

TITLE I - COMMITTEE ON AGRICULTURE

SECTION-BY-SECTION

Subtitle A - Nutrition

Sec. 10001. Thrifty Food Plan.

Section 10001 amends section 3(u) of the Food and Nutrition Act of 2008 to provide a cost neutrality provision that would prevent the Secretary from increasing the cost of the thrifty food plan based on a reevaluation or update of market baskets, which under this section may not occur more frequently than every 5 years. This section also requires the Secretary to publish in the Federal Register with an opportunity for comment a notice prior to any update of the thrifty food plan market baskets. Under section 3(u)(4), the Secretary would be required to adjust the cost of the thrifty food plan to reflect changes in the Consumer Price Index.

Sec. 10002. Able Bodied Adults Without Dependents Work Requirements.

Subsection (a) of section 10002 amends the exceptions listed for able bodied adults without dependents (ABAWD) in Section 6(o)(3) of the Food and Nutrition Act to the SNAP work requirement. Specifically, this section would increase the age with which ABAWDs must continue working to qualify for SNAP to 64 (up from 54 currently); it changes the generic, functional definition of “dependent child” for ABAWD purposes from under 18 years of age to under 7; and it carves out an exception to the work requirements for a person responsible for a child 7 years of age or older who is married and resides with an individual who complies with the SNAP work requirements.

Subsection (b) of section 10002 keeps in place the October 1, 2030 sunset provision currently in law for the ABAWD exception for: homeless individuals; veterans; and individuals who are 24 years of age or younger and who were in foster care under the responsibility of a State on the date of attaining 18 years of age or such higher age as the State has elected under section 475(8)(B)(iii) of the Social Security Act.

Sec. 10003. Able Bodied Adults Without Dependents Waivers.

Paragraph (1) of section 10003 amends Section 6(o)(4)(A) of the Food and Nutrition Act—which addresses State waiver requests to the work requirement for ABAWDs—by requiring county or county-equivalents to have unemployment rates of over 10% to be eligible for waivers, such waivers being valid for not more than 12 consecutive months. Currently, the Secretary has wide discretion to issue such waivers indefinitely across entire States if the Secretary determines the area does not have a sufficient number of jobs.

Paragraph (2) of section 10003 amends Section 6(o)(6)(F) to lower the maximum number of exempt ABAWDs not living in a waived county or county-equivalent from the SNAP work requirement from 8 percent of such individuals in the State to 1 percent.

Sec. 10004. Availability of Standard Utility Allowances Based on Receipt of Energy Assistance.

Subsection (a) of section 10004 amends Section 5(e)(6)(C)(iv)(I) of the Food and Nutrition Act to limit the use of payments of \$20 or more from the Low-Income Home Energy Assistance Act of 1981 (or similar energy assistance program) to automatically qualify for the standard utility

allowance in determining SNAP allotments to only households with elderly or disabled members. Currently, all households qualify.

Subsection (b)(1) of section 10004 amends Section 5(k)(4) of the Food and Nutrition Act to limit the exclusion from income for the purposes of determining SNAP allotments, payments made pursuant to State law to provide energy assistance to a household to only households with an elderly or disabled member. Subsection (b)(2) amends Section 5(k)(4) of the Food and Nutrition Act to limit the inclusion of expenses paid on behalf of a household under a State law to provide energy assistance as “out-of-pocket” expenses to be considered in the excess shelter deduction for purposes of determining SNAP allotments to only households with an elderly or disabled member. Currently, all households enjoy those benefits.

Sec. 10005. Restrictions on Internet Expenses.

Section 10005 amends Section 5(e)(6) of the Food and Nutrition Act by adding at the end a new subparagraph (E) that explicitly forbids the use of household internet costs from being used in computing the excess shelter expense deduction in determining the size of household SNAP allotments.

Sec. 10006. Matching Funds Requirements.

Subsection (a) of section 10006 amends Section 4(a) of the Food and Nutrition Act by adding a new paragraph (2). Paragraph (2)(A) would require all States to contribute 5 percent of the cost of SNAP allotments beginning in fiscal year 2028. Paragraph (2)(B) increases the percentage that States must contribute based on each respective State’s SNAP error rate. States with error rates of between 6 and 8 percent must contribute 15 percent; States with error rates of between 8 and 10 percent must contribute 20 percent; and States with error rates equal to or greater than 10 percent must contribute 25 percent.

Subsection (b) of section 10006 is a rule of construction meant to add further clarity that in no event may the federal government pay towards SNAP allotments an amount greater than the “Federal Share” (100 percent minus the State Share described in subsection (a)).

Sec. 10007. Administrative Cost Sharing.

Section 10007 amends Section 16(a) of the Food and Nutrition Act by reducing the federal share of the cost of administering SNAP from 50 percent to 25 percent, thereby increasing the State share of administrative costs from 50 percent to 75 percent.

Sec. 10008. General Work Requirement Age.

Paragraph (1) of section 10008 amends Section 6(d)(1) of the Food and Nutrition Act by changing the general SNAP work requirement age from over 15 and under 60, to over 17 and under 65. Paragraph (2) amends Section 6(d)(2) by increasing the age of a child for which a parent will be exempted from the general SNAP work requirements from under the age of 6 to under the age of 7.

Sec. 10009. National Accuracy Clearinghouse.

Section 10009 amends Section 11(x)(2) of the Food and Nutrition Act by adding at the end a new subparagraph (D) that would require state agencies to use indications of multiple issuances of

SNAP benefits to prevent multiple issuances of other federal and State assistance program benefits.

Sec. 10010. Quality Control Zero Tolerance.

Section 10010 amends Section 16(c)(1)(A)(ii) of the Food and Nutrition Act by reducing the tolerance level for errors in SNAP from \$37 in 2014 dollars (adjusted annually to account for inflation) to \$0.

Sec. 10011. National Education and Obesity Prevention Grant Program Repealer.

Section 10011 repeals Section 28 of the Food and Nutrition Act: The National Education and Obesity Prevention Grant Program.

Sec. 10012. Alien SNAP Eligibility.

Section 10012 amends Section 6(f) of the Food and Nutrition Act to limit SNAP benefits to only individuals who reside in the United States and are citizens or lawful permanent residents of the United States.

Sec. 10013. Emergency Food Assistance.

Section 10013 amends Section 203D(d)(5) of the Emergency Food Assistance Act of 1983 to extend mandatory funding for each fiscal year through 2031 to carry out federal projects aimed at reducing food waste, providing food to individuals in need, and building relationships between agricultural production, processing, and distribution.

Subtitle B – Investment in Rural America

Sec. 10101. Safety Net.

Section 10101(a) amends section 1111 of the Agricultural Act of 2014 to include a 10% to 20% increase to the statutory reference price for all covered commodities. Effective beginning in the 2031 crop year, the reference price for all covered commodities above shall equal the reference price in the previous crop year multiplied by 1.005 and cannot exceed 115 percent of the reference price for such covered commodity.

Section 10101(b) amends section 1112 of the Agricultural Act of 2014 to maintain all current base acres while providing a 1-time allocation of new base for not more than an additional 30,000,000 base acres for producers who currently do not have base or whose average planted and prevented plant acres exceed the current base acres on the farm. Additionally, section 10101(b) requires a pro-rated reduction by the Secretary if the total number of eligible acres allocated to base acres across all farms in the U.S. would exceed 30,000,000 acres beginning in crop year 2026.

Section 10101(c) amends section 1115 of the Agricultural Act of 2014. The subsection requires producers to make an election to obtain PLC or ARC coverage on a covered-commodity-by-covered-commodity basis through crop year 2031.

Section 10101(d) amends section 1116 of the Agricultural Act of 2014 to extend PLC through crop year 2031.

Section 10101(e) amends section 1117 of the Agricultural Act of 2014 to extend ARC through crop year 2031. The subsection also increases the agricultural risk coverage guarantee to 90 percent of the benchmark revenue for crop years 2025 through 2031. It further increases the payment rate calculation to include 12.5 percent of the benchmark revenue in crop years 2025 through 2031.

Section 10101(f) amends section 1001 of the Food Security Act of 1985 to define the term “qualified pass through entity” to include partnerships, S-Corps, LLCs, joint ventures, and general partnerships. The subsection requires the Secretary to treat such entities in the same manner as current law treats general partnerships and joint ventures for the purposes of applying payment limitations.

Section 10101(g) amends section 1001 of the Food Security Act of 1985 to increase the payment limitation for Title I payments from \$125,000 to \$155,000, adjusted annually to account for inflation based on the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

Section 10101(h) amends section 1001D(b) of the Food Security Act of 1985 to provide an exception to the AGI means test for purposes of determining eligibility for disaster and conservation programs if the person or entity derives more than 75 percent of their average gross income from farming, ranching, and silviculture activities. Farming, ranching, and silviculture activities include agri-tourism, direct-to-consumer marketing of agricultural products, the sale of agricultural equipment owned by an operation.

Section 10101(i) amends section 1202 of the Agricultural Act of 2014 to include, for crop years 2026 through 2031, modest increases in loan rates for most loan commodities, while providing for a more substantial increase in loan rates for commodities that did not receive an increase in the Agricultural Improvement Act of 2018. Section 10101(i) also establishes a special rule for the effective price for PLC where the loan rate shall be equal to \$0.30 per pound for seed cotton and \$3.30 per bushel for corn.

Section 10101(i) further amends section 1204(g) of the Agricultural Act of 2014 to require the Secretary to make cotton storage payments for upland cotton and extra-long staple cotton in the same manner as provided in 2006 for upland cotton. The payment rate shall be equal to the lesser of the submitted tariff rate for the current marketing year and the maximum storage payment rate of \$4.90 for California and Arizona and \$3.00 in all other states. The subsection also enhances flexibility for loan redemption of upland cotton and modernizes loan provisions for extra-long staple cotton.

Section 10101(j) amends section 1204 of the Agricultural Act of 2014 by establishing the repayment rate of a marketing assistance loan for upland cotton to be the lowest prevailing world market price during the 30-day period beginning on the date on which such loan was repaid was used. Section 10101(j) also provides for a refund of a marketing loan for upland cotton that is repaid by a producer. Section 10101(j) further updates the formula for the prevailing world market price for upland cotton to provide that, for any period which price quotations for

Middling (M) one and three-thirty-second inch cotton are available, is based on the average of the 3 lowest-priced growths that are quoted. Lastly, section 10101(j) establishes the repayment rate of a marketing assistance loan for extra long staple cotton to be the lesser of the loan rate established for the commodity or the prevailing world market price. The prevailing world market price for extra long staple cotton shall be adjusted to U.S. quality and location, as well as include the average costs to market the commodity taking into account transportation costs on the date the loan was repaid.

Section 10101(k) amends section 1207(c) of the Agricultural Act of 2014. The subsection increases the Economic Adjustment Assistance for Textile Mills payment rate from \$0.03/lb. to \$0.05/lb. of upland cotton used by the mill, beginning August 1, 2025.

Section 10101(l) provides various sugar program updates. Subsection (l)(1) amends section 156 of the Federal Agriculture Improvement and Reform Act of 1996 to increase, for crop years 2025 through 2031, the loan rate for sugarcane to \$0.24 per pound. The subsection further increases the loan rate for sugar beets to 136.55 percent of the loan rate for raw sugar.

Subsection (l)(2) amends section 167 of the Federal Agriculture Improvement and Reform Act of 1996 to increase for the 2025 crop year and each subsequent crop year the storage payments to \$0.34 per hundredweight per month for refined sugar and \$0.27 per hundredweight per month for raw cane sugar.

Subsection (l)(3) amends Section 359b(a)(1) of the Agricultural Adjustment Act of 1938 to require the Secretary to provide sugar estimates for flexible marketing allotments for sugar through crop year 2031. The subsection also amends Section 359c(g)(2) of the Agricultural Adjustment Act of 1938 to require the Secretary to give priority to sugar beet processors that have sugar available, if the Secretary makes an upward adjustment in an allotment.

Subsection (l)(4) amends section 359k of Agricultural Adjustment Act of 1938. The subsection requires USTR, in consultation with the Secretary, to provide an upfront reallocation of the TRQ shortfall at the beginning of the quota year and then a subsequent reallocation of any remaining shortfall to quota holding countries by March 1st of each year.

Subsection (l)(5) amends section 359k(b)(1) of the Agricultural Adjustment Act of 1938 to clarify that the Secretary has the authority to take action to increase the supply of sugar before April 1st only if it is for the sole purpose of responding directly to an emergency shortage of sugar in the United States market that is caused by a war, flood, hurricane, or other natural disaster, or other similar event.

Subsection (l)(6) amends Section 359l(a) of the Agricultural Adjustment Act of 1938 to extend the period of effectiveness for flexible marketing allotments for sugar through the 2031 crop year.

Section 10101(m) provides various dairy policy updates. Section (m)(1) amends section 1401 of the Agricultural Act of 2014 to update the definition of “production history” and amends section 1405 of the Agricultural Act of 2014 to update the production history for dairy operations

participating in the program to the highest annual milk marketings of such dairy during any one of the 2021, 2022, or 2023 calendar years.

Subsections (m)(2) and (m)(3) amend sections 1406 and 1407 of the Agricultural Act of 2014 to increase the tier I and tier II coverage limit under the DMC program from the first 5 million pounds of milk to the first 6 million pounds of milk. Subsection (m)(3) also provides an option for producers to receive a 25 percent discount on their DMC premiums if they lock in coverage from calendar years 2026 through 2031.

Subsection (m)(4) amends section 1409 of the Agricultural Act of 2014 to extend dairy margin coverage through calendar year 2031.

Subsection (n) amends Section 1602 of the Agricultural Act of 2014 to suspend permanent price support authority through calendar year 2031.

Subsection (o) amends section 1614(c) of the Agricultural Act of 2014 to provide for the implementation authority and funding for Title I of this Act. The subsection further provides CCC funds to implement Title I programs and authorities, including to carry out dairy mandatory cost surveys and for USDA to update and modernize their technology.

Subsection (p) amends section 1501 of the Agricultural Act of 2014 to provide various livestock safety net updates. Subsection (p)(1) establishes a payment rate for predation losses at 100 percent of the market value of the animal for losses caused by a federally protected species. Subsection (p)(1) also establishes a payment rate for losses due to adverse weather or disease at 75 percent of the market value of the animal. The market value for both payment rates is determined by the Secretary, who may consider the ability of eligible producers to document regional price premiums for affected livestock that exceed the national average market price for those livestock. The paragraph further establishes a supplemental payment for the loss of unborn livestock incurred since January 1, 2024.

Subsection (p)(2) provides that an eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having a D2 (severe drought) intensity in any area of the county for at least 4 consecutive weeks during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance in an amount equal to 1 monthly payment using the monthly payment rate determined under the livestock forage disaster program; or 2 monthly payments if for any of the 7 of the 8 consecutive weeks during the normal grazing period for the county.

Subsection (p)(3) establishes that eligible producers on a farm of farm-raised fish, including fish grown as food for human consumption, shall be eligible to receive payments to aid in the reduction of losses due to piscivorous birds. The payment rate for payments shall be not less than \$600 per acre of farm-raised fish.

Subsection (p)(4) decreases the threshold for producers to qualify for the program to a tree mortality rate that exceeds normal mortality. Additionally, the reimbursement rate increases from 50 percent to 65 percent of the cost of pruning, removal, and other costs incurred by an eligible

orchardist or nursery tree grower to salvage existing trees or, in the case of tree mortality, to prepare the land to replant trees.

Subsection (q) provides that in determining honeybee colony losses eligible for emergency assistance for livestock, honey bees, and farm-raised fish under section 1501(d) of the Agricultural Act of 2014, the Secretary shall utilize a normal mortality rate of 15 percent. Subsection (r) amends section 502(b) of the Federal Crop Insurance Act to establish, among other criteria, that a beginning farmer or rancher, and a veteran farmer or rancher, are farmers or ranchers that have operated a farm or ranch for not more than 10 years.

Additionally, subsection (r) amends 508(e)(8) of the Federal Crop Insurance Act to increase the crop insurance policy premium to varying percentage points greater than premium assistance otherwise available, depending on the reinsurance year that a beginning farmer or rancher is in for an applicable policy or plan of insurance.

Subsection (r)(2) amends Section 508(e)(2)(H)(i) of the Federal Crop Insurance Act to provide that in the case of supplemental coverage options, the amount shall be equal to the sum of 80 percent of the additional premium associated with the coverage and the premium calculated for the coverage to cover operating and administrative expenses.

Subsection (s) amends section 508(c)(4) of the Federal Crop Insurance Act to enhance the coverage level for Whole Farm Revenue Protection and certain area wide coverage options, as well as increases the premium cost share the Corporation pays for the supplemental coverage option.

Subsection (t) amends Section 508(e)(2) of the Federal Crop Insurance Act to provide additional premium support in the catastrophic risk protection provided by the Corporation, with varying degrees of support depending on the level of additional coverage of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or a comparable coverage for a policy or plan of insurance that is not based on individual yield. Subsection (u) amends Section 508(k) of the Federal Crop Insurance Act to provide that beginning with the 2026 reinsurance year and for each reinsurance year thereafter, in addition to the terms and conditions of the Standard Reinsurance Agreement, to cover additional expenses for loss adjustment procedures, the Corporation shall pay an additional administrative and operating expense subsidy to approved insurance providers for eligible contracts, with the payment to an approved insurance provider to 6 percent of the net book premium.

Subsection (u) also establishes a reimbursement level for administrative and operating expenses with respect to specialty crop contracts to be equal to or greater than the percent that is the greater of 17 percent of the premium used to define loss ratio and the percent of the premium used to define loss ratio that is otherwise applicable for the reinsurance year under the terms of the Standard Reinsurance Agreement in effect for the reinsurance year.

Subsection (u) further requires the Corporation, beginning with the 2026 reinsurance year and for each reinsurance year thereafter, to increase the total administrative and operating expense reimbursements otherwise required under the Standard Reinsurance Agreement in effect for the

reinsurance year in order to account for inflation in a manner that is consistent with the increases provided with respect to the 2011 through 2015 reinsurance years.

Subsection (v) amends section 515(l)(2) of the Federal Crop Insurance Act to provide that the Corporation may use, from amounts made available from the insurance fund established under section 516(c) of the Federal Crop Insurance Act, not more than \$6,000,000 for fiscal year 2026 and each subsequent fiscal year.

Subsection (w) amends section 516(b)(2)(C)(i) of the Federal Crop Insurance Act to provide that for each of the 2014 and subsequent reinsurance years, the Corporation may use the insurance fund established under section 516, but not to exceed \$7,000,000 for each of fiscal years 2014 through 2025 and \$10,000,000 for fiscal year 2026 and each fiscal year thereafter, to pay costs to reimburse expenses incurred for the operations and review of policies, plans of insurance, and related materials (including actuarial and related information); and to assist the Corporation in maintaining program actuarial soundness and financial integrity.

Subsection (x) amends Section 523 of the Federal Crop Insurance Act to establish a Poultry Insurance Pilot Program. Under the pilot program, contract poultry growers, including growers of broilers and laying hens, may elect to receive index-based insurance from extreme weather-related risks resulting in increased utility costs (including costs of natural gas, propane, electricity, water, and other appropriate costs, as determined by the Corporation) associated with poultry production.

Sec. 10102. Conservation.

Subsection (a) of section 10102 amends section 1240O(b) of the Food Security Act of 1985 to provide \$1,000,000 in mandatory funding, beginning in fiscal year 2026 and available until expended, from the Commodity Credit Corporation to carry out the Grassroots Source Water Protection Program. Subsection (a) also extends the authorized appropriations of \$20,000,000 for the Grassroots Source Water Protection Program for each fiscal year through fiscal year 2031.

Subsection (b) of section 10102 amends section 1240R(f)(1) of the Food Security Act of 1985 to provide \$10,000,000 in mandatory funding, provided by the Commodity Credit Corporation, for each fiscal year through fiscal year 2031 to carry out the Voluntary Public Access and Habitat Incentive Program.

Subsection (c) of section 10102 amends section 2408(g)(1) of the Agriculture Improvement Act of 2018 to provide \$15,000,000 in mandatory funding, provided by the Commodity Credit Corporation, for each fiscal year through fiscal year 2031 to carry out the Federal Swine Eradication and Control Pilot Program.

Subsection (d) if section 10102 extends and amends section 1241(a) of the Food Security Act of 1985 to increase mandatory funding, provided by the Commodity Credit Corporation at the following levels:

The Agriculture Conservation Easement Program, under subchapter VII, is funded at:
 \$625,000,000 for fiscal year 2026;

\$650,000,000 for fiscal year 2027;
 \$675,000,000 for fiscal year 2028;
 \$7000,000,000 for fiscal year 2029;
 \$7000,000,000 for fiscal year 2030; and
 \$700,000,000 for fiscal year 2031.

The Environmental Quality Incentives Program, under subpart A of part IV of subchapter IV, is funded at:

\$2,655,000,000 for fiscal year 2026;
 \$2,855,000,000 for fiscal year 2027;
 \$3,255,000,000 for fiscal year 2028;
 \$3,255,000,000 for fiscal year 2029;
 \$3,255,000,000 for fiscal year 2030; and
 \$3,255,000,000 for fiscal year 2031.

The Conservation Stewardship Program, under subpart B of part IV or subchapter IV, is funded at:

\$1,300,000,000 for fiscal year 2026;
 \$1,325,000,000 for fiscal year 2027;
 \$1,350,000,000 for fiscal year 2028;
 \$1,375,000,000 for fiscal year 2029;
 \$1,375,000,000 for fiscal year 2030; and
 \$1,375,000,000 for fiscal year 2031.

Subsection (d) amends section 1271D(a) of the Food Security Act of 1985 to provide \$425,000,000 in mandatory funding for fiscal year 2026 and \$450,000,000 for each of fiscal years 2027 through 2031, from the Commodity Credit Corporation, to carry out the Rural Conservation Partnership Program.

Additionally, subsection (d) amends and extends section 15 of the Watershed Protection and Flood Prevention Act to provide \$150,000,000 in mandatory funding, to remain available until expended, for fiscal year 2026 from the Commodity Credit Corporation to carry out watershed protection and flood prevention. This subsection also rescinds conservation funding from the Inflation Reduction Act.

Sec. 10103. Trade.

Section 10103 amends section 203(f) of the Agricultural Trade Act of 1978 to provide mandatory funding of \$489,500,000 for each of fiscal years 2026 through 2031, to remain available until expended, to fund agricultural trade promotion and facilitation. Of the \$489,500,000 provided for each of fiscal years 2026 through 2031, \$400,000,000 is allocated to the Market Access Program, \$69,000,000 is allocated to the Foreign Market Development Cooperator Program, \$8,000,000 is allocated to the E (Kika) de la Garza Emerging Marketing Program, \$9,000,000 is allocated to the Technical Assistance for Specialty Crops Program, and \$3,500,000 is allocated to the Priority Trade Fund. Additionally, this section establishes that any of the funds listed above that remain unobligated one year after the end of the fiscal year in which the funds were first made available are to be reallocated to the priority trade fund.

Sec. 10104. Research.

Subsection (a) of section 10104 amends section 1672E(d)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 by extending mandatory funding for each fiscal year through 2031 from the Commodity Credit Corporation to carry out the Urban, Indoor, and Other Emerging Agriculture Production, Research, Education, and Extension Initiative.

Subsection (b) of section 10104 amends section 7601(g)(1)(A) of the Agricultural Act of 2014 to provide \$37,000,000 in mandatory funding, to remain available until expended, from the Commodity Credit Corporation to carry out the Foundation for Food and Agriculture Research. The Secretary shall transfer these funds to the Foundation no later than 30 days after the date of the enactment of this Act.

Subsection (c) of section 10104 amends section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to provide \$60,000,000 in mandatory funding from the Commodity Credit Corporation, to remain available until expended, for fiscal year 2026 to carry out the Scholarships for Students at 1890 Institutions.

Subsection (d) of section 10104 amends section 1680(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 to provide \$8,000,000 in mandatory funding, available until expended, from the Commodity Credit Corporation to carry out the Assistive Technology Program for Farmers with Disabilities Program.

Subsection (e) of section 10104 amends section 412(k)(1)(B) of the Agricultural Research, Extension, and Education Reform Act of 1998 to provide \$80,000,000 in mandatory funding through fiscal year 2025 and \$175,000,000 through fiscal year 2026 from the Commodity Credit Corporation to carry out the Specialty Crop Research Initiative.

Subsection (f) of section 10104 amends section 6 of the Research Facilities Act to provide \$125,000,000 in mandatory funding for each year beginning with fiscal year 2026 from the Commodity Credit Corporation to carry out the study, plan, design, structure, and related costs of the Agriculture Research Facilities under this subchapter.

Sec. 10105. Secure Rural Schools; Forestry.

Subsection (a)(1) amends Section 101 of the Secure Rural Schools and Community Self-Determination Act to extend the authority for the Secretaries to calculate eligible State and county payments under the Act through fiscal year 2026. It also creates a special rule for fiscal year 2024 payments which may have already been received by eligible States and counties. Subsection (a)(2) amends Sections 208 and 305 of the Secure Rural Schools and Community Self-Determination Act to extend the authorities to initiate projects to expend funds under the

Act through fiscal year 2028, and requiring project funds not obligated by September 30, 2029 to be deposited in the Treasury of the United State..

Subsection (b) amends Section 205(g) of the Secure Rural Schools and Community Self-Determination Act to extend the authorities under that section through October 1, 2026. It also strikes Section 205(g)(6), which required a report to Congress.

Subsection (c) makes technical corrections to sections 205 and 206 of the Secure Rural Schools and Community Self-Determination Act.

Subsection (d)(1) rescinds all of the unobligated balances of the funds made available under paragraphs 1 through 4 of section 23002(a) of subtitle D of Public Law 117-169. Subsection (d)(2) rescinds \$100,719,676 of the unobligated balances available under section 23003(a)(1) of subtitle D of Public Law 117-169.

Sec. 10106. Energy.

Subsection (a) of section 10106 amends and extends section 90002(k)(1) of the Farm Security and Rural Investment Act of 2002 by extending mandatory funding provided by the Commodity Credit Corporation through fiscal year 2031.

Subsection (b) of section 10106 amends section 9005(g)(1)(F) of the Farm Security and Rural Investment Act of 2002 by extending mandatory funding for each fiscal year through 2031, provided by the Commodity Credit Corporation, to carry out the Bioenergy Program for Advanced Biofuels.

Sec. 10107. Horticulture.

Subsection (a) of section 10107 amends section 420(f) of the Plant Protection Act to provide \$75,000,000 in mandatory funding through fiscal year 2025 and increase funding to \$90,000,000 for fiscal year 2026 and each fiscal year thereafter. Funding is made available through the Commodity Credit Corporation to carry out plant pest and disease management and disaster prevention.

Subsection (b) of section 10107 amends section 101(l)(1) of the Specialty Crops Competitiveness Act of 2004 to extend the Secretary's authority to make grants through fiscal year 2025. Also, subsection (b) raises the mandatory funding authorization to \$100,000,000 for fiscal year 2026, from the Commodity Credit Corporation, to carry out state assistance for specialty crops.

Subsection (c) of section 10107 amends section 7407(d)(1) of the Farm Security and Rural Investment Act of 2002 to authorize \$10,000,000 in mandatory funding for fiscal years 2026 through 2031 to carry out organic production and market data initiatives.

Subsection (d) of section 10107 amends section 2123(c)(4) of the Organic Foods Production Act of 1990 to provide \$1,000,000 in mandatory funding through fiscal years 2024 and 2025 and \$5,000,000 for fiscal year 2026, provided by the Commodity Credit Corporation, to carry out the modernization and improvement of international trade technology systems and data collection funding.

Subsection (e) of section 10107 amends section 10606(d)(1)(C) of the Farm Security and Rural Investment Act of 2002 by extending mandatory funding from the Commodity Credit Corporation through fiscal year 2031 to carry out the National Organic Certification Cost-Share Program.

Subsection (f) of section 10107 amends section 10109(c)(1) of the Agriculture Improvement Act of 2018 to provide mandatory funding from the Commodity Credit Corporation for the Multiple Crop and Pesticide Use Survey to be funded at –

\$500,000 for fiscal year 2019, to remain available until expended;

\$100,000 for fiscal year 2024, to remain available until expended; and

\$5,000,000 for fiscal year 2026, to remain available until expended.

Sec. 10108. Miscellaneous.

Subsection (a) of section 10108 amends and extends section 10409A(d)(1) of the Animal Health Protection Act to provide \$30,000,000 in mandatory funding for each of the fiscal years 2023 through 2025, from the Commodity Credit Corporation, to carry out animal disease prevention and management. Of the \$30,000,000 provided in funding, no less than \$18,000,000 should be made available for each fiscal year to carry out the National Animal Disease Preparedness and Response Program.

Additionally, subsection (a) provides \$233,000,000 in mandatory funding from the Commodity Credit Corporation for each of the fiscal years 2026 through 2030, of which \$10,000,000 is allocated to National Animal Health Laboratory Network, \$70,000,000 is allocated to the National Animal Disease Preparedness and Response Program, and \$153,000,000 is allocated to the National Animal Vaccine and Veterinary Countermeasure Bank.

