** — the share of Medicaid costs the federal government pays to states — specifically for emergency care provided to **unauthorized immigrants**.

It updates **Section 1905 of the Social Security Act**.

Key Provisions

1. New FMAP Limit for Emergency Medicaid

- Beginning **October 1, 2026**:
  - **Emergency medical services** given to **noncitizens not lawfully present** in the U.S. (as defined in §1903(v)) will **no longer be reimbursed at the enhanced FMAP rates**

- Instead, the federal match will be limited to the **standard FMAP rate for each state** under **§1905(b)**

2. What Is FMAP?

- FMAP is the percentage of Medicaid expenses paid by the federal government
  - **Standard FMAP** varies by state (typically **50%–83%** based on per capita income)
  - Some populations or services (e.g., ACA expansion, CHIP) receive **enhanced FMAP rates**
- This section ensures emergency Medicaid care for unauthorized immigrants **will not receive enhanced rates** (like ACA expansion matching), thereby **reducing the federal share of costs**

---

3. Funding for Implementation

- **$1 million** appropriated for CMS in **fiscal year 2026**
- Funding remains available **until expended**

In Plain English

"Starting in 2026, the federal government will **reduce how much it pays states** for emergency medical care given to unauthorized immigrants. Instead of a boosted rate, states will get their standard Medicaid match."

Strategic Impacts

Stakeholder	**Effect**
State Medicaid Programs	Face higher state costs for emergency care to undocumented residents
Hospitals / ER Departments	May see indirect effects through reimbursement reductions
CMS / HHS	Gains tighter control over Medicaid expenditures
Unauthorized Immigrants	Still eligible for emergency care, but funding pressure may increase

Subchapter B--Preventing Wasteful Spending

SEC. 71111 — 10-Year Freeze on Federal Staffing Requirements for Nursing Homes

What This Section Does

This provision **blocks enforcement** of a recently finalized **federal rule** that sets **minimum staffing levels** for long-term care facilities (like nursing homes) that receive funding through **Medicare** or **Medicaid**.

The rule is paused from its effective date until **September 30, 2034**.

Affected Rule

- **Rule Title**:
  "Medicare and Medicaid Programs; Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting"
- **Published**:
  May 10, 2024 (in the **Federal Register**, 89 Fed. Reg. 40876)
- **Issued By**:
  Centers for Medicare & Medicaid Services (CMS)

Provisions Suspended

The following regulatory sections under **Title 42, Part 483** of the **Code of Federal Regulations** are frozen:

1. **§483.5** — Definitions related to long-term care facilities
2. **§483.35** — Requirements for **nursing services**, including minimum staff-to-patient ratios and qualifications

Moratorium Period

- Effective from the **enactment date** of this bill
- Lasts until **September 30, 2034**

In Plain English

"The federal government finalized new staffing rules for nursing homes in 2024. But under this law, those rules are **frozen for 10 years** — meaning facilities don't have to hire more staff or meet new requirements until at least 2034."

Strategic Impacts

Stakeholder	Effect
Nursing Homes / LTC Facilities	Avoid costly staffing upgrades for a decade
Nurses & Care Staff	Potential delay in improvements to staffing levels and working conditions
CMS / HHS	Blocked from enforcing new safety standards
Elderly Patients	May continue receiving care under current (possibly understaffed) conditions
State Medicaid Programs	No need to align Medicaid payments with new transparency rules

---

SEC. 71112 — Shortens Retroactive Coverage Period for Medicaid to Lower State Expenses

---

What This Section Does

This section **limits how far back Medicaid can retroactively pay for services** received before someone applies for coverage. It changes the rules for both:

- **Traditional Medicaid**
- **Medicaid Expansion (ACA population)**
- **CHIP (Children's Health Insurance Program)**

Key Provisions

1. Different Retroactive Periods Based on Eligibility Group

- **For ACA Expansion Adults**
  (those enrolled under §1902(a)(10)(A)(i)(VIII)):

    - Medicaid can cover services **only going back to the month before** the application date

- **For All Other Medicaid Enrollees**
  (e.g., elderly, disabled, children, pregnant women):
    - Medicaid can cover services **up to two months before** the application date

Before this bill, the default retroactive coverage period was **up to 3 months**.

---

2. Conforming Amendment in Definition of "Medical Assistance"

- Updates **§1905(a)** of the Social Security Act to align with the new coverage window:
    - For ACA expansion adults: from **1 month before** application
    - For others: from **2 months before** application

---

3. CHIP Alignment

- Adds similar rules for CHIP via a new clause in **§2102(b)(1)(B)**:
    - States providing child or pregnancy-related CHIP coverage must apply this shorter retroactive window

---

In Plain English

"This law says Medicaid can no longer pay for care received 3 months before someone applied. Now it's either 1 month or 2 months — depending on who you are. This helps states cut down on retroactive costs."

Strategic Impacts

Stakeholder	Effect
New Medicaid Applicants	Less likely to get reimbursed for care before applying
State Medicaid Budgets	Reduced obligations for backdated claims
Hospitals & Providers	May face more uncompensated care for newly eligible patients
CHIP Program	Must follow similar rules for retroactive pregnancy/child care

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SEC. 71113 — One-Year Ban on Medicaid Payments to Certain Abortion Providers

---

What This Section Does

This provision imposes a **1-year moratorium** on **Medicaid funding** to certain organizations that:

- Are engaged in family planning and reproductive health services, **and**
- **Provide abortions** (except in rare, legally specified cases)

It prohibits **federal direct spending** through Medicaid to any such "prohibited entity."

Key Provisions

1. What Is Prohibited?

- **No federal Medicaid funds** may be paid to a "prohibited entity" during the **1-year period** following this bill's enactment.
- Applies to **direct payments** or payments through **contracts** with states.

2. What Is a "Prohibited Entity"?

An organization is considered a prohibited entity if:

- It meets **all** of the following:
    1. Is a **501(c)(3)** nonprofit (tax-exempt under IRS code)
    2. Is classified as an **Essential Community Provider** under **45 CFR §156.235**, focusing on:
        - Family planning
        - Reproductive health
        - Related medical care
    3. **Provides abortions**, **except**:
        - If the pregnancy is due to **rape or incest**
        - If the pregnancy poses a **life-threatening physical condition** to the mother
- **And**, in **Fiscal Year 2023**, the entity (or its affiliates):
    - Received **more than $800,000** in **combined federal and state Medicaid payments** either:
        - Directly

- Through a national healthcare provider network

3. Definition of Direct Spending

- "Direct spending" is defined using its meaning in the **Congressional Budget Act** — referring to entitlement or mandatory spending (like Medicaid), not subject to annual appropriations.

In Plain English

"For one year, Medicaid can't pay certain reproductive health clinics — mostly those like Planned Parenthood — if they provide abortions (except for rape, incest, or life-threatening situations) and received over $800K from Medicaid in 2023."

Strategic Impacts

Stakeholder	Effect
Affected Clinics	Lose access to Medicaid funds for a year unless they stop abortion services
Patients	May see disruptions in reproductive health access, especially for low-income women
State Medicaid Programs	Must avoid contracting with affected organizations or risk federal penalties
CMS / HHS	Must enforce compliance and track funding thresholds

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Subchapter C--Stopping Abusive Financing Practices

SEC. 71114 — Ends Extra Federal Funds for New Medicaid Expansion States After 2025

What This Section Does

This section **amends §1905(ii)(3)** of the **Social Security Act** to **cut off enhanced federal funding (FMAP)** for any state that newly expands Medicaid **after December 31, 2025**.

It directly targets states that might still consider expanding Medicaid coverage under the **Affordable Care Act (ACA)**.

Key Provisions

1. What Is FMAP?

- FMAP = Federal Medical Assistance Percentage
    - The portion of Medicaid costs paid by the federal government
- Under the **ACA**, states that expand Medicaid to low-income adults get **a boosted FMAP** (90%+)

2. New Restriction

- The increased FMAP **will no longer be available** for any state that begins spending for newly eligible expansion enrollees **on or after January 1, 2026**
- If a state has **not yet expanded Medicaid** by that date, it:
    - Can still expand
    - **But will not get the enhanced federal funding rate**

Timeline

- Cutoff date: **January 1, 2026**

In Plain English

"States that haven't yet expanded Medicaid under Obamacare will lose the chance to get extra federal money after 2025. If they expand after that, they'll have to pay a bigger share of the costs themselves."

Strategic Impacts

Stakeholder	Effect
States Yet to Expand Medicaid	Lose financial incentive to expand, as extra federal funds are no longer available
Medicaid-Eligible Adults	May not gain coverage if states don't find it cost-effective to expand
Federal Government	Saves money by ending the enhanced match offer

Stakeholder	Effect
Healthcare Providers	Could see fewer low-income adults gaining coverage in non-expansion states

SEC. 71115 — Restricting Medicaid Provider Tax Thresholds for States

What This Section Does

This section modifies rules for **health care-related taxes** that states use to help fund their share of Medicaid costs. These taxes are assessed on hospitals, nursing homes, and other providers, and they must comply with federal rules to **avoid being "hold harmless" arrangements**, which are prohibited.

Specifically, this section **tightens and differentiates** the **6% safe harbor limit** on these provider taxes, depending on whether a state has expanded Medicaid under the ACA.

It amends **§1903(w)(4)** of the Social Security Act.

Key Provisions

1. Change to the Safe Harbor Threshold

- **Currently**: States can collect taxes from healthcare providers **up to 6%** of net patient revenue without violating the "hold harmless" rule.
- **New Rule (Starting Oct 1, 2026)**:
  - States must follow a **modified threshold ("applicable percent")**, depending on whether they have expanded Medicaid and whether a tax is already in place.

2. Definitions of the Applicable Percent

The "applicable percent" depends on:

Group	If Already Taxing (Before Enactment)	If Not Taxing (Before Enactment)
Non-Expansion States	Use previously determined percent for the taxed service class	0% (they may not impose new taxes on that class)
Expansion States	Use the **lower of**: previously determined percent **or** the new fiscal year threshold	Restricted similarly

These thresholds apply to classes of health services described in **42 CFR §433.56(a)**.

3. Effectively Freezes or Caps Growth in State Medicaid Tax Schemes

- Prevents states from **gaming the system** by taxing providers heavily and using that revenue to draw down **more federal Medicaid matching funds**

In Plain English

"This section limits how much states can tax hospitals and providers to fund their Medicaid programs. If a state isn't already taxing a certain type of healthcare provider, it **won't be able to start doing so** after this bill — and those who are taxing will have their thresholds frozen or reduced."

Strategic Impacts

Stakeholder	Effect
State Medicaid Programs	Face limits on future revenue from provider taxes
Hospitals and Providers	Protected from higher state taxes in the future
Federal Medicaid Budget	Limits upward pressure on federal matching funds
Expansion vs. Non-Expansion States	Different treatment may spark policy and political debate

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SEC. 71116 — Capping State Medicaid Directed Payments Relative to Medicare Rates

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What This Section Does

This section amends federal Medicaid rules (specifically **42 CFR §438.6(c)(2)(iii)**) to **limit how much states can direct managed care organizations (MCOs) to pay providers** — especially in Medicaid managed care settings. It sets **upper limits based on Medicare rates**, with variations depending on whether a state expanded Medicaid under the ACA.

Key Provisions

1. Limits on State-Directed Payments (SDPs)

- For **states that expanded Medicaid** under the ACA and provide **minimum essential coverage**:

    - Maximum allowed provider payment = **100% of the Medicare rate**
- For **non-expansion states**:
    - Maximum allowed payment = **110% of the Medicare rate**
- If there's **no specific Medicare rate**, the state must use its **Medicaid plan payment rate** as the basis.

2. Grandfathering Exceptions for Pre-Approved Payments

Certain pre-existing payments will be allowed **without reduction**:

- If the state **submitted and received written prior approval** (or made a **good faith effort**) for the directed payment before:
    - **May 1, 2025**, or
    - For **rural hospitals**, by the **enactment date** of this bill
- Applies only to payments for **rating periods within 180 days** of enactment or with a **completed preprint** submitted by that date.

Effective Date

- Affects **rating periods** beginning **on or after the date of enactment**, with carveouts for certain transitional payments.

In Plain English

"This rule puts a ceiling on how much Medicaid managed care plans can pay hospitals and providers. States can't direct plans to pay more than Medicare — unless they haven't expanded Medicaid, in which case they get a little more wiggle room."

Strategic Impacts

Stakeholder	Effect
State Medicaid Programs	Less flexibility in inflating provider payments via MCOs
Medicaid MCOs	Clear limits on reimbursement levels; aligns closer to Medicare pricing
Hospitals and Providers	Payments capped; may lose revenue if previously paid above Medicare
Rural Hospitals	Some temporary exemptions to avoid disruption

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SEC. 71117 — Tightening Rules on How States Tax Medicaid Providers

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What This Section Does

This section amends **Section 1903(w)** of the **Social Security Act** to clarify and tighten the rules around **"uniform" provider taxes** — specifically when a state requests a waiver from the **uniform tax requirement** for funding Medicaid through provider taxes.

Key Background

States often fund their Medicaid share by taxing healthcare providers (e.g., hospitals or nursing homes) and using those revenues to draw down **federal Medicaid matching dollars**. But federal law requires these taxes to be **uniform and broad-based**, unless a waiver is granted.

This section introduces new definitions and rules for denying waivers where provider taxes are structured in ways that could be seen as **unfair or targeted redistributions**, particularly favoring providers with more Medicaid patients (who may be taxed less).

Key Provisions

1. New Conditions for Disqualification from Waiver

A provider tax is **not considered generally redistributive** (and thus not waivable) if any of the following are true:

- **(I)** A tax rate is lower for providers who treat **more Medicaid patients**.
- **(II)** A tax rate is higher for providers based on their **Medicaid services**, compared to those based on **non-Medicaid services**.
- **(III)** A tax uses **indirect or coded language** that achieves the same effect — such as:
  - Describing a tax rate group by using terms like **"public funding"** or **"low-income care"** without saying "Medicaid," but clearly targeting Medicaid-heavy providers
  - Defining groups that **closely mimic Medicaid participation** without stating it explicitly

These are all deemed to **disqualify** a provider tax from getting a waiver of the uniformity requirement.

2. New Definitions Introduced

- **Medicaid Taxable Unit**: Any unit used as the basis for a health care-related tax applicable to Medicaid. Examples include:
  - Medicaid **bed days**

- Medicaid **revenue**

These new terms are added to **Section 1903(w)(7)** to ensure clarity when determining whether a tax violates redistribution rules.

In Plain English

"This section cracks down on how states structure provider taxes to fund Medicaid. It says that if states try to favor providers who treat more Medicaid patients — directly or indirectly — their tax system will not qualify for a federal waiver. That makes it harder for states to play games with the funding rules."

Strategic Impacts

Stakeholder	Effect
State Medicaid Programs	Lose flexibility in designing tax structures that favor safety-net providers
Hospitals and Providers	More uniform taxation, even if they serve more Medicaid patients
CMS / HHS	Gains clearer statutory authority to reject waiver applications
Medicaid Advocacy Groups	May see equity concerns if higher-tax burdens fall on safety-net providers

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SEC. 71118 — Mandating Fiscal Discipline for State Medicaid Waivers

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What This Section Does

This section revises **Section 1115** of the **Social Security Act**, which allows states to run **experimental Medicaid programs** (known as "demonstration projects") with **flexibility** to test innovations outside standard federal rules.

The amendment mandates that, beginning in **2027**, these demonstration projects must be **budget neutral** — i.e., they cannot increase total federal spending compared to what it would have been without the waiver.

Key Provisions

1. Strict Budget Neutrality Requirement

- The **CMS Chief Actuary** must **certify** that a new or renewed Medicaid demonstration project:
    - **Will not result in higher federal costs** than if the state had followed standard Medicaid rules.
- Applies to:
    - **New applications**
    - **Renewals**
    - **Amendments**

The certification must be based on **projections** of what federal expenditures would otherwise be **in the absence of the waiver.**

Important Clause: Even if a state could cover the same populations or services through its regular Medicaid plan (but in a different setting), those costs are **still included** in the "no-waiver" baseline.

2. Accounting for Underspending ("Savings")

- If a demonstration project **spends less** than projected during an approved period:
    - The **Secretary of Health and Human Services (HHS)** must define how those savings will be accounted for in the **next waiver period**
    - This is to ensure **states are not penalized** for being cost-efficient

3. Implementation Funding

- The bill appropriates:
    - **$5 million** in **FY 2026**
    - **$5 million** in **FY 2027**
- Funds are for the **Centers for Medicare & Medicaid Services (CMS)** to support enforcement and certification

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In Plain English

"States can still run experimental Medicaid programs, but only if those experiments don't cost the federal government more than the normal program would. An independent actuary must verify the math."

Strategic Impacts

Stakeholder	Effect
States Using 1115 Waivers	Face tighter fiscal oversight; waivers may be harder to approve
CMS / HHS	Gains formal authority to require and verify budget neutrality
Medicaid Beneficiaries	Could see fewer waiver-based innovations if states avoid risk
Federal Budget	Potential long-term cost control from capping experimental overreach

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Subchapter D--Increasing Personal Accountability

SEC. 71119 — Medicaid Work/Community Engagement Requirements

What This Section Does

This provision **requires states to implement work or community engagement requirements** for certain low-income adults who want to receive Medicaid. It amends **Section 1902** of the Social Security Act and takes effect in **2027** (with optional earlier implementation).

It essentially **mandates that "able-bodied" adults must work, volunteer, or participate in qualifying activities** to remain eligible for Medicaid coverage — with various exceptions and guardrails.

Key Provisions

1. Who Is Affected? ("Applicable Individuals")

- Low-income adults enrolled in Medicaid
- Applies **both to new applicants** and **existing enrollees**
- Exemptions and definitions (e.g. for age, disability, pregnancy) are provided in other subsections

2. What Must They Do? (Community Engagement)

States must require individuals to:

- **Demonstrate "community engagement"** — such as:
    - Working
    - Job training

    - Volunteering
    - Education

This requirement must be:

- **Verified monthly or quarterly**
- Applied to **1–3 months** prior to application (for new applicants)
- **Ongoing** for current enrollees, verified between eligibility redeterminations

3. State Options

States may:

- Set shorter time windows for compliance checks
- Use a waiver under **Section 1115** to tailor how these requirements are implemented
- Elect to verify compliance more frequently than every 12 months

4. Failure to Comply

If an individual **does not meet the engagement requirements**, they may become **ineligible for Medicaid** — subject to state-defined grace periods and re-enrollment rules.

