

To: NGA GR Committee
From: Stephanie Johnson & Max Wengroff
Subject: One Big Beautiful Bill Act Analysis for Independent Grocers
Date: 7/3/2025

EXECUTIVE SUMMARY

The One Big Beautiful Bill Act will likely be signed by President Trump on July 4, 2025. Speaker Johnson is heralding this bill as the most conservative legislation in history. It makes major changes to many programs, like SNAP, and extends the tax cuts from the Tax Cuts and Jobs Act of 2017 which passed during the first Trump Administration.

NGA racked up many wins on the tax side, including permanently increasing the death tax exemption, permanentizing 100-percent bonus depreciation and the 199A pass-through deduction. Republican lawmakers made permanency a key goal of this legislation, especially Senate Republicans, as many said that they would not vote for the bill unless the business tax cuts were made permanent. This represents a significant improvement from the temporary versions of these provisions in the original Tax Cuts and Jobs Act, as well as a major win for businesses of all sizes across the country and creates certainty for years to come.

On the SNAP side, we fought hard to push back on the dramatic changes proposed to the program and successfully reduced the SNAP cuts from \$300 billion to \$180 billion. But the changes to SNAP in this bill will have a lasting impact on our industry. Grocers will see a drop in the number of participants almost immediately as the updated work requirements take effect upon the bill's signing. Starting in 2028, states will be responsible for the partial cost of benefits; depending on the state's ability to pay, SNAP may begin to look very different in each state.

The overall financial impact of the bill is significant over the next ten years, but Congress has used an alternative method to analyze the bill to make the impact look smaller. The bill decreases spending by the federal government by \$1.2 trillion dollars and reduces taxes collected by \$4.5 trillion, creating a net increase to the deficit of \$3.3 trillion. The Senate also had a current baseline analysis completed to represent the impact of the bill as if the tax provisions were not going to expire. This alternate analysis found the bill saves \$490 billion over the next five years.

Below is a very high-level breakdown of the bill by title and below that is a detailed analysis of the parts of the bill that directly impact grocers. All values are based on the impact over ten years.

Title I – Saves \$120 billion through SNAP cuts
Title II – Spends \$150 billion on defense
Title III – Saves \$1.6 billion from banking and housing
Title IV – Saves \$43 billion from internet, air, space, and weather services
Title V – Saves \$27 billion through energy leases and revenue sharing
Title VI – Saves \$3.5 billion by rolling back Inflation Reduction Act clean energy incentives
Title VII – Costs \$3.4 trillion by extending tax cuts and cutting Medicaid
Title VIII – Saves \$306 billion by changing student loan repayment policies
Title IX – Spends \$129 billion on homeland security
Title X – Spends \$8 billion on immigration

ANALYSIS OF IMPACT ON IMPACTS ON GROCERS

**Negative amounts show a decrease to the federal deficit while positive amounts show an increase in the federal deficit. All amounts are calculated over a 10-year period. All numbers are rounded for simplicity.*

Title I – Agriculture (-\$120B)

Saves \$186 billion through SNAP cuts and spends \$66 billion on Farm Bill agriculture provisions

Sec. 10101 – Reevaluation of the Thrifty Food Plan (-\$37B)

- Makes Thrifty Food Plan updates budget neutral moving forward but still allows for inflationary increases each year.

Sec. 10102 – Modifications to SNAP Work Requirements for Able-Bodied Adults (-\$68B)

- Adults without children must work from 18-64 years old
- Adults with children over 14 years old must work
- Exempted from work requirements are pregnant women, tribes, medically certified as unfit for employment, and previously existing exemptions like caring for a disabled family member
- Allows Hawaii and Alaska to waive work requirements until 2028 if they are making a good faith effort to comply with the new bill
- Limits the state's ability to waive work requirements to states with over 10 percent unemployment based on Department of Labor data.
- **GROCER IMPACT – This goes into effect immediately but will likely take a few months for states to get newly ineligible participants off the program. You will likely see a decrease in SNAP shoppers over the next six months.**