Subsection (a) also provides \$75,000,000 in mandatory funding from the Commodity Credit Corporation for fiscal year 2031 and each fiscal year thereafter to carry out these programs, of which \$45,000,000 is allocated to the National Animal Disease Preparedness and Response Program.

Subsection (b) of section 10108 amends and extends section 209(c) of the Agriculture Marketing Act of 1946 to provide \$3,000,000 in mandatory funding, available until expended, for fiscal year 2025 from the Commodity Credit Corporation to carry out the Sheep Production and Marketing Grant Program.

Subsection (c) of section 10108 amends and extends section 12314 of the Agricultural Act of 2014 by directing the Secretary to make annual payments through fiscal year 2031 from the Pima Agriculture Cotton Trust Fund. Subsection (c) also amends section 12315 of the Agriculture Act of 2014 by extending all activities under this subsection to fiscal year 2031 to carry out wool research and promotion.

Additionally, subsection (c) of section 10108 amends section 12605(d) of the Agriculture Improvement Act of 2018 to extend mandatory funding, to remain available until expended for each fiscal year to 2031, from the Commodity Credit Corporation to carry out the Emergency Citrus Disease Research and Development Trust Fund.

EXPLANATION OF PROVISIONS

TITLE II—COMMITTEE ON ARMED SERVICES

Sec. 20001 – Enhancement of Department of Defense Resources for Improving the Quality of Life for Military Personnel.

This section provides over \$7.3 billion in mandatory funding and \$1.24 billion in direct spending for the following purposes: to renovate military barracks and unaccompanied housing; to prevent shortages in the provision of healthcare services under the Defense Health Program; to provide supplemental payments of Basic Allowance Housing to military personnel; to extend eligibility for Temporary Lodging Expense Allowance from 14 to 21 days to cover out-of-pocket expenses for servicemembers undergoing permanent change of station; to expand educational opportunities and childcare fee assistance for servicemembers; to expand professional licensure assistance programs for military spouses; and to carry out additional activities under the Defense Community Infrastructure Program. This section also provides temporary authority for the military services to enter into public-private partnerships for the renovation of existing and construction of new unaccompanied housing. CBO estimates this authority will increase direct spending by \$1.24 billion.

Sec. 20002 – Enhancement of Department of Defense Resources for Shipbuilding.

This section provides \$33.7 billion in mandatory funding for the following purposes: to improve infrastructure and expand capacity at private shipyards and throughout the maritime industrial base supply chain; to construct new battle force ships; and to develop and procure autonomous unmanned surface and subsurface vessels.

Sec. 20003 – Enhancement of Department of Defense Resources for Integrated Air and Missile Defense.

This section provides \$24.7 billion in mandatory funding for the following purposes: to develop and deploy new space and terrestrial based capabilities to detect and interdict missiles, including hypersonic missiles bound for the homeland with kinetic and non-kinetic means; to accelerate the deployment of ongoing missile defense systems, and to improve all related infrastructure.

Sec. 20004 – Enhancement of Department of Defense Resources for Munitions and Supply Chain Resiliency.

This section provides \$20.4 billion in mandatory funding for the following purposes: to develop and acquire additional stocks of hypersonic, air-to-air, cruise, anti-ship, ballistic, and anti-radiation missiles; to develop and acquire additional

stocks of torpedoes, mines, and underwater explosives; to develop and acquire additional stocks of munitions, ammunition, and one way attack autonomous systems; to improve infrastructure and expand capacity in the munitions industrial base; to expand domestic capacity to mine and refine rare earth elements and critical minerals; and to develop and acquire additional missile defense interceptors, counter UAS systems, and other air defense systems. This section also provides mandatory funds for loan and loan guarantees to develop reliable sources of critical minerals.

Sec. 20005 – Enhancement of Department of Defense Resources for Scaling Low-Cost Weapons into Production.

This section provides \$13.5 billion in mandatory funding for the following purposes: to expand the capacity of the small UAS industrial base; to develop and deploy joint command and control technologies; to attract commercial innovation for defense capabilities; to expand joint prototyping and experimentation; to accelerate integrations of commercial innovation to support defense logistics; to expand programs to scale commercial technologies for defense purposes; to scale the development of low cost, attritable weapons systems; to improve the test, AI, and autonomy ecosystem; to expand quantum computing research; and to improve qualification activities and technical data management to enhance competition in the defense industrial base. This section also provides mandatory funds for Office of Strategic Capital loans and loan guarantees.

Sec. 20006 – Enhancement of Department of Defense Resources for Improving the Efficiency and Cybersecurity of the Department of Defense.

This section provides \$380 million in mandatory funding for the following purposes: to replace antiquated business systems and deploy automation and artificial intelligence systems to accelerate the audit of Department financial statements; and to improve the cybersecurity of Department information technology systems.

Sec. 20007 – Enhancement of Department of Defense Resources for Air Superiority.

This section provides \$7.2 billion in mandatory funding for the following purposes: to acquire additional and modernize existing fighter, cargo, tanker and special purpose aircraft; to prevent the retirement of certain fighter aircraft; and to acquire next generation manned and unmanned aircraft.

Sec. 20008 – Enhancement of Resources for Nuclear Forces.

This section provides \$12.9 billion in mandatory funding for the following purposes: to accelerate the modernization of the nuclear deterrent; to improve the

readiness of existing nuclear forces; and to improve the infrastructure and expand the scientific and production capacity of the nuclear enterprise.

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

This section provides \$11.1 billion in mandatory funding for the following purposes: to improve military readiness through additional campaigning and exercises; to improve existing and build new infrastructure to support military operations; to improve kinetic, non-kinetic, and ISR capabilities; to expand offensive cyber operations; to resource economic security operations; to enhance space superiority; and to expand joint military training and provide additional military support to the government of Taiwan.

Sec. 20010 – Enhancement of Department of Defense Resources for Improving the Readiness of the Armed Forces.

This section provides \$11.5 billion in mandatory funding for the following purposes: to acquire spare parts to keep ships, aircraft, and land systems mission capable; to modernize and improve the infrastructure of military depots and shipyards; to acquire additional capabilities for Special Operation Forces; to improve readiness of Marine Corps and National Guard units; and to acquire additional capabilities for Army and Marine Corps forces.

Sec. 20011 – Improving Department of Defense Border Support and Counterdrug Missions.

This section provides \$5 billion in mandatory funding for the deployment and operation of military personnel and assets in support of Department of Homeland Security activities to the secure the borders of the United States.

Sec. 20012 – Enhancement of Military Intelligence Programs.

This section provides \$2 billion in mandatory funding to improve certain military intelligence programs.

Sec. 20013 – Department of Defense Oversight.

This section provides \$10 million in mandatory funding to the Department of Defense Inspector General to audit funds provided under this title. It also provides for the transmission to the Department of a classified memorandum regarding funds made available under this title for classified programs.

Sec. 20014 – Military Construction Projects Authorized.

This section provides authorization to use military construction funds provided under this title and requires the military departments to submit an expenditure plan to Congress for military construction projects funded under this title.

Sec. 20015 – Plan Required.

This section requires the Secretary of Defense to submit an expenditure plan to Congress for funding provided under this title. It also requires annual reports to Congress on the expenditure of funds made available under this title.

Sec. 20016 – Limitation on Availability of Funds.

This section prohibits the outlay of funds provided under this title beyond September 30, 2034.

TITLE III - COMMITTEE ON EDUCATION AND WORKFORCE

SECTION BY SECTION

Subtitle A – Student Eligibility**Sec. 30001. Student Eligibility.**

- **Student Eligibility.** Streamlines the categories of non-citizens that would be eligible to receive a grant, loan, or work assistance under the *Higher Education Act* (HEA) to include lawful permanent residents (LPR), certain nationals of Cuba, certain nationals of Ukraine or Afghanistan, and individuals that are part of a Compact of Free Association.

Sec. 30002. Amount of Need; Cost of Attendance; Median Cost of College.

- **Amount of Need; Cost of Attendance; Median Cost of College.** Caps the total amount of federal student aid a student can receive annually at the “median cost of college,” defined as the median cost of attendance for students enrolled in the same program of study nationally and calculated by the Secretary using data from the previous award year.
- **Exemption of Certain Assets.** Restores exemptions of certain assets under the Free Application for Federal Student Aid.

Subtitle B – Loan Limits**Sec. 30011. Loan Limits.**

- **Termination of Authority to Make Certain Loans.** Terminates authority to make Grad PLUS loans and subsidized loans for undergraduate students on or after July 1, 2026; includes a three-year exception for students who were enrolled in a program of study as of June 30, 2026, and had received such loans for such program.
- **Unsubsidized Loans:** Amends the maximum annual loan limit for unsubsidized loans disbursed on or after July 1, 2026, to the median cost of students’ program of study; amends aggregate limits for such loans disbursed to students for an undergraduate program (\$50,000), graduate program (\$100,000), and professional program (\$150,000).
- **Parent PLUS Loans:** Requires undergraduate students to exhaust their unsubsidized loans before parents can utilize Parent PLUS to cover their remaining cost of attendance; establishes an aggregate limit for Parent PLUS loans of \$50,000 for parents on behalf of their dependent child; includes a three-year exception for students who were enrolled in a program of study as of June 30, 2026, and had received such loans for such program.
- **Additional Reforms.** Allows financial aid administrators to reduce annual borrowing limits below the statutory maximum as long as such limits are applied equally to all students; requires federal student loans to be pro-rated for students who are enrolled less than full-time.

Subtitle C – Loan Repayment

Sec. 30021. Loan Repayment.

- **Income-Contingent Repayment; Transition Authority; Limitation of Regulatory Authority.** Terminates all repayment plans authorized under income-contingent repayment (ICR); requires the Secretary to transfer borrowers enrolled in an ICR plan or an administrative forbearance associated with such plans into the statutorily authorized income-based repayment (IBR) plan; prohibits the Secretary from issuing or modifying regulations with respect to IBR and the Repayment Assistance Plan with the exception of interim final rules with respect to transitioning borrowers to IBR, modifying IBR terms consistent with the Amendments made under this section, and implementing the Repayment Assistance Plan established under this section; waives negotiated rulemaking with respect to transitioning borrowers to IBR and modifying the terms of such plan.
- **Repayment Plans for Loans Before July 1, 2026.** Maintains all current repayment options for borrowers with existing loans disbursed prior to July 1, 2026, with the exception of ICR; amends the terms of IBR to require borrowers to pay 15 percent of discretionary income, eliminates the standard repayment cap and partial financial hardship requirement, and requires borrowers to pay a maximum of 240 or 300 qualifying payments for undergraduate and graduate borrowers, respectively; allows borrowers with excepted PLUS loans who were enrolled in ICR to access IBR.
- **Repayment Plans for Loans After July 1, 2026.** Repeals all plans authorized under ICR for current and new borrowers. Terminates existing repayment plans for loans disbursed on or after July 1, 2026, and establishes the following new standard repayment plan and Repayment Assistance Plan for borrowers with such loans:
 - *Standard Repayment Plan.* Establishes a standard repayment plan with fixed monthly payments and repayment terms that range from 10 to 25 years based on the amount borrowed.
 - *Repayment Assistance Plan.* Establishes a new Repayment Assistance Plan with payments calculated based on borrowers' total adjusted gross income (AGI), ranging from 1 to 10 percent depending on a borrower's income; includes a minimum monthly payment of \$10; offers balance assistance to borrowers making their required on-time payments by waiving unpaid interest and providing a matching payment-to-principal of up to \$50; allows borrowers currently in repayment to enroll in such plan; includes a maximum repayment term equal to 360 qualifying payments, which may include previous payments made under ICR, IBR, and other qualifying existing plans.

Sec. 30022. Deferment; Forbearance.

- **Economic Hardship and Unemployment Deferments.** Terminates economic hardship and unemployment deferments for loans disbursed on or after July 1, 2025.

- **Discretionary Forbearances.** Amends the terms of discretionary forbearances for loans disbursed on or after July 1, 2025, to prohibit use of such forbearances for more than nine months during a 24-month period.
- **Medical and Dental Residency Deferment.** Amends the terms of medical and dental residency deferments for loans disbursed on or after July 1, 2025, to allow for zero interest accrual for up to four years.

Sec. 30023. Loan Rehabilitation.

- **Loan Rehabilitation.** Allows borrowers with existing and new defaulted loans to rehabilitate their loans twice instead of once allowing these borrowers a smoother transition out of default and into repayment; requires payments for rehabilitation to be no less than \$10 for loans disbursed on or after July 1, 2025.

Sec. 30024. Public Service Loan Forgiveness.

- **Repayment Assistance Plan.** Allows payments made under the Repayment Assistance Plan to count as a qualifying payment for purposes of Public Service Loan Forgiveness (PSLF).
- **Qualifying Jobs.** Clarifies that payments made by new borrowers on or after July 1, 2025, who are serving in a medical or dental residency do not count as a qualifying payment for purposes of PSLF.

Sec. 30025. Student Loan Servicing.

- **Additional Mandatory Funds.** Provides \$500 million in each of the fiscal years 2025 and 2026 to the Secretary for costs associated with returning borrowers back into repayment on their loans and to help with the costs of building the new repayment plan.

Subtitle D – Pell Grants

Sec. 30031. Eligibility.

- **Foreign Income.** Requires foreign income exempt from taxation or foreign income for which an individual receives a foreign tax credit to be included in the AGI calculation for purposes of calculating Pell Grant eligibility.
- **Ineligibility Due to High Student Aid Index.** Students with a student aid index that equals or exceeds twice the amount of the maximum Pell Grant amount are rendered ineligible for Pell, regardless of their AGI.
- **Definition of Full Time Enrollment.** Defines full time for purposes of the Pell Grant as expected to complete at least 30 semester or trimester hours, or 45 quarter credit hours (or the clock hour equivalent) in each academic year.
- **Ineligibility for Less Than Half Time Enrollment.** Requires students to be enrolled on at least a half-time basis (expected to complete at least 15 semester or trimester hours) in each academic year to be eligible to receive a Pell Grant.

Sec. 30032. Workforce Pell Grants.

- **Workforce Pell Grant Program.** Expands eligibility for Pell Grants on or after July 1, 2026, to students enrolled in short-term, high-quality, workforce aligned programs that meet the requirements of this section; includes guardrails for student outcomes including value-added earnings, completion rates, and job placement rates; allows students enrolled in programs operating outside of the accreditation system to be eligible for such grants.

Sec. 30033. Pell Shortfall.

- **Additional Funds.** Provides \$10.5 billion for fiscal years 2026, 2027, and 2028 to reduce the funding shortfall for the Pell Grant program.

Subtitle E – Accountability

Sec. 30041. Agreements with Institutions.

- **Agreements with Institutions.** Creates skin-in-the-game accountability for colleges and universities by amending the terms of the Direct Loan program participation agreement to require institutions to reimburse the Secretary for a percentage of the non-repayment balance associated with loans disbursed on or after July 1, 2027; calculates the reimbursement percentage based on the total price the institution charges students for a program of study and the value-added earnings of students after they graduate or, in the case of students who do not graduate, the completion rate of the institution or program.
 - *Penalties for Late or Missed Payments:* Establishes escalating penalties for late payments, starting with requiring institutions to pay interest on late payments and scaling up to loss of Title IV eligibility.
 - *Relief for Voluntary Program Closure:* Waives 50 percent of payments due for a given program if an IHE voluntarily agrees to cease disbursement of federal student loans for the program (or a substantially similar program) for 10 years.
 - *Reservation of Funds.* Requires the Secretary to reserve all reimbursements received from institutions for the purpose of awarding PROMISE Grants.

Sec. 30042. Campus-Based Aid Programs.

- **PROMISE Grants.** Establishes a “PROMISE” program to provide performance-based grants to institutions.
 - *Funding Formula.* Provides funds to institutions based on a formula that rewards colleges for strong earnings outcomes, low tuition, and enrolling and graduating low-income students; sets the maximum amount an institution can receive annually at \$5,000 per federal student aid recipient.
 - *Use of Funds.* Provides flexibility to use funds to meet the maximum price guarantee required under the program, as well as other initiatives to improve

college affordability, college access, and student successes in ways that best suit the needs of the institution and its students; requires institutions to report and evaluate how funds are used and disseminate best practices based on those evaluations.

- *Maximum Price Guarantee.* Requires that, as a condition of receiving PROMISE grants, institutions must provide prospective students a guaranteed maximum total price for a given program of study based on income and financial need categories established by the Secretary; requires such guarantee to be for a minimum period of enrollment (up to six years or the institution's median time to completion, whichever is less).

Subtitle F – Regulatory Relief

Sec. 30051. Regulatory Relief.

- **90/10 Rule.** Permanently repeals the 90/10 rule which targeted one sector of higher education in favor of creating a sector-neutral accountability plan.
- **Gainful Employment.** Permanently repeals the Gainful Employment rule which unfairly targeted one sector of higher education.
- **Other Repeals.** Repeals the Biden-Harris administration's regulations pertaining to borrower defense to repayment and closed school discharges.

Subtitle G – Limitation on Authority

Sec. 30061. Limitation on Authority of the Secretary to Propose or Issue Regulations and

Executive Actions.

- **Limits on Authority.** Requires the Secretary to confirm that any new regulations or executive actions issued related to the student loan program will not increase costs to the federal government. Prohibits any regulations from being issued that cannot meet that threshold.

TITLE IV - ENERGY AND COMMERCE

SECTION-BY-SECTION EXPLANATION

SUBTITLE A—ENERGY

Section 41001. Rescissions relating to certain Inflation Reduction Act programs.

This section would rescind the unobligated balance of any amounts made under the following sections of the Inflation Reduction Act (IRA).

- a. **State-Based Energy Efficiency Training Grants** – This would rescind the unobligated balance of any remaining amounts made under section 50123 of the Inflation Reduction Act, the State-Based Energy Efficiency Training Grants. This program was intended to provide training assistance and education for the implementation of the IRA’s Home Energy Whole-House Rebate Program (Sec. 50121) or the High-Efficiency Electric Home Rebate Program (Sec. 50122) for additional home energy efficiency upgrades and retrofits.
- b. **Funding for Department of Energy Loan Program Office** – This would rescind the unobligated balance of any amounts made under section 50141 of the Inflation Reduction Act, Funding for Department of Energy Loan Program Office. This provided funding to cover the cost of credit subsidies associated with loan guarantees made under Section 1703 of the Energy Policy Act of 2005, which authorized loans for unproven technologies.
- c. **Advanced Technology Vehicle Manufacturing** – This would rescind the unobligated balance of any amounts made under section 50142 of the Inflation Reduction Act, Advanced Technology Vehicle Manufacturing. This funding covered the cost of credit subsidies to provide loans for vehicle and vehicle supply chain manufacturing facilities.
- d. **Energy Infrastructure Reinvestment Financing** – This would rescind the unobligated the balance of any amounts made under section 50144 of the Inflation Reduction Act, Energy Infrastructure Reinvestment Financing. The IRA established this program to provide funds to cover the cost of loan guarantees under another new loan program known as the Energy Infrastructure Reinvestment Financing program. Unlike projects in the traditional Department of Energy (DOE) loan programs focused on new, innovative technologies, this program authorized loans for retooling, repowering, or replacing energy infrastructure that has ceased operations.
- e. **Tribal Energy Loan Guarantee Program** – This would rescind the unobligated balance of any amounts that were supposed to be made available under section 50145 of the IRA for the Tribal Energy Loan Guarantee Program. These funds covered credit subsidies under the Tribal Energy Loan Guarantee Program, which the Energy Policy Act of 1992 authorized.
- f. **Transmission Facility Financing** – This would rescind the unobligated balance of any amounts made under section 50151 of the Inflation Reduction Act, Transmission Facility Financing. This program was intended to pay direct loans to non-federal borrowers for transmission facilities designated under Section 216(a) of the Federal Power Act, in a National Interest Electric Transmission Corridor (NIETC). While a small number of NIETCs were designated, no loans were awarded from this program.

- g. **Grants to Facilitate the Siting of Interstate Electricity Transmission Lines** – This would rescind the unobligated balance of any amounts made under section 50152 of the Inflation Reduction Act, Grants to Facilitate the Siting of Interstate Electricity Transmission Lines. This program provides grants to transmission siting authorities (state, local and tribal governments) to facilitate siting and permitting for certain interstate and offshore electricity transmission lines.
- h. **Interregional and Offshore Wind Electricity Transmission Planning, Modeling, and Analysis** – This would rescind the unobligated balance of any amounts made under section 50153 of the Inflation Reduction Act, Interregional and Offshore Wind Electricity Transmission Planning, Modeling, and Analysis. The program intended to cover expenses associated with interregional and offshore wind electricity transmission planning, modeling, and analysis.
- i. **Advanced Industrial Facilities Deployment Program** – This would rescind the unobligated balance of any amounts made under section 50161 of the Inflation Reduction Act, Advanced Industrial Facilities Deployment Program. This program was meant to provide financial assistance—grants, direct loans, rebates, or cooperative agreements—to industrial or manufacturing facilities to subsidize technology installations with the stated intent of reducing greenhouse gas emissions.

Section 41002. FERC certificates and fees for certain energy infrastructure at international boundaries of the United States.

Notwithstanding any requirements or statutory obligations under federal and state law, including siting, environmental and safety reviews, and permitting, Section 41002 requires an application for a certificate of crossing for cross-border energy infrastructure to include a \$50,000 payment, and directs the Federal Electricity Regulatory Commission to issue the certificate. No person may construct, connect, operate, or maintain a cross-border segment for the import or export of designated energy products, or the transmission of electricity, without first obtaining the certificate of crossing. This fee structure does not apply to cross-border segments that were previously approved by a Presidential permit.

Section 41003. Natural gas exports and imports.

Under Section 41003, applications to the Secretary of Energy to export natural gas from the United States to a non-free trade agreement country shall include a \$1,000,000 user fee paid by the applicant. Upon receipt of the application and collection of the fee, the Secretary of Energy shall deem the application in the public interest. This Section does not alter or impact the applicant's existing obligations and requirements under the Natural Gas Act or the Federal Energy Regulatory Commission's authorities.

Section 41004. Funding for Department of Energy loan guarantee expenses.

Section 41004 appropriates \$5,000,000 to the Department of Energy to remain available for 5 years to carry out section 116 of the Alaska Natural Gas Pipeline Act (15 U.S.C. 720n).

Section 41005. Expedited Permitting.

Section 41005 allows applicants for an authorization under Section 3, or a certificate of public convenience and necessity under section 7 of the Natural Gas Act, to participate voluntarily in an expedited permitting process upon the payment of \$10,000,000 or one percent of the project's projected capital cost.

Within one year of payment of the fee, each Federal, State, interstate, or Tribal agency with relevant authorities shall review and approve Federal authorizations, subject to any conditions determined necessary to comply with the underlying statute by the agency. For States, this includes their authorities to impose conditions for any certifying authorities delegated to States by federal law. Following such approval, the Federal Electricity Regulatory Commission (FERC) shall review the application and approve the application subject to any conditions determined necessary by FERC.

The Commission may extend this timeline by a period of 6 months if granted consent by the applicant. Should the authorization not be approved under the applicable deadline, it shall be deemed approved, notwithstanding any procedural requirements of the underlying law.

No court shall have jurisdiction to review a claim under this section except for a claim brought by the applicant or a person who has suffered, or likely and imminently will suffer, direct and irreparable economic harm from the approval. An organization may only bring a claim on behalf of one or more of its members if each member of the organization or association has suffered, or likely and imminently will suffer, harm. Courts shall apply clear and convincing evidence as the standard of review for such claims. The United States Court of Appeals for the D.C. Circuit shall have original and exclusive jurisdiction over any claim alleging the invalidity of the process or that the federal authorization is beyond the scope of authority granted by the federal law to such agency.

Section 41006. Carbon dioxide, hydrogen, and petroleum pipeline permitting.

Pursuant to Section 41006, applicants for carbon dioxide, oil, or hydrogen pipeline projects, as defined by section 60102(i) of title 49 of the U.S. Code, may apply for a license authorizing the project to be considered in the same manner, and in accordance with the requirements of, an application for a certificate of public convenience and necessity under section 7 of the Natural Gas Act, including a fee of \$10,000,000.

Section 41007. De-Risking Compensation Program.

Section 41007 would appropriate \$10 million, to remain available through September 30, 2034, for administrative costs for the Secretary of Energy to establish a De-Risking Compensation Program at the Department of Energy. The program would provide compensation to sponsors of federally permitted energy projects that enroll in the program for unrecoverable capital losses caused by subsequent federal actions that revoke permits or approvals, or cancel, delay, or render the project unviable. The program would be available to applicants who invest in energy projects relating to coal, critical minerals, oil, natural gas, or nuclear energy and are valued at no less than \$30 million. The sponsors would pay 5 percent of their projected share of

capital contribution to the project and an annual premium into a Treasury Department fund. Upon demonstration of unrecoverable losses due to subsequent federal actions that caused the losses, the Secretary of Energy would compensate the project sponsor for up to the full amount of the loss from the available funds.

Section 41008. Strategic Petroleum Reserve.

Section 41008 appropriates \$2,000,000,000 to the Department of Energy for fiscal year 2025 for activities related to the Strategic Petroleum Reserve. Of this amount, \$218,000,000 is appropriated for repairs to the caverns, and \$1,321,000,000 is appropriated for the acquisition of petroleum products for storage in the Strategic Petroleum Reserves. The remaining funding is appropriated to the Department of Energy to buy back the sales mandates by Section 20003 of Public Law 115-97.

Section 41009. Rescissions of previously appropriated unobligated funds.

Section 41009 would rescind the previously appropriated unobligated balances from the base appropriations for the following programs; Office of Inspector General, Office of Clean Energy Demonstrations, Office for Human Capital, Federal Energy Management Programs, State and Community Energy Programs, Office of Minority Economic Impact, Office of Energy Efficiency and Renewable Energy, Office of General Counsel, Office of Indian Energy Policy and Programs, Office of Management, Office of the Secretary, Office of Public Affairs, and the Office of Policy at the Department of Energy. These rescissions do not include funds appropriated under the Inflation Reduction Act, Infrastructure Investment and Jobs Act, and any funds from emergency appropriations. Amounts rescinded in this section do not include current, FY 2025, base year appropriations.

SUBTITLE B—ENVIRONMENT

PART 1—REPEALS AND RESCISSIONS

Section 42101. Repeal and rescission relating to clean heavy-duty vehicles.

This section repeals section 132 of the Clean Air Act and rescinds any unobligated balance made available under section 132. This portion of the IRA established a program to grant awards for purchasing electric vehicles.

Section 42102. Repeal and rescission relating to grants to reduce air pollution at ports.

This section repeals section 133 of the Clean Air Act and rescinds any unobligated balance made available under that section. This section of the IRA created a competitive grant and rebate program for the purchase of zero-emission port equipment or technology.

Section 42103. Repeal and rescission relating to grants to the Greenhouse Gas Reduction Fund.

This section repeals section 134 of the Clean Air Act and rescinds any unobligated balance made available under that section. This section of the IRA appropriated funds to the Environmental Protection Agency (EPA) to establish grant programs commonly referred to as “Green Banks.”

Section 42104. Repeal and rescission relating to diesel emissions reductions.

This section repeals section 60104 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This portion of the IRA appropriated additional funds to the Diesel Emissions Reduction Act for use only in certain communities.

Section 42105. Repeal and rescission relating to funding to address air pollution.

This section repeals section 60105 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This provision appropriated additional funds for air monitoring.

Section 42106. Repeal and rescission relating to funding to address air pollution at schools.

This section repeals section 60106 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This section of the IRA provides grants for monitoring and reducing air pollution in schools, technical assistance, and design, construction and renovation standards for school buildings.

Section 42107. Repeal and rescission relating to low emissions electricity program.

This section repeals section 135 of the Clean Air Act and rescinds any unobligated balance made available under that section. This portion of the IRA appropriated money for consumer related education, technical assistance, industry related outreach, intergovernmental outreach related to the reduction of emissions from domestic electrical generation.

Section 42108. Repeal and rescission relating to funding for Section 211(o) of the Clean Air Act.

This section repeals section 60108 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This provision of the IRA does not fund the EPA’s administration of the program. Rather, the funding is for data collection of greenhouse gas emissions and testing the environmental impact of biofuels.

Section 42109. Repeal and rescission relating to funding for implementation of the American Innovation and Manufacturing Act.

This section repeals section 60109 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This section of the IRA does not amend or alter the

American Innovation and Manufacturing (AIM) Act, it merely provides funds to assist with AIM Act implementation and compliance.

Section 42110. Repeal and rescission relating to funding for enforcement technology and public information.

This section repeals section 60110 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This provision of the IRA provides funding to update software used by EPA and states to track environmental compliance actions.

Section 42111. Repeal and rescission relating to greenhouse gas corporate reporting.

This section repeals section 60111 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This provision of the IRA provided funding for enhanced standardization and transparency for corporate climate action commitments.

