

“One Big Beautiful Bill” Act: Chamber Highlights and Potential Impacts
Prepared by the L.A. Area Chamber of Commerce Policy Team, July 14, 2025

The “[One Big Beautiful Bill Act](#)” (OBBBA) was signed into law on July 4, 2025. The massive tax and spending package was negotiated through the budget reconciliation process, which circumvents the Senate filibuster and can be used to enact tax, spending, and debt limit changes. The 900-page legislative package will impact nearly every industry and household across the state and country through changes to policy, funding, and regulations. While the OBBBA contains pro-growth tax reforms for businesses, it also contains significant cuts to healthcare and nutrition programs, which may increase costs for families, as well as rescissions of Inflation Reduction Act (IRA) sustainability programs across industries. While increased immigration enforcement actions continue in the Los Angeles region, the increase of funding for immigration detention capacity and enforcement in the OBBBA may continue to impact activity in the region in the future, with public safety, community stabilization, and local economy implications. Below are key highlights of the bill that may impact Chamber members and the region.

Tax Reforms

In 2017, the Tax Cuts and Jobs Act lowered corporate income tax rate from 35% to 21%. The OBBBA permanently extends the 20% deduction for qualified business income and provides small businesses with a new, inflation-adjusted minimum deduction of \$400. Additionally, the budget reconciliation bill will increase the amount allowed expensed under section 179 – small business owners may elect to deduct up to \$1 million of the cost for qualified property, such as equipment and software. The extension of section 179 increases the maximum amount to \$2.5 million and reduces the amount when the qualified property exceeds \$4 million in value.

The OBBBA restores the domestic research and development deduction permanently for expenses incurred after December 31, 2024, with an allowance for small businesses to apply the change retroactively after December 31, 2021. The legislation increases the CHIPS Act tax credit, the Advanced Manufacturing Investment Tax Credit, from 25% to 30% for projects started by the end of 2026. On the local infrastructure side, the OBBBA preserves municipal bonds’ tax-exempt status, used as a tool by local governments to help finance transportation, housing, energy, and water projects.

Health Care

Health care budget cuts in the package total \$1 trillion over the next decade, resulting in 12 million Americans nationwide losing coverage by 2034, according to the Congressional Budget Office (CBO). Under the new bill, California’s Medicaid funds are expected to undergo a 19% cut, totaling \$164 billion over the next decade. The bill will also cut Medicaid spending by imposing new work requirements for beneficiaries, requiring additional paperwork to demonstrate eligibility for the program. The bill prevents certain non-citizens from enrolling in or receiving benefits under Medicaid/CHIP.

Three rules and amendments finalized by the previous administration will not be enforced, implemented, or administered until Sept. 30, 2034. These include Streamlining Medicaid:

Medicare Savings Program Eligibility Determination and Enrollment; Medicaid Program: Streamlining the Medicaid, CHIP and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes; and Medicare and Medicaid Programs; Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting.

Transportation

The package outlines major investments in transportation and infrastructure, most notably \$12.52 billion for federal air traffic control (ATC) modernization, including radar replacement, telecommunications upgrades and new air traffic control centers. At the same time, the bill rescinds unobligated funds for Federal Aviation Administration (FAA) alternative fuel and Low-Emission Aviation Technology programs authorized under the IRA. The bill also rescinds unobligated funding from several IRA transportation programs including Federal Highway Administration (FHWA) Neighborhood Access and Equity (NAE) Grants, Environmental Review Implementation Funds, Low-Carbon Transportation Materials Grants, and U.S. Environmental Protection Agency (EPA) Clean Ports grants. The rescission of these programs may hinder the ability for our region to invest in and work towards sustainability by reducing emissions, improving air quality, and promoting innovative infrastructure.

Energy & Environmental

The budget reconciliation package offers expanded opportunities for development on federal lands and in federal waters, additional tax breaks, and streamlined permitting for oil and gas industries. The bill creates the new Energy Dominance Financing program by amending the U.S. Department of Energy (DOE) loan program to fund traditional energy projects and critical mineral projects that advance American energy dominance and appropriates \$1 billion to the revised program.

The package rescinds many pre-existing incentives and regulations that promote wind and solar, and that regulate greenhouse gas and other emissions under the IRA. It also eliminates the methane emissions reduction program that previously offered financial incentives through the Environmental Protection Agency (EPA) which promoted the reporting of greenhouse gases, monitoring of and reduction of methane emissions from petroleum and natural gas operations. Finally, the bill repeals and phases out various tax credits and incentives related to Electric Vehicles (EV) purchases and charging infrastructure- including the \$7,500 federal tax credit for new EVs, the \$4,000 credit for used EVs, and the tax credit for commercial EVs.

Workforce Development & Education

The bill increases the employer-provided childcare credit from \$150,000 to \$500,000 and would strengthen credit for small businesses by increasing max credit to \$600,000. Under the new bill, eligible small businesses must have gross receipts not exceeding \$31 million from a 5-year period and permits businesses to work with third-party intermediaries to provide childcare resources for their employees. An estimate of 4.5 million children will be excluded from benefiting from the childcare credit, as it requires primary guardians to have employment authorization documentation.

The budget reconciliation package modifies the Endowment Excise Tax for certain private colleges and universities by changing the endowment tax application to educational institutions with at least 3,000 full-time students (increased from 500) in the preceding tax year and retains the student-adjusted endowment (full-time students/endowment) floor of \$500,000.

Housing & Community Development

Incentives for investments in housing and community development are included in the package as well as rescissions of housing programs. The bill permanently extends Low Income Housing Tax Credit by 12% and reduces bond financing requirement to 25% for projects financed by bonds beginning 2026. This may increase the building and preservation of affordable rental housing. At the same time, the package rescinds the U.S. Department of Housing and Urban Development's (HUD) Green and Resilient Retrofit Program.

The package permanently renews and enhances the Opportunity Zones (OZs) program by establishing new rules for the program that will go into effect in 2027. The changes to the program include investor incentives, new reporting requirements, and allowance of Governors to re-designate OZs every 10 years.

Takeaways and Looking Ahead

Chamber members should assess funding shifts and regulatory impacts of the OBBBA on their organizations.

The non-partisan Congressional Budget Office (CBO) estimates that the "bill would decrease deficits by \$0.4 trillion, relative to the budget enforcement baseline for consideration in the Senate. Compared with CBO's January 2025 baseline budget projections, it would increase deficits over the 2025-2034 period by \$3.4 trillion." However, budget experts are debating the exact amount the bill adds to the federal debt.

Regardless of the exact amount, the fiscal implications of the OBBBA will impact how Congress negotiates the 2026 federal budget through the annual appropriations process. Congress must pass the 12 spending bills by the start of the next fiscal year, which starts on October 1.