In Plain English

"Starting in 2027, many adults on Medicaid will have to prove they're working, volunteering, or otherwise engaged in their communities. States must verify this before approving new applicants or renewing existing coverage."

Strategic Impacts

Stakeholder	**Effect**
Medicaid Beneficiaries	May lose coverage if unable to meet new activity requirements
State Medicaid Agencies	Must build systems for verifying compliance and handling exceptions
Healthcare Providers	May face increased uninsured rates if individuals lose eligibility
CMS / HHS	Oversees implementation and waiver flexibility

SEC. 71120 — Cost-Sharing Reforms for ACA Medicaid Expansion Enrollees

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What This Section Does

This section amends **Section 1916** of the **Social Security Act** to **change cost-sharing rules** for adults enrolled in Medicaid through the **Affordable Care Act (ACA) expansion**, starting in **fiscal year 2029 (October 1, 2028)**.

It creates a new subsection — **§1916(k)** — laying out **special cost-sharing rules** for these "specified individuals."

Key Provisions

1. Who Are "Specified Individuals"?

- Defined in **§1916(k)(3)** (not shown here but generally refers to expansion-eligible adults under ACA)
- Typically, low-income adults without children who gained eligibility through the ACA

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2. Premiums and Enrollment Fees Prohibited

- States **may not charge premiums, enrollment fees, or similar charges** to specified individuals

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3. Required Cost Sharing

- States **must impose some cost sharing** (e.g. copayments, deductibles) on specified individuals for certain services
- The charge must be **greater than $0**

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4. Limitations and Protections

- **No cost sharing** allowed for:
  - Primary care services
  - Mental health care
  - Substance use disorder services
  - Services from:

        - Federally Qualified Health Centers (FQHCs)
        - Certified Community Behavioral Health Clinics (CCBHCs)
        - Rural Health Clinics (RHCs)
    - Other exempted services listed in §1916(a)(2)(B–J)
- **Maximum charge** for any covered item or service:
    - **$35**, with a separate rule to be applied for **prescription drugs** (not fully shown in this excerpt)

In Plain English

"Starting in 2028, states must charge ACA Medicaid expansion enrollees something (like copays) for certain services — but no more than $35 per service. Basic care like mental health, primary care, or services from safety-net clinics stay free."

Strategic Impacts

Stakeholder	Effect
ACA Medicaid Enrollees	Will face small out-of-pocket charges for some services
State Medicaid Programs	Required to implement and manage cost-sharing systems
Safety-Net Clinics	Protected from patient cost burdens; may see fewer access barriers
Federal Budget	Slight reduction in federal Medicaid costs due to new state revenue

Subchapter E--Expanding Access to Care

SEC. 71121 — Expanding Home and Community-Based Services (HCBS) Waivers

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What This Section Does

This provision allows states to apply for **standalone 1915(c) waivers** to cover **home- and community-based services (HCBS)** for certain Medicaid beneficiaries — even without the standard institutional level-of-care requirement.

This change **increases flexibility** for states to deliver services outside of nursing homes or institutions.

Key Provisions

1. Waiver Flexibility Begins July 1, 2028

- The **Secretary of Health and Human Services (HHS)** may approve a **new standalone waiver** that:
    - Covers part or all of the cost of HCBS (excluding room and board)
    - Is based on a written **individualized plan of care**
- Initial term: **3 years**, extendable in **5-year increments** if requirements are met

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2. Target Population

- Individuals not necessarily meeting institutional level-of-care criteria (as required under traditional §1915(c) rules)
- States can propose **alternate eligibility groups** under this flexibility

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3. State Requirements for Waiver Approval

To receive a waiver under this section, the state must:

- Ensure that all other existing 1915(c) waivers are compliant with federal requirements
- Demonstrate that this new waiver **won't result in a "material increase" in costs**
- Meet specified administrative and oversight standards

In Plain English

"States will be allowed to get special waivers to provide at-home care to people — even if they don't qualify for a nursing home. This helps more people stay in their communities instead of institutions."

Strategic Impacts

Stakeholder	Effect
Medicaid Beneficiaries	More access to in-home care and services, especially for those not yet disabled enough to qualify for institutional care
State Medicaid Programs	Greater flexibility to manage and target HCBS spending
Nursing Homes & Institutions	Could see slower growth or loss of patients
Families & Caregivers	More support for keeping loved ones at home

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CHAPTER 2—MEDICARE

Subchapter A--Strengthening Eligibility Requirements

SEC. 71201 — Restricting Medicare Eligibility Based on Immigration Status

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What This Section Does

This provision **amends Title XVIII of the Social Security Act** to **limit who can receive Medicare benefits**, based on **citizenship or immigration status**. It creates a new section — **§1899C** — and applies both to new applicants and (with a delay) to people currently enrolled.

Eligibility Changes

To be **eligible for Medicare**, a person must be one of the following:

1. A **citizen or national** of the United States
2. A **lawful permanent resident** (green card holder)
3. A **Cuban or Haitian entrant** (as defined in the Refugee Education Assistance Act of 1980)
4. A person **lawfully residing under a Compact of Free Association** (e.g., from Micronesia, Palau, Marshall Islands)

Transition Rule for Current Enrollees

18-Month Grace Period:

- Individuals **already enrolled or entitled** to Medicare **as of the enactment date** will remain eligible **for 18 months** after the bill becomes law.
- After that, they must meet the new criteria above or **lose Medicare eligibility**.

Review Process by the Social Security Administration (SSA)

- **Within 1 year of enactment**, the **Commissioner of Social Security** must:
  - **Review all current Medicare beneficiaries**
  - Identify any who **do not meet** the new eligibility categories
- **Affected individuals** will be **notified** that their Medicare coverage will be **terminated** 18 months after enactment

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In Plain English

"Only U.S. citizens, lawful residents, and specific immigrant groups will be allowed to get Medicare. If you're on Medicare now and don't meet those rules, you'll lose coverage within 18 months."

Strategic Impacts

Stakeholder	Effect
Immigrants on Medicare	Could lose coverage unless they fall into one of four specific categories
SSA / CMS	Must launch a major audit and notification campaign
Healthcare Providers	Could see drops in reimbursement as affected patients lose Medicare
Federal Medicare Budget	Potential cost savings by removing ineligible enrollees

Subchapter B--Improving Services for Seniors

SEC. 71202 — Temporary Medicare Payment Boost for Doctors in 2026

What This Section Does

This section amends **Section 1848(t)** of the **Social Security Act**, which governs **payment updates** under the **Medicare Physician Fee Schedule (MPFS)**.

It provides a **temporary 2.5% payment increase** for physicians and other healthcare professionals who provide Medicare services during **calendar year 2026**.

Key Changes

1. **Expands Existing Payment Boosts**

- Previously, Congress enacted temporary MPFS payment increases for:
    - 2021
    - 2022
    - 2023
    - 2024
- This provision adds **2026** to the list.

2. **Specific Payment Update Details**

- For services furnished between:
    - **January 1, 2026** and **December 31, 2026**
- Payment under the **MPFS will be increased by 2.5%**

3. **Statutory Adjustments**

- The section modifies:
    - **§1848(t)(1)(F)** to include 2026
    - Conforming edits to related paragraphs in **§1848(t)(2)(C)** and **§1848(c)(2)(B)(iv)(V)** to ensure consistency

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In Plain English

"Doctors who treat Medicare patients will get a 2.5% temporary raise for all of 2026. It's meant to help with inflation, pandemic fallout, or other systemic disruptions."

Strategic Impacts

Stakeholder	Effect
Physicians & Providers	Receive a modest temporary increase in Medicare reimbursement
Medicare Program	Slight cost increase in 2026
Patients	Helps ensure provider participation in Medicare
Congress	Continues trend of yearly MPFS payment adjustments

SEC. 71203 — Expanding and Clarifying the Exclusion for Orphan Drugs Under the Drug Price Negotiation Program

---

What This Section Does

This section amends **Section 1192(e)** of the **Social Security Act**, which governs the **Medicare Drug Price Negotiation Program**, to **expand the exclusion criteria for "orphan drugs."**

Orphan drugs are medications intended to treat **rare diseases** (affecting fewer than 200,000 people in the U.S.).

Key Provisions

1. **Broader Definition of Orphan Drugs**

- The original language excluded a drug **only if** it treated **one rare disease or condition**.
- This amendment changes that to **"one or more rare diseases or conditions."**

2. **Clarifies Language and Definitions**

- References to "such disease or condition" now read **"one or more such rare diseases or conditions,"** tying it to the statutory definition from the **Federal Food, Drug, and Cosmetic Act §526(a)(2).**

3. **New Paragraph Added for Drugs That Lose Orphan Status**

- For a drug or biological product that **was initially classified as an orphan drug** but later **loses that status**, the exclusion from price negotiation ends on:
    - The **first day after the date it no longer qualifies** under the orphan drug definition.

This clarification ensures that a drug cannot indefinitely avoid price negotiation if it later expands use to non-orphan indications.

Effective Date

- These changes apply to **“initial price applicability years”** starting on or after **January 1, 2028.**

In Plain English

“This section adjusts how the Medicare drug price negotiation law treats rare-disease drugs. Drugs that treat more than one rare disease can still qualify for exclusion — but if they later expand beyond rare diseases, they’ll become subject to negotiation.”

Strategic Impacts

Stakeholder	Effect
Biopharma Companies	Keeps more orphan drugs shielded from price controls — but with limits
Medicare Program	Can include more drugs in negotiation once they lose orphan status
Rare Disease Advocates	Ensures continued protection for multi-indication orphan drugs
CMS / HHS	Gains clearer guardrails to apply exclusions consistently

CHAPTER 3--HEALTH TAX

Subchapter A--Improving Eligibility Criteria

SEC. 71301 — Restricting Eligibility for Affordable Care Act (ACA) Premium Tax Credits

What This Section Does

This section **amends Section 36B(e)** of the **Internal Revenue Code** and related sections of the **Affordable Care Act (ACA)** to **tighten eligibility** for receiving **Premium Tax Credits (PTCs)** — which help individuals afford ACA Marketplace health insurance plans.

It focuses on excluding certain categories of immigrants from receiving subsidies unless they meet newly defined standards of being an **"eligible alien."**

Key Provisions

1. Excludes Certain Lawfully Present Aliens

- Modifies Section 36B(e)(1) to say:

Individuals who are **lawfully present** but **not "eligible aliens"** may not receive the tax credit.

This adds a new tier of scrutiny beyond mere lawful presence.

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2. Defines "Eligible Alien" (New §36B(e)(2)(B))

An alien must be **reasonably expected to remain eligible throughout the enrollment period** and fall into one of these categories:

- **Lawful Permanent Resident** (Green Card holder)
- **Cuban or Haitian Entrant**, as defined under the Refugee Education Assistance Act of 1980
- **Compact of Free Association Resident**, living lawfully in the U.S. from:
    - Micronesia
    - Marshall Islands
    - Palau

Anyone lawfully present but **outside these groups** (e.g. DACA recipients, asylum seekers without final status, TPS holders) would be **ineligible** for PTCs under this change.

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3. Conforming Amendments to the ACA

Amends **Section 1411** of the ACA (42 U.S.C. §18081) to:

- Remove references to automatic eligibility for lawfully present aliens
- Require verification of whether an applicant is an **"eligible alien"** as newly defined
- Add new verification protocols for **attestation of immigration status**

In Plain English

"Only a narrower set of immigrants — permanent residents, certain entrants from Cuba/Haiti, or COFA nationals — can qualify for ACA subsidies. Others may be lawfully present but won't get help paying for Marketplace plans."

Strategic Impacts

Stakeholder	Effect
Lawfully Present Immigrants	Many could lose access to subsidized ACA coverage
ACA Marketplaces	May see lower enrollment among non-citizen, non-permanent residents
IRS & CMS	Will need to implement new eligibility verification systems
Healthcare Providers	Potential increase in uninsured patients from excluded populations

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SEC. 71302 — Disallowing Premium Tax Credit During Periods of Medicaid Ineligibility Due to Alien Status

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What This Section Does

This section amends the **Internal Revenue Code §36B(c)(1)** to further restrict eligibility for **ACA Premium Tax Credits (PTCs)** when individuals are **ineligible for Medicaid due to their immigration status**.

Key Provision

- **Deletes §36B(c)(1)(B)**:
    - This subparagraph previously allowed some **lawfully present immigrants** (who were **ineligible for Medicaid** solely due to their alien status) to still receive PTCs.
- Effective for **tax years starting after December 31, 2025**.

In Plain English

"Even if someone is lawfully present in the U.S., if they can't get Medicaid because of their immigration status, they also won't get ACA subsidies to help buy insurance."

Strategic Impacts

Stakeholder	Effect
Immigrants on the Medicaid cusp	Could be excluded from both Medicaid and ACA subsidies
ACA Marketplaces	May see reduced participation by mixed-status or lawfully present non-citizens
IRS / CMS	Must adjust eligibility checks for subsidies
Healthcare Providers	Possible increase in uninsured patients

Subchapter B--Preventing Waste, Fraud, and Abuse

SEC. 71303 — Strengthening Eligibility Checks for ACA Premium Subsidies

---

What this section does

This section amends **Internal Revenue Code §36B(c)** to require more robust and formal verification of **eligibility for Premium Tax Credits (PTCs)** under the Affordable Care Act (ACA).

Key Provisions

1. New Paragraph: Exchange Enrollment Verification Requirement

- No ACA subsidy ("coverage month") will be recognized for any individual **until** the health insurance exchange **verifies** their eligibility using key enrollment data.

2. Verification Must Cover:

- **Household income and family size**
- **Alien status** (must confirm the individual is an "eligible alien" as defined in prior sections)
- **Current health coverage status or eligibility**
- **Place of residence**
- Any other information required by the **Secretary of Treasury**, in consultation with **HHS**

3. Retroactive Validation Allowed

- If the Exchange **later confirms** that someone was eligible in a previous month, that month can still count as a **valid "coverage month"** for subsidy purposes.

4. Enrollment Not Automatically Revoked

- People **will not be kicked off the Exchange** just because they don't initially meet verification requirements for a subsidy — but they **won't receive the credit** until verification is complete.

5. Special Enrollment Period Waiver

- The Secretary of Treasury **may waive the rule** in cases where individuals enroll during a **special enrollment period** due to changes in family size (e.g., birth of a child, marriage).

6. Use of Third-Party Data

- Exchanges may rely on **external and third-party data sources** (e.g. credit bureaus, state income verification systems) to confirm applicant information.

In Plain English

"You won't get an ACA premium subsidy until your income, legal status, and other personal details are verified. If verification happens late, you can still get credit for past months. But you can't just enroll and assume you'll get the tax break."

Strategic Impacts

Stakeholder	Effect
ACA Enrollees	Will face more paperwork and possibly delays in receiving subsidies
Exchanges & IRS	Must build and enforce new verification protocols
Immigrants & Low-Income Workers	Could face more barriers if documentation is incomplete
Federal Budget	May reduce improper or premature subsidy payments

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SEC. 71304 — Limits Subsidies for Some Special Enrollment Period (SEP) Enrollments

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What This Section Does

This provision **amends Internal Revenue Code §36B(c)(3)(A)** to restrict **Premium Tax Credit (PTC)** eligibility for individuals who **enroll in an ACA plan during certain "special enrollment periods" (SEPs)**.

Key Provisions

1. New Restriction on What Qualifies as a "Coverage Month"

- Adds a new clause:

"A coverage month shall not include any plan enrolled in during a special enrollment period..."

2. Conditions That Trigger Ineligibility

An individual who uses a **SEP based solely on income level** — and **not due to a specific qualifying life event** — will be **disqualified from PTCs** for that coverage.

This includes:

- SEPs granted **just because an applicant's income qualifies them** (e.g., under 150% of the poverty line)
- Not tied to events like:
  - Job loss
  - Marriage
  - Childbirth
  - Divorce
  - Relocation

Example

Let's say a person with no prior insurance realizes they qualify for low-income ACA coverage and signs up during a **SEP tied only to income**. Under this law, they would **not** be eligible for **subsidies** during that period.

Effective Date

- Applies to **plan years starting after December 31, 2025**

In Plain English

"If you sign up for an ACA health plan during a special enrollment period based only on your income — and not because of a life event like losing a job — you won't get a subsidy to help pay for it."

Strategic Impacts

Stakeholder	Effect
Low-Income Individuals	May find insurance unaffordable if they rely solely on income-based SEPs
ACA Marketplaces	Could see reduced take-up among subsidy-excluded populations
IRS & HHS	Will need to distinguish between SEP types for subsidy calculations
Federal Budget	Potential savings from reduced subsidy expenditures

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SEC. 71305 — Full Clawback of ACA Subsidy Overpayments

What This Section Does

This section eliminates the **income-based cap on how much ACA enrollees must repay** if they **receive too much in advance Premium Tax Credits (PTCs)** and later earn more income than expected.

Key Provisions

1. Strikes 36B(f)(2)(B)

- This subparagraph previously **limited repayment liability** for excess advance tax credits based on income:
  - Example: A person at 200% of the poverty line might only have to repay $800 instead of the full overpayment amount.
- This provision **strikes that limit**, meaning taxpayers may now have to repay **the full amount** of the overpaid subsidy, **regardless of income level.**

2. Conforming Amendments

- Makes necessary edits to references in:
  - §36B(f)(2)

- §35(g)(12)(B)(ii)

- These adjustments remove cross-references to the now-deleted repayment cap.

Effective Date

- Applies to **tax years beginning after December 31, 2025**.

In Plain English

"If you get too much help from the government to pay for your ACA insurance — and it turns out you made more money than you reported — you'll have to pay the **full difference** back, no matter your income."