Section 42112. Repeal and rescission relating to environmental product declaration assistance.

This section repeals section 60112 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This section of the IRA provided funding to create environmental product declarations advertising the environmental impact of products.

Section 42113. Repeal of funding for Methane Emissions and Waste Reduction Incentive Program for petroleum and natural gas systems.

This section repeals subsections (a) and (b) of section 136 of the Clean Air Act and rescinds any unobligated balance made available under that section. These repeals and amendments extend by 10 years the date by which the charge associated with the Methane Emissions Reduction Program shall begin to be imposed and collected.

Section 42114. Repeal and rescission relating to greenhouse gas air pollution plans and implementation grants.

This section repeals section 137 of the Clean Air Act and rescinds any unobligated balance made available under that section. This section of the IRA establishes a slush fund for states, local governments and Tribes to use for “Climate Change Action Plans” and environmental justice initiatives.

Section 42115. Repeal and rescission relating to Environmental Protection Agency efficient, accurate, and timely reviews.

This section repeals section 60115 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This section of the IRA funds the hiring and training new staff and conflict with EPA’s initiatives to create a more effective and efficient workforce, along with President Trump’s executive orders to reduce government spending and waste. The

funding does not address the root causes of permitting delays and conflicts with EPA’s current directives.

Section 42116. Repeal and rescission relating to low-embodied carbon labeling for construction materials.

This section repeals section 60116 of Public Law 117-169 and rescinds any unobligated balance made available under that section. This provision of the IRA provided funding to administer a program that would identify and label construction materials and products with low greenhouse gas emissions life cycles.

Section 42117. Repeal and rescission relating to environmental and climate justice block grants.

This section repeals section 138 of the Clean Air Act and rescinds any unobligated balance made available under that section. This section of the IRA funds programs designated as environmental justice programs.

**PART 2—REPEAL OF EPA RULE RELATING TO
MULTI-POLLUTANT EMISSION STANDARDS**

Section 42201. Repeal of EPA rule relating to multi-pollutant emissions standards for light- and medium-duty vehicles.

This section repeals the final rule issued by the Environmental Protection Agency relating to “Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles.”

PART 3—REPEAL OF NHTSA RULE RELATING TO CAFE STANDARDS

Section 42301. Repeal of NHTSA rule relating to CAFE standards for passenger cars and light trucks.

This section repeals the final rule issued by the National Highway Traffic Safety Administration relating to “Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027 and Beyond and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030 and Beyond.”

SUBTITLE C—COMMUNICATIONS

PART 1— SPECTRUM AUCTIONS

Section 43101. Identification and auction of spectrum.

Subsection (a) would require the National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission (FCC), not later than 2 years after enactment of this Act, to identify at least 600 megahertz (MHz) of commercial or

federal spectrum in the covered band to be auctioned by 2034. It would also require the President, acting through the Assistant Secretary for Communications and Information, to withdraw or modify the assignments to Federal Government stations of spectrum identified, and notify the Commission not later than 30 days after completing any necessary withdrawals or modifications. It includes a rule of construction to ensure that nothing in this section changes the respective authorities of the NTIA or the FCC with respect to spectrum allocated for Federal use, non-Federal use, or shared Federal and non-Federal use.

Subsection (b) would require the FCC to auction the spectrum identified in subsection (a) on an exclusive, licensed basis for mobile broadband services, fixed broadband services, mobile and fixed broadband services, or a combination thereof. Specifically, not later than 3 years after the date of enactment, the FCC would be required to auction at least 200 MHz of the identified spectrum under subsection (a), and not later than 6 years after the date of enactment, auction the remaining spectrum identified under subsection (a).

Subsection (c) would require auction proceeds to cover 110 percent of federal relocation or sharing costs as required under section 309(j)(16)(B) of the Communications Act of 1934.

Subsection (d) would reauthorize the FCC’s spectrum auction authority through September 30, 2034.

Subsection (e) defines key terms. Specifically, it defines the “covered band” as the band of frequencies between 1.3 gigahertz (GHz) and 10 GHz, inclusive, excluding the band of frequencies between 3.1 GHz and 3.45 GHz and the band of frequencies between 5.925 GHz and 7.125 GHz.

PART 2—ARTIFICIAL INTELLIGENCE AND INFORMATION TECHNOLOGY MODERNIZATION

Section 43201. Artificial intelligence and information technology modernization initiative.

Subsection (a) would appropriate \$500,000,000 to the Department of Commerce for fiscal year 2025, to remain available through September 30, 2035, for the purpose of modernizing and securing federal information technology systems through the deployment of commercial artificial intelligence, automation technologies, and the replacement of antiquated business systems.

Subsection (b) states that the Secretary of Commerce shall use these funds to support the replacement and modernization of legacy business systems with state-of-the-art commercial artificial intelligence systems and automated decision systems, the adoption of artificial intelligence models that increase operational efficiency and service delivery, and improve the cybersecurity posture of Federal information technology systems through modernized architecture, automated threat detection, and integrated artificial intelligence solutions.

Subsection (c) states that no state or political subdivision may enforce any law or regulation regulating artificial intelligence models, artificial intelligence systems, or automated decision systems during the 10-year period beginning on the date of the enactment of this Act.

Subsection (d) provides definitions for key terms used in the Act, including “artificial intelligence”, “artificial intelligence model”, “artificial intelligence system”, and “automated decision system”.

SUBTITLE D—HEALTH

PART 1—MEDICAID

SUBPART A—Reducing Fraud and Improving Enrollment Processes

Section 44101. Moratorium on implementation of rule relating to eligibility and enrollment in Medicare Savings Programs.

This section requires the Department of Health and Human Services (HHS) to delay implementation, administration, or enforcement of the final rule titled “Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment” until January 1, 2035.

Section 44102. Moratorium on implementation of rule relating to eligibility and enrollment for Medicaid, CHIP, and the Basic Health Program.

This section requires HHS to delay implementation, administration, or enforcement of the final rule titled “Medicaid Program; Streamlining the Medicaid, Children’s Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes” until January 1, 2035.

Section 44103. Ensuring appropriate address verification under the Medicaid and CHIP programs.

This section requires states to establish processes to regularly obtain beneficiary address information from reliable data sources, including by requiring state Medicaid programs to collect address information provided by beneficiaries to managed care entities (where applicable). In addition, this section requires HHS to establish a system to prevent individuals from being simultaneously enrolled in multiple State Medicaid programs by no later than October 1, 2029. States would be required to submit to the system the Social Security Number of the individual enrolled under the State plan to identify when Social Security Numbers for individuals enrolled in Medicaid are identified concurrently in two or more States at the same time.

Section 44104. Modifying certain state requirements for ensuring deceased individuals do not remain enrolled.

This section requires state Medicaid programs to check the Social Security Administration’s Death Master File on at least a quarterly basis to determine whether Medicaid enrollees are deceased and to disenroll individuals who are determined to be deceased from Medicaid coverage.

Section 44105. Medicaid provider screening requirements.

This section requires states to conduct monthly checks of databases or similar systems to determine whether HHS or another state has already terminated a provider or supplier from participating in Medicaid and to also disenroll them from the state's Medicaid program.

Section 44106. Additional Medicaid provider screening requirements.

This section codifies the requirement that state Medicaid programs check, as part of the provider enrollment and re-enrollment process and on a quarterly basis thereafter, the Social Security Administration's Death Master File to determine whether providers are deceased and enrolled in the state's Medicaid program.

Section 44107. Removing good faith waiver for payment reduction related to certain erroneous excess payments under Medicaid.

This section requires HHS to reduce federal financial participation (FFP) to States for errors identified through the ratio of a State's erroneous excess payments for medical assistance, by the Office of the Inspector General, or by the Secretary are directly attributable to payments to ineligible individuals or for ineligible services.

Section 44108. Increasing frequency of eligibility redeterminations for certain individuals.

This section requires States to conduct eligibility determinations for Expansion population adults every six months. Current law currently requires such determinations to occur on every twelve months.

Section 44109. Revising home equity limit for determining eligibility for long-term care services under the Medicaid program.

This section establishes a ceiling of \$1,000,000 for permissible home equity values for individuals when determining allowable assets for Medicaid beneficiaries that are eligible for long-term care services. This section also prohibits the use of asset disregards from being applied to waive home equity limits.

Section 44110. Prohibiting federal financial participation under Medicaid and CHIP for individuals without verified citizenship, nationality, or satisfactory immigration status.

This section prohibits FFP in Medicaid for individuals whose citizenship, nationality, or immigration status has not been verified, including during reasonable opportunity periods when an individual has not yet verified citizenship, nationality, or immigration status. Current law permits states to enroll individuals in coverage immediately and then provide 90-day reasonable opportunities that allow individuals to immediately begin receiving coverage and then wait up to 90 days before verifying citizenship or immigration status, all while receiving FFP during this period. This policy permits states, at the state's option, to provide coverage during a reasonable opportunity period in which an individual may not yet have provided evidence of citizenship,

nationality, or immigration status, so long as the state does not request FFP until citizenship, nationality, or immigration status have been verified.

Section 44111. Reducing expansion FMAP for certain states providing payments for health care furnished to certain individuals.

This section reduces by ten percent the Federal Medical Assistance Percentage (FMAP) for Medicaid Expansion States who use their Medicaid infrastructure to provide health care coverage for illegal immigrants under Medicaid or another state-based program.

SUBPART B—Preventing Wasteful Spending

Section 44121. Moratorium on implementation of rule relating to staffing standards for long-term care facilities under the Medicare and Medicaid programs.

This section requires HHS to delay implementation, administration, or enforcement of the final rule titled “Medicare and Medicaid Programs; Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting” until January 1, 2035.

Section 44122. Modifying retroactive coverage under the Medicaid and CHIP programs.

This section limits retroactive coverage in Medicaid to one month prior to an individual’s application date. Current law provides retroactive coverage for up to three months before an individual’s application date.

Section 44123. Ensuring accurate payments to pharmacies under Medicaid.

This section requires participation by retail and applicable non-retail pharmacies in the National Average Drug Acquisition Cost (NADAC) survey. The NADAC survey measures pharmacy acquisition costs and is often used in the Medicaid program to inform reimbursement to pharmacies.

Section 44124. Preventing the use of abusive spread pricing in Medicaid.

This section bans “spread pricing” in the Medicaid program, which occurs when pharmacy benefit managers retain a portion of the amount paid to them (a “spread”) for prescription drugs.

Section 44125. Prohibiting federal Medicaid and CHIP funding for gender transition procedures for minors.

This section prohibits FFP for specified gender transition procedures to individuals under the age of 18.

Section 44126. Federal payments to prohibited entities.

This section prohibits Medicaid funds to be paid to providers that are nonprofit organizations, that are essential community providers that are primarily engaged in family planning services or reproductive services, provide for abortions other than for Hyde Amendment exceptions, and which received \$1,000,000 or more (to either the provider or the provider's affiliates) in payments from Medicaid payments in 2024.

SUBPART C—Stopping Abusive Financing Practices

Section 44131. Sunsetting eligibility for increased FMAP for new expansion states.

This section sunsets the temporary five percent enhanced FMAP afforded to states under the American Rescue Plan Act that opt to expand Medicaid. This provision would apply prospectively, not affecting states currently receiving an enhanced federal match under this authority.

Section 44132. Moratorium on new or increased provider taxes.

This section freezes, at current rates, states' provider taxes in effect as of the date of enactment of this legislation and prohibits states from establishing new provider taxes.

Section 44133. Revising the payment limit for certain state directed payments.

This section directs HHS to revise current regulations to limit state directed payments for services furnished on or after the enactment of this legislation from exceeding the total published Medicare payment rate. This section would not affect total payment rates for state directed payments approved prior to this legislation's enactment.

Section 44134. Requirements regarding waiver of uniform tax requirement for Medicaid provider tax.

This section modifies the criteria HHS must consider when determining whether certain health care-related taxes are generally redistributive. Under this section, a tax would not be considered generally redistributive if, within a permissible class, the tax rate imposed on the taxpayer or tax rate group explicitly defined by its relatively lower volume or percentage of Medicaid taxable units is lower than the tax rate imposed on any other taxpayer or tax rate group explicitly defined by its relatively higher volume or percentage of Medicaid taxable units. The tax would also not be considered generally redistributive if, within a permissible class, the tax rate imposed on any taxpayer or tax rate group based upon its Medicaid taxable units is higher than the tax rate imposed on any taxpayer or tax rate group based upon its non-Medicaid taxable unit.

If a State has a health care-related tax waiver that meets at least one of these criteria as of the date of enactment of this legislation, the waiver must be modified to comply with these requirements. This section provides a transition period for non-compliant programs, after which

a State whose health care-related taxes do not adhere to all federal requirements would be penalized by the sum of those revenues received by State.

Section 44135. Requiring budget neutrality for Medicaid demonstration projects under section 1115.

This section provides budget neutrality requirements for demonstration projects under section 1115 of the Social Security Act. HHS would be required to certify that the total expenditures for FFP do not exceed what would otherwise have been spent under Title XIX absent the demonstration project. HHS must also develop methodologies for applying savings generated under a project as allowable costs to be spent in a project's extension.

SUBPART D—Increasing Personal Accountability

Section 44141. Requirement for states to establish Medicaid community engagement requirements for certain individuals.

This section requires states to establish community engagement requirements for able-bodied adults without dependents. An individual can meet the community engagement requirements during a month by working at least 80 hours, completing at least 80 hours of community service, participating in a work program for at least 80 hours, enrolling in an educational program for at least 80 hours, or a combination of these activities for at least 80 hours.

The requirements of this section would not apply to the following individuals: pregnant women, individuals under the age of 19 or over the age of 64, foster youth and former foster youth under the age of 26, members of a Tribes, individuals who are considered medically frail (which includes, but is not limited to, individuals who are blind or disabled, who have a chronic substance use disorder, who have a serious and complex medical condition, or who have a condition, as defined by the State and approved by the Secretary, as meeting the definition of medically frail), individuals who are already in compliance with the work requirements under the Temporary Assistance for Needy Families (TANF) program or Supplemental Nutrition Assistance Program (SNAP), individuals who are a parent or caregiver of a dependent child or an individual with a disability, or are incarcerated or recently released from incarceration within the past 90 days. This section also provides short-term hardship waivers for natural disasters and for counties where the unemployment rate is greater than eight percent or greater than 150 percent of the national average.

Compliance with community engagement requirements would be verified by states no less frequently than for the month preceding an individual's enrollment in Medicaid and in a month preceding the individual's eligibility redetermination and verified as part of an individual's overall eligibility determination or redetermination. States would be required to provide regular, advanced notice and outreach to make individuals aware of the requirements, would be required to streamline and simplify processes to verify compliance to reduce burdens on individuals, and to establish due process procedures for individuals before denying coverage or removing individuals from coverage.

Section 44142. Modifying cost sharing requirements for certain expansion individuals under the Medicaid program.

This section requires states to impose cost sharing on Medicaid Expansion adults with incomes over 100 percent of the federal poverty level (FPL). This cost-sharing may not exceed \$35 per service—rather than the current \$100 per service limit. Cost sharing may not exceed five percent of the individual’s income, which is the current out-of-pocket limit for Medicaid beneficiaries. This section would not permit cost-sharing on primary care, prenatal care, pediatric care, or emergency room care (except for non-emergency care provided in an emergency room).

PART 2—AFFORDABLE CARE ACT

Section 44201. Addressing waste, fraud, and abuse in the ACA exchanges.

This section would institute eligibility and income verification processes for Patient Protection and Affordable Care Act (ACA) enrollees. In addition, it would roll back income-based special enrollment periods in the federally-facilitated and state ACA exchanges. This section would also make technical changes to health plans offered via the ACA exchanges. It would institute ACA reenrollment guardrails for enrollees in zero-dollar premium health plans. Additionally, this section would prohibit gender transition procedures from being included as an essential health benefit (EHB), and it would amend the definition of “lawfully present” for the purposes of qualified health plan enrollment. This section would also permit issuers to require enrollees to satisfy debt for past-due premiums as a prerequisite for effectuating new health coverage. The provisions within this section would take effect for plan years beginning on or after January 1, 2026.

PART 3—IMPROVING AMERICANS’ ACCESS TO CARE

Section 44301. Expanding and clarifying the exclusion for orphan drugs under the drug price negotiation program.

This section makes technical corrections to current law by permitting product sponsors to have one or more orphan drug indication in order to be exempt from the Drug Price Negotiation Program in statute. Current law limits exemptions from the Drug Price Negotiation Program to one rare disease indication. This section also revises the start of the timeline in which a manufacturer would be eligible for negotiation until an orphan drug receives its first non-orphan indication.

Section 44302. Streamlined enrollment process for eligible out-of-state providers under Medicaid and CHIP.

For purposes of improving access to necessary out-of-state care for children enrolled in Medicaid and the Children’s Health Insurance Program (CHIP), this section requires states to establish a process through which qualifying pediatric out-of-state providers may enroll as participating providers without undergoing additional screening requirements.

Section 44303. Delaying DSH reductions.

This section delays the Medicaid Disproportionate Share Hospital (DSH) reductions, currently \$8 billion reductions per year that are set to take effect for fiscal years 2026 through 2028, to instead take effect for fiscal years 2029 through 2031. This section also extends funding for Tennessee's DSH program, which is set to expire at the end of this fiscal year, through fiscal year 2028.

Section 44304. Modifying update to the conversion factor under the physician fee schedule under the Medicare program.

This section amends current law by replacing the split physician fee schedule conversion factor set to take effect on January 1, 2026, with a new single conversion factor based on a percentage of medical inflation, or the Medicare Economic Index (MEI).

Section 44305. Modernizing and ensuring PBM accountability.

This section requires Pharmacy Benefit Managers (PBMs) in Medicare Part D to transparently share information relating to business practices with Medicare Part D Prescription Drug Plan Sponsors, including information relating to formulary decisions and prescription drug coverage that benefits affiliated pharmacies. The policy also prohibits PBM compensation based on a drug's list price, limiting compensation to fair market bona-fide service fees. Lastly, the legislation requires the Centers for Medicare and Medicaid Services to define "reasonable and relevant" contracting terms for the purposes of enforcing Medicare Part D's "any willing pharmacy" requirements.

TITLE V - COMMITTEE ON FINANCIAL SERVICES
SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 50001. Green and Resilient Retrofit Program for Multifamily Family Housing.

Section 50001 rescinds the unobligated balance of amounts remaining under section 300002(a) of the Inflation Reduction Act.

Section 50002. Public Company Accounting Oversight Board.

Section 50002 eliminates the Public Company Accounting Oversight Board's (PCAOB) authority to independently collect and spend accounting support fees and instead directs that such fees be remitted to the U.S. Treasury. The Securities and Exchange Commission (SEC) would continue these responsibilities and further fee collection would be discontinued.

Section 50003. Bureau of Consumer Financial Protection.

Section 50003 modifies the Consumer Financial Protection Board's authority to draw funds from the Federal Reserve to a maximum of 5 percent of the Federal Reserve's total operating expenses for fiscal year 2009 for FY 2025 and adjusting it for inflation thereafter.

This section also restricts the Consumer Financial Protection Board from holding an unobligated balance of greater than 5 percent of the revised transfer amount from the Federal Reserve and it requires any funds exceeding that percentage be transferred to the general fund of the U.S. Treasury.

Section 50004. Consumer Financial Civil Penalty Fund.

Section 50004 requires the Consumer Financial Protection Bureau to return to the general fund of the U.S. Treasury any civil penalties remaining in the Consumer Financial Civil Penalty Fund after payment to direct victims.

This section also removes the use of the Consumer Financial Civil Penalty Fund for consumer education and financial literacy.

Section 50005. Financial Research Fund.

Section 50005 caps assessments collected by the Office of Financial Research, limiting them to the average actual budgetary expenses of the Financial Stability Oversight Council over the preceding three fiscal years and requires excess funds to be transferred to the general fund of the U.S. Treasury.

This section also prohibits the Office of Financial Research from collecting assessments that would cause the Financial Research Fund to exceed this cap.

TITLE VI - COMMITTEE ON HOMELAND SECURITY

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 60001. Border Barrier System Construction, Invasive Species, and Border Security Facilities Improvements.

This section appropriates \$46,500,000,000 to the Commissioner of U.S. Customs and Border Protection (CBP) for construction, installation, or improvements of primary, waterborne, and secondary barriers, as well as technology upgrades such as, but not limited to, lighting, surveillance systems, smart access roads, and fiber optic cables to support enhanced communication and situational awareness across the border.

For nearly three decades, the use of physical barriers has been a core component of CBP's comprehensive border security strategy. Since the initial construction of border barriers in the San Diego Sector in 1991, U.S. Border Patrol agents have consistently advocated for barrier infrastructure, due to its proven effectiveness in enhancing domain awareness and agent safety.

The Committee believes that physical barriers serve as a critical force-multiplier by delaying illegal entries and giving frontline agents valuable time to detect, assess, and respond to migration events.

This section also appropriates \$50,000,000 to CBP for the eradication and removal of carrizo cane and salt cedar plants. These invasive, dense, and fast-growing plants pose a significant tactical challenge for Border Patrol agents along the Rio Grande River as they can create major blind spots, severely limiting agents' ability to detect and respond to illegal crossings. The Committee believes that by eradication of these invasive species along key sections of the Rio Grande River will help improve and enhance visibility and ensure agent safety by restoring line-of-sight capabilities and increasing early detection of illicit activity.

Finally, this section will appropriate \$5,000,000,000 for CBP to lease, acquire, upgrade, and/or expand U.S. Border Patrol, Air and Marine Operations, and Office of Field Operations facilities. CBP personnel operate on the front lines every day, yet many are forced to work out of facilities that are overcrowded, structurally inadequate, and technologically outdated. The Committee believes that investing in CBP's physical infrastructure is not just about modernization, it's about mission effectiveness and safety.

Section 60002. U.S. Customs and Border Protection Personnel and Fleet Vehicles.

This section appropriates \$4,100,000,000 to CBP for the hiring and training additional Border Patrol agents, Office of Field Operations officers, Air and Marine agents, rehired annuitants, and CBP support staff. Under the previous administration, agents and officers faced extreme operational pressure, mental health concerns, and an overwhelming sense of mission fatigue. The Committee believes that increasing the number of frontline personnel will help to alleviate the burden on current agents and officers and help restore morale.

This section also appropriates \$2,052,630,000 to CBP for annual retention bonuses or signing bonuses to eligible Border Patrol agents, Office of Field Operations officers, and Air and Marine agents. CBP is currently facing a staffing crisis that threatens the agency's ability to meet its core national security mission. As the demands on frontline personnel continue to grow, CBP is struggling to recruit and retain the skilled workforce necessary to meet these demands. In some of the most critical geographic areas, persistent staffing shortages have left agents overextended and vulnerable to burnout. The Committee believes that the CBP mission depends on a resilient and dedicated workforce. The Committee strongly supports investments in annual retention and signing bonuses to secure the personnel needed to protect our borders, uphold the rule of law, and safeguard our national security for years to come.

This section also appropriates \$813,000,000 for CBP to lease or acquire additional patrol units. CBP operates one of the largest law enforcement vehicle fleets in the federal government, with thousands of vehicles deployed across some of the most challenging and remote terrain in the country. These vehicles are essential tools serving as mobile command centers, transportation platforms, and first-response units that enable agents to carry out their mission of securing the border. Unfortunately, the agency's current fleet is rapidly aging. Many vehicles in operation have exceeded their recommended service life, leading to increased maintenance costs, higher rates of mechanical failure, and reduced reliability in the field. This not only jeopardizes agent and officer safety but also hinders mission readiness and response times during critical operations.

This section also appropriates, to the Director of the Federal Law Enforcement Training Center, \$285,000,000 to support the training of newly hired federal law enforcement personnel employed by the Department of Homeland Security, and \$465,000,000 for the procurement, construction, and improvements to Federal Law Enforcement Training Center (FLETC) facilities.

FLETC provides training for federal law enforcement personnel across four campuses located in New Mexico, Georgia, South Carolina, and Maryland. In addition to serving over 125 federal partner agencies, FLETC also supports state, local, tribal, and international law enforcement organizations with specialized training resources. FLETC plays a vital role in both the initial training and ongoing professional development of DHS law enforcement personnel. The Committee believes funding in this section is essential as CBP and U.S. Immigration and Customs Enforcement seek to recruit, train, and deploy additional personnel to meet mission demands.

Finally, this section also appropriates \$600,000,000 to CBP for marketing, recruiting, applicant sourcing and vetting, and operational mobility programs for border security personnel. The increase in law enforcement personnel is only possible with investments to increase hiring capabilities. This can include every step from recruitment to medical and fitness assessments, entrance exams, and training professionals. In addition to these efforts to expand CBP's hiring capacity, the funding supports significant recruitment incentives to increase the pool of candidates in the application and assessment process.

Section 60003. U.S. Customs and Border Protection Technology, National Vetting Center, and Other Efforts to Enhance Border Security.

This section appropriates \$1,076,317,000 to CBP to procure and integrate new Non-Intrusive Inspection (NII) equipment and associated civil works, artificial intelligence, integration, and machine learning, as well as other mission support, to combat the entry of illicit narcotics along the southwest, northern, and maritime borders. At our ports of entry, CBP employs NII technology to detect and interdict illicit drugs, including fentanyl, as well as concealed currency, contraband, and individuals being smuggled into the country. While CBP has made huge strides in interdiction efforts, its current screening capacity at ports of entry remains alarmingly limited. The Committee believes that these gaps leave our southwest, northern, and maritime borders vulnerable to exploitation by transnational criminal organizations trafficking fentanyl and other deadly substances into our communities.

This section also appropriates \$2,766,000,000 to CBP to upgrade and procure border surveillance technologies along the southwest, northern, and maritime borders. As threats to our national security grow more complex, CBP must have the tools it needs to detect, monitor, and respond to illicit activity across all sectors of the border. The Committee believes investing in advanced surveillance technology along the southwest, northern, and maritime borders is essential to maintaining domain awareness and ensuring the safety of our frontline personnel. Technology in this section includes, but is not limited to, ground detection sensors, integrated surveillance towers, tunnel detection capability, unmanned aircraft systems (UAS), and enhanced communications equipment.

This section also appropriates \$673,000,000 to CBP for necessary expenses, including the deployment of technology, relating to the biometric entry and exit system under section 7208 of the Intelligence Reform and Terrorism Prevention Act of 2004 (8 U.S.C. 1365b). Investing in the expansion of CBP's entry/exit system is a critical step toward strengthening America's national security, enforcing immigration laws, and modernizing the travel experience at air, land, and seaports of entry. As the volume of international travel continues to rise and global threats evolve, traditional identity verification methods are no longer sufficient to meet today's operational demands. Unfortunately, full implementation of the exit system remains incomplete. Biometric entry and exit expansion will not only enhance CBP's operational effectiveness and efficiency, but it will also provide law enforcement and intelligence partners with timely and accurate information to help identify fraud and persons who overstay their visas.

This section also appropriates \$1,234,000,000 to CBP for Air and Marine Operations (AMO) upgrades and procurement of new platforms for rapid air and marine response capabilities. Through the deployment of advanced aircraft and marine vessels outfitted with cutting-edge technology, this will enable AMO to expand their reach allowing for continuous detection, monitoring, and tracking of potential threats approaching or operating within U.S. borders

This section appropriates \$16,000,000 to CBP for necessary expenses related to U.S. Customs and Border Protection's National Vetting Center (NVC) to support screening, vetting activities, and expansion of the criminal history database of foreign nationals. As transnational criminal networks grow more sophisticated, the Committee believes that CBP must be equipped with the tools and data necessary to identify threats swiftly and accurately. Expanding the NVC is essential to enhancing national security and protecting communities by assisting frontline agents and officers to make informed, real-time decisions during border encounters.

This section appropriates \$500,000,000 to the Secretary of Homeland Security (Secretary) for targeted communication campaigns designed to combat drug trafficking, fentanyl and its precursor chemicals, and counter adversarial messaging operations. Cartels increasingly exploit social media platforms such as TikTok and Snapchat to recruit associates and facilitate trafficking activities. Given the escalating threats posed by transnational criminal organizations, targeted communication plans are crucial in deterring these illicit activities and mitigating the cartel's media influence. These information campaigns can play a vital role in protecting American lives, dismantling criminal networks, and safeguarding the nation by effectively warning potential drug traffickers of the severe repercussions they will face.

Finally, this section appropriates \$1,000,000 to the Secretary to support commemorative events honoring meritorious contributions and achievements related to border security, including events recognizing victims of crimes. Examples of such events include Line-of-Duty death memorials, Department or agency anniversaries, and commendation ceremonies. Funding in this section can be used for venue and setup, program materials, commemoratives (e.g., plaques, flags, awards); and personnel and services (e.g., honor guard, officiants, security).

Section 60004. State and Local Law Enforcement Presidential Residence Protection.

This section appropriates \$300,000,000 to the Administrator of the Federal Emergency Management Agency (FEMA), for the reimbursement of law enforcement personnel costs for protection activities directly and demonstrably associated with any residence of the President that is designated pursuant to section 3 of the Presidential Protection Assistance Act of 1976 (Public Law 94-524) to be secured by the United States Secret Service.

