

THE SENATE OBBBA FAILURES

TOPLINE: 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.

- **Increases Deficits.** The bill violates the House framework of \$1 of tax cuts for \$1 of spending cuts (with 2.6% economic growth), [increases](#) the deficit by \$761 billion without interest and more \$1.3 trillion with interest after changes were made in base text and a wrap-around amendment was adopted. This does not include the impact of the tax cliff for the Trump tax cuts and SALT, nor the realistic impact of RECA, an expansive rural hospital fund, and IRA failures. *This was not what Leader Thune and Speaker Johnson promised.*
- **Fails to Terminate Biden’s “Green New Scam.”** The Senate bill does require wind and solar (the 45Y PTC and 48E ITC) projects to be “placed in service” by the end of 2027, BUT:
 - It guts the benefit by including a last-minute carveout for projects that “begin construction” a year after enactment, which will create a race to do the minimum 5% construction spending to lock in subsidies well past 2027.
 - It fails to rectify the House bill’s failure to terminate subsidies for non-wind/solar “green technologies” like battery storage, carbon capture, etc.
 - It puts back swampy credit transferability that perpetuates the scam (ended by the House).
 - **Gives China a pass to profit off Biden’s “Green New Scam” subsidies.** The Senate weakened the House’s strict “foreign entity of concern” restrictions prohibiting subsidies from benefiting Chinese-owned projects and companies.
- **Stripped Key Protection Against Illegals Getting Medicaid.** Under current law, most illegal aliens are not supposed to be on Medicaid, but it is estimated that more than 1.5 million are receiving benefits ([report](#)). Sec. 71109 in the Senate bill does tighten the prohibition (which CBO does score as some savings, but consider that they also assume an unrealistic 90% compliance for the bill’s Medicaid work requirements). However, the Senate stripped out the teeth that penalize states that continue to fund Medicaid for illegal aliens with state dollars by reducing their federal reimbursement rate for able-bodied adults by 10%.
- **Illegal Aliens with “Trump Accounts.”** The Senate [dropped](#) the requirement that at least one of the parents of children obtaining the new “Trump Accounts” (tax-incentivized savings accounts that would receive \$1,000 from the federal government under a pilot program created in the bill) have a valid Social Security Number. While children must be citizens under the bill, their parents may now be here illegally.

- **Waters down House provision to curb waste, fraud, and abuse in SNAP.** The Senate weakens the House-passed bill's common-sense reforms to implement strong work requirements by raising the age of children for parents to be exempt to age 14 from 7, and it fails to prevent blue states from gerrymandering counties and cities to get around the work requirements.
- **Loaded with pork to buy key Senate votes to secure passage.** The Senate included a \$50 billion hospital slush fund, 100% tax deduction for meal expenses on Alaskan fishing boats, and special lower thresholds for waivers for Alaska for SNAP work requirements and state cost share requirements, even after giving them a blanket waiver through 2028. This carve-out rewards any state with SNAP payment error rates above 13% by delaying cost-share payments and will actually encourage more waste, fraud, and abuse in food stamps.
- **Slashes the 3.5% House tax on remittances, which were meant to curb illegal immigration, and expands the tax to United States Citizens.** Under pressure from bank lobbyists, the Senate gutted \$16 billion in savings from the House bill by lowering the tax to only 1%, carving out bank remittances, and eliminating House language that exempted American citizens. The bottom line: the House version raises more money at a HIGHER rate, while ensuring the tax only applies to illegal and foreign workers, NOT AMERICANS.
- **Doesn't deliver substantive Health Savings Account (HSA) expansion for Americans.** The Senate watered down the House HSA language and only restored HSAs for catastrophic and bronze plans and direct primary care, wasting a once-in-a-decade opportunity to deliver more healthcare freedom for Americans.
- **Fails to stop taxpayer-funded sex changes and abortion.** The House prohibited transgender funding for Obamacare, Medicaid, and CHIP dollars. The Senate bill means taxpayers **will still be funding transgender surgeries in Medicaid, CHIP, and Obamacare.** Furthermore, leadership promised that by passing the OBBBA, we would be defunding Planned Parenthood for a decade; the Senate only does it for a year.
- **Continues multi-billion-dollar tax loopholes for foreign tobacco companies.** The latest Senate text does not include a House-passed provision that eliminated the double-drawback duty, a tax loophole exploited by foreign-owned tobacco companies to the tune of billions of dollars.
- **Radically expands the eligibility of the costly RECA Fund.** Under the Senate bill, the RECA fund will realistically cost at least \$150 billion [beyond](#) the CBO score. Under this [proposal](#), if someone had cancer years ago and insurance covered all their treatments, and they live in one of these areas, they can still qualify for the \$50,000 even if the illness had nothing to do with radiation exposure. There is no prohibition on "double dipping" – meaning individuals would qualify for this in addition to other compensation funds.
- **Undermines Second Amendment Protections.** The Senate removed the SHORT Act, which eliminates taxes and registration requirements on suppressors and short-barreled

rifles/shotguns in the NFA, and the Hearing Protection Act, which removes suppressor regulation from the NFA. The final text does include a provision eliminating the taxes, but registration will continue to apply.

- **SALT Blue States Handout.** The Senate initially proposed to change the House-passed OBBBA SALT deduction cap of \$40,000 to \$10,000, but instead accepted the House cap, however, for only 5 years instead of 10 years, setting a SALT cliff in 5 years for a future Congress. Additionally, when you factor in the Senate Alternative Minimum Tax (AMT) changes, the cost of the tax is actually two-thirds more expensive according to [CRFB estimates](#).
- **Partial Medicaid Improvements.** The Senate does partially address Medicaid “money laundering” by phasing down the provider tax safe harbor threshold to 3.5% in Medicaid expansion states and freezing it in non-expansion states, and reducing State Directed Payments to Medicare rates. The Senate OBBBA does *not*, however, address the incentive that provides states with 7 times more federal funding for the able-bodied than the traditional, vulnerable population on Medicaid. Nor does the Senate OBBBA require states to mandate that individuals show proof of citizenship for Medicaid.
- **Other Failures:** In total, the Senate gutted House spending cuts and added new spending to the tune of more than \$400 billion. Absent these cumulative changes, the Senate bill would have at least been in the ballpark of the House framework (before wraparound amendment changes). These losses include (1) gutting House reforms to SNAP; (2) undermining the House’s reforms to student loan programs; (3) slashing the House’s endowment tax on “woke” elite universities; (4) eliminating President Trump’s provision to close tax loopholes abused by professional sports team owners; (5) massively expanding tax subsidies for semiconductors, despite the President’s call to “get rid of the CHIPS Act” during his address to Congress, in addition to other swampy tax expenditures like a tax break tied to rum imported from U.S. territories; and (6) adding tens of billions in new spending for NASA, the Coast Guard, farm programs, and more.