Secs. 10103 & 10104 – Ends internet (-\$11B) and energy bill (-\$6B) loopholes

Sec. 10105 – Matching Funds Requirements (-\$40B)

- Shifts partial cost of SNAP benefits to states
 - States with 6-8% error rates will pay 5% of benefits
 - States with 8-10% error rates will pay 10% of benefits
 - States with >10% error rates will pay 15% of benefits
- The state cost share begins in 2028 for most states. (All dates are based on the fiscal year which starts on October 1.)
 - Allows states to choose either the 2025 or 2026 error rate to calculate their match requirement in FY28. For FY29 and following, the state match will be based on the third fiscal year before. (e.g. 2029 percentage would be based on the 2026 rate)
 - If a state's 2025 error rate is greater than 13.33%, the cost share will be implemented in FY29.
 - If a state's FY26 error rate is greater than 13.33%, the cost share will be implemented in FY30.
- **GROCER IMPACT – This change to the program will impact each state very differently. Some states will see no change while others could see a decrease in SNAP spending.**

Sec. 10106 – Administrative Cost Sharing (-\$25B)

- Increases state share of SNAP administrative costs from 50% to 75% starting in FY28

Sec. 10107 – National Education and Obesity Prevention Grant Program (-\$5B)

- Removes funding for the SNAP-Ed program, a nutrition education program often run through university extension offices

Sec. 10108 – Alien SNAP Eligibility (-\$2B)

- Only allows participation in SNAP by US residents or nationals, lawfully admitted permanent residents, Cuban refugees, and individuals lawfully in the US from Micronesia, Marshall Islands, and Palau. Prior to this bill, lawfully present immigrants including refugees and asylees were eligible for SNAP.

Secs. 10201-10607 – Farm Bill Agriculture Provisions (+\$66B)

- This section included many agriculture provisions normally included in the Farm Bill which may make future Farm Bills difficult to pass. Some of the Farm Bill provisions include increases to reference prices for certain commodities, changes to crop insurance and disaster assistance, updates to the sugar program and dairy margin coverage, and funding agriculture research.

Title VII – Finance (+\$3.5T)

Increases the deficit by \$4.5 trillion by extending tax cuts but reduces impact by \$1 trillion by cutting Medicaid.

Sec. 70101 – Extension and Enhancement of Reduced Rates (+\$2.1T)

- Makes 2017-enacted individual tax brackets permanent. Tax brackets under the legislation
 - 37% for incomes over \$639,275 (\$767,150 for married filers)
 - 35% for incomes over \$259,925 (\$519,850 for married filers)
 - 32% for incomes over \$204,700 (\$409,400 for married filers)
 - 24% for incomes over \$107,200 (\$214,400 for married filers)
 - 22% for incomes over \$50,275 (\$100,550 for married filers)
 - 12% for incomes over \$12,375 (\$24,750 for married filers)
 - 10% for incomes \$12,375 or less (\$24,750 or less for married filers).

Sec. 70102 – Extension and Enhancement of Increased Standard Deduction (+\$1.3T)

- For heads of household, the amount is increased to \$23,625, for all other filers, the amount is increased to \$15,750.

Sec. 70105 – Extension and Enhancement of Deduction for Qualified Business Income (+\$736.5B)

- Makes 199A pass-through deduction permanent. The bill makes the 199A pass-through deduction for S-corporations, LLCs, sole proprietorships, and partnerships permanent effective 2026. This provision also expands the deduction limit phase-in range by increasing the \$50,000 (non-joint returns) and \$100,000 (joint returns) amounts to \$75,000 and \$150,000, respectively.

Sec. 70106 – Extension and Enhancement of Increased Estate and Gift Tax Exemption Amounts (+\$211.7B)

- Permanently increases death tax exemption. The legislation permanently raises the estate tax exemption and generation-skipping transfer tax exemption to \$15 million (double for married filers) effective 2026. This amount is indexed to inflation.