Strategic Impacts

Stakeholder	Effect
ACA Enrollees	Higher repayment risk at tax time if income increases mid-year
IRS	Will collect more from subsidy overpayments
Low-Income Families	Could face financial shock at tax filing if income fluctuated
Federal Budget	Recovers more subsidy overpayments, reducing cost of ACA tax credits

Subchapter C--Enhancing Choice for Patients

SEC. 71306 — Making Telehealth Cost-Sharing Waivers Permanent for High Deductible Health Plans (HDHPs)

What This Section Does

This section amends **Internal Revenue Code §223(c)(2)(E)** to make permanent the **telehealth flexibility** that allows **High Deductible Health Plans (HDHPs)** to offer **telehealth services without applying the deductible** — without disqualifying the plan from **Health Savings Account (HSA)** eligibility.

Key Provisions

1. Revises Safe Harbor Language

- A health plan **will still be considered a "high deductible health plan" (HDHP)** even if:
  - It **does not require patients to meet a deductible before covering telehealth or remote care services.**

This provision essentially codifies the telehealth exemption that had been enacted temporarily during COVID-era relief legislation.

2. Conforming Clause Removed

- Amends **§223(c)(1)(B)(ii)** by **removing** language that had previously limited the telehealth safe harbor to **specific years** (e.g. 2020–2024).
  - Now, the safe harbor applies **indefinitely**.

3. Effective Date

- Applies to **plan years beginning after December 31, 2024**.

In Plain English

"Health plans that cover telehealth visits before you hit your deductible will still count as 'HSA-compatible' plans. This rule, originally temporary, is now permanent."

Strategic Impacts

Stakeholder	Effect
Employees & HSA Holders	Can access telehealth earlier in the year without harming HSA eligibility
Employers & Insurers	Allowed to design HDHPs with better telehealth access
HSA Market	Increased use and compatibility with modern care delivery
Policymakers	Makes COVID-era telehealth flexibility a lasting fixture

---

SEC. 71307 — Letting Bronze and Catastrophic ACA Plans Qualify as High Deductible Health Plans (HDHPs)

What This Section Does

This section **amends Section 223(c)(2)** of the Internal Revenue Code to allow **more Affordable Care Act (ACA) health insurance plans** — specifically **Bronze and Catastrophic plans** — to **qualify as HDHPs**, thereby making them **HSA-eligible**.

Key Provisions

1. New Subparagraph (H)

- The law adds a clause to define certain ACA plans as qualifying HDHPs:

"The term 'high deductible health plan' shall include any plan that is:
(i) Available as individual coverage through an Exchange under the ACA, and
(ii) Described in **§1302(d)(1)(A)** (Bronze Plans) or **§1302(e)** (Catastrophic Plans) of the ACA."

This means that individuals who enroll in **Bronze** or **Catastrophic** plans via Healthcare.gov or a state exchange will now be **eligible to contribute to Health Savings Accounts (HSAs)** — even if these plans wouldn't normally qualify under HDHP rules.

Effective Date

- Applies to **coverage months beginning after December 31, 2025**

In Plain English

"If you buy a Bronze or Catastrophic ACA plan, you'll be allowed to open and contribute to an HSA — just like people with other high-deductible plans."

Strategic Impacts

Stakeholder	Effect
ACA Enrollees	More flexibility to choose HSA-compatible low-cost plans
Young Adults (under 30)	Can use HSAs with Catastrophic plans, previously excluded
Employers & Brokers	More options for HDHP offerings on the individual market
HSA Market	Could expand significantly as more plans become eligible

---

SEC. 71308 — Allowing Direct Primary Care to Coexist with Health Savings Accounts (HSAs)

What This Section Does

This provision clarifies that individuals participating in **Direct Primary Care (DPC) arrangements** can still **contribute to Health Savings Accounts (HSAs)** — an issue that was previously in legal gray area under the tax code.

Key Provisions

1. DPCs Will Not Disqualify HSA Participation

- Amends **§223(c)(1)** of the Internal Revenue Code.
- Adds a new clause stating that:

A **Direct Primary Care Service Arrangement** will **not be treated as a "health plan"** that disqualifies a person from opening or contributing to an HSA.

---

2. Definition of DPC Arrangement

To qualify, the DPC arrangement must:

- Offer **only primary care services**, as defined in section 213(d)
- Be provided by **primary care practitioners** (per the Social Security Act definition)
- Be **paid through a fixed periodic fee**, and not based on service usage

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3. Fee Limitations

- The monthly fees for DPC services **must not exceed $150 per month**
- If the DPC covers **more than one person** (e.g., family), the limit increases to **$300 per month**

---

4. Services Not Counted as Primary Care

The following are **explicitly excluded** from being treated as "primary care" under this rule:

- Procedures requiring **general anesthesia**
- **Prescription drugs** (except vaccines)

- **Lab services** not commonly performed in a primary care office

These exclusions are to ensure DPC arrangements remain low-intensity and primary-focused.

---

5. Tax Treatment of DPC Fees

- Amends **§223(d)(2)(C)** to treat DPC fees as **qualified medical expenses**.
- This means:
  - HSA funds **can be used to pay DPC fees** without penalty.

---

6. Inflation Adjustment

- After 2026, the $150 monthly limit for individuals (and $300 for families) will be **adjusted for inflation**.

In Plain English

“If you pay a flat monthly fee to a doctor for unlimited primary care — known as Direct Primary Care — you can still open and fund an HSA. You can also use your HSA money to pay those fees, up to $150/month per person.”

Strategic Impacts

Stakeholder	Effect
Patients	More freedom to choose DPC doctors while maintaining HSA eligibility
DPC Providers	Removes legal uncertainty and opens access to HSA dollars
HSA Market	Expands use cases for tax-free savings
IRS / Treasury	Must provide rules and guidance, especially on excluded services

CHAPTER 4--PROTECTING RURAL HOSPITALS AND PROVIDERS

SEC. 71401 — Rural Health Transformation Program

What this section does

This section creates a **$50 billion grant program** administered by the **Centers for Medicare & Medicaid Services (CMS)** to support **state-led innovations** that improve rural health care systems between **2026 and 2030**.

Appropriations and Fiscal Timeline

- **$10 billion per year** from **FY2026 through FY2030** will be allocated to states:
    - FY2026: $10B
    - FY2027: $10B
    - FY2028: $10B
    - FY2029: $10B
    - FY2030: $10B
- Funds not used by **October 1, 2032**, must be **returned to the U.S. Treasury**.

Redistribution of Unused Funds

- **Annually by March 31 (2028–2032)**, CMS must identify any **unspent or unobligated funds** from prior years.
- These funds will be **redistributed** to other eligible states, but must be used by the **end of the following fiscal year**.
- Exception: **Redistributed funds in FY2032** must be spent by **September 30, 2032**.

Penalties for Misuse

If a state **misuses funds** or fails to comply with its grant application:

- CMS may:
    - **Withhold future payments**
    - **Reduce ongoing funding**
    - **Recover previously distributed funds**

Implications for States and Providers

Stakeholder	Effect
Rural States	Major funding opportunity for healthcare infrastructure and innovation
State Health Agencies	Must design and execute effective rural transformation plans
CMS	Gains oversight and redistribution authority for billions in funding
Rural Residents	Stand to benefit from improved access and modernized care models

Continued: SEC. 71401 — Rural Health Transformation Program

Section Highlights (Continued from Prior Summary)

This portion of the section elaborates on:

Use, Redisbursement, and Expiration of Funds

Availability of Funds

- Funds **allotted to states** for a given year may be spent **through the following fiscal year**.
  - E.g., 2026 funds are spendable through 2027.
- **Redistributed funds** (from other states' unspent balances) are **also usable for one extra year**.
  - Exception: **Funds redistributed in FY2032** must be used **by September 30, 2032**.

Annual Unused Funds Review

- CMS must **annually evaluate (by March 31 each year)** from **2028–2032** whether there are **unspent or unobligated funds** from prior fiscal years.
- These funds will be **redistributed to other eligible states**.

Enforcement and Penalties for Misuse

- If a state uses funds **in ways inconsistent** with its approved application:
  - CMS may:
    - **Withhold future funding**
    - **Reduce ongoing payments**

- **Claw back previously distributed funds**

This is intended to enforce **fiscal discipline and transparency**, ensuring that funds are used **solely for rural healthcare transformation projects.**

In Plain English

"States get $10 billion/year for rural health reforms. They can use the money for 2 years max. If they mess up or don't spend it wisely, CMS can take the money back or cut off future funds."

Summary Table

Feature	Policy Detail
Annual Funding	$10B from FY2026–FY2030
Spending Deadline	One extra year beyond initial fiscal year
Redistribution Timing	CMS evaluates every March (2028–2032)
Final Spending Deadline	Sept 30, 2032
Enforcement	CMS may penalize states for misuse or mismanagement

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Subtitle C--Increase in Debt Limit

SEC. 72001 — Increasing the Federal Debt Limit by $5 Trillion

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What This Section Does

This section **raises the statutory debt ceiling** — the legal limit on the total amount of money that the U.S. government is authorized to borrow — by:

$5,000,000,000,000 (Five Trillion Dollars)

Legal Reference

- Amends **Section 3101(b) of Title 31, U.S. Code**
- Specifically updates the debt limit as most recently amended by:

- **Section 401(b) of Public Law 118–5**

In Plain English

“This law allows the federal government to borrow up to $5 trillion more than it could before, in order to meet future spending obligations, pay existing debts, and avoid default.”

Strategic Impacts

Stakeholder	Effect
U.S. Treasury	Gains capacity to issue more debt to fund government operations
Congress & Budgeteers	Can authorize new programs without immediately facing default risk
Global Financial Markets	Likely to maintain confidence if seen as avoiding U.S. default
Taxpayers	Long-term implications for national debt, interest payments, and inflation risk

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Effective Date

- Becomes effective **upon enactment of this Act**

Subtitle D—Unemployment

EC. 73001 — Ending Unemployment Payments to Jobless Millionaires

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What this section does

To **prohibit** the use of **federal funds** to pay **unemployment compensation** to individuals who earned **$1,000,000 or more** during their base period.

Key Provisions

1. Funding Prohibition

- **No federal funds** may be used to:
    - Pay **unemployment benefits** to individuals with **base period earnings ≥ $1 million**

    - Cover **administrative costs** related to such payments

2. Certification and Compliance

- **Self-Certification Required**:
    - Applicants for unemployment must declare whether they made ≥ $1 million during their base period.
- **State Verification Required**:
    - State agencies must use available systems to **verify applicant income**.
- **Recovery of Overpayments**:
    - If someone incorrectly receives unemployment benefits despite exceeding the income cap, the state must **recover those funds**.

3. Effective Date

- Applies to **unemployment claims for weeks beginning on or after the date the law is enacted**.

Definition of "Unemployment Compensation Program of the United States"

Includes all major federally funded unemployment programs:

- Federal civilian unemployment (5 U.S.C. §85, subchapter I)
- Ex-servicemember unemployment (5 U.S.C. §85, subchapter II)
- Federal-State Extended Benefits (Federal-State Extended Unemployment Compensation Act of 1970)
- Any **temporary federal extension** of unemployment
- Any **federal supplement** to weekly benefit amounts
- Any **other federally funded unemployment compensation** programs as determined by the **Secretary of Labor**

In Plain English

"If you made a million dollars last year, you can't collect unemployment. And states need to make sure you don't — and take the money back if you do."

Strategic Impacts

Stakeholder	Effect
High-Income Individuals	Barred from accessing unemployment compensation
State Labor Departments	Must add income verification and repayment enforcement mechanisms
Department of Labor	Gains enforcement responsibility for defining covered programs
Federal Budget	Potential savings by cutting benefits to high-income earners

TITLE VIII--COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Subtitle A--Exemption of Certain Assets

SEC. 80001 — Exemption of Certain Assets from Student Aid Calculations

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What This Section Does

This section **modifies the Higher Education Act of 1965 (20 U.S.C. 1087vv(f)(2))** to expand the types of **family-owned assets that are excluded** from a student's financial aid eligibility determination.

Key Changes

Amends the law to ensure the following **family-owned assets are not counted when calculating Expected Family Contribution (EFC)**:

1. **Primary Residence Farm**:
    - A **family farm** where the family lives
    - The **net value** of this asset is **excluded**
2. **Small Family Business**:
    - Must have **100 or fewer full-time (or full-time equivalent) employees**
    - Must be **owned and controlled by the family**
3. **Commercial Fishing Business**:
    - Includes:
        - Fishing vessels
        - Permits
        - Related operational expenses
    - Must be **owned and controlled by the family**

These exclusions will be considered when determining **federal financial aid eligibility** — including Pell Grants, student loans, and other forms of Title IV assistance.

Effective Date

- Becomes effective **July 1, 2026**
- Applies starting with the **2026–2027 academic award year**

In Plain English

"If your family owns a small farm, a small business with 100 or fewer employees, or a fishing boat business — and you live on the farm or run the business — those won't count against your college financial aid eligibility starting in 2026."

Strategic Impacts

Stakeholder	Effect
Rural and Fishing Families	May qualify for more financial aid due to asset exemptions
Small Business Owners	Protected from penalization in aid formulas for building local wealth
College Financial Aid Offices	Will need to adapt aid calculators and train staff
Department of Education	Must update FAFSA guidance and oversight systems

Subtitle B--Loan Limits

SEC. 81001 — Federal Student Loan Reform for Graduate and Professional Borrowers

What This Section Does

This provision **overhauls federal student loan access for graduate and professional students,** setting **strict annual and lifetime borrowing caps** and **terminating their eligibility for PLUS loans** beginning in 2026.

Key Provisions

1. Termination of Subsidized Stafford Loans for Grad Students

- This reconfirms an older policy (from July 1, 2012) that **eliminated subsidized Stafford loans** for graduate and professional students.
- Restates that students in this category **cannot receive interest subsidies** while enrolled.

2. Termination of Graduate PLUS Loans (Starting July 1, 2026)

- Graduate and professional students will **no longer be eligible** for Federal Direct PLUS Loans beginning in **academic years starting after July 1, 2026**.

3. New Annual Loan Limits

- **Graduate students (non-professional):** capped at **$20,500/year**
- **Professional students (e.g. med, law):** capped at **$50,000/year**
- These are **Federal Direct Unsubsidized Stafford Loans** only.

4. Aggregate (Lifetime) Limits

- Beginning July 1, 2026:
    - **Graduate (non-professional) students:** aggregate limit of **$100,000**
    - **Professional students:** aggregate limit of **$250,000**
- These are **in addition to amounts borrowed as undergraduates**.

Effective Date

- The new limits and loan eligibility changes take effect **July 1, 2026**.

In Plain English

"Starting in 2026, grad students can no longer use Grad PLUS loans and will instead be limited to lower annual and lifetime borrowing caps through unsubsidized loans."

Strategic Impacts

Stakeholder	Effect
Graduate Students	Will have reduced borrowing capacity and must budget more carefully
Professional Students (Med/Law)	Can borrow up to $50,000/year, capped at $250,000 total

Stakeholder	Effect
Department of Education	Reduced risk exposure from unlimited PLUS loan liabilities
Universities	May face enrollment shifts or tuition pressure due to tighter financing

Subtitle C--Loan Repayment

SEC. 82001 — Loan Repayment Reform and Transition to Modernized IDR

What this section does

This section reshapes how borrowers repay federal student loans by **phasing out older repayment programs** and transitioning borrowers to **modern income-based repayment plans** by **2028**.

Key Provisions

(a) Transition from Old Income-Contingent Repayment (ICR)

- The **Secretary of Education** must ensure that **by July 1, 2028**, every borrower with:
  - Loans in **repayment or administrative forbearance** under **income-contingent repayment (ICR)** plans under §455(e),
  - Must select a **new income-driven plan** from one of the following:
    - **Repayment Assistance Plan** under §455(q)
    - **Income-Based Repayment (IBR)** under §493C
    - Any other §455(d)(1)-authorized plan
- Borrowers may opt to **switch plans sooner** if they choose.

Default Assignment if No Selection

- If borrowers **fail to select** a plan:
  - The Secretary shall **auto-enroll** them into either:
    - **Repayment Assistance Plan**, if eligible
    - Otherwise, the **Income-Based Repayment** plan

- Repayment under the new plan **starts July 1, 2028**, unless borrowers opt in earlier.

(b) Repayment Plan Restrictions for New Loans

- Amends §455(d) of the Higher Education Act (20 U.S.C. §1087e(d)):
    1. Borrowers **who first borrow on or after July 1, 2026**:
        - Are **not eligible** for older repayment plans (like the legacy ICR)
        - Are instead **limited to newer, standardized repayment plans**
    2. Borrowers with loans **prior to July 1, 2026** retain access to legacy plans — but only until **June 30, 2028**

In Plain English

"If you're using an old-style income-driven loan repayment plan, you'll be moved to a new modern plan by 2028. New borrowers after July 1, 2026, won't be allowed to use the old plans at all."

Strategic Impacts

Stakeholder	**Effect**
Existing Borrowers	Must choose or be auto-enrolled in modern income-based repayment plans
New Borrowers (Post-2026)	Limited to only modern repayment plans
Department of Education	Must implement system-wide borrower transitions
Loan Servicers	Need to support bulk migrations and improved plan communications

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SEC. 82002 — Reforms to Loan Deferment and Forbearance Policies

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What this sections does

This section **eliminates or restricts deferment and forbearance options** for federal student loan borrowers **who receive loans on or after July 1, 2027**. The goal is to reduce excessive interest accumulation and long-term loan balances caused by repeated pauses in repayment.

Key Provisions

A. End of Unemployment and Economic Hardship Deferments

- **For new borrowers** (on or after July 1, 2027):
    - You will **no longer be eligible** for:
        - **Unemployment deferment**
        - **Economic hardship deferment**
    - These are subparagraphs (B) and (D) under §455(f)(2) of the Higher Education Act.

B. Strict Limits on Forbearance Use

- For loans **originated on or after July 1, 2027**:
    - Borrowers may only receive **forbearance**:
        - Under section **428(c)(3)(B)** of the Higher Education Act
        - For **no more than 9 months** in **any 24-month period**

This is a significant change from the prior policy, where borrowers could accumulate **years** of paused payments under forbearance without limitation.

In Plain English

"Starting in 2027, if you take out a new federal student loan, you can't pause your payments due to unemployment or economic hardship. And if you need general forbearance, you're capped at 9 months every 2 years."