Continued support of the Presidential Residence Protection Assistance grant is essential for the continued safety of the President. This grant provides reimbursement to state and local law enforcement agencies for operational overtime costs incurred while protecting any non-governmental residence of the President of the United States as designated or identified to be secured by the U.S. Secret Service.

With President Trump maintaining regular travel, proper security measures need to be maintained, particularly following the two highly publicized assassination attempts in 2024. Assistance from state and local law enforcement agencies is oftentimes necessary to ensure protection of the President's residences given limited U.S Secret Service resources. This funding would build upon past congressional appropriations and ensure that the Department of Homeland Security has the necessary funding to reimburse and utilize state and local law enforcement.

Section 60005. State Homeland Security Grant Program.

This section appropriates funds to FEMA to be administered under the State Homeland Security Grant Program authorized under section 2004 of the Homeland Security Act of 2002 (6 U.S.C. 605), to enhance State, local, and Tribal security through grants, contracts, cooperative agreements, and other activities. Appropriations in this section include: \$500,000,000 for State and local capabilities to detect, identify, track, or monitor threats from unmanned aircraft systems (UAS) (as such term is defined in section 44801 of title 49, United States Code); \$625,000,000 for security, planning, and other costs related to the 2026 FIFA World Cup; \$1,000,000,000 for security, planning, and other costs related to the 2028 Olympics and Paralympics; and \$450,000,000 for the Operation Stonegarden Grant Program.

The Committee believes it is essential to continue to pursue efforts to enhance counter-UAS capabilities and authorities for federal, State, and local law enforcement. As the capabilities and availability of commercially available drone technology have made significant advances in recent years, the emerging homeland security threat from such technology in the wrong hands has likewise increased. Terrorists, criminal organizations, and foreign actors can use drones to exploit vulnerabilities across a wide range of environments and targets for espionage or terrorist acts.

Suspicious drone incursions have occurred at military installations, sporting events, airports, critical energy facilities, and across the Southwest border at an alarming rate. This is a critical concern in communities nationwide, particularly for high-profile public events and critical infrastructure. \$500,000,000 in appropriations for this grant program will support law enforcement efforts across the United States in developing their ability to detect, identify, track, or monitor UAS threats.

In 2026, the FIFA World Cup will be held in eleven cities across the United States. FIFA anticipates that at least 5,000,000 fans will travel to the United States for the World Cup. Attendees will include multiple heads of state and other foreign dignitaries. The Committee recognizes the national security implications of hosting an international sporting event of this size.

On March 7, 2025, President Trump signed an Executive Order *Establishing the White House Task Force on the FIFA World Cup 2026*, to facilitate coordination with executive departments and agencies “to assist in the planning, organization, and execution of the events surrounding the 2025 FIFA Club World Cup and 2026 FIFA World Cup.” To support President Trump’s priority of the safety and security of events held on American soil, the Committee believes an appropriation of \$625,000,000 for grants related to this event will enhance planning and security related to the 2026 FIFA World Cup. These funds will be made available through FEMA’s State Homeland Security Grant Program, which assists State, local, and Tribal efforts to build, sustain, and deliver the capabilities necessary to prevent, prepare for, protect against, and respond to acts of terrorism.

Two years following the FIFA World Cup, the 2028 Summer Olympics and 2028 Summer Paralympics will be held in the greater Los Angeles area. The Committee believes an appropriation of \$1,000,000,000 for grants to be made available for security, planning, and other costs related to the 2028 Olympics and Paralympic Games, made available through FEMA’s State Homeland Security Grant Program, will have a vital impact on the security of our nation in preparation for and throughout the Olympic Games and Paralympic Games.

Already in 2024, the Department of Homeland Security designated the Olympic and Paralympic Games a National Special Security Event (NSSE), the furthest in advance that a NSSE has ever been granted. This designation is based in part on the event's significance, size, and anticipated attendance, allowing for significant resources from the federal government, as well as from state and local partners, to be utilized in a comprehensive security plan. The U.S. Secret Service is designated as the lead federal agency responsible for coordinating, planning, exercising, and implementing security for NSSEs through the Presidential Threat Protection Act of 2000.

Operation Stonegarden is part of FEMA's Homeland Security Grant Program, which provides funding to state, local, tribal, and territorial (SLTT) law enforcement agencies that are located along the borders of the United States to improve overall border security. Over the last four years, the United States faced a historic border crisis with communities and local law enforcement along the Southwest border bearing the brunt of the hardship due to the chaos brought on by failed border policies.

Operation Stonegarden is an essential part in the overall advancement of security along our borders. An addition of \$450,000,000 in funding for this grant program will allow the Department of Homeland Security to further enhance its relationship with law enforcement, implementing a layered approach to secure our land and maritime borders from traffickers and smugglers. This grant program provides cooperation and coordination among U.S. Customs and Border Protection's U.S. Border Patrol and federal, state, local, tribal, and territorial law enforcement agencies by providing funding to support joint efforts to secure the United States' borders, especially in states bordering Mexico and Canada, as well as in states and territories with international water borders.

TITLE VII - COMMITTEE ON THE JUDICIARY
SECTION BY SECTION

Subtitle A—Immigration Matters

Part 1—Immigration Fees

Sec. 70001. Applicability of immigration laws. This section states that, notwithstanding any other provision of law, the bill’s fees shall apply. It also clarifies that any terms in the bill are defined as in the Immigration and Nationality Act (INA) and provides that any statutory references are to the INA.

Sec. 70002. Asylum fee. This section requires a \$1,000 fee for any alien who applies for asylum. The section directs 50 percent of the fees received from applications filed in immigration court to the Executive Office for Immigration Review (EOIR) and 50 percent of the fees received from applications filed with U.S. Citizenship and Immigration Services (USCIS) to USCIS. The remaining fees collected will be directed to the Treasury for deficit reduction.

Sec. 70003. Employment authorization document fees.

- (a) *Asylum applicants.* This section requires a \$550 employment authorization application fee for any asylum applicant who seeks employment authorization while the alien’s asylum application is pending. The section directs 25 percent of the fees received from such applications to USCIS, with a portion devoted to detecting and preventing immigration benefit fraud. The remaining fees collected will be directed to the Treasury for deficit reduction.
- (b) *Parole.* This section requires a \$550 employment authorization application fee for any alien paroled into the country who seeks employment authorization. The section directs all fees collected to the Treasury for deficit reduction.
- (c) *Temporary Protected Status.* This section requires a \$550 employment authorization application fee for any alien granted Temporary Protected Status (TPS) who seeks employment authorization. The section directs all fees collected to the Treasury for deficit reduction.

Sec. 70004. Parole fee. This section requires a \$1,000 fee for any alien who is paroled into the U.S. other than in limited circumstances (such as medical emergencies, funerals, etc.) in accordance with the “case-by-case” limitation in the current statute. Fees collected under this section will be directed to the Treasury for deficit reduction.

Sec. 70005. Special immigrant juvenile fee. This section requires an alien who files an application for Special Immigrant Juvenile (SIJ) status to pay a \$500 fee if reunification with one parent or legal guardian is possible despite abuse, abandonment, neglect, or other similar activity by the other parent. Fees collected under this section will be directed to the Treasury for deficit reduction.

Sec. 70006. Temporary Protected Status fee. This section requires a \$500 fee for an alien who files an application for TPS and who has not been admitted to the U.S. or who entered the U.S. on a temporary visa but who failed to comply with the terms of the visa, including by not complying with the period of authorized stay. Fees collected under this section will be directed to the Treasury for deficit reduction.

Sec. 70007. Unaccompanied alien child sponsor fee. This section requires the sponsor of an unaccompanied alien child (UAC) to pay a fee, prior to the release of the UAC to the sponsor, as partial reimbursement for the cost of processing and housing, feeding, educating, transporting, and otherwise caring for the UAC from the time the UAC entered U.S. government custody to the time at which the sponsor takes custody of the UAC. A portion of the amount raised by the fee will be directed back to the agency to fund background checks for potential sponsors and adult members of potential sponsors' households. The remaining fees collected will be directed to the Treasury for deficit reduction.

Sec. 70008. Visa integrity fee. This section requires the State Department to assess a \$250 fee on aliens who travel to the U.S. pursuant to a nonimmigrant visa. Aliens can be reimbursed under certain circumstances: The fee may be reimbursed (1) if the alien demonstrates compliance with the terms of that the alien's visa, including by complying with the period of authorized stay, (2) if the alien did not utilize the visa for admission to the U.S., or (3) if the alien filed to extend, change, or adjust such status within the nonimmigrant visa's period of validity. Fees collected under this section will be directed to the Treasury for deficit reduction.

Sec. 70009. Form I-94 fee. This section imposes a fee of \$24 on the Form I-94. This fee is in addition to the current \$6 fee, increasing the total fee for the Form I-94 from \$6 to \$30. The Form I-94 acts as the arrival and departure record for certain categories of aliens traveling temporarily to the U.S. An increased portion of the funds will be redirected to the agency for cost recovery. In addition, a portion of each fee will be directed to the Treasury for deficit reduction.

Sec. 70010. Yearly asylum fee. This section requires a \$100 fee in each calendar year that an alien's asylum application remains pending. The section directs all fees collected to the Treasury for deficit reduction.

Sec. 70011. Fee for continuances granted in immigration court proceedings. This section requires a \$100 fee for any alien who seeks and is granted a continuance in immigration court, unless the continuance is granted based on exceptional circumstances. The section directs all fees collected to the Treasury for deficit reduction.

Sec. 70012. Fee relating to renewal and extension of employment authorization for parolees. This section requires a \$550 fee for any alien paroled into the country who seeks a renewal or extension of employment authorization. The section sets the employment authorization validity period at no more than six months and directs all fees collected to the Treasury for deficit reduction.

Sec. 70013. Fee relating to termination, renewal, and extension of employment authorization for asylum applicants. This section requires a \$550 fee for any asylum applicant who seeks a renewal or extension of employment authorization. The section sets the employment authorization validity period at no more than six months and clarifies that employment authorization terminates: (1) immediately following the denial of an asylum application by an asylum officer, unless the case is referred to an immigration judge; (2) thirty days after the date on which an immigration judge denies an asylum application, unless the alien files a timely appeal with the Board of Immigration Appeals (BIA); and (3) immediately following the denial of an alien's appeal by the BIA. The section directs all fees collected to the Treasury for deficit reduction.

Sec. 70014. Fee relating to renewal and extension of employment authorization for aliens granted Temporary Protected Status. This section requires a \$550 fee for any alien granted TPS who seeks a renewal or extension of employment authorization. The section sets the employment authorization validity period at no more than six months and directs all fees collected to the Treasury for deficit reduction.

Sec. 70015. Diversity immigrant visa fees.

- (a) *Fee for filing a diversity immigrant visa application.* This section requires a \$400 diversity immigrant visa application fee for any alien who is selected through the diversity visa lottery and who is authorized to apply for a diversity immigrant visa. The section directs 10 percent of the fees received to the Department of State to offset program costs associated with the diversity visa program, including fraud detection and prevention; 10 percent to ICE for detention, immigration enforcement, and removal operations; and the remaining fees received to the Treasury for deficit reduction.
- (b) *Fee for aliens who register for the diversity immigrant visa program.* This section requires a \$250 fee for any alien who registers for the diversity immigrant visa lottery. The section directs 10 percent of the fees received to the Department of State to offset costs of the diversity immigrant visa program, including fraud detection and prevention; 10 percent to ICE for detention, immigration enforcement, and removal operations; and the remaining fees received to the Treasury for deficit reduction.

Sec. 70016. EOIR fees.

- (a) *Fee for filing an application to adjust status to that of a lawful permanent resident.* This section requires a fee of \$1,500 for any alien whose application for adjustment of status is adjudicated by an immigration judge. The section directs no more than 50 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
- (b) *Fee for filing an application for waiver of grounds of inadmissibility.* This section requires a fee of \$1,050 for any alien who files with an immigration court an application for waiver of grounds of inadmissibility or whose application for such a

- waiver is adjudicated by an immigration judge. The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
- (c) *Fee for filing an application for Temporary Protected Status.* This section requires a fee of \$500 for any alien who files with an immigration court an application for TPS or whose application for TPS is adjudicated by an immigration judge. The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
 - (d) *Fee for filing an appeal from a decision of an immigration judge.* This section requires a fee of \$900 for any alien who files an appeal from a decision of an immigration judge. The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
 - (e) *Fee for filing an appeal from a decision of an officer of the Department of Homeland Security.* This section requires a fee of \$900 for any alien who files an appeal from a decision of an officer of the Department of Homeland Security (DHS). The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
 - (f) *Fee for filing an appeal from a decision of an adjudicating official in a practitioner disciplinary case.* This section requires a fee of \$1,325 for any practitioner who files an appeal from a decision of an adjudicating official in a practitioner disciplinary case. The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
 - (g) *Fee for filing a motion to reopen or a motion to reconsider.* This section requires a fee of \$900 on any alien who files a motion to reopen or motion to reconsider a decision of an immigration judge or the BIA. The section clarifies that such a fee does not apply to motions to reopen a removal order entered *in absentia* if the motion is based on the alien (1) failing to receive proper notice of the proceeding or (2) failing to attend the proceeding because the alien was in state or federal custody and the failure to appear was through no fault of the alien. The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
 - (h) *Fee for filing an application for suspension of deportation.* This section requires a fee of \$600 for any alien who files with an immigration court an application for suspension of deportation. The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.
 - (i) *Fee for filing an application for cancellation of removal for certain permanent residents.* This section requires a fee of \$600 for any alien who files an application for cancellation of removal for certain permanent residents. The section directs no more

than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.

- (j) *Fee for filing an application for cancellation of removal and adjustment of status for certain nonpermanent residents.* This section requires a fee of \$1,500 for any alien who files an application for cancellation of removal and adjustment of status for certain nonpermanent residents. The section directs no more than 25 percent of the fees received to EOIR and the remaining fees to the Treasury for deficit reduction.

Sec. 70017. ESTA fee. This section increases the fee for the Electronic System for Travel Authorization (ESTA), which is required to be used by aliens who travel to the U.S. via the Visa Waiver Program, from \$21 to \$40. Currently, \$4 of the fee goes to the agency for cost recovery and \$17 goes to the Travel Promotion Fund. This section would change that allocation such that an increased portion of each fee collected is directed to the agency to achieve cost recovery. This section also limits the portion directed to the Travel Promotion Fund to \$20,000,000 annually. In addition, a portion of each fee collected is directed to the Treasury for deficit reduction. Finally, this section extends CBP's authority to charge ESTA fees until 2034.

Sec. 70018. Immigration user fees. Currently, air and sea passengers arriving from a foreign location on a commercial aircraft/sea vessel pay this fee. This section increases the current \$7 fee to \$10 and eliminates a partial exemption for certain commercial sea passengers. Per fee, \$9 is directed to the agency for cost recovery and \$1 is directed to the Treasury for deficit reduction.

Sec. 70019. EVUS fee. The Electronic Visa Update System (EVUS) provides a mechanism through which information updates can be obtained from aliens holding a U.S. nonimmigrant visa of a designated category in a passport issued by an identified country, generally Chinese nationals on B-1, B-2, and B-1/B-2 visas. EVUS requires travelers with such visas to provide updated biographic and travel information to CBP via a publicly accessible website prior to initial travel on the visa and then at least every two years from the date of visa issuance for the duration of visa validity. This section establishes in statute an EVUS fee of \$30. While most of the funds are allocated to the agency for cost recovery, a portion of the funds raised are allocated to the Treasury for deficit reduction.

Sec. 70020. Fee for sponsor of unaccompanied alien child who fails to appear in immigration court. This section requires the sponsor of a UAC to pay a \$5,000 fee prior to the release of such UAC to the sponsor. The sponsor may receive reimbursement for the fee if the sponsor demonstrates that (1) the UAC was not ordered removed *in absentia* or (2) the *in absentia* order is rescinded.

Sec. 70021. Fee for aliens ordered removed in absentia. This section requires a \$5,000 fee for any alien who (1) is ordered removed *in absentia* after failing to appear at an immigration court hearing and (2) is subsequently arrested by ICE. This section includes an exception for cases in which an *in absentia* order is rescinded.

Sec. 70022. Customs and Border Protection inadmissible alien apprehension fee. This section requires a \$5,000 fee for any inadmissible alien who is apprehended between ports of entry by CBP.

Sec. 70023. Amendment to authority to apply for asylum. This section amends the INA to require fees for asylum applications and employment authorization applications for asylum applicants. The section also removes the limitation that any such fees cannot exceed the costs of adjudicating such applications.

Part 2—Use of Funds

Sec. 70100. Executive Office for Immigration Review. This section provides \$1.25 billion in funding to EOIR, which houses the nation's immigration courts, for (1) hiring support staff necessary to support immigration judges; (2) hiring immigration judges; and (3) expanding courtroom capacity and infrastructure.

Sec. 70101. Adult alien detention capacity and family residential centers. This section provides \$45 billion in funding to ICE to increase adult alien detention capacity and family residential center capacity. The section clarifies that (1) family units of aliens may be detained at family residential centers and (2) the Department of Homeland Security can house aliens, including alien children, at family residential centers regardless of whether a specific facility is licensed by the state or political subdivision of the state in which the facility is located. To efficiently utilize the funding provided, this section also allows the DHS Secretary, in the Secretary's sole discretion, to set the detention standards for adult alien detention capacity.

Sec. 70102. Retention and signing bonuses for U.S. Immigration and Customs Enforcement personnel. This section provides \$858 million in funding for \$10,000 hiring and retention bonuses for ICE personnel to carry out immigration enforcement, including ICE officers, Homeland Security Investigations (HSI) agents, and attorneys.

Sec. 70103. Hiring of additional U.S. Immigration and Customs Enforcement personnel. This section provides \$8 billion in funding for additional ICE Enforcement and Removal Operations (ERO) officers, HSI agents, and support personnel to carry out immigration enforcement.

Sec. 70104. U.S. Immigration and Customs Enforcement hiring capability. This section provides \$600 million in funding to ICE to facilitate the recruitment, hiring, and onboarding of additional ICE personnel to carry out immigration enforcement.

Sec. 70105. Transportation and removal operations. This section provides \$14.4 billion in funding for ICE transportation and removal operations, including amounts necessary for ground transportation, air charter flights, escorted commercial flights, transportation of unaccompanied alien children, and for other departures.

Sec. 70106. Information technology investments. This section provides \$700 million in funding for ICE to invest in information technology to support enforcement and removal operations.

Sec. 70107. Facilities upgrades. This section provides \$550 million in funding to ICE for ICE facility upgrades to support enforcement and removal operations.

Sec. 70108. Fleet modernization. This section provides \$250 million in funding to ICE for ICE fleet modernization to support enforcement and removal operations.

Sec. 70109. Promoting family unity. This section provides \$20 million in funding to DHS to fund short-term detention space for adult aliens who are charged with illegal entry so that the aliens can be detained with the alien minors who entered the United States with them.

Sec. 70110. Funding section 287(g) of the Immigration and Nationality Act. This section provides \$650 million in funding for ICE to enter into and implement 287(g) agreements with state and local law enforcement agencies whereby such agencies help enforce federal immigration laws to the extent allowed by current law.

Sec. 70111. Compensation for incarceration of criminal aliens. This section provides \$950 million in funding for a program similar to the State Criminal Alien Assistance Program (SCAAP) to reimburse states and localities for the cost of incarcerating certain criminal aliens so long as the states and localities are not sanctuary jurisdictions.

Sec. 70112. Office of the Principal Legal Advisor. This section provides \$1.32 billion in funding to the Office of the Principal Legal Advisor to hire additional attorneys to represent the Department of Homeland Security in removal proceedings and necessary support staff.

Sec. 70113. Return of aliens arriving from contiguous territory. This section provides \$500 million in funding to the Department of Homeland Security to fund the return of aliens to the contiguous country from which they entered the U.S. while the aliens' removal proceedings remain pending (Remain in Mexico).

Sec. 70114. State and local participation in homeland security efforts. This section provides \$787 million in funding to ICE for the purpose of ending the presence of criminal gangs and transnational criminal organizations throughout the United States, combating human smuggling and trafficking networks, supporting immigration enforcement activities, and providing reimbursement for state and local participation in such efforts.

Sec. 70115. Unaccompanied alien children capacity. This section provides \$3 billion in funding to increase capacity at the Office of Refugee Resettlement for UACs encountered at the border and transferred from the custody of CBP.

Sec. 70116. Department of Homeland Security criminal and gang checks for unaccompanied alien children. This section provides \$20 million in funding for the DHS portion of a pilot program to ensure DHS and the Department of Health and Human Services (HHS) check UACs who are 12 years and older for gang-related tattoos and contact the consulate or embassy of UACs' home countries to determine if UACs have a criminal history.

Sec. 70117. Department of Health and Human Services criminal and gang checks for unaccompanied alien children. This section provides \$20 million in funding for the HHS portion of a pilot program to ensure DHS and HHS check UACs who are 12 years and older for gang-related tattoos and contact the consulate or embassy of UACs' home countries to determine if UACs have a criminal history.

Sec. 70118. Information about sponsors and adult residents of sponsor households. This section provides \$50 million in funding for a pilot program through which HHS will provide DHS information regarding the UAC sponsor and all adult residents of the sponsor's household prior to HHS releasing the UAC to such sponsor. Information collected will include names, social security numbers, dates of birth, immigration status, contact information, and background and criminal records checks results for the sponsor and all adult residents of the sponsor's household. The information will also include the location of the residence. At a minimum, the background and criminal records checks will include an investigation of the public records sex offender registry, a public records background check, and a national criminal history check based on fingerprints.

Sec. 70119. Repatriation of unaccompanied alien children. This section provides \$100 million in funding to DHS to allow UACs encountered at the border who are not victims of severe forms of trafficking and do not have a fear of returning to their country of origin to withdraw their application for admission and be repatriated to their home country.

Sec. 70120. United States Secret Service. This section provides \$1.17 billion to the U.S. Secret Service with funding for protective functions and other necessary security operations.

Sec. 70121. Combatting drug trafficking and illegal drug use. This section provides \$500 million in funding to the Department of Justice to combat drug trafficking, including the trafficking of fentanyl and its precursor chemicals, and illegal drug use.

Sec. 70122. Investigating and prosecuting immigration related matters. This section provides \$600 million in funding to the Department of Justice to investigate and prosecute immigration-related matters, including gang-related crimes involving aliens, child trafficking and smuggling involving aliens, voting by aliens, violations of the Alien Registration Act, and violations of or fraud relating to title IV of the Personal Responsibility and Work Opportunity Act of 1996.

Sec. 70123. Expedited removal for criminal aliens. This section provides \$75 million in funding to DHS to expand expedited removal proceedings under current law to apply to certain criminal aliens, regardless of the period that such aliens have been physically present in the United States.

Sec. 70124. Removal of aliens without further hearing. Current law allows for streamlined proceedings for certain arriving aliens who are suspected of being inadmissible for national security reasons or terrorism grounds. This section provides \$25 million in funding to DHS to expand the application of that provision to allow for such proceedings for arriving aliens who are suspected of being inadmissible for criminality.

Subtitle B—Regulatory Matters

Sec. 70200. Review of Agency Rulemaking. This section provides \$10,000,000 to each of the Office of Management and Budget and the Comptroller General of the United States to augment its activities pertaining to rulemaking. This section also requires Congress to approve major rules that increase revenue prior to them coming into effect.

Sec. 70201. Congressional Review Act Compliance. This section provides \$10,000,000 to the Office of Management and Budget to be used in conducting analysis of the direct and reasonably foreseeable indirect costs of compliance with certain regulations.

Subtitle C—Other Matters

Sec. 70300. Limitation on Donations Made Pursuant to Settlement Agreements to Which the United States is a Party. This section prohibits the Department of Justice from entering into or enforcing a settlement agreement that directs the settling party to provide funds to a third party other than for restitution or to remedy actual harm caused by the settling party.

Sec. 70301. Solicitation of Orders Defined. This section clarifies the tax treatment of certain interstate commercial activity regarding the solicitation of orders.

Sec. 70302. Restriction of Funds. This section prohibits federal courts from using appropriated funds to enforce a contempt citation when the purported contemptuous conduct is noncompliance with a temporary restraining order or preliminary injunction where security was not given as required by Federal Rule of Civil Procedure 65.

SECTION-BY-SECTION ANALYSIS

TITLE VIII — COMMITTEE ON NATURAL RESOURCES

Subtitle A — Energy and Mineral Resources

PART I – OIL AND GAS

SEC. 80101. ONSHORE OIL AND GAS LEASE SALES.

- Reinstates quarterly onshore oil and gas lease sales for WY, NM, CO, UT, MT, ND, OK, NV, AK, and all other states where land is available for oil and gas leasing under the Mineral Leasing Act.
- Requires the Secretary of the Interior (Secretary) to offer land for leasing if the Secretary determines the land is open to oil and gas leasing under an approved land use plan within 18 months of the date of receipt of an expression of interest.
 - Stipulates that revisions of an approved land use plan shall not prevent or delay leasing under this section if all the other requirements are met.
- Makes Applications for Permit to Drill (APDs) valid for a single, non-renewable four-year period.
- The Congressional Budget Office (CBO) estimates Sections 80101, 80102, 80103, 80104, and 80105 will collectively generate up to \$12 billion in new revenue and savings for the federal government.

SEC. 80102. NONCOMPETITIVE LEASING.

- Requires that lands which do not receive bids during an oil and gas lease sale, or where the highest bid is less than the national minimum, must be offered within 30 days for noncompetitive leasing.

SEC. 80103. PERMIT FEES.

- Requires the Secretary to approve applications for the commingling of production from two or more sources, such as oil and gas leases or communitized areas, if a fee is paid.
- Mandates the Secretary to develop regulations to allow oil and gas activity to occur through a permit-by-rule process if a fee is paid.

SEC. 80104. PERMITTING FEE FOR NON-FEDERAL LAND.

- Establishes that the Secretary shall not require a permit to drill for an oil and gas lease under the Mineral Leasing Act if the lessee pays a fee of \$5,000 and the federal government owns less than 50 percent of the minerals in the oil and gas drilling unit and does not own the surface estate where drilling will take place.

SEC. 80105. REINSTATE REASONABLE ROYALTY RATES.

- Reinstates the 12.5 percent royalty rate on offshore production, reducing it back to pre-Inflation Reduction Act of 2022 (IRA) levels.
- Reinstates the 12.5 percent royalty rate on onshore production, reducing it back to pre-IRA levels.

*PART II – GEOTHERMAL***SEC. 80111. GEOTHERMAL LEASING.**

- Requires the Secretary to hold geothermal lease sales yearly and to hold replacement sales in the event that a lease sale is delayed or cancelled.
- CBO estimates Sections 80111 and 80112 will collectively generate up to \$23 million in new revenue and savings for the federal government.

SEC. 80112. GEOTHERMAL ROYALTIES.

- Stipulates that geothermal facilities on the same geothermal lease are treated as separate facilities with respect to royalty payment.

*PART III – ALASKA***SEC. 80121. COASTAL PLAIN OIL AND GAS LEASING.**

- Reissues the energy leases revoked by the Biden administration and mandates the Secretary conduct four lease sales under the Coastal Plain Oil and Gas Leasing Program in the Arctic National Wildlife Refuge (ANWR) in Alaska within the next ten years.
- Mandates that the revenues from leases authorized by the Act be split evenly between the state and the federal government until 2035, when the state would start receiving 90 percent.
- CBO estimates this section will generate up to \$950 million in new revenue and savings for the federal government.

SEC. 80122. NATIONAL PETROLEUM RESERVE-ALASKA.

- Formalizes the National Petroleum Reserve-Alaska (NPR-A) oil and gas program and expeditiously resumes leasing for energy production in the NPR-A. In resuming this program, this section requires that the Secretary hold lease sales at least every other year and offer at least 4,000,000 acres per lease sale in the NPR-A.
- Mandates that the revenues from leases authorized by the Act be split evenly between the state and the federal government until 2035, when the state would start receiving 90 percent.
- CBO estimates this section will generate up to \$550 million in new revenue and savings for the federal government.

PART IV – MINING

SEC. 80131. SUPERIOR NATIONAL FOREST LANDS IN MINNESOTA.

- Rescinds Public Land Order (PLO) No. 7917, which withdrew federal lands in Northern Minnesota from mineral entry. Reinstates, for 20 years, the leases cancelled by the Biden administration in the Superior National Forest. Stipulates terms and conditions for the leases.
- CBO estimates this section will generate up to \$80 million in new revenue and savings for the federal government.

SEC. 80132. AMBLER ROAD IN ALASKA.

- Establishes a \$500,000 per year rental fee for a surface transportation access road from the Ambler Mining District to the Dalton Highway.
- Stipulates that the timely construction and operation of the road are in the national interest.
- Rescinds the Biden administration's record of decision (ROD) and replaces it with the 2020 ROD, which includes a preferred alternative that allows for road construction.
- CBO estimates this section will generate up to \$5 million in new revenue and savings for the federal government.