Sec. 70120 – Limitation on Individual Deductions for Certain State and Local Taxes, etc. (-\$944.2B)

- Sets a temporary \$40,000 SALT Cap. Sets the cap on state and local tax (SALT) deductions to \$40,000 through 2029, with the cap reverting to \$10,000 starting in 2030.

Sec. 70201 – No tax on tips (+\$31.7B)

- Creates an above-the-line deduction for qualified tips (up to \$25,000). Includes guardrails to prevent workers from switching their income to tips. The deduction begins to phase out when the taxpayer's modified adjusted gross income exceeds \$150,000 (\$300,000 in the case of a joint return). Effective for tax years 2025 to 2028.

Sec. 70202 – No tax on overtime (+\$89.6B)

- Creates an above-the-line deduction for overtime pay under Section 7 of the Fair Labor Standards Act (up to \$12,500 or \$25,000 in the case of a joint return). The deduction begins to phase out when the taxpayer's modified adjusted gross income exceeds \$150,000 (\$300,000 in the case of a joint return). Effective for tax years 2025 to 2028.

Sec. 70301 – Full Expensing for Certain Business Property (+\$392.7B)

- Restores 100% full business expensing. Bonus depreciation began ramping down 80% in 2023, 60% in 2024, 40% in 2025 and expires fully in 2027. The legislation makes 100% bonus depreciation permanent.

Sec. 70303 – Modification of Limitation on Business Interest (+\$60.5B)

- Restores EBITDA Business Interest deduction. Starting in 2022, the ability of businesses to deduct net interest was limited to 30% of earnings before interest and taxes (EBIT). This restores the previous 30% deduction of earnings before interest, interest, taxes, depreciation and amortization (EBITDA).

Sec. 70304 – Extension and Enhancement of Paid Family and Medical Leave Credit (+\$5.4B)

- The PFML credit is an amount equal to either of the following (chosen by the employer):
 - The applicable percentage of the amount of wages paid to qualifying employees while said employee is on PFML
 - If the employer has an insurance policy with regards to the provision of PFML: which is in force during the taxable year, the applicable percentage of the total amount of premiums paid or incurred by the employer during the taxable year with respect to the insurance policy.
- It applies to taxable years beginning after December 31, 2025.
- The credit is made permanent.
- The credit now covers part-time employees who work at least 20 hours/week and reduces the minimum qualification tenure to 6 months.

Sec. 70306 – Increased Dollar Limitations for Expensing of Certain Depreciable Business Assets (+\$24.8B)

- Increases the section 179 small business expensing from \$1 million to \$2.5 million.

Sec. 70307 – Special Depreciation Allowance for Qualified Production Property (+\$141.4B)

- Provides a 100% deduction for structures for agriculture, manufacturing and resource extraction. Structures must begin construction between January 19, 2025 and January 1, 2029 and must be completed before January 1, 2033.

Sec. 70401 – Enhancement of Employer-Provided Child Care Credit (+\$731M)

- The credit increases from 25% to 40% but cannot exceed \$500,000 in a taxable year.
- This credit is indexed to inflation.

Secs. 70501-70514 – Termination of Multiple Green Energy Tax Credits (-\$487.9B)

- This section repeals many of the green energy tax credits created by the Inflation Reduction Act to pay for the extension of the TCJA.

Sec. 70601 – Modification and Extension of Limitation on Excess Business Losses of Noncorporate Taxpayers (-\$18.4B)

- Makes the Excess Business Loss Limitation Permanent.
- Adjusts the base year for inflation from 2018 to 2025.

Links to Important Documents

Bill Text: <https://www.congress.gov/bill/119th-congress/house-bill/1/text>

Agriculture Committee

- Click [HERE](#) to view the SNAP cost share by state
- Click [HERE](#) to read a section-by-section of the Agriculture Committee.

Finance Committee

- Click [HERE](#) to read a section-by-section of the Finance Committee.

Congressional Budget Office

- Click [HERE](#) for the cost estimate of the bill each year for ten years.
- Click [HERE](#) for the current baseline cost estimate of the bill each year for ten years.