Strategic Impacts

Stakeholder	Effect
New Borrowers (2027+)	Limited options to delay repayment
Existing Borrowers	Not impacted — retain access to current deferment/forbearance options
Loan Servicers	Will need to monitor and enforce new eligibility limits
Department of Education	Gains oversight responsibility for new deferment policy tracking

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SEC. 82003 — Loan Rehabilitation Reforms ("Fresh Start" Codification)

What this section does

This section updates and expands **federal student loan rehabilitation rules**, which help **borrowers in default** restore their loans to good standing. It builds on the "Fresh Start" policy implemented during the pandemic.

Key Provisions

1. Rehabilitation Allowed Twice Instead of Once

- **FFEL and Direct Loans**:
  - Amends §428F(a)(5) of the Higher Education Act.
  - Changes the rule from:

"Defaulted loans may be rehabilitated only **once**"

  - To:

"Defaulted loans may be rehabilitated **two times**"

- **Perkins Loans**:
  - Amends §464(h)(1)(D)
  - Also increases from **one to two rehabilitation opportunities**

Bottom line: Borrowers now get **a second chance** to rehabilitate defaulted loans.

---

2. New $10 Minimum Payment Rule

- Applies to borrowers with:
  - **One or more Direct Loans** originated on or after **July 1, 2027**
  - Who are entering a loan rehabilitation plan
- Adds a **minimum payment requirement**:
  - The borrower's **monthly payment must be at least $10**
  - Even if based on income-driven rules, the floor is **$10**

This ensures borrowers contribute a meaningful minimum payment during rehabilitation — rather than symbolic or $0 payments.

Effective Date

- **July 1, 2027**
- Applies to **any federal loan** made, insured, or guaranteed under **Title IV** of the Higher Education Act

---

In Plain English

"Defaulted student loans can now be rehabilitated **twice**, instead of just once. And if you're entering rehab on new loans after 2027, you must pay **at least $10 a month** during the process."

Strategic Impacts

Stakeholder	Effect
Defaulted Borrowers	Gain an extra opportunity to clear default status
Department of Education	Will need to revise rehab procedures and borrower communication
Loan Servicers	Must monitor borrower history for rehab eligibility

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SEC. 82004 — Public Service Loan Forgiveness (PSLF) Expansion

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What this section does

This section amends the **Public Service Loan Forgiveness (PSLF)** program under **§455(m)(1)(A)** of the Higher Education Act to recognize a **new category of repayment plan** as eligible toward loan forgiveness.

Key Provision

Adds a New Qualifying Payment Type

Currently, PSLF counts **on-time monthly payments** made under certain repayment plans, including:

- Income-Based Repayment (IBR)
- Pay As You Earn (PAYE)
- Revised Pay As You Earn (REPAYE)

This amendment adds:

“On-time payments under the Repayment Assistance Plan under subsection (q)”

So now, borrowers using the newly established **Repayment Assistance Plan** (referenced elsewhere in this bill under subsection (q) of §455) will also accumulate qualifying payments toward PSLF.

Legal Edits Made

1. Modifies the punctuation in prior clauses for list formatting.
2. Adds a new **clause (v)** that includes the Repayment Assistance Plan as eligible.

In Plain English

“If you’re working in public service and using the new Repayment Assistance Plan, your payments will now count toward Public Service Loan Forgiveness — just like other income-driven repayment plans.”

Strategic Impacts

Stakeholder	Effect
Public Sector Workers	Greater flexibility in choosing repayment plans while staying PSLF-eligible
Loan Servicers	Must track new repayment plan payments as PSLF-qualified
Department of Education	Must update PSLF program rules and borrower communication

---

SEC. 82005 — Student Loan Servicing Funding

What this section does

This section provides **dedicated mandatory funding** to the U.S. Department of Education to cover **administrative and servicing costs** related to federal student loans.

Key Provision

Additional Mandatory Funds for Servicing

- **Amends** §458(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1087h(a)(1))
- Authorizes a one-time appropriation of:

$1,000,000,000 (One Billion Dollars)

- These funds are to be used for:
    - Administrative costs under the Direct Loan Program (Part D)
    - Administrative costs under the Federal Family Education Loan Program (Part B)
    - **Servicing the student loan portfolio**
- The funds are to be **available until expended**, meaning they do **not expire** at the end of a fiscal year.

In Plain English

"The Department of Education gets a $1 billion permanent fund to help manage, service, and operate the federal student loan programs more effectively."

Strategic Impacts

Stakeholder	Effect
Department of Education	Gains stable administrative funding to support operations
Loan Servicers	Can rely on improved federal support for systems and staffing
Borrowers	May benefit from better loan servicing experience

Subtitle D--Pell Grants

SEC. 83001 — Pell Grant Eligibility Reform

What This Section Does

This section modifies eligibility criteria for **Federal Pell Grants** by:

1. **Including foreign income** in adjusted gross income (AGI)

2. **Sunsetting a provision** that previously allowed certain students to qualify automatically
3. **Disqualifying students with high student aid indexes (SAI)**

Key Provisions

1. Foreign Income Added to AGI for Pell Grant Calculations

- For **academic years starting on or after July 1, 2026**:
    - **Foreign income** of a student (or their parents) will now be **included** in their **adjusted gross income**.
    - Applies to:
        - **Dependent students** → includes parental foreign income
        - **Independent students** → includes student/spouse foreign income

This closes a loophole that previously allowed individuals with substantial foreign income to appear Pell-eligible.

---

2. Sunset of Prior "Auto-Eligibility" Rules

- Repeals older provisions (under §401(b)(1)(D)) that gave students automatic Pell Grant eligibility under certain conditions.
- Makes this rule inapplicable **after July 1, 2026**

This tightens rules and reduces automatic eligibility pathways.

---

3. New Rule: Students with High Student Aid Index (SAI) Are Ineligible

- A student **cannot receive a Pell Grant** if their **SAI** is:

≥ 2x the maximum Pell Grant amount for that academic year

- For example, if the max Pell is $7,000, a student with an SAI of $14,000 or higher would be **ineligible**.

SAI is a need-based formula replacing the old Expected Family Contribution (EFC).

Effective Date

- **July 1, 2026**

In Plain English

"Starting in 2026, the government will count your family's foreign income when deciding if you get Pell Grants. Also, if your student aid index is too high — more than twice the maximum Pell — you won't qualify at all."

Strategic Impacts

Stakeholder	Effect
Students with Foreign Income	May see reduced Pell eligibility
Students with High SAI	Lose access to Pell even if other criteria are met
Financial Aid Offices	Must recalculate eligibility using new rules and data sources
Department of Education	Must enforce foreign income reporting and new SAI rules

---

SEC. 83002 — Workforce Pell Grant Program

What this section does

This section creates a **new category of federal financial aid**, known as **Workforce Pell Grants**, designed to support students enrolled in **career-focused, short-term programs** that do **not lead to traditional degrees** (like associate's or bachelor's degrees).

Key Provisions

1. Creation of Workforce Pell Grants

- Beginning **July 1, 2026**, the Department of Education will award **Workforce Pell Grants** to eligible students.

---

2. Eligibility Requirements

To qualify for a Workforce Pell Grant, a student must:

- Meet the general **Pell Grant eligibility criteria**
- Be enrolled in an **"eligible workforce program"** under §481(b)(3) of the Higher Education Act
- **Cannot be enrolled in or have completed** a **graduate-level program**

---

3. How the Grant Works

- Workforce Pell Grants are awarded similarly to traditional Pell Grants but with some key differences:
    - "Eligible program" is redefined to refer specifically to **workforce programs**
    - Traditional full-year academic requirements are waived
    - If the program is **less than an academic year**, the grant is **prorated** based on the program's length

---

4. No Double-Dipping

- A student **cannot receive both**:
    - A traditional Pell Grant **and**
    - A Workforce Pell Grant
    - For the **same period of enrollment**

---

5. Duration Cap Applies

- Any time spent using Workforce Pell Grants **counts toward the overall Pell Grant lifetime limit**, which is generally 12 semesters or the equivalent.

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6. Defining an "Eligible Workforce Program"

To be eligible under this new rule, a program must be:

- At least **150 clock hours over 8 weeks** (shorter than most degree programs)
- Designed to provide training for **recognized industry credentials**
- Provided by an institution eligible to participate in Title IV (federal financial aid)

These rules are amended in §481(b)(3) of the Higher Education Act.

In Plain English

"Starting in 2026, if you're going to a trade school or job training program that's short-term and career-focused, you could get a new kind of Pell Grant — even if the program doesn't lead to a traditional college degree."

Strategic Impacts

Stakeholder	Effect
Students in Career Training	Gain access to federal aid for non-degree workforce credentials
Community Colleges/Trade Schools	Likely increase in enrollment in short-term programs
Employers	May benefit from more credentialed workforce entrants
Financial Aid Administrators	Must manage separate grant eligibility rules and calculations

SEC. 83003 — Addressing the Pell Grant Funding Shortfall

What This Section Does

This section **amends** the **Higher Education Act of 1965**, specifically **§401(b)(7)(A)(iii)**, to update the funding reserve for the Pell Grant program.

Key Change

- **Old Provision**:
  - The Pell Grant reserve fund was capped at:
    - **$2.17 billion**
- **New Provision**:
  - That amount is **increased** to:
    - **$12.67 billion**

This is an increase of **$10.5 billion** in the authorized reserve amount.

Legal Edit Summary

Amendment: In §401(b)(7)(A)(iii), replace “$2,170,000,000” with “$12,670,000,000”.

In Plain English

"Congress is increasing the size of the emergency fund that supports the Pell Grant program by over $10 billion, ensuring it can cover more students — even in years with budget shortfalls."

Strategic Impacts

Stakeholder	Effect
Low-Income Students	Greater security that Pell Grants will be fully funded each year
Department of Education	Gains larger buffer to manage future cost spikes or enrollment surges
Congress	Strengthens funding stability of the largest need-based grant program

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SEC. 83004 — Pell Grant Exclusion if Other Grant Aid Covers Full Costs

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What this section does

This section adds a new clause to the **Higher Education Act of 1965** to **exclude students from receiving a Pell Grant** if their **non-federal grant aid already covers their full cost of attendance**.

Key Provision

- **Amends** §401(d) of the Higher Education Act (20 U.S.C. 1070a(d))
- Adds a new **Paragraph (6)** which states:

"Beginning July 1, 2026, a student is **not eligible** for a Federal Pell Grant **for any period** during which the student receives **non-federal grant aid** that **equals or exceeds** their **cost of attendance**."

Non-Federal Grant Aid Includes:

- State grants
- Institutional grants (from the college)
- Private scholarships or other private educational aid

In Plain English

"If your college costs are already fully covered by other grants — from your state, school, or private scholarships — then you **won't also receive a Pell Grant** for that same time period."

Strategic Impacts

Stakeholder	Effect
Low-Income Students	May still receive Pell only if their other aid is **less than** full cost
Financial Aid Officers	Must monitor total grant aid per student and ensure compliance
Department of Education	Expected to coordinate Pell disbursements with broader aid reporting

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Subtitle E—Accountability

SEC. 84001 — Accountability for Low-Earning College Programs

What the section does

This section **prohibits colleges from using federal financial aid** for programs that **consistently produce low earnings** for their graduates — relative to typical working adults with lesser education. It's designed to stop federal dollars from supporting programs that do not lead to economic mobility.

Key Provisions

1. New Compliance Requirement for Institutions

- Starting **July 1, 2026**, institutions must **certify** that they will follow the new "low-earning outcomes" rules.
- This requirement is added to their existing obligations under **§454(a)** of the Higher Education Act.

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2. Programs with Low Earnings Become Ineligible

- An institution **may not use federal aid** for any program meeting all of the following:
  - Awards a **degree or certificate** (undergraduate, graduate, or professional)

- For which the **median earnings** of its graduates:
    - Four years after graduation
    - Are **less than** the median earnings of a **comparable working adult** with a lower educational level
    - For **at least 2 of the 3 years** prior to the review

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3. How "Low Earning" Is Defined

A program is deemed low-earning if its graduates make **less than**:

- A **working adult aged 25–34** with:
    - Only a **high school diploma** (for comparison with undergrad programs), or
    - Only a **bachelor's degree** (for graduate/professional programs)
- The adult must:
    - **Not be enrolled** in any college
    - Have income reported via Census Bureau data

This rule uses government earnings data to benchmark program performance.

Effective Date

- Applies beginning **July 1, 2026**

In Plain English

"If your college program leaves too many graduates earning less than high school or bachelor's degree holders — for multiple years — your school won't be allowed to use federal financial aid to enroll new students in that program."

Strategic Impacts

Stakeholder	Effect
Low-Earning College Programs	Could lose access to federal student aid funding

Stakeholder	Effect
Students	Protected from enrolling (with aid) in programs that lead to poor earnings
Department of Education	Must track program-level outcomes and earnings
Institutions	Will face stronger accountability pressures for program ROI

Subtitle F--Regulatory Relief

SEC. 85001 — Suspension of 2022 Borrower Defense Regulations

What this section does

This section **pauses the implementation** of the Biden Administration's **2022 rule** on **Borrower Defense to Repayment** — a policy that lets student loan borrowers seek forgiveness if they were misled or defrauded by their school.

Key Provisions

A. Delay of 2022 Borrower Defense Rule

- The final rule published on **November 1, 2022**, titled:

"Institutional Eligibility Under the Higher Education Act of 1965..."
(87 Fed. Reg. 65904)

- Is **blocked from taking effect** for loans that **first originate before July 1, 2035**.

That rule would have:

- **Expanded borrower protections**
- Made it **easier** to obtain loan discharges due to school misconduct
- Held schools **more financially accountable**

This section halts all that.

B. Reinstatement of Trump-Era 2020 Rule

- Instead, for loans originated before July 1, 2035:

- The **prior borrower defense regulations**, as of **July 1, 2020**, are **restored and revived**.

That 2020 rule:

- Made it **harder** to prove claims
- Required **more documentation and individual applications**
- Narrowed the definition of "misrepresentation"

Effective Immediately

- The section is effective **on the date of enactment**.

In Plain English

"If you're taking out a student loan before July 2035, the new Biden-era rules that make it easier to get loan forgiveness when a school scams you — they're paused. Instead, the older, stricter Trump-era rules from 2020 go back into effect."

Strategic Impacts

Stakeholder	Effect
Student Borrowers	Face **stricter rules** when seeking relief for school misconduct
For-Profit Colleges	Face **fewer financial consequences** under revived 2020 rules
Department of Education	Must reverse course and reapply the older regulatory framework
Legal Advocates	May challenge the delay in court as harmful to consumers

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SEC. 85002 — Suspension of New Rules for Closed School Loan Discharges

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What this section does

This section **delays the implementation** of the Department of Education's **2022 regulation** concerning **automatic loan discharges** for students whose colleges closed before they could complete their degree.

Key Provisions

A. Delay of 2022 Rule

- The **final rule published on November 1, 2022** — which provided **streamlined and automatic discharge options** for affected students — is **delayed**.
- The delay applies to loans that **first originate before July 1, 2035**.

Covered Regulations

- Blocks amendments made to the following Code of Federal Regulations:
    - **§674.33(g)** — Perkins Loan rules
    - **§682.402(d)** — FFEL program discharge rules
    - **§685.214** — Direct Loan discharge for closed schools

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B. Reinstates Pre-2022 Regulations

- Those sections of the Code of Federal Regulations are to be **enforced as they existed prior to the 2022 amendments**.

In essence, the new "automatic discharge after one year" rule is repealed for now, and the older "apply-for-it-yourself" rule is reinstated.

Effective Immediately

- Becomes law **on the date of enactment**
- Applies to all **future borrowers through 2035**

In Plain English

"The newer, easier rule that gave automatic loan forgiveness if your school shut down — it's on hold until at least 2035. You'll still have to apply and meet the older criteria to get loan discharge."

Strategic Impacts

Stakeholder	Effect
Borrowers (e.g. ITT Tech students)	Will no longer get **automatic forgiveness** for closed schools

Stakeholder	Effect
Department of Education	Must **revert to older discharge procedures**
Closed Colleges	Face **reduced financial accountability** under old rules

Subtitle G--Garden of Heroes

SEC. 86001 — Garden of Heroes Monuments Initiative

What this section does

This section appropriates **$40 million** for the **procurement of statues** honoring American heroes, to be installed as part of the **National Garden of American Heroes** initiative.

Funding Details

- **Total Appropriation**:

$40,000,000
From the **U.S. Treasury** (not otherwise appropriated)

- **Agency Receiving Funds**:

National Endowment for the Humanities (NEH)

- **Period of Availability**:

Funds remain available through **fiscal year 2028**

What the Funds Support

Statue procurement efforts must align with the following **Executive Orders**:

Executive Order	Description
EO 13934 (85 Fed. Reg. 41165)	Building and rebuilding monuments to American heroes
EO 13978 (86 Fed. Reg. 6809)	Establishing the National Garden of American Heroes
EO 14189 (90 Fed. Reg. 8849)	Celebrating America's birthday

These orders outline the vision for a **monument park** honoring a broad range of American figures — including military heroes, civil rights leaders, explorers, and entertainers.

In Plain English

"Congress is giving $40 million to build statues of American heroes as part of a national monument project, with funding lasting through 2028."

Strategic Impacts

Stakeholder	Effect
National Endowment for Humanities	Must oversee statue procurement and coordinate with federal directives
Artists/Sculptors	May receive federal commissions for statue projects
Public Spaces & Parks	May host these statues under federal partnership
Taxpayers	Funded via Treasury; optional federal expenditure

Subtitle H--Office of Refugee Resettlement

SEC. 87001 — Vetting Sponsors of Unaccompanied Children

What this section does

This section provides **$300 million** to the **Office of Refugee Resettlement (ORR)** to fund enhanced **background checks, safety evaluations, and coordination** around the placement of **unaccompanied alien children (UACs)** in the U.S.