PART V – COAL

SEC. 80141. COAL LEASING.

- Mandates coal lease sales and stipulates the requirements for such lease sales.
- CBO estimates Sections 80141, 80142, 80143, and 80302 will collectively generate up to \$237 million in new revenue and savings for the federal government.

SEC. 80142. FUTURE COAL LEASING.

- Rescinds Secretarial Order 3338, which put a moratorium on new coal leasing and prevents similar action in the future.

SEC. 80143. COAL ROYALTY.

- Reduces the royalty rate from 12.5 percent to 7 percent on all coal leases, new and active.

SEC. 80144. AUTHORIZATION TO MINE FEDERAL MINERALS.

- Authorizes the mining of all federal coal reserves leased under Federal Coal Lease MTM 97988 in accordance with the Bull Mountains Mining Plan Modification.
- CBO estimates this section will generate up to \$42 million in new revenue and savings for the federal government.

PART VI– NEPA

SEC. 80151. PROJECT SPONSOR OPT-IN FEES FOR ENVIRONMENTAL REVIEWS.

- Allows a project sponsor to pay a fee equal to 125 percent of the anticipated costs of expected agency activities to prepare an environmental impact statement (EIS) or environmental assessment (EA). If the project sponsor pays the fee, they will receive their EIS in one year and their EA in six months.
- The EIS or EA would not be subject to judicial review under the National Environmental Policy Act of 1969 (NEPA).
- CBO estimates this section will generate up to \$1.07 billion in new revenue and savings for the federal government.

SEC. 80152. RESCISSION RELATING TO ENVIRONMENTAL AND CLIMATE DATA COLLECTION.

- Rescinds IRA funding for the Council on Environmental Quality (CEQ).
- CBO estimates this section will generate up to \$25 million in savings for the federal government.

PART VII – MISCELLANEOUS

SEC. 80161. PROTEST FEES.

- Establishes a filing fee for protests of oil and gas lease sales.
- Stipulates the amount that must be paid based on the page length of the protest and the number of oil and gas parcels included in the protest.
- CBO estimates this section will generate up to \$10 million in new revenue and savings for the federal government.

PART VIII – OFFSHORE OIL AND GAS LEASING

SEC. 80171. MANDATORY OFFSHORE OIL AND GAS LEASE SALES.

- Mandates a series of offshore oil and gas lease sales to generate federal revenue through bonus bids, rentals, and royalties over specified periods.
 - Gulf of America: Requires the Secretary to hold at least 30 lease sales in the Gulf of America over 15 years (2025–2040) beginning in August 2025, with locations tied to the 2017–2022 Outer Continental Shelf (OCS) Program, and a minimum of 80 million acres per sale, using terms from Lease Sale 254.
 - Cook Inlet Planning Area: Mandates six lease sales in the Cook Inlet each of which shall include at least 1 million acres. Mandates that the revenues from leases authorized by the Act be split evenly between the state and the federal government until 2035, when the state would start receiving 90 percent.
- Ensures these sales supplement the 2024–2029 OCS Program, increasing revenue potential.

- Establishes a process for state Governors to nominate adjacent OCS areas for inclusion, potentially expanding leasable acreage.
- CBO estimates this section will generate up to \$4.65 billion in new revenue and savings for the federal government.

SEC. 80172. OFFSHORE COMMINGLING.

- Requires the Secretary to approve downhole commingling applications from multiple reservoirs in a single wellbore in the Gulf of America OCS unless conclusive evidence shows the practice would be unsafe or reduce recovery.
- Increases federal revenue by boosting oil and gas production efficiency, resulting in additional royalty payments to the federal government.
- CBO estimates this section will generate up to \$1.66 billion in new revenue and savings for the federal government.

SEC. 80173. LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES.

- Raises the cap on the distribution of OCS revenues from \$500 million to \$650 million for FY 2026 through FY 2035 under the Gulf of Mexico Energy Security Act of 2006 (GOMESA).
- CBO estimates this section will spend \$1.2 billion over 10 years.

PART IX – RENEWABLE ENERGY

SEC. 80181. RENEWABLE ENERGY FEES ON FEDERAL LANDS.

- Codifies annual acreage rent and capacity fees for wind and solar energy projects on federal lands.
- Removes the Secretary's authority to reduce acreage rent and capacity fees.
- CBO estimates Sections 80181 and 80182 will generate up to \$300 million in new revenue and savings for the federal government.

SEC. 80182. RENEWABLE ENERGY REVENUE SHARING.

- Creates a revenue sharing mechanism for renewable energy produced on public lands.
- Directs 25 percent to the state hosting the production, 25 percent to the county hosting production, and 50 percent to the federal government, deposited into the General Fund of the Treasury.

Subtitle B—Water, Wildlife, and Fisheries

SEC. 80201. RESCISSION OF FUNDS FOR INVESTING IN COASTAL COMMUNITIES AND CLIMATE RESILIENCE.

- Rescinds the remaining funds available for the ‘Investing in Coastal Communities and Climate Resilience’ section of the IRA.
- CBO estimates this section will generate up to \$100 million in savings for the federal government.

SEC. 80202. RESCISSION OF FUNDS FOR FACILITIES OF NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AND NATIONAL MARINE SANCTUARIES.

- Rescinds the remaining funds available for the ‘Facilities of the National Oceanic and Atmospheric Administration and National Marine Sanctuaries’ section of the IRA.
- CBO estimates this section will generate up to \$29 million in savings for the federal government.

SEC. 80203. SURFACE WATER STORAGE ENHANCEMENT.

- Provides \$2 billion for construction and associated activities that increase the capacity of existing Bureau of Reclamation surface water storage facilities.

SEC. 80204. WATER CONVEYANCE ENHANCEMENT.

- Provides \$500 million for construction and associated activities that increase the capacity of existing Bureau of Reclamation conveyance facilities.

Subtitle C—Federal Lands

SEC. 80301. PROHIBITION ON THE IMPLEMENTATION OF THE ROCK SPRINGS FIELD OFFICE, WYOMING RESOURCE MANAGEMENT PLAN.

- Prohibits the Bureau of Land Management (BLM) from implementing, administering, or enforcing the Record of Decision and Approved Resource Management Plan (RMP) for the Rock Springs Field Office in Wyoming, finalized by the Biden administration.
- CBO estimates this section will generate up to \$200 million in new revenue and savings for the federal government.

SEC. 80302. PROHIBITION ON THE IMPLEMENTATION OF THE BUFFALO FIELD OFFICE, WYOMING, RESOURCE MANAGEMENT PLAN.

- Prohibits the BLM from implementing, administering, or enforcing the Record of Decision and Approved RMP Amendment for the Buffalo Field Office in Wyoming, finalized by the Biden administration.
- CBO estimates Sections 80141, 80142, 80143, and 80302 will collectively generate up to \$237 million in new revenue and savings for the federal government.

SEC. 80303. PROHIBITION ON THE IMPLEMENTATION OF THE MILES CITY FIELD OFFICE, MONTANA, RESOURCE MANAGEMENT PLAN.

- Prohibits the BLM from implementing, administering, or enforcing the Record of Decision and Approved RMP Amendment for the Miles City Field Office in Montana, finalized by the Biden administration.
- CBO estimates this section will generate up to \$15 million in new revenue and savings for the federal government.

SEC. 80304. PROHIBITION ON THE IMPLEMENTATION OF THE NORTH DAKOTA RESOURCE MANAGEMENT PLAN.

- Prohibits the BLM from implementing, administering, or enforcing the ROD and Approved RMP for North Dakota, finalized by the Biden administration.
- CBO estimates this section will generate up to \$5 million in new revenue and savings for the federal government.

SEC. 80305. PROHIBITION ON THE IMPLEMENTATION OF THE COLORADO RIVER VALLEY FIELD OFFICE AND GRAND JUNCTION FIELD OFFICE RESOURCE MANAGEMENT PLANS.

- Prohibits the BLM from implementing, administering, or enforcing the RODs and Approved RMPs for the Colorado River Valley Field Office and Grand Junction Field Office in Colorado, finalized by the Biden administration.
- CBO estimates this section will generate up to \$80 million in new revenue and savings for the federal government.

SEC. 80306. RESCISSION OF FOREST SERVICE FUNDS.

- Rescinds the remaining funds made available to the U.S. Forest Service (USFS) in the IRA for the Biden administration’s Old-Growth Initiative.
- CBO estimates this section will generate up to \$8 million in savings for the federal government.

SEC. 80307. RESCISSION OF NATIONAL PARK SERVICE AND BUREAU OF LAND MANAGEMENT FUNDS.

- Rescinds the remaining funds made available to the National Park Service (NPS) and BLM in the IRA for a “conservation and resilience” slush fund.
- CBO estimates this section will generate up to \$7 million in savings for the federal government.

SEC. 80308. RESCISSION OF BUREAU OF LAND MANAGEMENT AND NATIONAL PARK SERVICE FUNDS.

- Rescinds the remaining funds made available to the NPS and the BLM in the IRA for a “conservation and ecosystem restoration” slush fund.
- CBO estimates this section will generate up to \$5 million in savings for the federal government.

SEC. 80309. RESCISSION OF NATIONAL PARK SERVICE FUNDS.

- Rescinds the remaining funds made available to the NPS in the IRA to hire new federal employees.
- CBO estimates this section will generate up to \$267 million in savings for the federal government.

SEC. 80310. CELEBRATING AMERICA’S 250TH ANNIVERSARY.

- Provides \$40 million to the Secretary of the Interior to establish and maintain a statutory park named the National Garden of American Heroes.
- Provides \$150 million to the Secretary of the Interior for events, celebrations, and activities related to the 250th anniversary of America’s founding in 2026.

SEC. 80311. LONG-TERM CONTRACTS FOR THE FOREST SERVICE.

- On forests created from the public domain, requires the USFS to enter into at least one 20-year contract for timber harvesting per region annually for fiscal year (FY) 2025 through FY 2029.
- Sets standard terms and conditions for the contract, including special provisions for cancellation ceilings.
- Requires all contract funds to be deposited into the General Fund of the Treasury.
- CBO estimates this section will generate up to \$110 million in new revenue and savings for the federal government.

SEC. 80312. LONG-TERM CONTRACTS FOR THE BUREAU OF LAND MANAGEMENT.

- Requires the BLM to enter into no less than one 20-year contract for timber harvesting annually between FY 2025 through FY 2029.
- Sets standard terms and conditions for the contract, including special provisions for cancellation ceilings.
- Requires all contract funds to be deposited into the General Fund of the Treasury.
- CBO estimates this section will generate up to \$40 million in new revenue and savings for the federal government.

SEC. 80313. TIMBER PRODUCTION FOR THE FOREST SERVICE.

- Directs the Secretary of Agriculture, within one year of this section's enactment, to authorize timber harvests on National Forest System lands that equal or exceed a volume 25 percent higher than the volume harvested during fiscal year 2024.
- Stipulates that such harvests must be in accordance with the allowable sale quantity or probable sale quantity of timber applicable to a certain area of federal lands.
- Specifies that this provision applies to forests created from the public domain and does not apply to wilderness areas, roadless areas, or areas where timber harvesting is prohibited by statute.

SEC. 80314. TIMBER PRODUCTION FOR THE BUREAU OF LAND MANAGEMENT.

- Directs the Secretary of the Interior, within one year of this section's enactment, to authorize timber harvests on public lands under the jurisdiction of the BLM that equal or exceed a volume 25 percent higher than the volume harvested during fiscal year 2024.
- Stipulates that such harvests must be in accordance with the applicable RMP.
- Specifies that this provision does not apply to wilderness areas or areas where timber harvesting is prohibited by statute.
- CBO estimates this section will generate up to \$8 million in new revenue and savings for the federal government.

SEC. 80315. BUREAU OF LAND MANAGEMENT LAND IN NEVADA.

- Directs the sale of certain BLM lands in Lyon County, Nevada, to the City of Fernley, which must pay all costs associated with the conveyances.
- Directs the sale of certain BLM lands in Clark County, Nevada, including those identified for disposal by the BLM. Ensures compliance with local planning and zoning laws. Allows for additional disposal related to affordable housing.
- Directs the sale of certain BLM lands in Washoe County, Nevada, including those identified for disposal. Establishes procedures to evaluate additional land for disposal, including land for affordable housing. Ensures compliance with local planning and zoning laws.
- Consolidates checkerboard land ownership in Pershing County, Nevada. Stipulates the selection of parcels between the BLM and Pershing County. Provides for the methods of sale and authorizes equal-value land exchanges.
- Stipulates conditions for the method of sale, mass appraisal procedures, conveyance costs, and the map and legal description of land to be sold.

- Clarifies that no NPS lands are conveyed or affected by this section.
- Directs proceeds from all sales in this section to be deposited into the General Fund of the Treasury.

SEC. 80316. FOREST SERVICE LAND IN NEVADA.

- Directs the sale of certain USFS lands in Washoe County, Nevada.
- Stipulates the selection of parcels between USFS and Washoe County and ensures compliance with local planning and zoning laws.
- Allows for the sale of additional USFS land for affordable housing.
- Stipulates conditions for the method of sale, mass appraisal procedures, conveyance costs, and the map and legal description of land to be sold.
- Clarifies that no NPS lands are conveyed or affected by this section.
- Directs the proceeds from all sales in this section to be deposited into the General Fund of the Treasury.

SEC. 80317. FEDERAL LAND IN UTAH.

- Directs the sale of certain BLM lands in Beaver and Washington Counties in Utah. The land will be conveyed to Beaver County, Washington County, the City of St. George, or the Washington County Water Conservancy District.
- Stipulates conditions for the method of sale, mass appraisal procedures, conveyance costs, and the map and legal description of land to be sold.
- Clarifies that no NPS lands are conveyed or affected by this section.
- Directs the proceeds from all sales in this section to be deposited into the General Fund of the Treasury.

SECTION-BY-SECTION ANALYSIS

TITLE IX—COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

Section 90001. Increase in FERS Employee Contribution Requirements.

- This section amends 5 U.S.C. 8422(a)(3) to raise contributions for Federal Employees Retirement System (FERS) and FERS Revised Annuity Employees (FERS-RAE) annuity participants to align with FERS-RAE annuity participants beginning January 1, 2026 and going into full effect on January 1, 2027.

Current Effective Employee Contribution Rates	Hired/Entered FERS Before 2013	FERS-RAE, Hired/Entered FERS in 2013	FERS-FRAE Hired/Entered FERS After 2013
Employee	7	9.3	10.6
Congressional employee	7.5	9.3	10.6
Member	7.5	9.3	10.6
Law enforcement officer, firefighter, member of the Capitol Police, member of the Supreme Court Police, or air traffic controller	7.5	9.8	11.1
Nuclear materials courier	7.5	9.8	11.1
Customs and border protection officer	7.5	9.8	11.1

2026 Rates	Hired/Entered FERS Before 2013	FERS-RAE, Hired/Entered FERS in 2013	FERS-FRAE, Hired/Entered FERS After 2013
Employee	8.8	9.95	10.6
Congressional employee	9.3	9.95	10.6
Member	9.3	9.95	10.6
Law enforcement officer, firefighter, member of the Capitol Police, member of the Supreme Court Police, or air traffic controller	7.5	9.8	11.1
Nuclear materials courier	7.5	9.8	11.1
Customs and border protection officer	7.5	9.8	11.1

Proposed 2027 and beyond Rates	Hired/Entered FERS Before 2013	FERS-RAE, Hired/Entered FERS in 2013	FERS-FRAE, Hired/Entered FERS After 2013
Employee	10.6	10.6	10.6
Congressional employee	11.1	10.6	10.6
Member	11.1	10.6	10.6
Law enforcement officer, firefighter, member of the Capitol Police, member of the Supreme Court Police, or air traffic controller	7.5	9.8	11.1
Nuclear materials courier	7.5	9.8	11.1
Customs and border protection officer	7.5	9.8	11.1

Section 90002. Elimination of FERS Annuity Supplement.

- Subsection (a) amends 5 U.S.C. 8421(a) to eliminate the FERS annuity supplemental retirement benefits for all FERS annuitants except those mandatorily separated from service under 5 U.S.C. 8425.
- Subsection (b) prevents the amendments made by this section from applying to those entitled to an annuity supplement under 5 U.S.C. 8421 prior to the date of enactment.

Section 90003. High-5 Average Pay for Calculating CSRS and FERS Pension.

- Subsection (a) amends 5 U.S.C. 8331(4) to provide that defined benefit calculations for federal employees retiring under the Civil Service Retirement System (CSRS) on or after January 1, 2027, be based on the five consecutive highest earning years (a change from the highest three consecutive highest earning years). This change does not apply to groups identified in 5 U.S.C. 8336(c) or (e) and 5 U.S.C. 8341(d) or (e)(1) (federal law enforcement officers, U.S Supreme Court and Capitol Police Officers, firefighters, nuclear materials couriers, air traffic controllers, and customs and border protection officers).
- Subsection (b) amends 5 U.S.C. 8401(3) to provide that defined benefit calculations for federal employees retiring under the Federal Employee Retirement System (FERS) on or after January 1, 2027, be based on the five consecutive highest earning years (a change from the highest three consecutive highest earning years). This change does not apply to groups identified in 5 U.S.C. 8336(c) or (e) and 5 U.S.C. 8341(d) or (e)(1) (federal law enforcement officers, U.S Supreme Court and Capitol Police Officers, firefighters, nuclear materials couriers, air traffic controllers, and customs and border protection officers).
- Subsection (c) makes conforming amendments to 5 U.S.C. 8311 note to reflect the changes made by this provision.

Section 90004. Election for At-Will Employment and Lower FERS Contributions for New Federal Civil Service Hires.

- Subsection (a) adds a new section §3330g (Election for at-will employment and lower FERS contributions.) to 5 U.S.C. Chapter 33 (Examination, Selection, and Placement.) to provide that an individual appointed to a covered position shall choose to permanently elect to be employed on an “at-will basis” or not. The FERS employee contribution rate for an individual who does not make such an election to be treated as an “at-will” employee shall be increased by 5%.
- Subsection (b) provides for a conforming amendment to 5 U.S.C. 8422(a) to reflect the FERS contribution rate for an individual who does not elect to be employed on an “at-will basis.”
- Subsection (c) prevents the amendments made by this section from applying to those appointed to positions in the civil service prior to the date of enactment.

Section 90005. Filing Fee for Merit Systems Protection Board Claims and Appeals.

- Subsection (a) provides that the Merit Systems Protection Board (MSPB) shall collect filing fees from claimants for appeal with the Board. The filing fee shall amount to the filing fee for civil actions, suits, or district court proceedings. The filing fee shall not be required for certain Special Council actions nor claims or appeals associated with certain prohibited personnel practices. The fee shall be paid on the date of the respective filing and returned if the filer prevails in their respective claim or appeal. The filing fee associated with a claim to which the individual is not the prevailing party or appeal is exhausted or expired shall be deposited as a miscellaneous Treasury receipt.
- Subsection (b) provides that filing fees shall apply to any claim or appeal filed with the MSPB three months following the date of enactment.

Section 90006. FEHB Protection.

- Subsection (a) requires the Office of Personnel Management (OPM) to issue regulations and implement a process to verify the addition of an enrollee’s family member to a health benefits plan under the Federal Employee Health Benefit Program (FEHBP). This subsection also requires OPM to commence a 5-year government-wide audit to verify the eligibility of family members covered under an FEHBP enrollment and requires the disenrollment or removal of any individual found to be ineligible from FEHBP coverage.
- Subsection (b) amends 5 U.S.C. 8909 (Employees Health Benefits Fund.) to direct \$473,267,927 in funding through 2034 (and 2.2% annual increase thereafter) for OPM to develop, maintain, and conduct oversight over the enrollment and eligibility of FEHBP systems. This subsection also directs \$80,000,000 to OPM to conduct the audit required under subsection (a) and further directs a total of \$5,090,278 starting in fiscal year 2026 (and 2.2% annual increase thereafter—approximately \$50,057,934 total over the ten year period) for the OPM inspector general to audit the enrollment and eligibility in the FEHBP.

TITLE X - COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SECTION-BY-SECTION ANALYSIS OF THE COMMITTEE PRINT

Sec. 100001. *Coast Guard Assets Necessary to Secure the Maritime Border and Interdict Migrants and Drugs.*

This section provides \$21.2 billion to the United States Coast Guard (Coast Guard or the Service) for the acquisition, sustainment, improvement, and operations of Coast Guard assets necessary to provide presence, surveillance, and security of the maritime border. Specifically this section makes the following funds available for obligation through September 30, 2029: \$571.5 million for fixed wing aircraft; \$1.283 billion for rotary wing aircraft; \$140 million for long-range unmanned aircraft and base stations; \$4.3 billion for Offshore Patrol Cutters; \$1 billion for Fast Response Cutters; \$4.3 billion for Polar Security Cutters; \$4.978 billion for Arctic Security Cutters and domestic icebreakers; \$3.154 billion for shoreside infrastructure, of which \$400 million is for hangars, maintenance, and crew facilities for fixed wing aircraft and rotary wing aircraft, \$2.33 billion is for homeports for Offshore Patrol Cutters, Fast Response Cutters, Arctic Security Cutters, Polar Security Cutters, and National Security Cutters, and \$425 million for design, engineering, construction management of, and program management for enlisted boot camp recapitalization, including barracks' replacement and a multi-use training center; \$1.3 billion for aviation, cutter, and shoreside facility depot maintenance, of which \$500 million is for a floating dry dock; and \$180 million for maritime domain awareness, of which \$75 million is for autonomous surface assets.

This section waives certain acquisitions requirements under chapter 11 of title 14, United States Code, related to acquisition, procurement, and construction for programs funded with appropriations under this section. Additionally, this section allows the use of a vessel construction manager for the construction of a floating drydock, Arctic Security Cutters, or domestic icebreakers. It also limits design, planning and engineering to 15 percent of the amount appropriated.

Before spending funds appropriated by this section, the Coast Guard is required to submit overdue reports on Coast Guard acquisition, provide an expenditure plan, and notify the Congressional committees of jurisdiction before taking actions impacting estimated acquisition costs or timelines. Finally, the President is required to notify the Congressional Committees of jurisdiction before exercising an exception under section 1151(b) of title 14, United States Code.

Sec. 100002. Changes to Mandatory Benefits Programs to Allow Selected Reserve Orders for Preplanned Missions to Secure Maritime Borders and Interdict Persons and Drugs.

This section gives the Commandant of the Coast Guard the authority to order any member of the Selected Reserve to active duty for no more than 365 consecutive days to conduct preplanned missions.

Under current law, the Coast Guard has authority to call up reservists to respond to emergencies. In contrast, the Department of Defense has the authority to call up the reservists of the other five armed forces both to respond to emergencies and to conduct preplanned activities. This section provides the Coast Guard parity with the other armed forces.

Sec. 100003. Vessel Tonnage Duties.

This section increases vessel tonnage duties imposed on vessels that enter the United States from a foreign port or place or depart from and return to a United States port or place after a “voyage to nowhere.” Current tonnage duty rates were established in 1909 and were temporarily increased in fiscal years (FYs) 2006 through 2010. This section returns the tonnage duty level to the amount that was imposed in FYs 2006 through 2010.

Sec. 100004. Registration Fee on Motor Vehicles.

This section directs the Administrator of the Federal Highway Administration (FHWA) to impose the following Federal annual motor vehicle registration fees: \$250 for an electric vehicle and \$100 for a hybrid vehicle. This section also requires each fee to be increased annually for inflation. Covered motor vehicles include vehicles intended for roadway use but exclude commercial motor vehicles and covered farm vehicles. This section requires that the collection of fees for electric vehicles and hybrid vehicles begins no later than the end of FY 2026 and that these fees terminate in FY 2035.

This section instructs state departments of transportation to collect the fees and remit the balance of the fees collected monthly to the FHWA Administrator. If a state fails to remit collected fees required under this section, FHWA will withhold Federal highway formula funding at an amount equal to 125 percent of the fees that were required to be remitted.

Additionally, this section provides \$104 million for states to establish the registration fee process, providing that a state may receive not more than \$2 million. A state found to be in compliance with this section is permitted to retain up to one percent of total fees collected by that state for administrative expenses.

This section requires the FHWA Administrator to issue any necessary regulations and guidance to carry out this section. This section also requires that the Administrator report to Congress on the status of implementation.

Sec. 100005. *Deposit of Registration Fee on Motor Vehicles.*

This section provides that amounts accrued pursuant to 23 U.S.C. 180 (the fees on motor vehicles created in section 100004 of this Committee Print) are deposited into the Highway Trust Fund.

Sec. 100006. *Motor Carrier Data.*

This section provides \$5 million to the Administrator of the Federal Motor Carrier Safety Administration (FMCSA) to establish a public website that details whether each motor carrier, as defined in section 13102, of title 49 United States Code, meets FMCSA operating requirements. Additionally, this section establishes an annual \$100 fee for accessing the website. This section also details that a broker, freight forwarder, or household goods freight forwarder who relies on the website's determinations of whether motor carriers have met FMCSA requirements has made reasonable and prudent determinations when engaging that motor carrier.

Sec. 100007. *IRA Rescissions.*

This section permanently rescinds unobligated balances for seven programs created under the *Inflation Reduction Act*: alternative fuel and low-emission aviation technology program, neighborhood access and equity grant program, Federal building assistance, use of low-carbon materials for Federal building assistance, General Services Administration emerging technologies, environmental review implementation funds, and low-carbon transportation materials grants.

Sec. 100008. *Air Traffic Control Staffing and Modernization.*

This section appropriates \$12.5 billion to the Administrator of the Federal Aviation Administration (FAA) for the acquisition, sustainment, improvement, and operation of facilities and equipment necessary to improve or maintain aviation safety, as well as supporting the personnel related to those facilities. Specifically, the section makes the following funds available for obligation until September 30, 2029: \$2.16 billion for air traffic control tower and terminal radar approach control facility replacement, of which at least \$240 million will be available for Contract Tower Program air traffic control tower replacement and airport sponsor-owned air traffic control tower replacement; \$3 billion for radar systems replacement; \$4.75 billion for telecommunications infrastructure replacement; \$500 million for runway safety projects, airport surface surveillance projects, and to carry out section 347 of the *FAA Reauthorization Act of 2024* related to surface safety risk mitigation; \$550 million for unstaffed infrastructure sustainment and replacement; \$300 million to carry out section 619 of the *FAA Reauthorization Act of 2024* related

to NextGen programs; \$260 million to carry out the Don Young Alaska Aviation Safety Initiative; and \$1 billion for air traffic controller recruitment, retention, training, and advanced training technologies. Additionally, this section requires the FAA Administrator to provide a quarterly report on how these funds have been expended.

Sec. 100009. John F. Kennedy Center for the Performing Arts Appropriations.

This section appropriates nearly \$241.8 million, which will remain available for obligation until September 30, 2029, for expenses related to capital repair and restoration of the John F. Kennedy Center for the Performing Arts (Kennedy Center). The section also appropriates \$7.7 million, which is available for obligation until September 30, 2026, for the operation, maintenance, and security at the Kennedy Center. Additionally, the section appropriates \$7.2 million, available until September 30, 2029, for administrative expenses.

TITLE XI - COMMITTEE ON WAYS AND MEANS

"The One, Big, Beautiful Bill"

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Title XI – Committee on Ways and Means

Section-by-Section

Subtitle A – Make American Families and Workers Thrive Again

Part I – Permanently Preventing Tax Hikes on American Families and Workers

Sec. 110001. Extension of modification of rates.

Current Law: Under current law, the modified federal income tax bracket schedule and lower tax rates are set to expire after December 31, 2025.

Provision: This provision makes permanent the modified federal income tax bracket schedule and lower tax rates created by the *Tax Cuts and Jobs Act*. The provision also adds an additional year of inflation adjustment to all brackets except for the top bracket (37 percent).

Tax Rates & Brackets (2026)		
Bracket	Current Law	Provision
1	10.0%	10.0%
2	15.0%	12.0%
3	25.0%	22.0%
4	28.0%	24.0%
5	33.0%	32.0%
6	35.0%	35.0%
7	39.6%	37.0%

Sec. 110002. Extension of increased standard deduction and temporary enhancement.

Current Law: Under current law, the increased standard deduction is set to expire after December 31, 2025.

Provision: This provision makes permanent the nearly doubled standard deduction created by the *Tax Cuts and Jobs Act*. The provision further increases the standard deduction by including an extra year of inflation adjustment. Additionally, for tax years 2025 through 2028, this provision increases the standard deduction by an additional \$1,000 for a single filer, \$1,500 for head of household, and \$2,000 for married filing jointly. The impact of these modifications to the standard deduction for 2026, according to filing status, is summarized below.

Standard Deduction (2026)		
Filing Status	Current Law	Provision
Single	\$8,300	\$16,300
Head of Household	\$12,150	\$24,500
Married Filing Jointly	\$16,600	\$32,600

*** Joint Committee of Taxation, 2026 Projection*

Sec. 110003. Termination of deduction for personal exemptions.

