

MNI POLITICAL RISK ANALYSIS – House On Brink Of Passing Big Beautiful Bill

by Adam Burrowes

At around 03:30 ET 08:30 BST this morning, House Speaker Mike Johnson (R-LA) broke the deadlock on a procedural vote to adopt the rule and advance the One Big Beautiful Bill towards a final vote on the House floor.

- Consistent with previous votes, Johnson kept the rule vote open while he worked in concert with President Donald Trump to flip holdouts with political threats and promises to work on conservative priorities in future legislation.
- With the rule adopted, the House is now on a glide path to holding a final vote the massive reconciliation bill that could come as soon 06:30 ET 11:30 BST. Debate on the bill is underway in the House and can be [followed on C-Span](#).
- The process played out largely as expected, with conservative hardliners registering their displeasure with the Senate-passed package, but ultimately unwilling to torpedo a bill that covers the bulk of Trump's domestic agenda.

Yesterday evening, the conservative House Freedom Caucus circulated a [three-page memo](#) outlining their grievances with the bill, claiming that the Senate package violates an agreement struck with GOP leadership in May.

- The group said: *"This Senate bill – relative to the House: 1) increases deficits, 2) waters down the already only partial repeal of the "Green New Scam" leaving, at best, 50% intact, 3) fails to ensure illegals are fully removed from Medicaid rolls, 4) eliminates the prohibition on Medicaid and CHIP funding for transgender surgeries, 5) only limits Planned Parenthood funding for one year not ten, 6) contains excessive pork for Alaska and Hawaii, and 7) includes more expensive SALT provisions (for just 5 years to reduce the "cost" as a gimmick) to bail out blue states in high tax jurisdictions electing socialists to run their cities."*

Punchbowl News summarises: *"The GOP bill will extend and expand the 2017 Trump cuts — including new tax cuts for tips, overtime and Social Security recipients, all presidential priorities – while also making huge cuts to Medicaid and SNAP funding. This will leave millions of Americans without health insurance. Republicans also included hundreds of billions of dollars in new defense and border security money."*

- The New York Times has a comprehensive round-up of the final contents of the bill [here](#). The bill text can be reviewed [here](#).

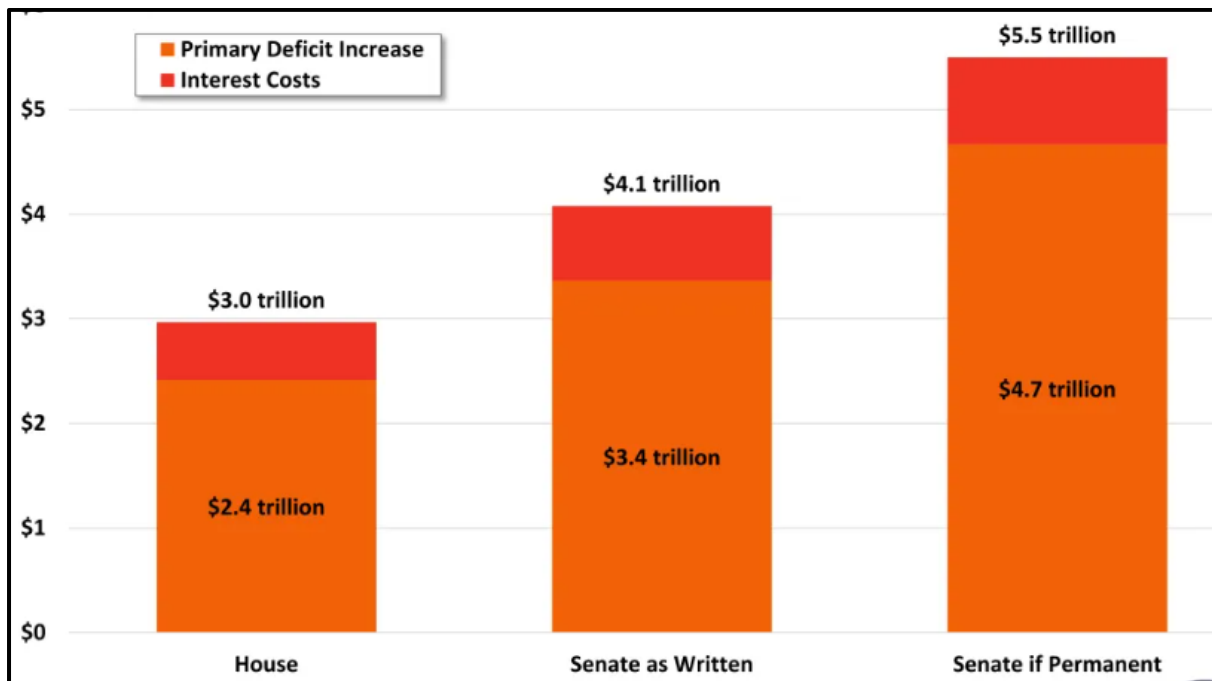
The nonpartisan Congressional Budget Office and the staff of the Joint Committee on Taxation [estimate](#), on a preliminary basis, "that enacting H.R. 1, as passed by the Senate on July 1, 2025, would decrease deficits by \$0.4 trillion, relative to the budget enforcement baseline for consideration 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."