Appropriation

- **Amount**: $300,000,000
- **Source**: U.S. Treasury (mandatory appropriation)
- **Availability**: Through **September 30, 2028**

Authorized Uses of Funds

The funds can **only** be used for the following:

1. Background Checks on Potential Sponsors

- Includes data for the sponsor **and all other adult residents** in the household:
    - Full name
    - Social Security Number or Taxpayer ID
    - Date of birth
    - Validated residence address
    - In-person or virtual interview and suitability study
    - Contact information
    - Results of all background/criminal checks:
        - Sex offender registry
        - Public records check
        - National criminal fingerprint-based check

2. Home Studies

- Evaluations of the household environment of potential sponsors

3. Gang Risk Screening

- Examines children for:
    - Gang-related tattoos
    - Other markings
- Tattoos may be **covered** while in ORR custody

4. Data System Upgrades and Sharing

- Improve systems that help assess:
    - Appropriateness of sponsor households
    - Indicators of **child labor exploitation or trafficking**

5. Coordination with State Child Welfare Agencies

- ORR must collaborate with states where UACs are placed to ensure child safety

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In Plain English

"The government is giving $300 million to improve background checks, home inspections, and information sharing before placing migrant children with U.S.-based sponsors. This includes screening for gang affiliations and working with state agencies to keep kids safe."

Strategic Impacts

Stakeholder	Effect
ORR & HHS	Gains funds to rigorously vet and monitor child placements
Potential Sponsors	Must undergo comprehensive background checks and home studies
Unaccompanied Children (UACs)	Receive greater protection from exploitation, abuse, or gang exposure
State Child Welfare Agencies	Expected to coordinate more with federal agencies

TITLE IX--COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

Subtitle A--Homeland Security Provisions

SEC. 90001 — Border Infrastructure and Wall System

Total Funding

- **$46.55 billion**
- Appropriated to **U.S. Customs and Border Protection (CBP)**
- For **fiscal year 2025**
- **Available until September 30, 2029**

This is a **mandatory appropriation** — not subject to the annual budget process.

What the Funds Will Be Used For

The money is designated for building and enhancing the **border wall system**, with four specific purposes:

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1. Physical Barriers

“Construction, installation, or improvement of new or replacement primary, waterborne, and secondary barriers.”

- **Primary barriers**: Main physical wall structures
- **Secondary barriers**: Additional fencing or backup walls
- **Waterborne barriers**: Floating barriers for river or lake crossings

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2. Access Roads

Building or improving **roads** that provide CBP access to barrier zones and remote surveillance points.

3. Technology Enhancements

"Barrier system attributes" such as:

- **Cameras**
- **Lights**
- **Sensors**
- **Other detection technologies**

This supports surveillance, interdiction, and situational awareness.

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4. Ground Preparation and Maintenance

"Any work necessary to prepare the ground at or near the border..."

- Includes:
    - Grading, clearing, and excavating land
    - Drainage and erosion control
    - System upkeep and fortification

In Plain English

"This section gives Customs and Border Protection $46.55 billion to expand and reinforce the border wall, build new barriers, add surveillance systems like sensors and cameras, and build the roads and infrastructure needed to patrol it — with funding that lasts through 2029."

Strategic Impacts

Stakeholder	Effect
U.S. Customs & Border Protection	Gains massive capital to complete and expand border fortifications
Border Communities	Will see increased infrastructure and federal presence
Contractors & Defense Suppliers	Potential for large-scale federal construction contracts
Immigration Policy Critics	Likely to view this as escalated enforcement strategy

SEC. 90002 — U.S. CUSTOMS AND BORDER PROTECTION PERSONNEL, FLEET VEHICLES, AND FACILITIES

Total Appropriation: $12.01 Billion

This section authorizes **$12.01 billion** in new funding for **fiscal year 2025**, available through **September 30, 2029**, to enhance the operational capacity of **U.S. Customs and Border Protection (CBP)**.

Funding Breakdown

1. Personnel — $4.1 Billion

- For **hiring and training**:
  - Border Patrol agents
  - Office of Field Operations officers
  - Air and Marine agents
  - Rehired annuitants (retired personnel brought back)
  - Field support staff

2. Bonuses and Incentives — $2.05 Billion

- For:
  - **Recruitment bonuses**
  - **Performance awards**
  - **Annual retention bonuses**
- Applies to:
  - Border Patrol agents
  - Field operations officers
  - Air and Marine agents

This is aimed at addressing high turnover and recruitment shortfalls.

3. Vehicles — $855 Million

- For:
    - Repairing existing patrol vehicles
    - Leasing or purchasing **additional units**

Supports expanded coverage and quick mobility along the border.

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4. Facilities — $5 Billion

- Covers:
    - Leasing, acquiring, constructing, designing, or improving **facilities** and **checkpoints**
- For CBP sites that are:
    - Owned
    - Leased
    - Operated

Could include new immigration holding facilities, border stations, or logistics hubs.

Restriction on Funds

None of the money may be used to **hire or train processing coordinators** after **October 31, 2028**.

- Processing coordinators are non-enforcement staff who handle administrative intake of migrants.
- This clause likely limits future reliance on non-agent personnel in favor of sworn law enforcement.

In Plain English

“CBP is getting $12 billion to hire more agents, upgrade their vehicles, improve their bases, and offer bonuses to keep them on the job. But starting in 2029, they won’t be allowed to use any of this money for non-agent processing staff.”

Strategic Impacts

Stakeholder	Effect
CBP	Can rapidly grow and retain frontline enforcement workforce
New Recruits & Veterans	Offered strong financial incentives for enlistment or re-entry
Border Communities	May see expanded presence and facility construction
Immigration Advocates	Concern over deprioritization of humanitarian processing staff

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SEC. 90003 — Detention Capacity for Immigration Enforcement

Total Appropriation: $45 Billion

- **Agency**: U.S. Immigration and Customs Enforcement (ICE)
- **Fiscal Year**: 2025
- **Funding Duration**: Available through **September 30, 2029**
- **Purpose**: To expand capacity for detaining:
    - **Single adult non-citizens**
    - **Family units with children**

Authorized Uses of Funds

The $45 billion is earmarked to increase:

1. **Single Adult Alien Detention Capacity**
    - Enhances ICE's ability to detain individuals apprehended as undocumented or otherwise removable
2. **Family Residential Center Capacity**
    - Facilities specifically designed to house **family units**, including children (as long as they are **not unaccompanied minors**)

Legal and Operational Framework

Detention Periods

- Non-citizen family units **may be detained** at family residential centers:
    - **Pending a decision** on their removal under the Immigration and Nationality Act (INA)
    - And, **if ordered removed**, until removal occurs

Detention Standards

- The **Secretary of Homeland Security** will set **detention standards** for single adults
    - These must be **consistent with applicable laws**
    - But the language gives the Secretary **broad discretion**

Definition of Family Residential Center

A "family residential center" is:

"A facility used by DHS to detain family units of aliens (including children who are not unaccompanied minors), apprehended or encountered by DHS."

In Plain English

"ICE is getting $45 billion to dramatically expand its ability to detain undocumented adults and families — including facilities that house parents and children together — until a court decides their fate or until they are deported."

Strategic Impacts

Stakeholder	Effect
ICE & DHS	Can build or expand a vast detention network for immigration control
Migrant Families	May face prolonged detention in family holding centers
Advocates/Civil Liberties Groups	Likely to challenge increased detention of children and families
Congress	Establishes discretionary detention standards under executive control

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SEC. 90004 — Border Security, Technology, and Screening

Total Appropriation: $6.168 Billion

- **Agency**: U.S. Customs and Border Protection (CBP)
- **Fiscal Year**: 2025
- **Funding Duration**: Available through **September 30, 2029**

🔧 Authorized Uses of Funds

The funds are designated for high-tech improvements and screening systems at all U.S. borders — **southwest, northern, and maritime**.

1. Non-Intrusive Inspection Equipment

- Procurement and installation of:
  - AI and machine learning tools
  - Civil works support
  - New screening tech to detect illicit narcotics at:
    - Ports of entry
    - Land and maritime borders

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2. Air and Marine Operations

- Upgrading and purchasing:
  - Aircraft
  - Maritime platforms
- Improves rapid response capabilities

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3. Border Surveillance Systems

- Tech upgrades along **all U.S. borders**
- May include:
  - Radar
  - Drones
  - Detection systems

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4. Biometric Entry/Exit System

- Expands use of biometric data (e.g., facial recognition, fingerprinting)
- In compliance with:
    - §7208 of the **Intelligence Reform and Terrorism Prevention Act of 2004**

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5. Traveler Screening

- Enhanced screening for people **entering or exiting** the United States

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6. Screening of Unaccompanied Alien Children

- Initial health and safety screenings
- Must align with:
    - **William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008**

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7. Counter-Narcotics Mission

- Technology and operations focused on stopping trafficking of:
    - **Fentanyl**
    - Other illegal drugs and precursor chemicals

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8. Commemorations

- Permits use of funds to **honor events or personnel** related to border security

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Restrictions on Funds

- **No funding** may be used to **procure or deploy surveillance towers** that:
    - Haven't been **fully tested and accepted** by CBP
    - Don't deliver **autonomous capabilities**

What Counts as "Autonomous"?

A system must:

- Use **AI, machine learning, computer vision**, or similar algorithms

- **Automatically detect, classify, and track** items in real time
- Function with **no continuous human control**

In Plain English

"The government is spending over $6 billion to upgrade border tech — including drug detection systems, drones, biometric screening, and AI-powered surveillance. But any new surveillance towers must be proven autonomous before they're deployed."

Strategic Impacts

Stakeholder	Effect
CBP & Homeland Security	Gain high-tech capabilities for border monitoring and narcotics control
AI and Tech Contractors	Major opportunity for defense-tech integration
Civil Liberties Advocates	Will monitor increased use of biometrics and automated surveillance
Migrants and Travelers	Subject to enhanced screening and data collection

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SEC. 90006 — Protection of Presidential Residences

Total Appropriation: $300 Million

- **Agency**: Federal Emergency Management Agency (FEMA)
- **Fiscal Year**: 2025
- **Funding Availability**: Through **September 30, 2029**
- **Purpose**: Reimbursement for law enforcement protection at **nongovernmental properties** used by the President

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What the Funds Cover

FEMA is authorized to reimburse **state and local law enforcement agencies** for:

- **Extraordinary security and personnel costs**
- **Directly associated** with protecting presidential residences designated under:
    - **Presidential Protection Assistance Act of 1976**

- 18 U.S.C. §3056 note

This includes **non-governmental** (i.e., private or personal) properties used by the sitting President.

Eligibility for Reimbursement

To receive funds, agencies must show that the costs:

1. Were **incurred on or after July 1, 2024**
2. Are:
   - **Above normal law enforcement operations**
   - **Directly attributable** to presidential protection
   - **Linked to properties** designated under the Protection Assistance Act
3. Were **certified** as supporting Secret Service-requested protection

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Administrative Costs

- FEMA may use **up to 3%** of the total ($9 million) to administer these grants.

In Plain English

"FEMA gets $300 million to pay back local police departments for extra security costs tied to protecting the President's private homes — but only if the Secret Service requested it and it wasn't just normal police work."

Strategic Impacts

Stakeholder	Effect
State & Local Police	Can get reimbursed for presidential security duties
FEMA	Administers new grant program for local law enforcement
U.S. Secret Service	Coordinates with local agencies, designates protected residences
Taxpayers	Fund security for **nongovernmental** presidential properties

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SEC. 90007 — DHS Appropriations for Border Support

Total Appropriation: $10 Billion

- **Agency**: U.S. Department of Homeland Security (DHS)
- **Fiscal Year**: 2025
- **Funding Availability**: Through **September 30, 2029**
- **Source**: U.S. Treasury (mandatory spending)

What these fund do

The funds are designated for:

"Reimbursement of costs incurred in undertaking activities in support of the Department of Homeland Security's mission to safeguard the borders of the United States."

This includes:

- Operational costs
- Personnel and logistics
- Infrastructure support
- Law enforcement efforts related to **border security**

Limitations or Conditions?

- This section **does not define** specific programs or initiatives.
- The **Secretary of Homeland Security** retains broad discretion to determine how funds are used.
- Effectively creates a **$10 billion contingency fund** to enhance or backfill costs associated with DHS border operations.

In Plain English

"DHS is getting a $10 billion slush fund to support all sorts of border security operations, with almost no restrictions. They can use this money through 2029 to pay for whatever helps them control the border."

Strategic Impacts

Stakeholder	Effect
DHS	Major financial cushion to scale border operations flexibly
Congress	Cedes detailed appropriations control to DHS leadership
Border State Agencies	May benefit from reimbursements or operational support
Oversight Institutions	Will face challenges tracking precise use of funds

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Subtitle B--Governmental Affairs Provisions

SEC. 90101 — FEHB Protection Act of 2025

What this section does

This section creates new rules for verifying who qualifies to be added as a **family member** to a federal employee's health insurance plan. It addresses suspected fraud and improper enrollment in the **Federal Employees Health Benefits (FEHB) Program**.

Key Definitions

- **Director**: Refers to the Director of the U.S. Office of Personnel Management (OPM)
- **Program**: The FEHB program, governed by Chapter 89 of Title 5, U.S. Code
- **Open Season**: The annual window when federal employees can change health coverage
- **Qualifying Life Event**: Events such as marriage, birth, or adoption, which allow changes to coverage outside of open season

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Verification Requirements

Within 1 year of the bill becoming law, OPM must implement rules to verify:

1. That any **qualifying life event** (like a marriage or birth) is legitimate when used to add someone to a health plan
2. That individuals added to a plan — during open season or otherwise — are truly **eligible family members**

Fraud Risk Assessment

Any future **fraud assessments** of the FEHB program must include analysis of:

- Individuals who are enrolled or receiving coverage **but are not eligible**

This is a formal directive to root out **unauthorized or fraudulent enrollments**.

Family Member Eligibility Audit

OPM is required to conduct a **comprehensive audit** of family member enrollments:

- **Start Date**: One year after enactment
- **Duration**: 3 years

What Will Be Reviewed?

- **Marriage certificates**
- **Birth certificates**
- **Other eligibility documents**

The goal is to confirm that all enrolled family members truly qualify for coverage under federal rules.

Disenrollment Requirement

Within **180 days** of the bill's passage, OPM must develop procedures for:

- **Removing** ineligible individuals from coverage
- **Disenrolling** family members proven not to qualify

In Plain English

"The federal government is cracking down on people getting health benefits they shouldn't. If you're a federal worker and add a family member to your insurance, you'll need to prove they actually qualify. And if they don't, they'll be removed — and OPM will start auditing these enrollments in bulk."

Strategic Impacts

Stakeholder	Effect
Federal Employees	Must verify life events and family relationships for insurance changes
OPM	Must stand up new audits, tech, and policy enforcement tools
Ineligible Beneficiaries	Face removal from FEHB coverage
Taxpayers	May see reduced fraud and cost in federal employee benefit programs

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SEC. 90102 — Pandemic Response Accountability Committee

Appropriation: $88 Million

- **Agency**: Pandemic Response Accountability Committee (PRAC)
- **Fiscal Year**: 2026
- **Availability**: Until funds are expended
- **Purpose**: To oversee all federal spending related to the COVID-19 pandemic

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What the Money Is For

- Supports **investigations, audits, and transparency work** related to:
    - This bill
    - Other federal acts tied to the **Coronavirus pandemic**

Amendment to CARES Act

The section also **amends the CARES Act (Public Law 116–136)** to:

1. Expand the list of laws PRAC can oversee to include:
    - The Act titled **"An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14"**
        - (This refers to the 2022 Inflation Reduction Act)
2. **Extends PRAC's operational lifespan**:
    - From ending in **2025** to ending in **2034**

In Plain English

"The government is giving $88 million to the watchdog agency that tracks COVID-related spending — and giving it 9 more years to operate. It'll now also oversee pandemic spending from more recent laws like the Inflation Reduction Act."

Strategic Impacts

Stakeholder	Effect
PRAC	Gets funding and time to continue oversight until 2034
Congress & Public	More accountability over billions in pandemic spending
Recipients of COVID funds	May face audits or reviews well into the next decade
Future Oversight Bodies	Sets a precedent for long-duration crisis oversight mechanisms

SEC. 90103 — Office of Management and Budget Efficiency Grant

Total Appropriation: $100 Million

- **Agency**: Office of Management and Budget (OMB)
- **Fiscal Year**: 2025
- **Availability**: Until **September 30, 2029**
- **Funding Source**: U.S. Treasury (not otherwise appropriated funds)

What are these fund for

The money is designated to help OMB:

"Find budget and accounting efficiencies in the executive branch."

This includes:

- Identifying waste or redundancy across federal agencies
- Improving **government-wide financial management systems**
- Supporting audits, data analysis, and interagency reforms

In Plain English

"OMB is getting $100 million to go find ways to save money across the federal government — by analyzing budgets, improving accounting, and reducing waste."

Strategic Impacts

Stakeholder	Effect
OMB	Gains resources to lead major government efficiency projects
Federal Agencies	May face process or budget scrutiny
Taxpayers	Possible long-term cost savings from waste reduction
Inspectors General & GAO	Potential partners in oversight efforts

TITLE X--COMMITTEE ON THE JUDICIARY

Subtitle A--Immigration and Law Enforcement Matters

PART I--IMMIGRATION FEES

SEC. 100001 — Applicability of the Immigration Laws

What This Section Does

This section is largely **procedural**, setting the stage for the immigration-related fees and rules to follow.

Key Provisions

1. **Scope of Application**
    - The section states that the **fees under this subtitle** apply to **aliens (non-citizens)** in the specific circumstances described in this subtitle.
2. **Definition Alignment**
    - Any terms used in this subtitle will have the same definitions as provided in:
        - **Section 101 of the Immigration and Nationality Act (INA)**
        - That law defines core immigration concepts such as:
            - "Alien"
            - "Lawfully admitted for permanent residence"
            - "Removal"
            - "Deportation"
            - and many others
3. **Reference Standardization**
    - Unless specifically stated otherwise, any reference to a legal provision in this subtitle is assumed to be referring to:
        - A section of the **Immigration and Nationality Act (INA)**

In Plain English

"This section says: 'Everything in this subtitle is about immigrants. If we use a term like "alien" or mention a section of immigration law, we mean what's written in the Immigration and Nationality Act.' It sets up the legal vocabulary and framework for all the rules and fees that follow."