Current Law: Under current law, the deduction for personal exemptions is set to return after December 31, 2025.

Provision: This provision permanently repeals the deduction for personal exemptions.

Sec. 110004. Extension of increased child tax credit and temporary enhancement.

Current Law: Under current law, the child tax credit will return to pre-2017 levels after December 31, 2025. This means that the credit amount will drop from \$2,000 to \$1,000 per child, the child Social Security number (SSN) requirement will be eliminated, and fewer American families will qualify for the credit as the income phase-out levels return to much lower thresholds. Additionally, the \$500 nonrefundable credit for non-child dependents will expire after December 31, 2025.

Provision: This provision makes permanent the doubled child tax credit of \$2,000 per child, maintains the increased income phase-out thresholds, and maintains the nonrefundable, non-child dependent credit. Additionally, this provision permanently indexes the credit amount for inflation beginning after 2026 (rounded down to the nearest \$100) and leaves the refundable credit unchanged.

Furthermore, the requirement of the child's SSN for purposes of claiming the credit is maintained and expanded upon to require the taxpayer's SSN and, for joint filers, the spouse's SSN in order to claim the credit. The SSNs provided must be considered work-eligible in order to claim the credit.

Additionally, this provision increases the child tax credit to \$2,500 per child for tax years 2025 through 2028.

Finally, this provision allows for the election to treat income from a 501(d) organization as earned income for purposes of the CTC.

Sec. 110005. Extension of deduction for qualified business income and permanent enhancement.

Current Law: Under current law, an individual generally may deduct 20 percent of qualified business income from a partnership, S corporation, or sole proprietorship, as well as 20 percent

of certain real estate investment trust dividends and publicly traded partnership income. The deduction is limited to 20 percent of taxable income minus net capital gain.

Special rules apply to taxpayers with taxable income in excess of the “threshold amount,” which, for tax year 2025, is \$394,600 for married taxpayers filing jointly and \$197,300 for all other taxpayers. The threshold amount is indexed annually for inflation. For taxpayers with taxable income in excess of the threshold amount, the deduction for qualified business income is limited based on (1) the W-2 wages and capital investment of each relevant business (the “wage and investment limitation”), and (2) whether each relevant business is a specified service trade or business (the “SSTB limitation”). Both limitations phase in over a fixed range of taxable income (\$100,000 for married taxpayers filing jointly and \$50,000 for all other taxpayers). Due to the structure of these phase-ins, some taxpayers are subject to marginal tax rates close to 70 percent.

The deduction for qualified business income is set to expire for taxable years beginning after December 31, 2025.

Provision: This provision makes the deduction for qualified business income permanent. For taxable years beginning after December 31, 2025, this provision also increases the deduction percentage from 20 percent to 23 percent.

This provision also modifies the phase-in of the wage and investment limitation and the SSTB limitation. Under this provision, instead of phasing in over a fixed range of taxable income, these limitations phase in at a fixed rate. Specifically, for each dollar of taxable income over the threshold amount, a taxpayer’s deduction for qualified business income is reduced by 75 cents until both limitations are fully phased in. This change prevents taxpayers from being subject to marginal tax rates close to 70 percent.

Additionally, this provision modifies the calculation of the threshold amount by adding an additional year of inflation adjustment.

This provision also makes certain income of business development companies (as defined in the *Investment Company Act of 1940*) eligible for the qualified business income deduction.

Sec. 110006. Extension of increased estate and gift tax exemption amounts and permanent enhancement.

Current Law: Under current law, the increased estate and lifetime gift tax exemption amount is set to expire after December 31, 2025.

Provision: This provision permanently extends the estate and lifetime gift tax exemption, increases the exemption amount to \$15 million for single filers (\$30 million for married filing jointly) in 2026, and indexes the exemption amount for inflation going forward.

Sec. 110007. Extension of increased alternative minimum tax exemption and phase-out thresholds.

Current Law: Under current law, the increased individual alternative minimum tax exemption amounts and exemption phase-out thresholds are set to expire for taxable years beginning after December 31, 2025.

Provision: This provision permanently extends the increased individual alternative minimum tax exemption amounts and exemption phase-out thresholds.

Sec. 110008. Extension of limitation on deduction for qualified residence interest.

Current Law: Under current law, the deduction for qualified residence interest, also known as the home mortgage interest deduction, is set to increase from the first \$750,000 in home mortgage acquisition debt to \$1 million after December 31, 2025.

Provision: This provision permanently lowers the deduction for qualified residence interest to the first \$750,000 in home mortgage acquisition debt.

Sec. 110009. Extension of limitation on casualty loss deduction.

Current Law: Under current law, the itemized deduction for uncompensated personal casualty losses resulting from a fire, storm, shipwreck, other casualty, or theft is set to return after December 31, 2025.

Provision: This provision permanently allows for the itemized deduction for only personal casualty losses resulting from federally declared disasters.

Sec. 110010. Termination of miscellaneous itemized deduction.

Current Law: Under current law, individuals will be permitted to deduct certain miscellaneous itemized deductions in taxable years beginning after December 31, 2025.

Provision: This provision permanently eliminates miscellaneous itemized deductions.

Sec. 110011. Limitation on tax benefit of itemized deductions.

Current Law: Under current law, in tax years beginning after December 21, 2025 certain individual taxpayers will be subject to an overall limitation on itemized deductions known as the "Pease limitation." In 2026, the Pease limitation is expected to apply to taxpayers with adjusted gross income above the following thresholds: \$339,850 for single filers, \$373,850 for head of household filers, and \$407,850 for married joint filers. A taxpayer subject to the Pease limitation is generally required to reduce itemized deductions by three percent of the amount by which the taxpayer's adjusted gross income exceeds the applicable income threshold.

Additionally, the value of a taxpayer's itemized deductions depends on the taxpayer's marginal income tax rate. For instance, generally, for a taxpayer in the 37 percent individual income tax bracket, each dollar of itemized deductions has a value of \$0.37.

Provision: This provision permanently repeals the Pease limitation and replaces it with a new overall limitation on itemized deductions. This provision caps the value of each dollar of itemized deductions at \$0.35, in most cases, and applies only to taxpayers in the highest individual income tax bracket. This new limitation is effective for taxable years beginning after December 31, 2025.

Sec. 110012. Termination of qualified bicycle commuting reimbursement exclusion.

Current Law: Under current law, the \$20 per month qualified bicycle commuting reimbursement exclusion received by an employee from an employer is set to return for taxable years beginning after December 31, 2025.

Provision: This provision permanently eliminates the qualified bicycle commuting reimbursement exclusion.

Sec. 110013. Extension of limitation on exclusion and deduction for moving expenses.

Current Law: Under current law, both the exclusion for qualified moving expenses reimbursement and the deduction for moving expenses are set to return for taxable years beginning after December 31, 2025.

Provision: This provision permanently eliminates both the exclusion for qualified moving expenses reimbursement and the deduction for moving expenses, except for active-duty members of the Armed Forces.

Sec. 110014. Extension of limitation on wagering losses.

Current Law: Under current law, taxpayers can claim a deduction for wagering losses to the extent of wagering winnings. Other deductions connected to wagering may also be claimed regardless of wagering winnings.

Provision: This provision permanently requires that all deductions for expenses incurred in relation to wagering also be limited to the extent of wagering winnings.

Sec. 110015. Extension of increased limitation on contributions to ABLE accounts and permanent enhancement.

Current Law: Under current law, the additional contribution limit to Achieving a Better Life Experience (ABLE) accounts, which is equal to the lesser of (1) the applicable federal poverty level for a one-person household in the prior year, or (2) the beneficiary's compensation for the year, is set to expire on December 31, 2025.

Provision: This provision permanently allows the additional contributions to ABLE accounts. The provision also provides an additional year of inflation adjustment for the base amount of the limit.

Sec. 110016. Extension of savers credit allowed for ABLE contributions.

Current Law: Under current law, eligibility for the Saver's Credit for designated beneficiaries who make qualified contributions to their Achieving a Better Life Experience (ABLE) accounts is set to expire on December 31, 2025.

Provision: This provision permanently allows designated beneficiaries who make qualified contributions to their ABLE account to qualify for the Saver's Credit.

Sec. 110017. Extension of rollovers from qualified tuition programs to ABLE accounts permitted.

Current Law: Under current law, the ability to make tax-free rollovers of amounts from Section 529 qualified tuition programs to qualified Achieving a Better Life Experience (ABLE) programs is set to expire on December 31, 2025.

Provision: This provision permanently allows tax-free rollovers of amounts in Section 529 qualified tuition programs to qualified ABLE programs.

Sec. 110018. Extension of treatment of certain individuals performing services in the Sinai Peninsula and enhancement to include additional areas.

Current Law: Under current law, the Sinai Peninsula will no longer be considered a qualified hazardous duty area for tax purposes after December 31, 2025.

Provision: This provision permanently lists the Sinai Peninsula, in addition to Kenya, Mali, Burkina Faso, and Chad, as a qualified hazardous duty area for tax purposes.

Sec. 110019. Extension of exclusion from gross income of student loans discharged on account of death or disability.

Current Law: Under current law, any income resulting from the discharge of student debt on account of death or total disability of the student is excluded from taxable income. This treatment of discharge income due to death or disability is set to expire after December 31, 2025.

Provision: This provision permanently extends the exclusion from a taxpayer's income of any income resulting from the discharge of student debt on account of death or total disability of the student. This provision also adds Social Security number requirements for the taxpayer in order to be able to claim such exclusion.

Part 2 – Additional Tax Relief for American Families and Workers**Sec. 110101. No tax on tips.**

Current Law: Not applicable.

Provision: This provision creates an above-the-line deduction for qualified tips received by an individual in an occupation which traditionally and customarily receives tips during a given

taxable year. In order to be considered a qualified tip, the tip amount must be paid voluntarily, is not subject to negotiation, and is determined by the payor. The deduction is allowed for both employees receiving a W-2 and independent contractors receiving a 1099-K, 1099-NEC, or reported by the taxpayer on Form 4317. Qualified tips must be received voluntarily by an individual in an occupation that traditionally and customarily receives tips on or before December 31, 2024, as provided by the Secretary of the Treasury. Furthermore, qualified tips do not include any amount received in the course of a specified service trade or business as defined in Internal Revenue Code (IRC) section 199A(d)(2)). Additionally, highly compensated employees or workers with earned income exceeding the dollar amount in effect under IRC section 414(q)(1)(B)(i) are ineligible to receive the deduction. A work-eligible Social Security number is required in order to claim the deduction. The deduction is allowed from tax years 2025 through 2028.

FICA Tip Tax Credit

Current Law: Under current law, the Federal Insurance Contribution Act (FICA) tip tax credit is limited to cash tips received for providing, serving, or delivering food or beverages.

Provision: This provision expands the FICA tip tax credit for a portion of the employer-paid Social Security taxes for employee cash tips to include beauty service establishments. The credit applies to tips received in connection with providing beauty services to a customer or client if tipping employees who provide the service is customary. Beauty services include barbering and hair care, nail care, esthetics, and body and spa treatments.

Sec. 110102. No tax on overtime.

Current Law: Not applicable.

Provision: This provision creates an above-the-line deduction for overtime premium pay during a given taxable year. Qualified overtime compensation means overtime compensation paid to an individual required under Section 7 of the *Fair Labor Standards Act of 1938* that is in excess of the regular rate (as used in such section) at which such individual is employed. Additionally, taxpayers who are highly compensated employees or with earned income exceeding the dollar amount in effect under IRC section 414(q)(1)(B)(i) are ineligible to receive the deduction. A work-eligible Social Security number is required in order to claim the deduction. The deduction is allowed from tax years 2025 through 2028.

Sec. 110103. Enhanced deduction for seniors.

Current Law: Not applicable.

Provision: This provision provides a deduction for seniors (age 65 or older) of \$4,000 per eligible filer with a modified adjusted gross income that does not exceed \$75,000 for single filers (\$150,000 for married filing jointly). The senior deduction is available to both itemizers and non-itemizers. The deduction is allowed for tax years 2025 through 2028.

Sec. 110104. No tax on car loan interest.

Current Law: Not applicable.

Provision: This provision creates an above-the-line deduction of up to \$10,000 for qualified passenger vehicle loan interest during a given taxable year. The deduction phases out starting when the taxpayer's modified adjusted gross income exceeds \$100,000 (\$200,000 in the case of a joint return). For purposes of the deduction, an applicable passenger vehicle of which interest can be deducted is (1) manufactured primarily for use on public streets, roads, and highways; (2) which has at least two wheels; (3) which is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle; and (4) the final assembly of which occurs in the U.S. For the purposes of the deduction, an applicable passenger vehicle also includes all-terrain vehicles and recreational vehicles which the final assembly of which occurs in the U.S. The deduction is allowed from tax years 2025 through 2028.

Sec. 110105. Enhancement of employer-provided child care credit.

Current Law: Under current law, the employer-provided child care credit (section 45F) provides businesses a nonrefundable tax credit of up to \$150,000 per year on up to 25 percent of qualified child care expenses provided to employees. Therefore, an employer must spend at least \$600,000 on child care related expenses to receive the full credit. The credit has remained unchanged since its creation in 1986.

Provision: This provision permanently increases the employer-provided child care credit, creates a separate credit amount for qualified small businesses, and indexes the maximum credit amounts for inflation.

Specifically, this provision increases the maximum credit from \$150,000 to \$500,000 and the percentage of qualified child care expenses covered from 25 percent to 40 percent. Therefore, a business must spend at least \$1.25 million on child care related expenses to receive the full credit. Additionally, section 45F is further strengthened for small businesses by increasing the maximum credit to \$600,000 and the percent of qualified child care expenses covered to 50 percent. Therefore, a small business must spend at least \$1.2 million on child care related expenses to receive the full credit. An eligible small business is one that meets the gross receipts test under Internal Revenue Code section 448(c) for a five-year period.

Additionally, this provision allows for small businesses to pool their resources to provide child care to their employees and for businesses to use a third-party intermediary to facilitate child care services on their behalf.

Employer-Provided Child Care Tax Credit (Section 45F)		
Provision	Current Law	Provision
Maximum Credit	\$150,000	\$500,000
Maximum Credit (Small Businesses)	n/a	\$600,000
% of Expenses Covered	25%	40%
% of Expenses Covered (Small Businesses)	n/a	50%
Small Business Pooling	NO	YES
Intermediaries	NO	YES

Sec. 110106. Extension and enhancement of paid family and medical leave credit.

Current Law: Under current law, the paid family and medical leave (PFML) tax credit, created by the *Tax Cuts and Jobs Act*, provides businesses with a nonrefundable tax credit ranging from 12.5 percent to 25 percent of the wages paid to employees on leave.

For an employer to claim the credit they must (1) provide at least two weeks of PFML to all eligible employees annually, (2) have a written policy in effect, and (3) pay at least 50 percent of normal wages to employees during their leave. Employers can claim up to 12 weeks of paid leave benefits. An eligible employee is a full- or part-time employee that has (1) worked for the employer for at least one year and (2) earns no more than 60 percent of the “highly compensated employee” limit (\$96,000 in 2025).

The PFML credit is set to expire after December 31, 2025.

Provision: This provision makes permanent the PFML tax credit and makes three modifications. First, it expands the credit allowing employers to claim the credit for a portion of paid family leave (PFL) insurance premiums. PFL insurance is a newer offering that is primarily utilized by smaller businesses to offer paid leave benefits to their employees and is available in a growing number of states. Second, it makes the credit available in all states. Third, it lowers the minimum employee work requirement from 1-year to 6-months.

Sec. 110107. Enhancement of adoption credit.

Current Law: Under current law, for the 2024 tax year, the adoption tax credit is capped at \$16,810 for qualified adoption expenses when adopting an eligible child. The credit begins to phase out for adjusted gross incomes (AGIs) over \$252,150 and completely phases out at AGIs over \$292,150. Both the credit and AGI limits are indexed for inflation. The credit is nonrefundable; however, any unused credit can be carried forward for up to five years.

Provision: This provision makes the adoption tax credit partially refundable up to \$5,000 (indexed for inflation) beginning in tax years starting after December 31, 2024. The refundable portion of the credit cannot be carried forward.

Sec. 110108. Recognizing Indian tribal governments for purposes of determining whether a child has special needs for purposes of the adoption credit.

Current Law: Under current law, state governments are able to determine whether a child has “special needs” for purposes of the adoption tax credit. A child is considered to be special needs if they are difficult to place in a home (i.e. are older, have a disability or health condition, or are part of a sibling group). When a child is deemed special needs by a state government, the adoptive family becomes eligible for the full adoption tax credit.

Provision: This provision provides parity to Indian tribal governments, giving them the same ability as state governments to determine whether a child has special needs for the purposes of the adoption tax credit.

Sec. 110109. Tax credit for contributions of individuals to scholarship granting organizations.

Current Law: Not applicable.

Provision: This provision creates a new tax credit for individuals beginning in calendar year 2026 for charitable contributions to tax-exempt organizations that provide scholarships to elementary and secondary school students. Such students who benefit from the scholarships must be members of a household with incomes not greater 300 percent of the area median gross income and be eligible to enroll in a public elementary or secondary school. Under this provision, the tax credit program runs through calendar year 2029.

Sec. 110110. Additional elementary, secondary, and home school expenses treated as qualified higher education expenses for purposes of 529 accounts.

Current Law: Under current law, 529 savings plans are tax-advantaged accounts designed to fund education expenses, with federal law allowing tax-free withdrawals for the following qualified expenses: tuition (including up to \$10,000 annually for K-12 education), fees, books, supplies, equipment required for enrollment, room and board (for students enrolled at least half-time), computers, software, internet access, special needs services, and costs for registered apprenticeship programs.

Provision: This provision allows tax-exempt distributions from 529 savings plans to be used for additional educational expenses in connection with enrollment or attendance at an elementary, secondary, or home school, including:

- curriculum and curricular materials,
- books or other instructional materials,
- online educational materials,
- tutoring or educational classes outside the home,
- testing fees,
- fees for dual enrollment in an institution of higher education, and
- educational therapies for students with disabilities.

Sec. 110111. Certain postsecondary credentialing expenses treated as qualified higher education expenses for purposes of 529 accounts.

Current Law: Under current law, 529 savings plans are tax-advantaged accounts designed to fund education expenses, with federal law allowing tax-free withdrawals for the following qualified expenses: tuition (including up to \$10,000 annually for K-12 education), fees, books, supplies, equipment required for enrollment, room and board (for students enrolled at least half-time), computers, software, internet access, special needs services, and costs for registered apprenticeship programs.

Provision: This provision allows tax-exempt distributions from 529 savings plans to be used for additional qualified higher education expenses, including “qualified postsecondary credentialing expenses” in connection with “recognized postsecondary credential programs” and “recognized postsecondary credentials”.

Sec. 110112. Reinstatement of partial deduction for charitable contributions of individuals who do not elect to itemize.

Current Law: Under current law, only taxpayers who itemize are able to deduct their charitable contributions.

Provision: This provision creates a temporary deduction for non-itemizing taxpayers up to \$150 for single filers (\$300 for married filing jointly) for charitable cash contributions for tax years 2025 through 2028. The charitable contribution must be made to a qualified charity and cannot be made to Donor-Advised Funds or supporting organizations.

Sec. 110113. Exclusion for certain employer payments of student loans under educational assistance programs made permanent and adjusted for inflation.

Current Law: Under current law, the first \$5,250 of employer-provided educational assistance is excluded from an employee’s gross income. Employer-provided education assistance includes the payment, by an employer, of an employee’s educational expenses (including, but not limited to, tuition, fees, and similar payments, books, supplies, and equipment). This also includes an employee’s qualified student loan payments in the case of payments made before January 1, 2026.

Provision: This provision makes permanent the exclusion from gross income for qualified education loan payments under IRC section 127(c)(1)(B). This section also indexes for inflation the maximum exclusion from gross income for educational assistance programs under IRC section 127(a)(2).

Sec. 110114. Extension of rules for treatment of certain disaster-related personal casualty losses.

Current Law: Under current law, taxpayers may claim disaster-related personal casualty losses, without having to itemize, for disasters occurring through February 10, 2025.

Provision: This provision extends this tax treatment of disaster-related personal casualty losses through the date of enactment.

Sec. 110115. MAGA accounts.

Current Law: Not applicable.

Provision: This provision creates Money Accounts for Growth and Advancement (the “MAGA accounts”), a new kind of savings account designed to incentivizing education, entrepreneurship, and homeownership while promoting financial security. The accounts are administered by a bank or similar financial institution and the overall program is overseen by the Department of Treasury.

Starting January 1, 2026, parents of any child under the age of eight years old may open a MAGA account for their child. These accounts allowable for children born before January 1, 2024, are eligible to receive contributions from parents, relatives, and other taxable entities as well as non-profit and government entities facilitated by the Treasury Department. To be eligible to open an account, the child must be a U.S. citizen and at least one parent must provide their SSN. The SSN provided must be considered work-eligible in order to open an account. MAGA account funds must be invested in a diversified fund that tracks an established index of U.S. equities.

Contributions

Taxable entities may contribute up to \$5,000 annually of after-tax dollars to a MAGA account. The \$5,000 contribution limit is indexed for inflation.

Contributions provided to MAGA accounts from tax exempt entities, such as private foundations, are not subject to the \$5,000 annual limit. These contributions from unrelated third parties must be provided to all children within a qualified group (i.e. all children in a state, specific school district or educational institution, etc.). No additional contributions of any kind shall be made to MAGA accounts after the beneficiary has attained age 18.

Distributions

MAGA account holders may not take distributions until age 18. Account holders may access up to 50 percent of funds for higher education, training programs, small business loans, or first-time home purchases. At age 25, accountholders may withdraw any amount up to the full balance of the account for these limited purposes. At age 30, account holders have access to the full balance of the account for any purpose.

Distributions taken for qualified purposes are taxed as long-term capital gains, while distributions for any other purposes are taxed as ordinary income.

Sec. 110116. MAGA accounts contribution pilot program.

Current: Not applicable.

Provision: This provision builds off of the previous section and creates a newborn pilot program for MAGA accounts.

For U.S. citizens born between January 1, 2024, and December 31, 2028, the federal government will contribute \$1,000 per child into every eligible account. For newborns, MAGA accounts may be opened by parents or guardians. To be eligible to open an account and receive the \$1,000 contributions, the child must be a U.S. citizen and both parents must provide their Social Security numbers (SSNs). The SSNs provided must be considered work-eligible in order to claim the credit.

If the Secretary of Treasury determines that an eligible individual does not have an account opened for them by the first tax return where the child is claimed as a qualifying child, the Secretary shall establish an account on the child's behalf, taking into account, to the extent possible, the parents preferred custodian and investment fund. Parents will be provided the option to opt out of the account.

Part 3 – Investing in Health of American Families and Workers**Sec. 110201. Treatment of health reimbursement arrangements integrated with individual market coverage.**

Current Law: Under current law, employees with a health reimbursement arrangement (HRA) offered by their employer can use this tax-advantaged arrangement on certain medical expenses. Final regulations from 2019 expanded the use of HRAs, allowing employers to offer “Individual Coverage HRAs” which, in addition to existing medical expenses, can also now be used to purchase qualified health insurance on the individual market without violating group health plan requirements.

Provision: This provision codifies the final 2019 regulations permitting Individual Coverage HRAs and renames the policy as Custom Health Option and Individual Care Expense (CHOICE) arrangements.

Sec. 110202. Participants in CHOICE arrangement eligible for purchase of Exchange insurance under cafeteria plan.

Current Law: Generally, employers cannot reimburse employees for health plan premiums purchased through an Exchange if any of the premium could be paid through salary reduction. This rule makes it impossible for employers to offer an Individual Coverage HRA while also allowing the same employees to use a cafeteria arrangement to pay for the balance of the plan's premium.

Provision: This provision permits employees enrolled in a CHOICE arrangement to use a salary reduction to pay for health plan premiums purchased through an Exchange.

Sec. 110203. Employer credit for CHOICE arrangement.

Current Law: Not applicable.

Provision: This provision creates a two-year tax credit for small businesses with fewer than 50 employees offering coverage through CHOICE arrangements for the first time. The general business credit amount is \$100 per employee, per month in the first year and \$50 per employee, per month in the second year.

Sec. 110204. Individuals entitled to Part A of Medicare by reason of age allowed to contribute to health savings accounts.

Current Law: Individuals entitled to Medicare Part A are ineligible to contribute to a health savings account (HSA) even if they are still enrolled in a private high-deductible health plan (HDHP).

Provision: This provision allows working seniors who are eligible for Medicare Part A, but enrolled in an HDHP, to continue contributing to an HSA. The current guardrails that apply to individuals that are under 65 and are contributing to HSAs would continue to apply to this population, including a penalty on non-qualified medical expenses purchases.

Sec. 110205. Treatment of direct primary care service arrangements.

Current Law: The Internal Revenue Service (IRS) has indicated it views certain direct primary care (DPC) arrangements as a separate and additional form of health insurance coverage, therefore incompatible with HSAs which can only be offered alongside an HDHP.

Provision: This provision allows individuals with HDHPs to also enroll in DPC arrangements (and maintain their HSA) and allows HSA funds to be used to pay for DPC services. HSA distributions for DPC services cannot exceed \$150 per month for individuals or \$300 per month for family arrangements, adjusted annually for inflation.

Sec. 110206. Allowance of bronze and catastrophic plans in connection with health savings accounts.

Current Law: Under current law, some bronze and all catastrophic health insurance plans have maximum out-of-pocket costs that exceed IRS-defined limits for HDHPs disqualifying HSA compatibility.

Provision: This provision allows all bronze and catastrophic health insurance plans on the Exchange to be eligible plans for the purpose of making HSA contributions.

Sec. 110207. On-site employee clinics.

Current Law: Current law does not allow individuals to contribute to an HSA if they utilize certain discounted health services at a health clinic at their worksite because the IRS views such services as a significant medical benefit, therefore incompatible with HSAs.

Provision: This provision allows individuals who utilize discounted health care services at a health clinic at their worksite to contribute to an HSA.

Sec. 110208. Certain amounts paid for physical activity, fitness, and exercise treated as amounts paid for medical care.

Current Law: Sports and fitness expenses, such as fitness facility membership fees, are not treated as HSA qualified medical expenses.

Provision: This provision allows individuals to use their HSA for physical fitness memberships and instructional physical activity up to \$500 per year for an individual and \$1,000 per year for a family with up to one-twelfth of such expenses allowed per month.

Sec. 110209. Allow both spouses to make catch-up contributions to the same health savings account.

Current Law: Under current law, if both spouses are HSA-eligible and age 55 or older, they must open separate HSA accounts to make their respective “catch-up” contributions (an extra \$1,000 annually).

Provision: This provision would allow both spouses to deposit their catch-up contributions into one account.

Sec. 110210. FSA and HRA terminations or conversions to fund HSAs.

Current Law: Under current law, individuals cannot transfer flexible spending arrangement (FSA) or health reimbursement arrangement (HRA) balances into an HSA.

Provision: This section allows employees, at the employer’s discretion, to convert FSA and HRA balances into an HSA contribution upon enrolling in an HDHP-HSA. The conversion amount is capped at the annual FSA contribution limit (\$3,300 in 2025).

Sec. 110211. Special rule for certain medical expenses incurred before establishment of health savings account.

Current Law: Under current law, HSA funds can only be used for the purchase of a qualified medical expense (QME) after the HSA is established.

Provision: This provision would allow medical services incurred within 60 days before the establishment of an account to be eligible QMEs.

Sec. 110212. Contributions permitted if spouse has health flexible spending arrangement.

Current Law: Under current law, individuals are not eligible for an HSA if their spouse is enrolled in a flexible spending arrangement (FSA).

Provision: This provision would allow individuals to be eligible for an HSA even if the individual's spouse is enrolled in an FSA.

Sec. 110213. Increase in health savings account contribution limitation for certain individuals.

Current Law: Under current law, statutory HSA contribution limits are indexed every year for inflation. In 2025, annual HSA contribution limits are \$4,300 for self-only coverage and \$8,550 for family coverage.

Provision: This provision allows individuals who make less than \$75,000 annually (or \$150,000 in the case of families) to contribute an additional \$4,300 (or \$8,550 in the case of families) each year to their HSA, indexed for inflation. Such additional amounts are phased out for individuals making \$100,000 annually (or \$200,000 for families).

Sec. 110214. Regulations.

Current Law: Not applicable.

Provision: This provision allows the Secretaries of the Treasury and Health and Human Services to prescribe rules and guidance as appropriate to enact the policies in this Part.

Subtitle B – Make Rural America and Main Street Grow Again**Part 1 – Extension of Tax Cuts and Jobs Act Reforms for Rural America and Main Street****Sec. 111001. Extension of special depreciation allowance for certain property.**

Current Law: Under current law, taxpayers are generally required to deduct the cost of property used in a trade or business over a period of time. However, in the case of certain “qualified property” (including most equipment and machinery), a taxpayer is permitted to deduct a percentage of the cost in the first year that the property is placed in service (“immediate expensing”). For qualified property placed in service in 2025, a taxpayer is generally permitted to immediately expense 40 percent of the cost. For qualified property placed in service in 2026, a taxpayer is generally permitted to immediately expense 20 percent of the cost.