- The above CBO note acknowledges that the Senate opted to score the package using a ‘current policy baseline’ rather than the traditional ‘current law baseline’. That effectively zeroed out the cost of extended Trump’s 2017 Tax Cuts and Jobs Act. Democrats and Republican deficit hawks have criticised the move as a budgetary gimmick to obscure the deficit implications of the package.
- The CBO notes that the amendment process on the Senate package would, “increase outlays by about \$90 billion; Decrease revenues by roughly \$20 billion; and Increase deficits by about \$110 billion,” relative to the original Senate package.

The Committee for a Responsible Federal Budget [noted on July 2](#) that the Senate package would; “add \$4.1 trillion to the debt through 2034 – more borrowing than any reconciliation bill in history.

- “Add \$5.5 trillion to the debt if made permanent – more than the CARES Act, American Rescue Plan, Bipartisan Infrastructure Law, and the CHIPS and Science Act combined.
- “And, violate the House reconciliation framework by \$600 billion – with only \$1.4 trillion of gross spending cuts and \$4.5 trillion of tax cuts.”

Figure 1: Ten-Year Fiscal Impact, in Trillions



Source: Congressional Budget Office, Committee for a Responsible Federal Budget

Passing the bill will be a major demonstration of Trump’s influence over the Republican conference. But there are warning signs ahead, with [polling](#) indicating that there is little enthusiasm for the bill, even amongst Trump’s core base.

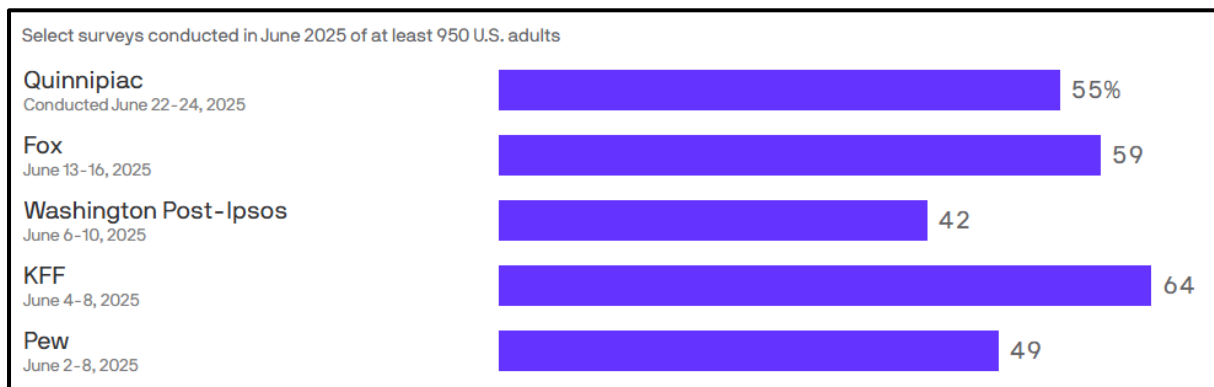
- The bill does little to firm up the Republican coalition that propelled Trump to the White House in 2024, with Politico noting: “The White House produced a domestic policy bill that could have just as easily been produced by any generic Republican administration.”

- Oren Cass, the chief economist of the conservative think tank American Compass, said in an interview that the bill is, “not something that has an especially coherent logic to it or much prospect of actually accomplishing the things that I think people want,”
- Cass continued, when asked if the bill tacked too closely to a conventional Republican wish list: “I think “conventional” might be a little generous... I liken it to a death march through a series of choices that nobody really wanted to be making. Nobody really has a case for it, and it’s not clear why it’s happening. I guess that might be the best that can be said for it.”

The polling data and lukewarm reception from MAGA-aligned economists indicate that the GOP will have a challenging lift over the next few months to sell the bill to the electorate ahead of a midterm election campaign where Republicans are defending slim majorities in both chambers.

- GOP leadership is likely gambling that extending the TCJA and additional populist tax cuts that meet Trump’s campaign pledges will be enough to overcome Democrat attacks on steep cuts to Medicaid and SNAP – the recipients of which made up a sizable portion of Trump’s 2024 coalition.

Figure 2: “Share of Americans who say they oppose the One Big Beautiful Bill Act”



Source: Axios

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