Strategic Impacts

Stakeholder	Effect
DHS & USCIS	Will interpret all subsequent provisions through the lens of the INA
Legal Practitioners	Confirms they should apply standard immigration law terminology
Immigrants	Rules and fees that follow will apply specifically to them
Congress & Judiciary	Ensures cross-reference to existing immigration law infrastructure

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SEC. 100002 — Mandatory Asylum Application Fee

What the Section Does

This section creates a **new, non-waivable fee** for anyone applying for asylum in the United States under **Section 208 of the Immigration and Nationality Act (8 U.S.C. 1158)**.

Fee Amounts

For Fiscal Year 2025

- The fee is **either**:
    1. **$100**, or
    2. **A higher amount** set by DHS or the Attorney General by regulation (whichever is greater)

Starting in Fiscal Year 2026

- The fee will **increase annually with inflation**:
    - Based on the **Consumer Price Index for All Urban Consumers (CPI-U)**
    - Rounded to the **next lowest $10**

Where Does the Money Go?

Each fiscal year, asylum fees are split between agencies:

1. If filed with the Attorney General (DOJ):

- 50% of the fees go to the **Executive Office for Immigration Review (EOIR)**
- These funds:
  - **Can be retained and spent** without further appropriations

2. If filed with DHS (USCIS):

- 50% of the fees go to **U.S. Citizenship and Immigration Services**
- Deposited into the **Immigration Examinations Fee Account**
- Can also be used **without further Congressional approval**

3. Excess Funds:

- If any fee money isn't credited to the two agencies above:
  - It goes to the **general fund of the U.S. Treasury**

No Waivers or Reductions

- **Absolutely no one** is allowed to:
  - Waive the asylum fee
  - Reduce the amount owed

This includes cases of indigency or humanitarian exceptions — the fee is mandatory for all.

In Plain English

"Anyone applying for asylum in the U.S. must pay a minimum $100 fee — possibly more. This fee will increase every year. You can't get out of paying it, no matter your financial or humanitarian circumstances."

Strategic Impacts

Stakeholder	Effect
Asylum Seekers	Face a **financial barrier** to filing, regardless of means

Stakeholder	Effect
USCIS & EOIR	Gain a new **self-sustaining revenue stream** for processing cases
Legal Aid Orgs	Likely to challenge the "no waiver" provision as a barrier to asylum
Immigration Courts	Could gain operational funds to reduce backlogs

---

SEC. 100003 — Employment Authorization Document (EAD) Fees

What this section does

This section mandates that both **asylum applicants** and **parolees** pay substantial **non-waivable fees** when filing for their initial Employment Authorization Documents (EADs), which are required to work legally in the U.S.

A. Fees for Asylum Applicants

Initial Fee

- **Effective in FY2025**: $550 **or** a higher amount determined by DHS
  (Whichever is **greater**)

Automatic Annual Increases

- Starting in **FY2026** and every year after:
    - The fee is adjusted based on inflation (Consumer Price Index)
    - Rounded to the next lowest **multiple of $10**

Distribution of Collected Fees

- **25%** goes to **USCIS**, and is:
    - Deposited in the **Immigration Examinations Fee Account**
    - Can be used without further appropriations
    - **Half of this** must go toward **detecting and preventing immigration benefit fraud**
- **Remaining 75%** goes to the **U.S. Treasury's general fund**

No Waiver Allowed

- The fee **cannot be waived** under any circumstances — **no exceptions for low income or humanitarian status**

B. Fees for Parolees

A parallel fee structure applies to **parolees** (individuals temporarily allowed into the U.S. under DHS discretion):

Initial EAD Fee

- Amount same as above ($550+ and indexed to inflation)
- Applies to **any parolee** applying for work authorization

Validity Period of EAD

- The issued work permit is valid for:
  - **1 year**, or
  - **The duration of parole**, whichever is **shorter**

In Plain English

"If you're seeking asylum or were paroled into the U.S., you'll need to pay at least $550 to apply for a work permit — and you'll have to pay even more as the fee rises yearly. No one can waive this fee, and even people in humanitarian crisis must pay."

Strategic Impacts

Stakeholder	Effect
Asylum Seekers	Face **new financial barriers** to legal employment in the U.S.
Parolees	Must pay for short-duration work permits
USCIS	Gains a new funding source for fraud detection and operations
Immigration Advocates	Likely to challenge these non-waivable fees as **inhumane or exclusionary**

SEC. 100004 — Immigration Parole Fee

Core Policy: Mandatory Parole Fee

- Any **noncitizen (alien)** paroled into the U.S. must pay a **new immigration parole fee**.

- This fee is **in addition to** any other legal fees.

Exceptions — Who Doesn't Have to Pay?

The Secretary of Homeland Security **may waive** the fee on a **case-by-case basis** for humanitarian or urgent reasons. The fee **will not apply** if the person:

1. **Has a Medical Emergency**
   - AND can't get necessary treatment in their home country
   - OR the emergency is life-threatening and time is too short to obtain a visa
2. **Is a Parent or Legal Guardian** of a minor described in (1)
3. **Is Donating an Organ or Tissue for Transplant**, and can't get a visa in time
4. **Has a Close Family Member Who Is Dying**, and couldn't arrive in time under regular visa rules
5. **Is Attending a Funeral** of a close family member and couldn't make it in time otherwise
6. **Is an Adopted Child** with:
   - Urgent medical condition
   - Already in legal custody
   - Needs treatment before final visa is awarded
7. **Is a Lawful Adjustment of Status Applicant**
   - Returning after temporary travel abroad (e.g., traveling on Advance Parole)
8. **Has Been Returned to Mexico or Canada Under "Remain in Mexico" Policies**
   - And is being paroled to attend a U.S. immigration hearing
9. **Has Cuban or Haitian Entrant Status**
   - As defined under U.S. refugee law
10. **Is Exempt by DHS Determination**

- The Secretary of Homeland Security has final say on granting additional waivers

---

In Plain English

"If you're allowed into the U.S. on humanitarian parole, you'll now have to pay a new fee — unless you're seriously ill, donating an organ, dealing with a family death, or in one of several special cases. The Secretary of Homeland Security decides who gets exemptions."

Strategic Impacts

Stakeholder	Effect
Paroled Immigrants	Now face a **new cost** to enter, unless they qualify for exemptions
Humanitarian Organizations	Will need to support clients navigating fee exemptions
DHS	Gains authority to collect fees and grant case-by-case waivers
Immigration Attorneys	Will likely handle **more fee-related litigation** and hardship requests

---

SEC. 100005 — Special Immigrant Juvenile (SIJ) Fee

What this section does

This section imposes a **non-waivable fee** on anyone applying for **Special Immigrant Juvenile (SIJ)** status, which is a humanitarian immigration pathway for certain abused, abandoned, or neglected minors.

Who Must Pay?

- Any **minor**, **parent**, or **legal guardian** applying for SIJ status under **8 U.S.C. § 1101(a)(27)(J)**.

Fee Amounts

For Fiscal Year 2025:

- The fee is **either**:
    1. **$250**, or
    2. A higher amount as determined by the Secretary of Homeland Security *(Whichever is greater)*

Annual Adjustments (Starting in FY2026):

- Fee increases automatically every year with **inflation**, based on:
    - The **Consumer Price Index for All Urban Consumers (CPI-U)**
    - Rounded down to the nearest **$10**

Where Does the Money Go?

- **All collected fees** are deposited into the **U.S. Treasury general fund**
- **No funds retained** by immigration agencies (e.g., USCIS, DHS)

Waivers?

- The section **does not include** any provision for hardship-based fee waivers
- It appears to apply **universally** to all SIJ applicants and their representatives

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In Plain English

"Kids who've been abused or abandoned — and are trying to stay in the U.S. legally — now have to pay at least $250 to apply. The fee increases every year and goes to the Treasury. No waivers allowed."

Strategic Impacts

Stakeholder	Effect
SIJ-Eligible Minors	Face a new **financial barrier** to humanitarian relief
Immigration Legal Services	Will need to assist families navigating cost and compliance
DHS	Can set a higher fee by rule, but doesn't retain revenue
U.S. Treasury	Gains small but symbolic revenue stream
Child Advocacy Groups	Likely to push back on placing costs on vulnerable children

---

SEC. 100006 — Temporary Protected Status (TPS) Fee

What this section does

This section amends Section 244(c)(1)(B) of the **Immigration and Nationality Act**, which governs applications for **Temporary Protected Status (TPS)** — a program that offers humanitarian protection to nationals of countries facing war, disaster, or instability.

New TPS Application Fee

- **Previous fee**: $50
- **New fee**: $500 — a **tenfold increase**

This applies to all individuals filing TPS applications.

Inflation-Adjusted Fee Hike

Beginning in **Fiscal Year 2026**, and for every year after:

- The **$500 TPS fee** will automatically **increase annually** based on:
    - The **Consumer Price Index (CPI-U)**
    - Rounded to the **nearest lower $10**

This ensures the fee keeps rising over time with inflation.

Where Does the Money Go?

- **All collected TPS fees** are deposited into the **general fund of the U.S. Treasury**
- **None of the fees stay** with USCIS or any other immigration-related agency

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No Waiver Allowed

- The fee **cannot be waived or reduced**
- Applies to **all applicants**, regardless of income or hardship

---

In Plain English

"Immigrants from countries in crisis — like Haiti, Venezuela, or Ukraine — who apply for protected status in the U.S. will now have to pay $500. This fee will go up every year, and no one is allowed to waive it."

Strategic Impacts

Stakeholder	Effect
TPS Applicants	Face a major **new financial hurdle** to legal protection
USCIS	Won't retain any revenue from these fees

Stakeholder	Effect
U.S. Treasury	Gains direct income from TPS processing
Humanitarian Advocates	Will likely oppose the **rigid, high-cost model** for crisis response
Legal Services Providers	May seek to challenge non-waiver clause in federal court

---

SEC. 100007 — Visa Integrity Fee

Core Policy: Mandatory Fee on Nonimmigrant Visas

This section imposes a new **Visa Integrity Fee** on all **nonimmigrant visa** recipients — those who receive temporary U.S. visas (like student, tourist, business, or seasonal worker visas).

Who Pays This Fee?

- Every **alien** (non-citizen) **issued a nonimmigrant visa**
- The fee is due **at the time of visa issuance**
- **Applies in addition to** all other visa-related fees

Fee Amounts

For Fiscal Year 2025:

- The fee is **whichever is greater**:
    - **$250**, or
    - An amount **set by the Secretary of Homeland Security** via regulation

Annual Adjustments (Starting in FY2026):

- Increases annually by the **Consumer Price Index (CPI-U)**
- Adjustment is calculated and **rounded down to the nearest dollar**

Where Does the Money Go?

- Unless reimbursed (see below), all Visa Integrity Fees are:
    - Deposited into the **U.S. Treasury general fund**

No Waiver or Reduction

- This fee **cannot be waived or reduced**
- Applies to **every nonimmigrant visa applicant**, regardless of income

---

Reimbursement Provision

The Secretary of Homeland Security **may reimburse** the fee — **but only if** the visa holder:

1. **Complied with All Visa Conditions**:
   - Did not overstay
   - Did not work without authorization
2. **AND** one of the following is true:
   - **Left the U.S.** within **5 days** after the visa expired
   - **Extended** their visa lawfully or **adjusted** to permanent resident status during their stay

This offers a refund **only to those who follow all the rules strictly**.

In Plain English

"If you're coming to the U.S. temporarily — for work, school, or vacation — you'll now have to pay an extra $250 (or more). The fee gets bigger every year. But if you follow all the rules and either leave on time or become a legal resident, you might get your money back."

Strategic Impacts

Stakeholder	Effect
Nonimmigrant Visa Holders	Face higher upfront visa costs; may be reimbursed only with full compliance
DHS	Gains new enforcement and incentive tool for immigration compliance
U.S. Treasury	Receives a new revenue stream
Immigration Advocates	May raise concerns over affordability and fairness of fee

SEC. 100008 — Form I–94 Fee

What Is Form I–94?

The **Form I–94 Arrival/Departure Record** is issued to **non-U.S. citizens** who enter the country temporarily. It documents the date and purpose of entry, and is required for most visa categories and lawful entries.

New Mandatory Fee

Beginning in **Fiscal Year 2025**, individuals requesting a Form I–94 will be required to pay a **new fee**:

Initial Fee:

- Either:
  - **$24**, or
  - A higher amount set by the **Secretary of Homeland Security**

Inflation Adjustments:

- Starting in **Fiscal Year 2026**:
  - The fee increases every year with inflation (CPI-U)
  - Rounded **down to the nearest dollar**

Where Does the Money Go?

Each fiscal year:

1. 20% of the Fees:

- Deposited into the **Land Border Inspection Fee Account** under 8 U.S.C. § 1356(q)(2)
- Available to **U.S. Customs and Border Protection (CBP)** to:
  - Retain and spend without further appropriation
  - Specifically for **processing Form I–94 records**

2. Remaining 80%:

- Deposited in the **general fund of the U.S. Treasury**

No Waivers Allowed

- The fee **cannot be waived or reduced** for any reason

In Plain English

"If you're entering the U.S. and need an official record of your stay (Form I–94), you'll now have to pay at least $24. That amount will go up every year. There are no discounts or waivers — everyone pays."

Strategic Impacts

Stakeholder	Effect
Nonimmigrant Visa Holders	Must budget for a new I–94 fee at every entry
CBP	Gains direct funding for I–94 processing
DHS	Can raise the fee above $24 as needed
Immigrants & Travelers	Face increased costs at ports of entry
U.S. Treasury	Receives 80% of new revenue

SEC. 100009 — Annual Asylum Fee

Core Policy: Recurring Fee for Pending Asylum Applications

This section introduces a **new annual fee** for any **asylum seeker** whose application remains pending.

When Does It Apply?

- **Every calendar year** an asylum application remains unresolved
- Starting in **Fiscal Year 2025**

How Much Is the Fee?

Initial Year (FY2025):

- The greater of:

  - **$100**, or
  - A higher amount set by DHS via regulation

Annual Adjustments (Starting FY2026):

- Increases each year using:
  - The **Consumer Price Index for All Urban Consumers (CPI-U)**
  - Rounded **down to the nearest dollar**

This creates a **compound annual escalation** of the fee amount over time.

Where Do the Fees Go?

- **All collected funds** are deposited into the **general fund of the U.S. Treasury**
- Not retained by DHS or used for asylum processing

No Waiver or Reduction

- The fee **must be paid** annually — no exceptions
- No authority is granted to:
  - Waive the fee
  - Reduce it for low-income, humanitarian, or vulnerable applicants

---

In Plain English

"If you're waiting for your asylum case to be decided, you'll now owe $100 (or more) each year your application is still pending. This annual charge will go up every year with inflation. You can't get it waived, no matter your circumstances."

Strategic Impacts

Stakeholder	Effect
Asylum Seekers	Face **ongoing financial pressure** while awaiting resolution
DHS & DOJ	Not funded by this fee; funds go to Treasury
Treasury	Gains a new **revenue stream** tied to immigration backlogs

Stakeholder	Effect
Advocates & Legal Orgs	Likely to challenge non-waiver clause as harmful to vulnerable people

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SEC. 100010 — Renewal Fee for Employment Authorization for Parolees

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Who This Affects

- **Parolees** in the United States — individuals temporarily allowed into the U.S. for humanitarian or public interest reasons.
- Specifically applies to those seeking to **renew or extend** their **employment authorization** (work permit).

Required Fee

Effective FY2025:

- The fee is the **greater of**:
  - **$275**, or
  - A higher amount established by the **Secretary of Homeland Security** via regulation

---

Duration of Work Authorization

- Any work permit (initial or renewal) issued to a parolee is valid for:
  - **1 year**, or
  - The **length of the parole grant**, whichever is **shorter**

Inflation-Adjusted Annual Increases (Starting FY2026)

Each fiscal year the fee will be adjusted based on:

- The **Consumer Price Index (CPI-U)** — July-to-July comparison
- Rounded **down to the nearest $10**
- Formula:
  - New Fee = Last Year's Fee + (Last Year's Fee × CPI % Increase)

Where the Money Goes

Each year:

1. 25% of All Fees:

- Credited to **U.S. Citizenship and Immigration Services (USCIS)**
- Deposited into the **Immigration Examinations Fee Account**
- Can be used by USCIS **without additional Congressional appropriation**

2. Remaining 75%:

- Goes to the **U.S. Treasury's general fund**

Waivers Forbidden

- **No waivers or reductions** are allowed
- Applies to **all parolees**, regardless of financial status or hardship

---

In Plain English

"If you were paroled into the U.S. and want to renew your work permit, you'll now have to pay at least $275 — and that amount will go up every year. You can't get this fee waived, even if you can't afford it."

Strategic Impacts

Stakeholder	Effect
Parolees	Face recurring, rising costs to maintain work authorization
USCIS	Receives 25% of funds for self-funding operations
U.S. Treasury	Gains consistent long-term revenue from the remaining 75%
Advocates & Legal Orgs	Likely to challenge non-waiver provisions on humanitarian grounds

---

SEC. 100011 — Work Permit Renewal Fee for Asylum Seekers

What This Section Does

It introduces a new **mandatory, non-waivable fee** for each **renewal or extension** of a work permit (Employment Authorization Document, or EAD) for people who have applied for asylum in the U.S.

Fee Details

- Effective starting **Fiscal Year 2025**
- Fee amount:
  - **At least $275**
  - Or a **higher amount set by DHS regulation**

This applies **each time** an asylum seeker needs to renew or extend their work authorization.

When the Work Permit Ends

Work authorization terminates automatically if asylum is denied:

1. **After USCIS denial**:
   - Ends immediately **unless the case is referred to an immigration judge**
2. **After immigration judge denial**:
   - Ends **30 days after denial**, unless an appeal is filed
3. **After appeal is denied by Board of Immigration Appeals (BIA)**:
   - Ends **immediately**

Where the Money Goes

Each fiscal year:

1. 25% of Fees Collected:

- Credited to **U.S. Citizenship and Immigration Services (USCIS)**
- Deposited into the **Immigration Examinations Fee Account**
- Can be spent by USCIS **without additional Congressional approval**

2. Remaining 75%:

- Deposited into the **U.S. Treasury general fund**

No Waiver or Reduction Allowed

- The fee **must be paid**
- There are **no exceptions** — not for financial hardship, humanitarian status, or any other reason

---

In Plain English

“If you’re waiting on an asylum decision and want to renew your work permit, you’ll now have to pay at least $275 every time you apply — and there are no exceptions. If your asylum is denied and you don’t appeal, your work permit ends fast.”