Provision: This provision allows taxpayers to immediately expense 100 percent of the cost of qualified property acquired on or after January 20, 2025, and before January 1, 2030.

Sec. 111002. Deduction of domestic research and experimental expenditures.

Current Law: Under current law, taxpayers are required to deduct research or experimental expenditures over a five-year period. Research or experimental expenditures that are attributable to research conducted outside the U.S. are required to be deducted over a 15-year period.

Provision: This provision allows taxpayers to immediately deduct domestic research or experimental expenditures paid or incurred in taxable years beginning after December 31, 2024, and before January 1, 2030.

This provision includes rules to coordinate the immediate deductibility of domestic research or experimental expenditures with the research credit, rules clarifying the treatment of foreign research or experimental expenditures, and other coordinating changes.

Sec. 111003. Modified calculation of adjusted taxable income for purposes of business interest deduction.

Current Law: Under current law, the deduction for business interest expense for a taxable year is generally limited to the sum of (1) the taxpayer's business interest income for the taxable year, (2) 30 percent of the taxpayer's "adjusted taxable income" for the taxable year, and (3) the taxpayer's "floor plan financing interest" for the taxable year. "Adjusted taxable income" corresponds with the financial accounting concept of earnings before interest and taxes (EBIT).

"Floor plan financing interest" refers to interest paid or accrued on indebtedness used to finance the acquisition of motor vehicles held for sale or lease to retail customers and secured by the inventory so acquired. A "motor vehicle" means a motor vehicle that is: (1) any self-propelled vehicle designed for transporting person or property on a public street, highway, or road; (2) a boat; or (3) farm machinery or equipment.

Provision: This provision increases the cap on the deductibility of business interest expense for taxable years beginning after December 31, 2024, and before January 1, 2030. Specifically, it provides that "adjusted taxable income" is computed without taking into account deductions for depreciation, amortization, or depletion. As a result, "adjusted taxable income" corresponds with the financial accounting concept of earnings before interest, taxes, depreciation, and amortization (EBITDA).

This provision also permanently modifies the definition of "motor vehicle" to include certain trailers and campers designed to be towed by or affixed to a motor vehicle. This change allows interest on floor plan financing for such trailers and campers to be deducted.

Sec. 111004. Extension of deduction for foreign-derived intangible income and global intangible low-taxed income.

Current Law: Under current law, a U.S. corporation is allowed a deduction of 37.5 percent for its foreign-derived intangible income and a 50 percent deduction for its inclusions with respect to global intangible low-taxed income. These deductions will be reduced to 21.875 percent and 37.5 percent, respectively, for taxable years beginning after December 31, 2025.

Provision: This provision permanently increases the deduction amount for foreign-derived intangible income from 21.875 percent to 37.5 percent and increases the deduction for global

intangible low-taxed income from 37.5 percent to 50 percent for taxable years beginning after December 31, 2025.

Sec. 111005. Extension of base erosion minimum tax amount.

Current Law: Under current law, the base erosion anti-abuse tax imposes a 10 percent minimum tax on corporations with annual gross receipts in excess of \$500 million and base erosion payments above a certain threshold. For taxable years beginning after December 31, 2025, the 10 percent rate will increase to 12.5 percent and credits computing the tax will no longer be allowed.

Provision: This provision permanently reduces the rate from 12.5 percent to 10 percent beginning January 1, 2026. The provision also permanently retains the current treatment of tax credits for taxable years beginning after December 31, 2025.

Part 2 – Additional Tax Relief for Rural America and Main Street

Sec. 111101. Special depreciation allowance for qualified production property.

Current Law: Under current law, taxpayers are generally required to deduct the cost of nonresidential real property over a 39-year period.

Provision: This provision allows taxpayers to immediately deduct 100 percent of the cost of certain new factories, certain improvements to existing factories, and certain other structures.

Specifically, this provision allows taxpayers to deduct 100 percent of the adjusted basis of qualified production property in the year such property is placed in service. “Qualified production property” is defined as the portion of any nonresidential real property that meets the following requirements (among others):

1. The property must be used by the taxpayer as an integral part of a qualified production activity;
2. The property must be placed in service in the U.S. or a U.S. territory;
3. The original use of the property must begin with the taxpayer;
4. The construction of the property must begin after December 31, 2024, and before January 1, 2030;
5. The property must be placed in service before January 1, 2034; and
6. The taxpayer must have elected to claim an immediate deduction with respect to such portion of the property.

A “qualified production activity” generally means the manufacturing, production, or refining of tangible personal property. An activity generally does not count as a qualified production activity unless it results in a substantial transformation of the property comprising a product. The term “production” is limited to agricultural production and chemical production.

Some of the requirements described above are relaxed in the case of a taxpayer that acquires a property that was not used for productive activities during the period between January 1, 2021, and May 12, 2025. This special rule could apply, for instance, to a taxpayer that acquires and rehabilitates a factory that was abandoned in 2020.

Any portion of a property that is used for offices, administrative services, lodging, parking, sales activities, research activities, software engineering activities, or certain other functions is ineligible for this benefit.

Recapture rules apply in certain cases where, during the 10-year period after qualified production property is placed in service, the use of the property changes.

Sec. 111102. Renewal and enhancement of opportunity zones.

Current Law: Under current law, opportunity zones (OZs) exist as a temporary policy that have been used as an economic development tool to revitalize distressed communities across the country. Created in the *Tax Cuts and Jobs Act*, OZs are census tracts that meet the definition of “low-income community” and that were nominated by state governors and certified by the U.S. Department of Treasury as eligible areas for qualified investments to be made in exchange for certain tax benefits. The program was created as temporary policy, existing over a 10-year window as an initial “round” of OZ development.

Definitions

Low-Income Community (LIC): A census tract that has a poverty rate of at least 20 percent or a median family income that does not exceed 80 percent of the area median income.

Qualified Opportunity Fund (QOF): An investment vehicle with the specific purpose of investing in OZs. All qualifying investments must be made through QOFs in order to be eligible for the tax benefits.

Designation

In each state, governors were able to nominate up to 25 percent of eligible tracts as OZs. If a state had less than 100 eligible tracts, then up to 25 eligible tracts were allowed to be designated. Additionally, under certain circumstances, a contiguous tract that is not a LIC was able to be designated along with the LIC that was designated as an OZ.

Tax Benefits

The OZ program operates over a 10-year window and provides investors with three tax benefits for investing their unrealized capital gains into eligible distressed communities:

1. A temporary deferral on taxes for capital gains rolled over from a non-OZ investment into a QOF to be invested into an OZ. The taxes are not realized until 2026 or when the asset is sold/disposed of, whichever comes first.

2. A step-up in basis on their previously earned capital gains that were invested in a QOF. Investments held for five years receive a 10 percent step-up in basis and investments held for seven years receive an additional five percent step-up in basis (for a total 15 percent).
3. For investments held for at least 10 years, taxpayers receive a permanent exclusion of taxable income on the gains resulting from the original investment.

The initial OZ round is set to expire after December 31, 2026.

Provision: This provision creates a second round of OZs, making adjustments and improvements to the previous policy. Specifically, the definition of “low-income community” is narrowed to census tracts that have a poverty rate of at least 20 percent or a median family income that does not exceed 70 percent of the area median income. Additionally, a guardrail is added to ensure that the term “low-income community” does not include any census tract where the median family income is 125 percent or greater of the area median family income.

This provision maintains the OZ designation process from the *Tax Cuts and Jobs Act* and adds that at least 33 percent of designated OZs must be comprised entirely of a rural area. In the case that there are fewer than 33 percent of rural qualified OZs, all eligible rural areas must be designated. A rural area is defined in the *Consolidated Farm and Rural Development Act*. Additionally, this provision makes contiguous tracts ineligible for OZ designation.

Furthermore, this provision simplifies the investment incentives and creates “rural qualified opportunity funds” (RQOFs). Investments made in a QOF receive a single step-up in basis of 10 percent when held for at least five years. In rural areas, investments must be made into a RQOF and will receive a 30 percent step-up in basis when held for at least five years. Additionally, taxpayers may choose to invest up to \$10,000 of post-tax ordinary income into a QOF or RQOF, and a special rule is created that lowers the “substantial improvement” threshold of existing structures from 100 percent to 50 percent in rural areas.

Lastly, this provision adds reporting requirements for the OZ program.

This second round of OZs will begin on January 1, 2027, and end on December 31, 2033.

Sec. 111103. Increased dollar limitations for expensing of certain depreciable business assets.

Current Law: Under current law (IRC section 179) a taxpayer may elect to expense the cost of qualifying property, rather than to recover such costs through tax depreciation deductions, subject to limitation. Under current law, the maximum amount a taxpayer may expense is \$1 million of the cost of qualifying property placed in service for the taxable year. The \$1 million amount is reduced by the amount by which the cost of such property placed in service during the taxable year exceeds \$2.5 million. The \$1 million and \$2.5 million amounts are adjusted for inflation for taxable years beginning after 2018, and are \$1.25 million and \$3.13 million in 2025, respectively. In general, qualifying property is defined as depreciable tangible personal property,

off-the-shelf computer software, and qualified real property that is purchased for use in the active conduct of a trade or business.

Provision: This provision increases the maximum amount a taxpayer may expense under IRC section 179 to \$2.5 million, reduced by the amount by which the cost of qualifying property exceeds \$4 million. The \$2.5 million and \$4 million amounts are adjusted for inflation for taxable years beginning after 2025. The proposal applies to property placed in service in taxable years beginning after December 31, 2024.

Sec. 111104. Repeal of revision to de minimis rules for third party network transactions.

Current Law: Under current law, third-party settlement organizations issue Form 1099-K to participating payees receiving gross payments exceeding \$600 for goods or services, regardless of the number of transactions. A third-party settlement organization is the central organization that has the contractual obligation to make payments to participating payees (generally, a merchant or business) in a third-party payment network. The change in reporting thresholds was supposed to take effect following the *American Rescue Plan of 2021* (ARPA). However, due to delays in implementation, for the 2024 tax year, third-party settlement organizations must issue a Form 1099-K for payees receiving gross payments exceeding \$5,000 for goods or services, regardless of the number of transactions. This threshold decreases to \$2,500 for 2025 and is set to drop to \$600 for 2026 and beyond, as originally mandated by ARPA, though the IRS has repeatedly delayed full implementation.

Provision: This provision modifies requirements for third-party settlement organizations to eliminate their reporting requirement with respect to the transactions of their participating payees unless they have earned more than \$20,000 on more than 200 separate transactions in an applicable tax period. This reverses the ARPA provision that lowered the reporting threshold to \$600 with no minimum on the number of transactions.

Sec. 111105. Increase in threshold for requiring information reporting with respect to certain payees.

Current Law: Under current law, the reporting threshold for payments by a business for services performed by an independent contractor or subcontractor and for certain other payments is generally \$600. In some cases, the reporting threshold is based on payments made during the taxable year.

Provision: This provision generally increases the threshold to \$2,000 and adjusts it for inflation for taxable year beginning after December 31, 2024. The new threshold is based on payments during the calendar year. This provision applies to payments made after December 31, 2024.

Sec. 111106. Repeal of excise tax on indoor tanning services.

Current Law: Under current law, there is a 10 percent excise tax on amounts paid for indoor tanning services. Indoor tanning services include any services employing any electronic product designed to incorporate one or more ultraviolet lamps, intended for irradiation of an individual by ultraviolet radiation (wavelengths between 200 and 400 nanometers) to induce skin tanning.

Provision: This provision repeals the excise tax on indoor tanning services effective on the date of enactment.

Sec. 111107. Exclusion of interest on loans secured by rural or agricultural real property.

Current Law: Not applicable.

Provision: This provision allows for a partial exclusion of interest on certain loans secured by rural or agricultural real estate. Specifically, it allows for the exclusion of 25 percent of interest received by a qualified lender on any qualified real estate loan.

A “qualified lender” means (1) any bank or savings association the deposits of which are insured under the *Federal Deposit Insurance Act*, (2) any state- or federally-regulated insurance company, (3) certain U.S. bank subsidiaries, (4) certain U.S. insurance subsidiaries, and (5) with respect to certain loans, any federally chartered instrumentality of the U.S. established under Section 8.1(a) of the *Farm Credit Act of 1971*.

A “qualified real estate loan” means any loan that meets the following requirements: (1) the loan is secured by rural or agricultural real estate, or by a leasehold mortgage (with a status as a lien) on rural or agricultural real estate, (2) the loan is not made to certain foreign entities of concern, and (3) the loan is made after the date of enactment and before January 1, 2029.

“Rural or agricultural real estate” means (1) any real property which is substantially used for the production of one or more agricultural products, (2) any real property which is substantially used in the trade or business of fishing or seafood processing, or (3) certain aquaculture facilities. This term does not include any property not located in the U.S. or a U.S. territory.

Sec. 111108. Treatment of certain qualified sound recording productions.

Current Law: Under current law, under IRC section 168(k), taxpayers are generally permitted to expense a percentage of qualified property in the taxable year that the property is placed in service. Additionally, under IRC section 181, taxpayers are permitted to expense the certain costs of film, television, and live theatrical productions in the taxable year such costs are incurred, in the case of productions commencing before January 1, 2026.

Provision: This provision will increase taxpayers’ ability to expense certain costs of producing sound recordings. Specifically, it would make qualified sound recording productions placed in service before January 1, 2029, eligible for expensing under IRC section 168(k). It would also allow taxpayers to expense up to \$150,000 (per taxable year) of costs of qualified sound recording productions under IRC section 181. A “qualified sound recording production” is a sound recording produced and recorded in the U.S.

Sec. 111109. Modifications to low-income housing credit.

Current Law: Under current law, to receive the Low-Income Housing Tax Credit (LIHTC), a building must either receive a credit allocation from the state housing finance authority or be

bond-financed. For the credit, Congress sets the per capita allocation amount on a yearly basis. For 2023, each state received a \$2.75 per capita allocation. For projects that are bond-financed, at least 50 percent of the aggregate basis of the building and land must be financed with bonds that are subject to a state's private activity bond volume cap. Additionally, projects can receive a basis boost if they are in "Difficult Development Areas" (DDAs). Generally, DDAs are areas with poverty rates of 25 percent or more or where 50 percent of households have incomes below 60 percent of the area median income.

Provision: This provision makes three changes to the LIHTC program. First, for calendar years 2026 through 2029, the "9% LIHTC" is restored to its 2021 level with a 12.5 percent allocation increase. Second, for the "4% LIHTC", this provision lowers the bond-financing threshold to 25 percent for projects financed by bonds with an issue date before 2030. Last, this provision designates Indian and rural areas as DDAs.

Sec. 111110. Increased gross receipts threshold for small manufacturing businesses.

Current Law: Under current law, in general, taxpayers with average annual gross receipts below \$25 million (over the prior three taxable years) are permitted to use the cash method of accounting, are exempt from the cap on business interest deductibility, are exempt from the requirement to account for inventories, and are exempt from certain capitalization rules. The \$25 million threshold is indexed for inflation and, in 2025, is \$31 million.

Provision: This provision increases the gross receipts threshold described above for manufacturing taxpayers from \$25 million to \$80 million. This change applies to taxable years beginning after December 31, 2025. The \$80 million threshold is indexed for inflation and, in 2026, will be approximately \$100 million.

To qualify as a "manufacturing taxpayer" a business generally must derive substantially all of its gross receipts (over the prior three taxable years) from the lease, rental, license, sale, exchange, or other disposition of tangible personal property produced or manufactured by the business.

Sec. 111111. Global intangible low-taxed income determined without regard to certain income derived from services performed in the Virgin Islands.

Current Law: The global intangible low tax income of U.S. shareholders is included in the income of U.S. persons in the years it is earned. That is the income in excess of a 10 percent deemed income return on qualified businesses assets. Corporations are then allowed a 50 percent "GILTI" deduction so that active income earned offshore is subject to a minimum rate of tax between 10.5 percent and 13.125 percent. A corporation that is organized in a territory is generally treated as a foreign corporation for federal tax purposes.

Provision: This provision would exempt certain income earned in the U.S. Virgin Islands from being considered tested income for the purposes of certain individuals GILTI calculations.

Sec. 111112. Extension and modification of clean fuel production credit.

Current Law: Under current law, taxpayers may claim a credit for the production of transportation fuel, including aviation fuel, to the extent it meets certain greenhouse gas emission standards. The value of the credit is an applicable amount per gallon multiplied by an emissions factor. The applicable amounts are \$0.20 per gallon for transportation fuel that is not sustainable aviation fuel (nonaviation fuel) and \$0.35 per gallon for sustainable aviation fuel, multiplied by five if the taxpayer meets prevailing wage and apprenticeship requirements or exceptions. This credit applies for fuel sold before January 1, 2028.

Provision: This provision makes certain modifications to the clean fuel production credit. The provision requires the credit is only available to fuel produced from feedstocks produced or grown in the U.S. The provision excludes indirect land use changes for the purposes of lifecycle greenhouse gas emissions. This provision extends the credit through December 31, 2031. It requires the Secretary of the Treasury to establish distinct emission rates for specific manure feedstocks. The provision eliminates transferability for fuel produced after December 31, 2027. The provision eliminates transferability for fuel produced after December 31, 2027.

This provision restricts access to the credit for certain prohibited foreign entities. Specifically:

1. No credit is allowed for taxable years beginning after enactment if the taxpayer is a specified foreign entity.
2. No credit is allowed for taxable years that begin two years after enactment for a foreign-influenced entity

Part 3 – Investing in the Health of Rural America and Main Street

Sec. 111201. Expanding the definition of rural emergency hospital under the Medicare program.

Current Law: Under current law, only certain hospitals that were enrolled in Medicare as of December 27, 2020, are eligible to convert to the Rural Emergency Hospital (REH) designation.

Provision: This provision establishes a “look-back” from January 1, 2014, to December 26, 2020, such that qualifying rural hospitals open during that time, but have since closed, may reopen under the REH designation. Such hospitals that are located less than 35 miles from the nearest hospital, Critical Access Hospital (CAH), or REH are not eligible for the five percent increase on outpatient payments. Such facilities that are located less than 10 miles from the nearest hospital, CAH, or REH are not eligible for the REH facility fee.

Subtitle C – Make America Win Again

Part 1 – Working Families Over Elites

Sec. 112001. Termination of previously-owned clean vehicle credit.

Current Law: Under current law, taxpayers may claim a tax credit for previously-owned clean vehicles. The credit is worth the lesser of \$4,000 or 30 percent of the sale price and is limited to

incomes of \$75,000 for single filers, \$112,500 for head of household filers, and \$150,000 for joint filers. The credit is set to expire December 31, 2032.

Provision: This provision accelerates the expiration to December 31, 2025.

Sec. 112002. Termination of clean vehicle credit.

Current Law: Under current law, taxpayers may claim a tax credit of up to \$7,500 for clean new vehicles placed in service in a given taxable year. The maximum credit is comprised of two equal parts: the first \$3,750 credit value is determined based on the critical mineral sourcing of the vehicle's battery and the second \$3,750 credit value is determined based on the sourcing of the battery components. The credit is limited to incomes of \$150,000 for single filers, \$225,000 for head of household filers, and \$300,000 for joint filers. The credit is available to vans with a Manufacturer's Suggested Retail Price (MSRP) of \$80,000, SUVs with a MSRP of \$80,000, pickup trucks with a MSRP of \$80,000, and other vehicles with a MSRP of \$55,000. The credit is set to expire December 31, 2032.

Provision: This provision accelerates the expiration to December 31, 2025. This provision also implements a special rule for taxable year 2026 that only allows vehicles produced by manufacturers that have not sold 200,000 new clean vehicles as of December 31, 2025, to qualify for the credit.

Sec. 112003. Termination of qualified commercial clean vehicles credit.

Current Law: Under current law, taxpayers may claim a tax credit for commercial clean vehicles placed in service in a taxable year. For vehicles weighing less than 14,000 pounds the credit value is \$7,500 and for other vehicles the credit value is \$40,000. The credit is set to expire December 31, 2032.

Provision: This provision accelerates the expiration to December 31, 2025. This provision also implements a special rule allowing vehicles acquired pursuant to a written binding contract entered into before May 12, 2025 to qualify for the credit.

Sec. 112004. Termination of alternative fuel vehicle refueling property credit.

Current Law: Under current law, taxpayers may claim a tax credit for advanced refueling property placed in service in a given taxable year. The credit value is 30 percent of the cost of the property not exceeding \$100,000. The credit expires December 31, 2032.

Provision: This provision accelerates the expiration to December 31, 2025.

Sec. 112005. Termination of energy efficient home improvement credit.

Current Law: Under current law, taxpayers may claim a tax credit for household energy efficient improvements. The value of the credit is 30 percent of qualified energy efficient improvements, residential energy property, or home energy audits not exceeding \$1,200 annually (\$2,000 if for heat pumps and biomass stoves). The credit expires December 31, 2032.

Provision: This provision accelerates the expiration to December 31, 2025.

Sec. 112006. Termination of residential clean energy credit.

Current Law: Under current law, taxpayers may claim a credit for residential expenditures for solar electric property, solar water heating property, fuel cell property, small wind energy property, geothermal heat pump property, and battery storage property. The value of the credit is 30 percent of the expenditures through December 31, 2032, 26 percent of expenditures in taxable year 2033, and 22 percent expenditures in taxable year 2034.

Provision: This provision accelerates the expiration to December 31, 2025.

Sec. 112007. Termination of new energy efficient home credit.

Current Law: Under current law, contractors may claim a credit for homes built that meet certain Energy Star standards. Homes that are considered Zero Energy Ready are eligible for a \$5,000 credit and homes certified at a lower energy efficient level are eligible for a credit of either \$2,500 or \$1,000. The credit expires December 31, 2032.

Provision: This provision accelerates the expiration to December 31, 2025. This provision includes a special rule allowing homes that have commenced construction before May 12, 2025 to qualify for the credit if they are acquired by December 31, 2026.

Sec. 112008. Phase-out and restrictions on clean electricity production credit.

Current Law: Under current law, taxpayers may claim a credit for electricity produced and sold by a qualifying facility. For the purposes of this section, a “qualified facility” is one that is determined to have greenhouse gas emissions less than zero. The value of the credit is 0.3 cents per kilowatt-hour (kWh) generally or 1.5 cents per kWh if a taxpayer meets prevailing wage and apprenticeship requirements or exceptions in constructing, repairing, or altering the qualified facility. The credit applies for 10 years after a qualified facility is placed in service. To the extent a taxpayer does not have the tax liability to absorb a credit, the credits are eligible to be transferred to an unrelated taxpayer. This credit currently has no expiration.

Provision: This provision phases out the clean electricity production credit. There is a 20 percent credit reduction for facilities placed in service in calendar year 2029, a 40 percent reduction for facilities placed in service in calendar year 2030, a 60 percent reduction for facilities placed in service in calendar year 2031 and zero credit available after December 31, 2031. Transferability is repealed for facilities where construction begins two years after the date of enactment of this bill.

This provision restricts access to the credit for certain prohibited foreign entities. Specifically:

1. No credit is allowed for a facility that commences construction a year after enactment of this bill that includes any material assistance from a prohibited foreign entity;

2. No credit is allowed for taxable years beginning after enactment if the taxpayer is a specified foreign entity;
3. No credit is allowed for tax years that begin two years after the date of enactment for foreign influence entities or if the taxpayer makes fixed, determinable, annual, or periodic (FDAP) amount payments to a prohibited foreign entity that are more than five percent of total expenditures related to the credit generating activity or 15 percent in aggregate.

This provision also includes the definitions of several terms related to prohibited foreign entities:

Specified Foreign Entity: Foreign entities of concern as described in the *William M. (Mac) Thornberry National Defense Authorization Act of FY 2021*, Chinese Military companies operating in the U.S., any entity on a list required by the strategy to enforce prohibition on imported goods made through forced labor in the Xinjiang Uyghur autonomous region, an entity listed as ineligible for Department of Defense battery acquisition in the *National Defense Authorization Act of FY 2024*, or a foreign-controlled entity.

Foreign-Controlled Entity: The government of a covered nation (the Democratic People's Republic of North Korea; the People's Republic of China; the Russian Federation; and the Islamic Republic of Iran), a person who is a citizen, national or resident of a covered nation provided the person is not a U.S. citizen or lawful permanent resident, an entity or qualified business unit incorporated or organized under the laws of or having its principal place of business in a covered nation, or an entity controlled by any of the listed foreign controlled entities.

Foreign-Influenced Entity: An entity which during the taxable year—a specified foreign entity has the direct or indirect authority to appoint a covered officer, a single foreign entity owns at least 10 percent of such entity, one or more specified foreign entities own in the aggregate at least 25 percent of such entity, at least 25 percent of the debt of such entity is held in the aggregate by one or more specified foreign entities, the entity knowingly makes FDAP payments to a specified foreign entity an amount equal to 10 percent of the annual gross receipts of the entity for the previous taxable year, or makes aggregate FDAP payments to one or more specified foreign entities of at least 25 percent of the annual FDAP payments of the entity for such previous tax year.

Material Assistance from a Prohibited Foreign Entity: Any component, subcomponent, or critical mineral included in such property is extracted, processed, recycled, manufactured, or assembled but a prohibited foreign entity, or any design of such property was based on any copyright or patent held by a prohibited foreign entity or any know-how or trade secret provided by a prohibited foreign entity. Not including assembly parts or constituent materials that are not uniquely designed for the use in construction of a facility and not exclusively or predominantly produced by prohibited foreign entities.

Sec. 112009. Phase-out and restrictions on clean electricity investment credit.

Current Law: Under current law, there is a credit for qualified investment in an electricity facility or energy storage technology. For the purposes of this section, a “qualified facility” is one that is determined to have greenhouse gas emissions less than zero. The value of the credit generally is six percent of qualified investment increased to 30 percent if a taxpayer meets prevailing wage and apprenticeship requirements or exceptions. To the extent a taxpayer does not have the tax liability to absorb a credit the credits are eligible to be transferred to an unrelated taxpayer. This credit currently has no expiration.

Provision: This provision phases out the clean electricity investment credit. There is a 20 percent credit reduction for facilities placed in service in calendar year 2029, a 40 percent reduction for facilities placed in service in calendar year 2030, a 60 percent reduction for facilities placed in service in calendar year 2031, and zero credit available after December 31, 2031. Transferability is repealed for facilities which construction begins two years after the date of enactment of this bill. This provision restricts access to the credit for certain prohibited foreign entities.

This provision restricts access to the credit for certain prohibited foreign entities. Specifically:

1. No credit is allowed for a facility that commences construction a year after enactment of this bill that includes any material assistance from a prohibited foreign entity;
2. No credit is allowed for taxable years beginning after enactment if the taxpayer is a specified foreign entity;
3. No credit is allowed for tax years that begin two years after the date of enactment for foreign influence entities or if the taxpayer makes fixed, determinable, annual, or periodic (FDAP) amount payments to a prohibited foreign entity that are more than five percent of total expenditures related to the credit generating activity or 15 percent in aggregate.

Sec. 112010. Repeal of transferability of clean fuel production credit.

Current Law: To the extent a taxpayer does not have the tax liability to absorb a credit the clean fuel production credits are eligible to be transferred to an unrelated taxpayer.

Provision: The provision eliminates transferability for fuel produced after December 31, 2027.

Sec. 112011. Restrictions on carbon oxide sequestration credit.

Current Law: Under current law, taxpayers may claim a credit available per metric ton of qualified carbon oxide captured and disposed of or used by a taxpayer. In a given tax year beginning after December 31, 2016 and before January 1, 2027, the value of the credit is \$17 per metric ton if the carbon oxide is utilized as a tertiary injectant and disposed of in secure geological storage, and \$12 per metric ton if the taxpayer utilizes the carbon oxide by fixing it through photosynthesis or chemosynthesis, chemically converting it to securely store it, or for another purpose for which a commercial market exists and for the 12-year period after the equipment is placed in service.

For direct air capture facilities placed in service after December 31, 2022, the value is \$36 per metric ton if the carbon oxide is utilized as a tertiary injectant and disposed of in secure geological storage, and \$26 per metric ton if the taxpayer utilizes the carbon oxide by fixing it through photosynthesis or chemosynthesis, chemically converting it to securely store it, or for another purpose for which a commercial market exists. The credit amounts are indexed for inflation beginning after December 31, 2026. To the extent a taxpayer does not have the tax liability to absorb a credit, the credits are eligible to be transferred to an unrelated taxpayer. The credit currently applies to qualified facilities that commence construction before January 1, 2033.

Provision: This provision repeals transferability for carbon capture equipment where construction begins two years after the date of enactment of this bill.

This provision restricts access to the credit for certain prohibited foreign entities. Specifically:

1. No credit is allowed for taxable years beginning after enactment if the taxpayer is a specified foreign entity.
2. No credit is allowed for tax years that begin two years after date of enactment for a foreign-influenced entity.