Strategic Impacts

Stakeholder	Effect
Asylum Seekers	Must pay repeatedly to keep working during long wait times
USCIS	Gains a dedicated stream of funding for operations
U.S. Treasury	Collects bulk of funds
Advocacy Groups	Likely to oppose the non-waiver structure for vulnerable populations

---

SEC. 100012 — TPS Work Permit Renewal Fee

What This Section Does

This section establishes a **mandatory annual fee** for individuals with **Temporary Protected Status (TPS)** when they seek to **renew or extend** their **employment authorization (EAD)**.

Fee Amounts

For Fiscal Year 2025:

- The **greater of**:
  - **$275**, or
  - A higher fee **set by the Secretary of Homeland Security by regulation**

Annual Adjustments (Starting FY2026):

- The fee increases **every fiscal year** based on inflation:

    - Uses the **Consumer Price Index for All Urban Consumers (CPI-U)** for July
    - Rounded **down to the nearest $10**

Work Permit Duration

- Valid for **1 year**, or
- Until TPS designation expires — whichever is **shorter**

Where the Money Goes

During each fiscal year:

1. 25% of the Fees:

- Credited to **U.S. Citizenship and Immigration Services (USCIS)**
- Deposited into the **Immigration Examinations Fee Account**
- Can be used by USCIS **without further Congressional appropriation**

2. Remaining 75%:

- Deposited into the **U.S. Treasury's general fund**

No Waiver Allowed

- The fee **must be paid by all TPS holders**
- **No hardship or income-based waiver** is allowed

In Plain English

"If you have TPS and want to renew your work permit, you'll now pay at least $275 — more if DHS decides. The amount goes up yearly with inflation. No discounts, no exceptions."

Strategic Impacts

Stakeholder	Effect
TPS Holders	Face **recurring annual costs** to keep working legally in the U.S.
USCIS	Receives direct operational funding from 25% of collected fees

Stakeholder	Effect
U.S. Treasury	Gains majority share (75%) of new revenue stream
Legal Advocates	Likely to raise humanitarian concerns about non-waivable costs

---

SEC. 100013 — Adjustment of Status & Waiver Application Fees

Part A — Fee for Green Card Applications Filed in Immigration Court

This subsection applies to **aliens applying for lawful permanent resident (green card) status** via immigration courts.

Required Fee:

- Starting **FY2025**:
  - The greater of:
    - **$1,500**, or
    - A **higher amount set by the Attorney General** through rulemaking

Annual Fee Adjustments:

- Starting **FY2026**:
  - Fee increases yearly based on **Consumer Price Index (CPI-U)** for July
  - Rounded **down to the nearest $10**

Where the Money Goes:

- **Up to 25%**:
  - Comes from transfers within the **Immigration Examinations Fee Account**
  - Credited to the **Executive Office for Immigration Review** (immigration courts)
  - May be **retained and spent without further appropriation**
- **Remaining 75%**:
  - Deposited into the **U.S. Treasury general fund**

Part B — Fee for Waiver of Grounds of Inadmissibility

This subsection targets **aliens applying for waivers of inadmissibility** (e.g., due to prior immigration violations, certain crimes, or health-related grounds).

Required Fee:

- Also applies starting **FY2025**
- Fee is the greater of:
    - An amount **to be specified** in the continuation of this section
    - Or an amount set by the **Attorney General via regulation**

(The specific dollar value in paragraph (2)(A) is not fully loaded yet, but it follows the same CPI-indexed pattern as Part A.)

Waivers Forbidden

- Neither fee may be **waived or reduced**
- Applies regardless of financial hardship or humanitarian considerations

---

In Plain English

"If you're applying for a green card or trying to overcome a barrier like past immigration issues, and you're doing it through immigration court, you'll now have to pay at least $1,500 — possibly more. And you'll also have to pay to ask for forgiveness. These costs will increase every year."

Strategic Impacts

Stakeholder	Effect
Green Card Applicants via Court	Face significantly higher financial hurdles
Immigration Judges (EOIR)	Gain partial direct funding for operational autonomy
Treasury Department	Collects bulk of new fees as federal revenue
Legal Advocates & NGOs	Likely to challenge non-waiver policy as harmful to vulnerable populations

---

SEC. 100014 — Electronic Travel Authorization Fee Increase (ESTA)

What Is ESTA?

The **Electronic System for Travel Authorization (ESTA)** is required for travelers from **Visa Waiver Program (VWP)** countries visiting the U.S. for tourism or business for up to 90 days without a visa.

What's Changing?

1. Minimum ESTA Fee Increased

- Previously: No explicit minimum amount was legislated
- Now: Must include **at least $13** per travel authorization

This is in addition to the already required **$10 promotional fee** under the Travel Promotion Act.

So, **total minimum fee = $23 per ESTA** — and it can increase further.

---

2. Annual Inflation Adjustments (Starting FY2026)

- Each year, the **$13 authorization fee** will:
    - Be adjusted by the **Consumer Price Index (CPI-U)**
    - Rounded to ensure consistent, annual growth

---

3. Program Extension

- The **authorization to collect ESTA fees**, previously set to expire in **2028**, is now extended to **October 31, 2034**

Where Does the Money Go?

- A portion of the fees support **Brand USA**, the tourism promotion program
- Remainder goes into federal funds supporting visa security and border operations

---

In Plain English

"If you're coming to the U.S. from a visa waiver country like the U.K., Japan, or Germany, you'll now pay at least $23 for your online travel authorization — and that number will rise every year."

Strategic Impacts

Stakeholder	Effect
Visa Waiver Travelers	Face higher costs to travel to the U.S.
Brand USA & Tourism	Receives stable funding via extended and increased ESTA fees
DHS & CBP	Supported indirectly through ESTA revenue collection
Treasury	Gains more predictable, inflation-indexed revenue from tourism fees

---

SEC. 100015 — Electronic Visa Update System Fee (EVUS)

What Is EVUS?

The **Electronic Visa Update System (EVUS)** is used primarily for travelers holding **10-year B1/B2 visas**, particularly from countries like China, to periodically update personal and travel information **before entering the U.S.**

This section makes paying an EVUS fee **mandatory by law**, rather than only by regulation.

Fee Structure

Starting FY2025:

- Each enrollment in EVUS triggers a fee:
  - The **greater of**:
    - **$30**, or
    - A higher amount established by the **Secretary of Homeland Security**

Annual Adjustments (Beginning FY2026):

- Based on **Consumer Price Index (CPI-U)**
- Rounded **down to the nearest $0.25**
- Ensures automatic inflation-based increases

Where Does the Money Go?

The revenue is **split and allocated** in a structured way:

1. CBP Electronic Visa Update System Account (New Treasury Sub-account)

- Receives:
  - All EVUS fees **minus $5 per transaction**
- Funds are:
  - **Automatically appropriated** for **U.S. Customs and Border Protection (CBP)**
  - To offset **administrative and program costs of EVUS**
  - **Remain available until used**

2. Remaining $5 per transaction

- Used for **other federal purposes** not specified in this section

---

No Waivers or Exemptions

- Every eligible traveler subject to EVUS must pay the fee
- There is **no language allowing DHS to waive or reduce** the fee for any reason

---

In Plain English

"If you're from a country that requires you to use the EVUS system to update your visa info, you'll now have to pay at least $30 every time you enroll — and the amount will increase every year. Most of the fee helps fund border security tech at CBP."

Strategic Impacts

Stakeholder	Effect
Visa Holders (e.g., China B1/B2 travelers)	Face new recurring costs to enter U.S.
DHS & CBP	Gain dedicated funding stream for EVUS system
U.S. Treasury	Retains a small portion per transaction for general revenue
Travel Industry	May see increased friction for frequent travelers from high-volume markets

---

SEC. 100016 — Fee for Failure to Appear in Immigration Court

What this section does

This section introduces a **new fine** for immigrants who:

1. **Were ordered removed in absentia** (they missed their immigration court hearing), and
2. **Were later arrested** by Immigration and Customs Enforcement (ICE)

Fee Structure

Initial Fee (Starting FY2025):

- The greater of:
    - **$5,000**, or
    - A higher amount set by the **Secretary of Homeland Security**

Inflation Adjustments (Starting FY2026):

- Increases annually using the **Consumer Price Index (CPI-U)**
- Rounded **down to the nearest $10**

Exception

If the court later **rescinds the removal order** (under 8 U.S.C. §1229a(b)(5)(C)), the individual does **not** owe the fee.

Where Does the Money Go?

Annually:

1. **50% of Collected Fees**:
    - Go directly to **U.S. Immigration and Customs Enforcement (ICE)**
    - Deposited into the **Detention and Removal Office Fee Account**
    - May be **used by ICE without additional Congressional appropriation**
2. **Remaining 50%**:
    - Deposited into the **U.S. Treasury general fund**

No Fee Waivers

- **No exceptions**: Fee **cannot** be waived or reduced under any circumstances

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In Plain English

"If you skip your immigration court hearing, get ordered removed, and ICE later catches you — you'll owe at least $5,000. That amount will rise every year, and you can't get out of it, even if the fee is a burden."

Strategic Impacts

Stakeholder	Effect
Individuals Missing Court	Face steep financial penalties upon ICE arrest
ICE	Receives 50% of the fees for use in detention and enforcement
U.S. Treasury	Gains remainder for general government operations
Legal Advocates	Likely to challenge harshness of non-waivable fine for no-shows

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SEC. 100017 — Border Apprehension Fee for Inadmissible Aliens

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Who This Applies To

- Any **inadmissible alien** (i.e., a person without legal entry rights) who is **apprehended between official ports of entry**

Fee Amounts

For Fiscal Year 2025:

- The greater of:
  - **$5,000**, or
  - A higher amount as determined by the **Secretary of Homeland Security**

Annual Increases (Starting FY2026):

- Adjusted annually based on **Consumer Price Index (CPI-U)**
- Rounded **down to the nearest $10**

Where Does the Money Go?

Each fiscal year, the fees are divided as follows:

1. 50% of Collected Fees:

- Goes to **U.S. Immigration and Customs Enforcement (ICE)**
- Deposited into the **Detention and Removal Office Fee Account**
- ICE can **retain and spend** this money **without further appropriation**

2. Remaining 50%:

- Deposited into the **general fund of the U.S. Treasury**

No Mention of Fee Waivers

- The section **does not provide any exceptions or waivers**
- Every individual caught must pay this fee, regardless of personal circumstances

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In Plain English

"If you're caught crossing the U.S. border illegally between checkpoints, you'll owe at least $5,000 right then and there. That number will increase each year with inflation. The fee helps fund ICE operations and general federal spending."

Strategic Impacts

Stakeholder	Effect
Individuals Apprehended Illegally	Face a steep, potentially unexpected financial penalty
ICE	Gains a direct funding stream for detention and deportation activities
Treasury	Collects half of all revenues into general funds
Immigration Advocates	May challenge fairness of imposing large fines without judicial review

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SEC. 100018 — Mandatory Authority to Charge Asylum Application Fees

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Legislative Change Summary

This section modifies **Section 208(d)(3)** of the Immigration and Nationality Act (8 U.S.C. §1158(d)(3)) in two ways:

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1. Makes Fee Authority Mandatory

- **Previous language**: "The Attorney General **may** impose a fee..."
- **Now**: Changed to **"shall"**
    - This change **requires** the Attorney General to impose a fee on asylum applications.

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2. Removes the Cap on Fees

- **Previously**: The statute stated that asylum application fees **"shall not exceed the cost of adjudicating the application"**
- **Now**: That restriction is **struck out**
    - New language makes it clear that:

"Nothing in this paragraph may be construed to limit the authority of the Attorney General to set additional adjudication and naturalization fees under section 286(m)."

In Plain English

"The government used to have the option to charge for asylum applications — now it's required to. And there's no limit anymore on how high those fees can go."

Strategic Impacts

Stakeholder	Effect
Asylum Applicants	Will face **mandatory** and potentially **higher** fees
DOJ / EOIR	Gains increased financial authority over adjudication costs
Legal Advocates	Likely to challenge loss of fee caps as harmful to vulnerable people
U.S. Government	Gains flexibility to **increase revenue** from the asylum system

PART II--IMMIGRATION AND LAW ENFORCEMENT FUNDING

SEC. 100051 — DHS Immigration Enforcement Funding (FY2025–FY2029)

Total Appropriated: $2.055 Billion

This funding is in addition to any existing DHS funds, drawn from the U.S. Treasury and available through **September 30, 2029**.

Authorized Uses of Funding:

1. CBP Hiring & Training

- Hiring **more U.S. Customs and Border Protection (CBP) agents**
- Training and supporting staff to enforce immigration laws

2. Alien Departures & Removals

- Covers **transportation and related costs** for deporting or facilitating the voluntary departure of noncitizens

3. Personnel Assignments

- Funds DHS employee deployment and **State/local law enforcement partnerships** under:
  - INA §103(a) — general immigration enforcement
  - INA §287(g) — deputizing local officers to act as federal immigration agents

4. Enhanced Background Checks

- Expands DHS staff and resources for **screening and vetting** aliens applying to enter or stay in the U.S.
  - Covers background checks under **INA §212 (inadmissibility)** and **§237 (removability)**

Child Protection & Biometric Data Collection:

5. Fingerprinting & DNA Collection for Minors

- Targets **unaccompanied children and unauthorized entrants** without visas
- Funds:
  - **Fingerprinting** (INA §262 and §235)

    - **DNA collection** (INA §§235(d) and 287(b))

Return of Migrants from Neighboring Countries:

6. Transport from Contiguous Territories

- Funds used to **return individuals arriving from Mexico or Canada** under INA §235(b)(2)(C)

State & Local Support:

7. Reinforcement of Local Immigration Activities

- Grants for state and local agencies to:
    - Dismantle **criminal gangs**
    - Fight **human smuggling and trafficking**
    - Address **public safety threats**
    - Support **immigration enforcement**
    - **Reimburse costs** tied to these operations

Removal of Specified Unaccompanied Alien Children:

8. Funding for Deporting Certain Minors

- Allocates funds specifically for the **removal of designated unaccompanied children**
    - Full details continue beyond this excerpt

In Plain English

"This section gives DHS $2.055 billion through 2029 to hire more agents, deport more people, strengthen background checks, and support state/local crackdowns on gangs, trafficking, and illegal immigration — especially targeting children and repeat border crossers."

Strategic Impacts

Stakeholder	Effect
DHS & CBP	Gains large, flexible funding to expand operations

Stakeholder	Effect
Local Law Enforcement	May receive federal money for partnering in immigration crackdowns
Immigration Advocates	Likely concerned about funding for deporting minors and state deputization
Migrant Families	Face increased biometric tracking and enforcement

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SEC. 100052 — $29.85 Billion for ICE Enforcement Activities

Total Appropriation: $29.85 Billion (FY2025–FY2029)

This funding is separate from any existing budget, available through **September 30, 2029**, and intended to dramatically increase ICE's staffing, enforcement capabilities, and operational resilience.

Authorized Uses of Funds

1. Personnel Hiring & Training

- For new:
  - **Agents**
  - **Officers**
  - **Investigators**
  - **Support staff**
- Includes efforts to **streamline the re-hiring of retired ICE personnel**

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2. Bonuses for ICE Staff

Used to **attract and retain talent** through multiple incentive mechanisms:

Bonus Type	Eligibility / Purpose
Performance	For ICE agents/officers/attorneys who show **exemplary service**
Retention	For ICE staff who **commit to 2 more years** of enforcement service

Bonus Type	Eligibility / Purpose
Signing	For **new hires** committing to **5 years** of ICE enforcement service

Each bonus requires a **written service agreement**, which specifies:

- Duration of service
- Bonus amount
- Conditions under which early termination cancels payment

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3. Recruitment & Onboarding

- Funds go to **streamlining hiring**, **accelerating training**, and **expanding the onboarding pipeline** to increase workforce deployment speed

(The section continues with additional operational and legal provisions beyond this excerpt.)

In Plain English

"ICE is getting $29.85 billion to hire more staff, pay bonuses to keep them around, and attract new agents. If you join ICE now and stay for 5 years, they'll pay you extra. If you're already in and re-commit for 2 years, they'll pay you too."

Strategic Impacts

Stakeholder	Effect
ICE Workforce	Sees major boost in size, pay, and morale incentives
Federal Hiring System	May accelerate recruitment using private-sector-like bonuses
Immigrant Communities	Likely face increased enforcement and surveillance pressure
Civil Rights Groups	May raise concerns over accountability and human rights protections

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SEC. 100053 — $750 Million for FLETC Training & Facilities (FY2025–FY2029)

Total Appropriation: $750 Million

- Available through **September 30, 2029**
- Drawn from general U.S. Treasury funds, separate from normal DHS budgets

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Breakdown of Spending

1. Training for Law Enforcement — At Least $285 Million

- For:
    - Newly hired **federal law enforcement officers** at the **Department of Homeland Security (DHS)**
    - **State and local law enforcement** partners supporting DHS operations

Focused on border security, immigration enforcement, and cooperation with local agencies

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2. Facilities, Equipment, and Maintenance — Up to $465 Million

Covers the full lifecycle of training infrastructure:

Use Case	Examples
Construction & Procurement	New training buildings, classrooms, ranges
Maintenance & Upgrades	Repairs, modernizations, equipment upgrades
Training Equipment & Support Tools	Simulators, biometric gear, scenario devices

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In Plain English

"The government is investing $750 million into better training for DHS and allied law enforcement, and into building new facilities and upgrading gear to make that training more effective."

Strategic Impacts

Stakeholder	Effect
DHS & Border Personnel	Gain improved, modernized training for new recruits
State & Local Agencies	Receive federally funded training if collaborating with DHS
FLETC	Major infrastructure boost for training centers

Stakeholder	Effect
Civil Liberties Groups	May raise concerns over local law enforcement being trained for federal roles

SEC. 100054 — $3.33 Billion for DOJ Immigration Enforcement and Criminal Justice Support

Total Appropriation: $3.33 Billion

- For **Fiscal Year 2025**
- Available through **September 30, 2029**
- Drawn from general Treasury funds

Authorized Use of Funds:

1. Immigration Judges & Case Backlog

- Hiring new **immigration judges** and their staff at the **Executive Office for Immigration Review (EOIR)**
- Designed to reduce the **immigration case backlog**
- 🔒 Cap: As of **Nov 1, 2028**, the EOIR may employ **no more than 800 judges**

2. Combating Drug Trafficking

- Funds to support:
    - Investigations into **fentanyl**
    - Combatting illegal drug distribution and chemical precursors

3. Immigration-Related Criminal Prosecution

- Expanded resources to prosecute:
    - Immigration law violations
    - Gang-related alien crimes
    - Alien child trafficking and smuggling

    - Alien voter fraud
    - Alien Registration Act violations
    - Welfare fraud under the **1996 Personal Responsibility and Work Opportunity Act**
- DOJ can **hire more attorneys and staff** to support these prosecutions

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4. Defense of the Federal Government in Court

- Hiring DOJ attorneys and staff to:
    - Defend the U.S. in federal and state lawsuits, especially when **nonparty or injunctive relief** is sought against the federal government
    - Actions executed under **28 U.S.C. §§ 516–518**

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5. Local Law Enforcement Support via Federal Grants

- Boosts funding to:
    - **Edward Byrne Memorial Justice Assistance Grant Program**
    - **Office of Community Oriented Policing Services (COPS Office)**

Prioritized Uses:

- Investigating and prosecuting violent crime
- Criminal enforcement initiatives
- Immigration enforcement and removals

Limitations:

- **No funds may be used** for **community violence intervention or prevention programs**

Eligibility Requirement:

- **Only** state or local governments in **full compliance with immigration laws** can receive these funds

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In Plain English

"DOJ gets over $3 billion to hire judges and prosecutors, go after immigration fraud, combat fentanyl, and help local police — but only if those local governments support immigration enforcement. Community intervention programs are shut out of this funding."

Strategic Impacts

Stakeholder	Effect
Immigration Courts (EOIR)	Receives judge/staff expansion capped at 800 by 2028
DOJ Criminal Division	Grows capacity for immigration-related prosecution
State/Local Law Enforcement	Eligible for expanded grant support — if aligned with federal policy
Advocacy/Prevention Groups	Excluded from grant funding for violence prevention

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SEC. 100055 — BIDEN Reimbursement Fund: $3.5 Billion in Federal Support for Immigration-Related Law Enforcement

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Fund Creation

- Establishes a new Department of Justice account:
  - **"Bridging Immigration-related Deficits Experienced Nationwide (BIDEN) Reimbursement Fund"**
- Grants awarded to:
  - **States**
  - **State agencies**
  - **Local government units**
- Based on **existing statutory authorities** of the applying entities

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Total Appropriation: Up to $3.5 Billion

- Effective for **Fiscal Year 2025**
- Funds remain available **until September 30, 2028**
- Drawn from **U.S. Treasury's general funds**

Approved Uses of the Funds

1. Locating & Apprehending Criminal Aliens

- Must be both:

- **Unlawfully present**, and
- Committed a **Federal, State, or local crime**

2. Crime Intelligence Collection

- Law enforcement investigations and **data analysis** targeting gang or criminal activity tied to immigration violations

3. Investigating & Prosecuting Specific Crimes

- Eligible crimes:
  - Alien-related crimes
  - Drug trafficking
  - Human trafficking

4. Court Operations Support

- Costs tied to:
  - Prosecuting alien and trafficking cases

5. Temporary Detention

- Short-term criminal detention of aliens

6. Alien Transportation Costs

- For moving detainees to:
  - Detention centers
  - Court facilities
  - Related government operations

7. Vehicle & Logistics Support

- Maintenance and logistical support for law enforcement vehicles and transport services to aid in alien apprehension

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Retroactive Eligibility

Grants can cover:

- **Completed**, **ongoing**, or **new** activities that occurred **on or after January 20, 2021**

Distribution Requirement

- Funds must be distributed to **more than one state**
- Ensures **broad national reach**, not limited to border states

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In Plain English

"The DOJ is creating a $3.5 billion fund to reimburse and support states and cities that help catch, prosecute, and temporarily detain undocumented immigrants involved in crimes. They can use the money for things like transport, jail space, vehicles, and court costs—even for actions going back to early 2021."

Strategic Impacts

Stakeholder	Effect
State & Local Governments	Gain access to significant federal funds for immigration enforcement
Law Enforcement Agencies	Can offset costs tied to immigration-related crime response
Civil Rights Advocates	Likely to scrutinize incentives tied to local immigration policing
DOJ	Expands enforcement reach through indirect grants

SEC. 100056 — $5 Billion for the Bureau of Prisons (FY2025–FY2029)

Total Appropriation: $5 Billion

- For **Fiscal Year 2025**
- Available until **September 30, 2029**
- Funding drawn from the **U.S. Treasury general fund**

Allocation Breakdown

1. Personnel Salaries, Benefits, and Hiring — At least $3 Billion

- **Primary use of funds**
- Covers:
    - **Hiring and training** of new personnel:
        - **Correctional officers**

        - **Medical professionals**
        - **Facilities and maintenance staff**
        - **Support staff**
    - **Increased salary and benefits** for existing employees
- Intended to **shore up staffing shortages** and ensure a more stable, better-compensated prison workforce

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2. Facility Maintenance and Repairs — Up to $2 Billion

- For upkeep and rehabilitation of **Bureau of Prisons facilities**
- Covers **maintenance and repair needs** across the federal prison system

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In Plain English

"The federal government is spending $5 billion over the next 5 years to hire more prison staff, boost pay for current workers, and fix up prison buildings. Most of the money—at least $3 billion—goes toward people, not construction."

Strategic Impacts

Stakeholder	Effect
Bureau of Prisons	Major workforce and infrastructure investment
Federal Inmates	May see improved facility conditions and healthcare access
Prison Workforce	Benefits from raises, new hires, and staffing relief
Public Oversight Groups	Will monitor implementation and quality of prison system upgrades

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SEC. 100057 — $1.17 Billion for the United States Secret Service (FY2025–FY2029)

Total Appropriation: $1.17 Billion

- For **Fiscal Year 2025**
- Available through **September 30, 2029**

- Drawn from **general Treasury funds**, in addition to regular appropriations

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Permitted Uses of Funds

1. Secret Service Expansion

- Funds may be used to support:
    - **Personnel increases**
    - **Training facilities**
    - **Program development**
    - **Advanced technology acquisition**

2. Bonuses for Personnel

To attract and retain highly qualified agents, officers, and analysts, the section authorizes:

Type	Description
Performance Bonus	Awarded to those demonstrating **exemplary service**
Retention Bonus	Awarded to those committing to **2 additional years** of service
Signing Bonus	Given to **new hires** who commit to **5 years** of service post-hire

- All bonuses must be formalized through a **written service agreement**, which includes:
    - Duration of service
    - Bonus amount
    - Early termination conditions
    - Payment clauses and exceptions

In Plain English

"The Secret Service is getting a big budget boost — $1.17 billion — to hire more people, build better training, buy tech, and reward high performers. New agents can get bonuses if they commit to stay long-term."

Strategic Impacts

Stakeholder	Effect
Secret Service Workforce	Gains financial incentives for joining and staying in service
Federal Security Ops	Increased readiness and infrastructure capacity
Taxpayers	Funding supports advanced protection programs, but invites scrutiny

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Subtitle B--Judiciary Matters

SEC. 100101 — $1.25M Annual Grant to the Federal Judiciary for Reporting & Analysis

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Total Appropriation:

- **$1,250,000 annually**
- For **Fiscal Years 2025 through 2028**
- Funding goes to the **Director of the Administrative Office of the U.S. Courts**

Purpose of the Funds

Support for expanded court system reporting duties under **28 U.S.C. §604(a)(2)**, including:

1. Docket Analysis

- Ongoing review of:
  - Case load volumes
  - Flow of litigation
  - Timing and outcomes of federal court actions

2. Public Court Statistics & Reports

- Continue delivering periodic data and analysis on:
  - The **business of the federal courts**
  - Key litigation trends

3. Judicial Orders Against the Federal Government

- Special focus on orders that:
    - Issue **non-party relief** (e.g., nationwide injunctions)
    - Are **temporary or preliminary in nature**
    - Fall under **Rule 65(c) of the Federal Rules of Civil Procedure**

4. Cost Impact Assessment

- Judges must assess and report the **estimated cost to U.S. taxpayers** of:
    - Injunctions or restraining orders against federal agencies
    - Security bonds required for these orders

In Plain English

“The federal courts are getting $1.25 million a year to track court workloads and give detailed reports — especially when judges issue restraining orders or injunctions against the government. They also have to estimate how much these orders might cost taxpayers.”

Strategic Impacts

Stakeholder	Effect
U.S. Courts	Get resources to produce deeper analytics and transparency
Congress and Public	Gain visibility into the cost of federal court orders against agencies
Advocates for Judicial Reform	May use data to push for rule or process changes

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SEC. 100102 — $1 Million Annual Grant to the Federal Judicial Center (FYC 2025–2028)

Total Appropriation:

- **$1,000,000 per year**
- For **Fiscal Years 2025 through 2028**

Funds are allocated to the **Director of the Federal Judicial Center**, and come from general U.S. Treasury appropriations.

Purpose of Funding

To support **ongoing education and training** of personnel across the judicial branch. Specifically tied to **28 U.S.C. §620(b)(3)**, the funds must be used for:

1. Continuing Judicial Education Programs

- Development and delivery of programs aimed at:
  - Judges
  - Court officers
  - Support personnel

2. Specialized Training Topics

- Emphasis on legal interpretation around:
  - **Non-party relief** against the Federal Government
  - Lack of **constitutional or statutory authority** for such claims
- Instruction in **strategies to reduce costs** to taxpayers stemming from such orders

Example: Nationwide injunctions affecting federal policy — training helps judges assess their legal basis and financial impact

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In Plain English

“The federal court system will receive $1 million a year for staff education — especially focused on training judges about when federal court orders that apply to nonparties are legally valid, and how much those orders cost taxpayers.”

Strategic Impacts

Stakeholder	Effect
Federal Judicial Center	Gains sustained funding for judge and staff training
Federal Judiciary	Receives updated instruction on constitutional limits of court authority
Taxpayers	Indirectly benefit from cost-awareness training for federal judges

Subtitle C--Radiation Exposure Compensation Matters

SEC. 100201 — Extension of the Radiation Exposure Compensation Fund (RECA)

Legislative Background

- The **Radiation Exposure Compensation Act (RECA)** was originally passed as **Public Law 101–426**.
- It provides **one-time payments** to individuals who developed certain cancers and other serious diseases after exposure to radiation from:
  - Nuclear testing
  - Uranium mining, milling, or transport

Key Change in This Section

Extension of Fund Termination Date

- **Old Language**: Fund was scheduled to end **within 2 years** of its original sunset provision.
- **New Language**: Fund is now extended to terminate on **December 31, 2028**.

This extends the program's availability by several years, ensuring continued access to compensation for eligible claimants.

In Plain English

"People exposed to radiation from U.S. nuclear tests or uranium work can still apply for compensation — the program is now extended through the end of 2028."

Strategic Impacts

Stakeholder	Effect
Exposed Individuals	More time to apply for and receive federal compensation
Tribal & Rural Communities	Likely beneficiaries of the extension (many uranium workers affected)
DOJ/Federal Government	Continues administering claims and processing payouts

SEC. 100202 — Expanded Radiation Exposure Compensation for Trinity and Nevada Test Survivors

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Core Focus:

Amends the **Radiation Exposure Compensation Act (RECA)** to:

- **Expand eligibility** for downwinders (people exposed to radiation from nuclear testing)
- **Increase payouts** for leukemia-related claims
- **Broaden geographic and time-based qualifications**

---

1. Expanded Affected Areas & Timeframes

Applies to:

- **Trinity Test Site (New Mexico)**
- **Nevada Test Site**

New qualifying period:

- Extended from ending **Oct 31, 1958** to **Nov 6, 1962**

New qualifying presence:

- Anyone present **in an affected area** (changed from "the affected area")
- Individuals present in these areas for **at least 1 year** (was 2 years) between **Sept 24, 1944 and Nov 6, 1962**

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2. Increased Compensation for Leukemia

- **New payment**: $100,000
- Available if:
    - Individual meets exposure criteria
    - No prior payment has been made to them or their survivors

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3. Simplified Conditions for Leukemia Claims

- Removes older restrictive clause for leukemia eligibility
- Retains two simpler qualification clauses

4. Broader Access for Other Specified Diseases

- Reduces residence requirement from **2 years → 1 year**
- Clarifies use of "an affected area" instead of narrow "the affected area"
- Extends the qualifying time window for exposure

In Plain English

"People who lived or spent time near U.S. nuclear test sites in New Mexico and Nevada now have an easier path to compensation. The government expanded who qualifies, reduced the time they needed to have been there, and raised payments for leukemia cases to $100,000."

Strategic Impacts

Stakeholder	Effect
Downwinders in NM & NV	More likely to qualify for federal compensation
Uranium workers and families	Increased clarity and access to payouts
DOJ/RECA Administration	Broader claimant pool and payment requirements
Rural & Tribal Communities	Major gain — many original test victims were historically excluded

SEC. 100203 — Updated Uranium Worker Compensation Under RECA

Purpose:

To **broaden eligibility and compensation** for individuals who worked in uranium mining, milling, ore transport, or drilling — particularly in high-exposure areas from **1942 through 1990**.

Key Changes:

1. Expanded List of Qualifying States

- Adds workers from uranium mines or mills located in:
  - **Colorado, New Mexico, Arizona, Wyoming, South Dakota, Washington, Utah, Idaho, North Dakota, Oregon, and Texas**

- Applies to those employed **any time from Jan 1, 1942 through Dec 31, 1990**

2. Includes Core Drillers

- **Newly eligible occupation**
- Core drillers working in these states during the same period are now explicitly covered

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2. Expanded Recognized Illnesses

Eligible conditions now include:

Previous Conditions	Newly Added Conditions
Lung cancer, nonmalignant respiratory disease	**Renal cancer** and **chronic kidney diseases**, including: - Nephritis - Kidney tubal tissue injury

Applies to:

- **Miners**
- **Millers**
- **Ore Transporters**
- **Core Drillers**
- Individuals involved in **uranium remediation efforts**

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3. Combined Work Histories Are Now Counted

A major shift for those who worked multiple uranium-related jobs:

To qualify, a claimant can now:

- Combine time spent in **2 or more roles**:
  - Miner
  - Miller
  - Core Driller
  - Ore Transporter
- Must have worked during the 1942–1990 period

- Provide medical proof of a qualifying disease (e.g., cancer or kidney damage)

This allows greater flexibility for workers who **changed roles** over time or held seasonal positions in various areas of the uranium supply chain.

In Plain English

“If you worked with uranium — mining it, processing it, hauling it, or drilling for it — in 11 different states between 1942 and 1990, you can now apply for federal compensation. This includes new illnesses like kidney disease, and even if you worked in multiple roles, your combined work history counts.”

Strategic Impacts

Stakeholder	Effect
Former Uranium Workers	Major expansion in eligibility — especially for core drillers and millers
Rural Western Communities	Enhanced access to federal support where uranium was mined and processed
Public Health Advocates	Victory for long-time campaigners seeking justice for radiation victims
DOJ / RECA Administrators	Must update systems and prepare for a surge in valid claims

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SEC. 100204 — Compensation for Exposure to Manhattan Project Waste

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Background

This section creates a new category — **Section 5A** — within the Radiation Exposure Compensation Act (RECA) to cover people exposed to **waste generated by the Manhattan Project**, the U.S. atomic weapons development program of the 1940s.

Eligibility Criteria

A claimant qualifies if:

1. **Application** is filed:
    - Either directly by the individual, or

- By a legal representative (e.g., executor, guardian) if the individual is deceased or incapacitated

2. The individual:
    - Was **physically present in an affected area** for **at least 2 years** after **January 1, 1949**
    - Was later diagnosed with a **specified disease** related to radiation exposure
3. The Attorney General:
    - Certifies the claim and identity as **non-fraudulent**
    - Verifies that all conditions of RECA are met

Compensation for Living Affected Individuals

1. **Minimum Compensation**:
    - **$50,000**, or
    - The **total amount of documented medical costs**, whichever is greater
2. **Out-of-Pocket Medical Reimbursement**:
    - Additional compensation is available for:
        - Medical costs **not covered** by:
            - Health insurance (public or private)
            - Workers' comp
            - Employee benefit programs
    - Requires submission of:
        - **Contemporaneous medical records or billing statements**
        - Created by a licensed provider
3. **Cap/Limitations**:
    - The law prohibits duplicate claims for the same damages from other programs

---

In Plain English

"If someone got sick from being around Manhattan Project nuclear waste and lived in a contaminated area for two years after 1949, they — or their estate — can now get at least $50,000 from the federal government. If they spent more than that on medical bills, they can get reimbursed for those too."

Strategic Impacts

Stakeholder	Effect
Downwinders & Legacy Workers	Major win for previously excluded victims of early U.S. nuclear programs
Survivors' Families	Can file on behalf of deceased victims
DOJ / RECA Fund	Will process and verify new claims, including extensive medical records

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SEC. 100205 — Final Filing Deadline for RECA Claims

What It Does

This section amends **Section 8(a)** of the original **Radiation Exposure Compensation Act (RECA)** to:

- **Replace** the prior claims filing deadline
- Set a **new hard deadline** of:

December 31, 2027

Legislative Update

Replaces:

"2 years after the date of enactment of the RECA Extension Act of 2022"

With:

"December 31, 2027"

This provides **a clear, final cutoff date** for all current and newly eligible individuals to file claims under the updated RECA provisions introduced throughout Sections 100201–100204 of this bill.

In Plain English

"Anyone who qualifies for radiation compensation now has until the end of 2027 to submit their claim. After that, no new claims will be accepted."

Strategic Impacts

Stakeholder	Effect
Potential Claimants	Must submit claims **before 12/31/2027** to be eligible
Legal Aid & Advocates	Urgent need to help clients file before cutoff
DOJ/RECA Program Managers	Timeline set for phasing out intake and finalizing payments