Sec. 112012. Phase-out and restrictions on zero-emission nuclear power production credit.

Current Law: Under current law, there is a credit available for electricity produced by existing nuclear power plants. The value of the credit is 0.3 cents per kilowatt-hour (kWh) generally or 1.5 cents per kWh if a taxpayer meets prevailing wage and apprenticeship requirements or exceptions in constructing, repairing, or altering the qualified facility. The credit gradually reduces as power prices rise above a \$25 per megawatt hour (MWh) index. To the extent a taxpayer does not have the tax liability to absorb a credit, the credits are eligible to be transferred to an unrelated taxpayer. The credit expires December 31, 2032.

Provision: This provision phases out the zero-emission nuclear power production credit. There is a 20 percent credit reduction for electricity produced in calendar year 2029, a 40 percent reduction for electricity produced in calendar year 2030, a 60 percent reduction for electricity produced in calendar year 2031 and no credit available after December 31, 2031. The provision eliminates transferability for fuel produced after December 31, 2027.

This provision restricts access to the credit for certain prohibited foreign entities. Specifically:

1. No credit is allowed for taxable years beginning after enactment if the taxpayer is a specified foreign entity.
2. No credit is allowed for tax years that begin two years after date of enactment for a foreign-influenced entity.

Sec. 112013. Termination of clean hydrogen production credit.

Current Law: Under current law, taxpayers may claim a credit per kilogram of qualified clean hydrogen produced for sale or use. The credit applies for the 10-year period from the date the

facility is originally placed in service. The value of the credit is a percentage of \$0.60, ranging from 20 percent to 100 percent depending on the greenhouse gas emissions rate of the production process. To the extent a taxpayer does not have the tax liability to absorb a credit, the credits are eligible to be transferred to an unrelated taxpayer. The credit is currently available for facilities that commence construction before January 1, 2033.

Provision: This provision accelerates the expiration to facilities the construction of which begins after December 31, 2025.

Sec. 112014. Phase-out and restrictions on advanced manufacturing production credit.

Current Law: Under current law, taxpayers may claim a credit for certain inverters, solar energy components, wind energy components, and battery components manufactured, and critical minerals produced. Credit amounts vary by component and are listed in the code section. To the extent a taxpayer does not have the tax liability to absorb a credit, the credits are eligible to be transferred to an unrelated taxpayer. Currently for components sold during calendar year 2030 there is a 25 percent reduction to the credit, for components sold during calendar year 2031 a 50 percent reduction, for components sold during calendar year 2032 a 75 percent reduction, and no credit allowed after December 31, 2032, except for the credit for critical mineral production which is permanent.

Provision: This provision makes modifications to the advanced manufacturing tax credit and accelerates its termination. The provision eliminates wind energy components sold after December 31, 2027, and eliminates the credit for all other components after December 31, 2031. Transferability is repealed for components sold after December 31, 2027. This provision restricts access to the credit for certain prohibited foreign entities. Specifically:

1. No credit is allowed for “components manufactured” a year after enactment of this bill that includes any material assistance from a prohibited foreign entity;
2. No credit is allowed for taxable years beginning after enactment if the taxpayer is a specified foreign entity;
3. No credit is allowed for tax years that begin two years after the date of enactment for foreign influence entities or if the taxpayer makes fixed, determinable, annual, or periodic (FDAP) amount payments to a prohibited foreign entity that are more than five percent of total expenditures related to the credit generating activity or 15 percent in aggregate; or
4. is produced subject to a licensing agreement with a prohibited foreign entity for which the value of such agreement is in excess of \$1,000,000 beginning in tax years two years after the date of enactment of this bill.

Sec. 112015. Phase-out of credit for certain energy property.

Current Law: Under current law, most technologies that were previously eligible for the IRC section 48 energy tax credit terminated after December 31, 2024, but geothermal heat pumps that begin construction before January 1, 2035, are still eligible for the section 48 investment tax credit.

Provision: This provision aligns the expiration of the investment tax credit for geothermal heat pumps with the clean electricity investment tax credit. There is a 20 percent credit reduction for facilities placed in service in calendar year 2029, a 40 percent reduction for facilities placed in service in calendar year 2030, a 60 percent reduction for facilities placed in service in calendar year 2031 and no credit available after December 31, 2031.

This provision restricts access to the credit for certain prohibited foreign entities. Specifically:

1. No credit is allowed for taxable years beginning after enactment if the taxpayer is a specified foreign entity.
2. No credit is allowed for tax years that begin two years after date of enactment for a foreign-influenced entity.

Sec. 112016. Income from hydrogen storage, carbon capture added to qualifying income of certain publicly traded partnerships treated as corporations.

Current Law: Under current law, publicly traded partnership rules allow certain enterprises to be treated as partnerships for tax purposes but also have interests that are regularly traded on established securities markets or are readily tradable on a secondary market. To qualify for this treatment 90 percent of gross income must come from qualifying income sources. One of those sources is the income and gains derived from exploration, development, mining, or production, processing, refining, transportation, or the marketing of any mineral or natural resources, industrial source carbon dioxide, or the transportation or storage of specified fuels.

Provision: This provision expands the activities that can be categorized as qualifying income to include the transportation or storage of liquified hydrogen or compressed hydrogen, and the generation of electricity or capture of carbon dioxide at a direct air capture or carbon capture facility.

Sec. 112017. Limitation on amortization of certain sports franchises.

Current Law: Under current law, when a taxpayer acquires intangible assets held in connection with a trade or business, the adjusted basis of an "amortizable section 197 intangible" can be amortized on a straight-line basis over 15 years. Such intangibles include goodwill, franchise value, employment contracts, and several other items.

Provision: This provision limits amortization deductions for certain sports-related intangibles. Specifically, under this provision, a taxpayer that acquires a specified sports franchise intangible would only be permitted under IRC section 197 to amortize 50 percent of the adjusted basis. A "specified sports franchise intangible" is any amortizable section 197 intangible which (1) is a franchise to engage in professional football, basketball, baseball, hockey, soccer, or other professional sport, or (2) is acquired in connection with such a franchise. This change would apply to property acquired after the date of enactment.

Sec. 112018. Limitation on individual deductions for certain State and local taxes, etc.

Current Law: Under current law, in the case of an individual, the itemized deduction for state and local taxes is capped at \$10,000 (\$5,000 for a married taxpayer filing a separate return) (the "SALT cap"). In general, income taxes paid or accrued in carrying on a trade or business or an income-producing activity are subject to the SALT cap. The SALT cap is set to expire for taxable years beginning after December 31, 2025.

Provision: This provision would increase the SALT cap to \$30,000 (\$15,000 for a married taxpayer filing a separate return). In the case of a taxpayer with modified adjusted gross income (MAGI) over \$400,000 (\$200,000 for a married taxpayer filing a separate return), the cap would phase down by 20 percent of the excess of MAGI over the threshold until it reaches \$10,000 (\$5,000 for a married taxpayer filing a separate return). This provision would extend the SALT cap permanently for taxable years beginning after December 31, 2025.

This provision also includes several changes to prevent the avoidance of the SALT cap. Generally, this provision clarifies and modifies the list of taxes subject to the SALT cap ("specified taxes"); provides that certain payments that substitute for specified taxes are also subject to the SALT cap; requires partnerships and S corporations to treat specified taxes as separately stated items; imposes an addition to tax in certain cases where a partnership makes a state or local tax payment, one or more partners receives a state or local tax benefit, and the allocation of the tax payment differs from the allocation of the tax benefit; prevents the capitalization of specified taxes; and grants the Secretary of the Treasury regulatory authority to prevent avoidance of the SALT cap.

Sec. 112019. Excessive employee remuneration from controlled group members and allocation of deduction.

Current Law: Under current law, publicly held corporations are denied a tax deduction for compensation paid to certain covered employees (typically the CEO, CFO, and the next three highest-paid officers) exceeding \$1 million per year. The *Tax Cuts and Jobs Act* expanded the scope by eliminating the performance-based compensation exception and including more entities, like certain publicly traded partnerships, as covered corporations. The limitation applies to taxable years beginning after December 31, 2017. ARPA expanded the definition of "covered employees" to include the five highest-compensated employees beyond the CEO, CFO, and three highest-paid officers, effective for tax years beginning after December 31, 2026. Unlike the original covered employees, these additional five are not subject to the "once covered, always covered" rule and are determined annually based on deductible compensation.

Provision: This provision applies aggregation rules for the purposes of the deduction limitation and allocation of deduction applied under IRC section 162(m) as it relates to certain excessive employee remuneration.

Sec. 112020. Expanding application of tax on excess compensation within tax-exempt organizations.

Current Law: Under current law, IRC section 4960 imposes an excise tax on excess compensation paid to certain highly compensated employees by applicable tax-exempt organizations. The excise tax rate is equal to the corporate tax rate multiplied by the sum of (1) any remuneration in excess of \$1 million paid to a covered employee for a taxable year, and (2) any excess parachute payment paid to a covered employee.

Provision: This provision strikes the text following “means any employee (including any former employee) of an applicable tax-exempt organization” from the definition of “Covered Employee” under IRC section 4960(c)(2). As a result, a covered employee includes any employee of an applicable tax-exempt organization that receives remuneration in excess of \$1 million.

Sec. 112021. Modification of excise tax on investment income of certain private colleges and universities.

Current Law: Under current law, IRC section 4968 imposes an excise tax on an applicable educational institution for each taxable year equal to 1.4 percent of the net investment income of the institution for the taxable year.

Provision: This provision amends the current excise tax on net investment income framework for certain private colleges and universities under IRC section 4968 with a tiered system based on an institution’s student-adjusted endowment (see table below). For purposes of calculating an institution’s student-adjusted endowment, this section amends such calculation by excluding students who do not meet the requirements under Section 484(a)(5) of the *Higher Education Act of 1965*. This section also provides an exemption from being considered an applicable educational institution, provided the institution meets certain requirements related to being a qualified religious institution. Additionally, this section includes student loan interest income and certain royalty income for the purposes of calculating a school’s net investment income.

Student-Adjusted Endowment	Excise Tax Rate
\$500,000 - \$749,999	1.4% (current rate)
\$750,000 - \$1,249,999	7%
\$1,250,000 - \$1,999,999	14%
\$2,000,000+	21%

Sec. 112022. Increase in rate of tax on net investment income of certain private foundations.

Current Law: Under current law, all private foundations that are exempt from taxation under IRC section 501(a) are subject to an excise tax equal to 1.39 percent of the net investment income of such foundation for the taxable year.

Provision: This provision amends the current excise tax on net investment income framework for tax-exempt private foundations under IRC section 4940(a) with a tiered system that maintains the current excise tax rate for private foundations with less than \$50 million in total

assets but applies higher excise tax rates on private foundations reporting \$50 million or more in total assets (see table below).

Size of Private Foundation (in assets)	Excise Tax Rate
\$0 - \$49,999,999	1.39% (current rate)
\$50,000,000 - \$249,999,999	2.78%
\$250,000,000 - \$4,999,999,999	5%
\$5,000,000,000+	10%

Sec. 112023. Certain purchases of employee-owned stock disregarded for purposes of foundation tax on excess business holdings.

Current Law: Under current law, the combined holdings of private foundations and all of its disqualified persons are limited to 20 percent of the voting stock in a business enterprise that is a corporation. Holdings in excess of the holding percentage are subject to a 10 percent excise tax, which is increased to 200 percent if the holdings are not reduced by the end of the taxable year.

Provision: This provision amends IRC section 4943 and states that shares of stock repurchased by a company from a retiring employee who participated in the company's Employee Stock Ownership Plan are treated as outstanding for purposes of calculating the share of that company owned by a private foundation.

Sec. 112024. Unrelated business taxable income increased by amount of certain fringe benefit expenses for which deduction is disallowed.

Current Law: Under current law, the amount paid or incurred for any qualified transportation fringe benefit is exempt from unrelated business taxable income.

Provision: This provision amends IRC section 512 to increase the unrelated business taxable income of a tax-exempt organization by including the amount paid or incurred for any qualified transportation fringe benefit.

Sec. 112025. Name and logo royalties treated as unrelated business taxable income.

Current Law: Under current law, the income from the sale or licensing by an organization of its name or logo is exempt from unrelated business taxable income.

Provision: This provision amends IRC sections 512 and 513 to increase the unrelated business taxable income of a tax-exempt organization by including the income from any sale or licensing by an organization of its name or logo.

Sec. 112026. Exclusion of research income limited to publicly available research.

Current Law: Under current law, *all* income from research performed by a nonprofit organization whose primary purpose is to carry on research that is freely available to the public, including income from private research, is exempt from unrelated business taxable income.

Provision: This provision amends IRC section 512 to increase the unrelated business taxable income of a tax-exempt organization by including the income generated from non-public research for an organization whose tax-exempt purpose is to provide publicly available research as unrelated business income.

Sec. 112027. Limitation on excess business losses of noncorporate taxpayers.

Current Law: Under current law, in the case of a noncorporate taxpayer, for taxable years beginning before January 1, 2029, no deduction is allowed for an excess business loss. An "excess business loss" is the amount by which the deductions (excluding net operating losses and qualified business income deductions) attributable to trades or businesses of the taxpayer exceed the income from such trades or businesses plus \$313,000 for tax years beginning in 2025 (\$626,000 for a taxpayer filing jointly with a spouse) and is adjusted for inflation. A disallowed excess business loss is generally treated as a net operating loss and may be carried over and used in another tax year.

Provision: This provision makes the limitation on excess business losses by noncorporate taxpayers permanent. The provision also provides that excess business losses disallowed in taxable years beginning after December 31, 2024, are taken into account in determining a taxpayer's excess business losses in subsequent taxable years.

Sec. 112028. 1-percent floor on deduction of charitable contributions made by corporations.

Current Law: Under current law, corporate taxpayers are generally allowed a deduction for charitable contributions up to a limitation equal to 10 percent of taxable income.

Provision: This provision establishes a floor equal to one percent of taxable income for the deductibility of corporate charitable contributions. In the case of a corporation with charitable contributions exceeding the 10 percent limit, the provision allows taxpayers to add the amount disallowed under the one percent floor to the amount carried over to the subsequent year.

Sec. 112029. Enforcement of remedies against unfair foreign taxes.

Current Law: Not applicable.

Provision: This provision provides a response to certain unfair taxes, which include both discriminatory and extraterritorial taxes imposed on U.S. persons (or certain foreign entities owned by U.S. persons) by a foreign government. The provision applies a delayed effective date to allow time for negotiations and provides discretion for the Secretary of the Treasury to expand or narrow the definition of unfair taxes. The provision requires the Secretary of the Treasury to provide a list unfair taxes to aid withholding agents, who are permitted to rely on

the published list in determining appropriate withholding rates and are granted relief from penalties and interest with respect to errors until January 1, 2027, if they demonstrate best efforts were made at compliance.

The provision responds to unfair taxes by increasing the rate of tax generally applicable to certain taxpayers connected to the foreign jurisdiction. Affected taxpayers generally include the foreign government, resident individuals, resident corporations, resident foreign private foundations, and entities owned by such persons. The increases apply to certain income, withholding, and excise taxes imposed on non-residents. The rate of tax-imposed increases from the rates otherwise applicable under current law in five percent increments for each year the unfair tax is imposed, until either the unfair tax is removed or the tax reaches a maximum amount equal to the relevant statutory rate plus 20 percent.

The provision also applies to certain domestic entities that are owned by a tax resident of a foreign jurisdiction that imposes an unfair tax. These domestic entities are subject to certain modifications to the base erosion anti-abuse tax (BEAT) that expands the scope of entities subject to the minimum tax, increases the applicable rate, reduces the benefits of certain credits, and expands the taxable base to include certain payments that are currently excluded.

Sec. 112030. Reduction of excise tax on firearms silencers.

Current Law: Under current law, a “silencer” is defined as a “firearm” (under Section 921 of title 18, U.S. Code) for purposes of the *National Firearms Act* and is subject to a \$200 transfer tax.

Provision: This provision eliminates the transfer tax on silencers.

Sec. 112031. Modifications to de minimis entry privilege for commercial shipments.

Current Law: Under current law, Section 321 of the *Tariff Act of 1930* generally allows shipments bound for American businesses and consumers valued under \$800 to enter the U.S. free of duties and taxes.

Provision: This provision, effective July 1, 2027, repeals the de minimis privilege worldwide, which currently allows shipments under \$800 to enter the U.S. duty-free. This section also increases penalties for violators of Section 321 of the *Tariff Act of 1930*.

Sec. 112032. Limitation on drawback of taxes paid with respect to substituted merchandise.

Current Law: Under current law, importers can claim a refund of excise taxes on imported tobacco products upon exportation of substitutable goods, even if excise tax was never paid on those substitute goods.

Provision: This provision limits the drawback of excise tax for tobacco products to scenarios in which excise tax has been paid on the exported goods that are used as the basis for the drawback claim.

Part 2 – Removing Taxpayer Benefits for Illegal Immigrants

Sec. 112101. Permitting premium tax credit only for certain individuals.

Current Law: Current law allows individuals who are “lawfully present” in the U.S. to receive premium tax credits to purchase health insurance on the Exchange. Lawful presence is defined through rulemaking to include most immigration statuses.

Provision: This provision would eliminate premium tax credit eligibility for illegal immigrants and only allow eligibility for Lawful Permanent Residents, certain Cuban immigrants, and individuals living in the United States through a Compact of Free Association.

Sec. 112102. Certain aliens treated as ineligible for premium tax credit.

Current Law: Current law allows individuals who are “lawfully present” in the U.S. to receive premium tax credits to purchase health insurance on the Exchange. Lawful presence is defined through rulemaking to include most immigration statuses.

Provision: This provision prohibits individuals with immigration status granted by asylum (or pending an asylum application), parole, temporary protected status, deferred enforced departure, and withholding of removal from receiving premium tax credits.

Sec. 112103. Disallowing premium tax credit during periods of Medicaid ineligibility due to alien status.

Current Law: Current law limits premium tax credit eligibility to an individual who reports income above 100 percent of the federal poverty level and who is an alien “lawfully present” in the U.S. An exception allows such aliens who report income below 100 percent of the federal poverty level and are in their five-year Medicaid waiting period (due to immigration status) to receive premium tax credits to purchase health insurance on the Exchange.

Provision: This provision strikes this loophole.

Sec. 112104. Limiting Medicare coverage of certain individuals.

Current Law: Under current law, individuals who are “lawfully present” in the U.S. and meet Medicare’s standard eligibility requirements are generally allowed to enroll in Medicare.

Provision: This provision would eliminate Medicare eligibility for illegal immigrants and only allow eligibility for Lawful Permanent Residents, certain Cuban immigrants, and individuals living in the United States through a Compact of Free Association.

Sec. 112105. Excise tax on remittance transfers.

Current Law: Not applicable.

Provision: This provision imposes a five percent excise tax on remittance transfers which will be paid for by the sender with respect to such transfers. The provision requires that the tax be collected by the remittance transfer providers and the remittance transfer providers are

responsible for remitting such tax quarterly to the Secretary of the Treasury. The provision also makes it clear that remittance transfer providers have secondary liability for any tax that is not paid at the time that the transfer is made. The provision also creates an exception for remittance transfers that are sent by verified U.S. citizens or U.S. nationals by way of qualified remittance transfer providers. “Qualified remittance transfer providers” are defined as remittance transfer providers that enter into a written agreement with the Secretary of the Treasury to verify the remittance transfer senders as U.S. citizens or U.S. nationals. The provision also provides a refundable tax credit for any excise taxes required to be paid by taxpayers with valid Social Security numbers. Lastly, the provision also has an anti-conduit rule.

Sec. 112106. Social Security number requirement for American opportunity and lifetime learning credits.

Current Law: Under current law, a student, taxpayer, or spouse must have a valid taxpayer identification number (TIN) issued or applied for on or before the due date of the return (including extensions) in order to claim the American Opportunity Tax Credit (AOTC) and/or Lifetime Learning Credit (LLC). A TIN is a Social Security number (SSN), an individual taxpayer identification number (ITIN), or an adoption taxpayer identification number (ATIN). The AOTC and/or LLC cannot be claimed if the TIN is issued after the due date of the return (including extensions).

Provision: This provision adds requirements for the student and taxpayer (if filing on behalf of the student) to include their SSN on their tax return in order to receive either the AOTC or LLC under IRC section 25A.

Part 3 – Preventing Fraud, Waste, and Abuse

Sec. 112201. Requiring Exchange verification of eligibility for health plan.

Current Law: Under current law, Exchanges take steps to verify applicants’ eligibility for coverage and premium tax credits. However, in some circumstances applicants may be passively re-enrolled in coverage (and receive premium tax credits) without updating verification.

Provision: This provision prohibits an individual from claiming the premium tax credit if the individual’s eligibility related to income, enrollment, and other requirements is not actively verified annually.

Sec. 112202. Disallowing premium tax credit in case of certain coverage enrolled in during special enrollment period.

Current Law: Under current law, the Centers for Medicare and Medicaid Services (CMS) has provided for a continuous special enrollment period available to individuals with a projected annual household income no greater than 150 percent of the federal poverty line.

Provision: This provision prohibits individuals from receiving premium tax credits if they enroll in health coverage on the Exchange through a special enrollment period associated with their income.

Sec. 112203. Eliminating limitation on recapture of advance payment of premium tax credit.

Current Law: Under current law, there is a limit on the amount of excess premium tax credit certain individuals must repay if they misestimate their projected income and benefit from a more generous advance payment of the tax credit than they qualified for.

Provision: This provision removes the repayment limits and requires affected individuals to reimburse the IRS for the full amount of excess tax credit received.

Sec. 112204. Implementing artificial intelligence tools for purposes of reducing and recouping improper payments under Medicare.

Current Law: Not applicable.

Provision: This provision provides \$25 million for the Secretary of Health and Human Services to contract with artificial intelligence contractors and data scientists to examine Medicare improper payments and recoup overpayments. Additionally, the Secretary is required to report to Congress on progress on decreasing the number of Medicare improper payments.

Sec. 112205. Enforcement provisions with respect to COVID-related employee retention credits.

Current Law: Under current law, assessable penalties are imposed on promoters of tax shelters or abusive transactions. One such penalty is based on aiding and abetting the understatement of tax liability, if the person knows that an understatement of the tax liability of another person would result. Separately, paid tax return preparers are subject to a penalty of \$500 for each failure to comply with due diligence requirements relating to the filing status and amount of certain credits with respect to a taxpayer's return or claim for refund.

Provision: This provision increases the penalty for aiding and abetting the understatement of a tax liability by a COVID employee retention tax credit (ERTC) promoter. The provision makes clear that the pre-enactment standard for applying the aiding and abetting penalty remains unchanged despite the targeted increase in the amount of the penalty that applies solely to ERTC promoters.

This section also requires a COVID-ERTC promoter to comply with due diligence requirements with respect to a taxpayer's eligibility for (or the amount of) an ERTC and applies a \$1,000 penalty for each failure to comply. Under current law, taxpayers can claim COVID-related ERTC until April 15, 2025. This section bars the IRS from issuing any additional unpaid claims, unless a claim for such credit or refund was filed on or before January 31, 2024.

Sec. 112206. Earned income tax credit reforms.

Current Law: Under current law, a taxpayer can qualify for the earned income tax credit (EITC) if they (1) have earned income, (2) have a valid Social Security number (SSN), (3) be a U.S. citizen or resident alien all year, (4) not file Form 2555, (5) meet income and investment limits, and (6) file as single, head of household, qualifying surviving spouse, or married filing jointly. The IRS may audit an EITC claim or deny all or part of the credit if there are errors on a tax return. The

most common error taxpayers claim is (1) that the child does not qualify, (2) more than one person claimed the child, (3) the SSN or last names do not match, (4) the taxpayer is married but filed as single head of household, and (5) over or underreporting income or expenses. Consequently, the IRS issues duplicative claims and the EITC has a high rate of improper payments.

Provision: This provision establishes a phased system for the IRS to detect and manage duplicate EITC claims. Beginning in 2024, if there is a duplicate claim, the IRS will send both claimants a notice stating that the child's SSN was used twice. The following year, the IRS will hold refunds until October 15 and use its math error authority to correct any duplicative claims by eliminating the claimed child and processing the remainder of the claims. Claimants can obtain a refund if they respond to the math error notice and provide evidence of eligibility. After the initial two years, this section provides for a pre-certification process that will reduce erroneous payments without delaying refunds.

This provision also creates a task force to provide the Secretary of Treasury a report on recommendations for improvement of the integrity of the administration of the EITC, the potential use of third-party payroll and consumption datasets to verify income, and the integration of automated databases to allow horizontal verification to reduce improper payments, fraud, and abuse.

Finally, this provision provides Purple Heart recipients whose Social Security disability insurance benefits were terminated due to returning to work with an additional EITC amount equivalent to one year of the lost disability insurance benefits.

Sec. 112207. Task force on the termination of Direct File.

Current Law: Under current law, the IRS may prepare and files tax returns online, for free, to qualifying taxpayers in 25 participating states (Direct File program). In addition, the IRS offers a Free File program where a number of tax preparation and filing software industry companies provide their online tax preparation and filing for free.

Provision: This provision terminates the current Direct File program at the IRS and establishes a public-private partnership between the IRS and private sector tax preparation services to offer free tax filing, replacing both the existing Direct File and Free File programs.

Sec. 112208. Postponement of tax deadlines for hostages and individuals wrongfully detained abroad.

Current Law: Under current law, neither the provision on service in a combat zone nor the rules on disaster relief address persons who fail to meet a tax filing or payment deadline that arises while they are unlawfully or wrongfully detained abroad.

Provision: This provision directs the IRS to disregard the time during which an applicable individual is held hostage or wrongfully detained abroad for purposes of determining whether a taxpayer filed their return, paid income tax, filed a claim for a credit or refund of any tax, or

committed other acts described in Section 7508(a)(1) within the required timeframe, and for purposes of determining the amount of interest or penalty owed, or amount of any credit or refund. Additionally, this section requires the Secretary of the Treasury to establish a program to allow any applicable individual to apply for a refund or abatement of any amount to the extent such amount was attributable to the time during which the taxpayer was held hostage or unlawfully detained abroad.

Sec. 112209. Termination of tax-exempt status of terrorist supporting organizations.

Current Law: Under current law, the IRS generally only issues a letter revoking recognition of an organization's tax-exempt status after (1) conducting an examination of the organization; (2) issuing a letter to the organization proposing revocation; and (3) allowing the organization to exhaust the administrative appeal rights that follow the issuance of the proposed revocation letter.

Provision: This provision grants the Secretary of the Treasury authority to suspend the tax-exempt status of any tax-exempt organization that, during the three years prior to designation, provided more than a minor amount of material support or resources to a listed terrorist organization. The provision allows suspensions to be lifted only when the supported terrorist organization is de-listed as a terrorist organization, but the Treasury Department's ability to suspend tax-exempt status is subject to a robust set of procedural and due process protections, including notice requirements and an opportunity to challenge the designation.

Sec. 112210. Increase in penalties for unauthorized disclosures of taxpayer information.

Current Law: Under current law, the maximum fine for unauthorized disclosure of taxpayer information is \$5,000. The maximum term of imprisonment upon conviction of a Section 7213 violation is five years. Additionally, under current law, a willful unauthorized disclosure involving the returns or return information of multiple taxpayers is unclear.

Provision: This provision increases the specified maximum fine in IRC section 7513 to \$250,000 and the maximum term of imprisonment to 10 years. This section also clarifies that a separate violation occurs with respect to each such taxpayer whose return or return information is disclosed, upon the willful unauthorized disclosure involving the returns or return information of multiple taxpayers.

Sec. 112211. Restriction on regulation of contingency fees with respect to tax returns, etc.

Current Law: Not applicable.

Provision: This provision restricts the Treasury Department from regulating, prohibiting, or restricting the use of contingency fees in connection with tax returns, refunds, or documentation with tax returns for refunds prepared on behalf of taxpayers.

Subtitle D – Increase in Debt Limit

Sec. 113001. Modification of limitation on the public debt.

Current Law: The current statutory debt limit was established on January 2, 2025, following a debt limit suspension period that ran through January 1, 2025.

Provision: This provision increases the statutory debt limit by \$4 trillion.

Changes in Existing Law Made by the Bill, as Reported

Clause 3(e) of rule XIII of the Rules of the House of Representatives requires that each report of a committee on a bill or joint resolution contain the text of statutes that are proposed to be repealed and a comparative print of that part of the bill proposed to be amended whenever the bill repeals or amends any statute. The Committee advises that compliance prior to consideration was not possible.

Views of Committee Members

Clause 2(c) of rule XIII of the Rules of the House of Representatives requires each report by a committee on a public matter to include any additional, minority, supplemental, or dissenting views submitted pursuant to clause 2(l) of rule XI by one or more members of the committee. In addition, this report includes views from members of committees submitting reconciliation recommendations pursuant to Title II of H. Con. Res. 14 under the appropriate titles of this report. The _____ Views of members of the Committee on the Budget are as follows:

Insert Minority Views