



# The Financial Cost of the House-Passed Budget Bill

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## Key Takeaways

1

The budget bill passed by the House on May 22 would add \$2.4 trillion to the debt over the 2025-2034 window and \$10.8 trillion from 2025-2055. The Ways and Means title of the bill adds \$3.9 trillion to the debt over the 2025-2034 window while the remaining titles of the bill raise \$1.5 trillion in revenue over the 2025-2034 window. Over the 2025-2055 window, the Ways and Means title adds \$18.0 trillion in debt while the remaining titles raise \$7.1 trillion in revenue.

2

If the temporary tax provisions became permanent, the cost over the 2025-2034 window is \$4.0 trillion and over the 2025-2055 window is \$18.7 trillion.

3

During the 2045-2055 window, the cost in additional interest (even assuming no increase in interest rates due to this bill) is over 80 percent of the direct costs of the bill as written, rising to around 90 percent if the temporary tax provisions became permanent.

4

If the tax provisions become permanent, with no additional tariff revenue, the debt-to-GDP ratio would hit approximately 191 percent in 2055. The only countries that currently have a higher debt-to-GDP ratio are Japan and Sudan.

5

Under each scenario for the bill (Permanent and temporary and with and without new tariff revenue), the deficit level increases over the 2025-2055 window.

6

Our projection of the deficit depends on our forecast of future interest rates. All else being equal, higher debt and deficit levels will raise interest rates. This analysis does not include any increase in interest rates due to higher debt levels.

*Note: this piece has been updated to correct an earlier inconsistency between the text and the corresponding data.*

## Summary

This report provides an updated analysis of the budget bill recently passed by the House. The bill primarily extends and enhances the tax provisions in the 2017 Tax Cuts and Jobs Acts (TCJA) that are set to expire at the end of 2025. The bill also includes versions of several policies put forth by the President during the presidential campaign.<sup>1</sup> This report also includes estimates from committees beyond Ways and Means, which were not included in The Budget Lab's analysis released on May 16, as well as the update to the state and local tax (SALT) deduction that was announced just prior to the bill's passage.

Note: this analysis provides a conventional score for these proposals. In this analysis we do not look at the distributional [implications](#) of this proposal or its [macroeconomic implications](#). We thus do not account for any additional growth (or slowing of growth) that may emerge in the short or long run from passing this bill, nor do we analyze the impact of the increased debt burden on interest rates.

Because the tax provisions are designed to fit within the \$4.5 trillion allowance set by the 2025 budget resolution, many are temporary in nature. Given how unusual it is for Congress not to allow these policies to be extended (as seen in the current debate over the expiring provisions from 2017), we also offer a long-term lens, should those policies be extended permanently.

- The baseline cost of the bill as passed, assuming temporary provisions actually expire, over the 2025-2034 window is \$2.4 trillion and over the 2025-2055 window is \$10.8 trillion.
  - Tariff revenue is not currently in the legislation. However, if tariff revenue reflecting the state of tariffs as of May 28 was included in the score, it would cost \$1.8 trillion over the 2025-2034 window and \$8.2 trillion over the 2025-2055 window.
- If we assume that the temporary provisions become permanent (in other words, if we assume that lawmakers keep extending these provisions), the cost of the bill passed by the House over the 2025-2034 window is \$4.0 trillion and over the 2025-2055 window is \$18.7 trillion.
  - If possible tariff revenue was included in the score, the cost would be \$3.3 trillion over 10 years and \$16.1 trillion out to 2055.

## Table 1. Estimated Budget Effects of Big Beautiful Bill

Billions of dollars

	Budget Effect			Change in Interest Outlays	
	2025-2034	35-44	45-55	25-34	35-44
Provisions in Full bill, as written	-2,411	-2,873	-5,552	515	1,659
Provisions in Full Bill, as written, with Tariff Revenue	-1,770	-2,007	-4,441	414	1,200
Provisions in Full Bill, permanent	-3,971	-5,688	-9,074	639	2,862
Provisions in Full Bill, permanent, with Tariff Revenue	-3,330	-4,822	-7,963	538	2,403

Source: The Budget Lab • Created with [Datawrapper](#)

## Table 2. Change in Ways & Means Title Budget Effects

Billions of dollars

	As Passed			Permanent		
	2025-2034	35-44	45-55	25-34	35-44	45-55
Ways & Means of 5.16.25	-3,423	-4,435	-7,444	-5,019	-7,387	-11,822
Ways & Means as of 5.23.25	-3,881	-5,307	-8,774	-5,441	-8,122	-12,000
<b>Change</b>	<b>-458</b>	<b>-872</b>	<b>-1,330</b>	<b>-422</b>	<b>-735</b>	<b>-1,178</b>

Source: The Budget Lab • Created with [Datawrapper](#)

Note that the bill as passed adds to the deficit in the years outside of the ten-year budget window. This is not consistent with reconciliation rules unless the Senate either rewrites the bill or changes how bills are evaluated as being consistent with reconciliation rules.

## Analysis

Nominally, the purpose of the budget reconciliation is to extend the tax provisions established in the TCJA. These provisions include lower individual rates, increased standard deduction, a larger Child Tax Credit (CTC), and a deduction for qualified business income (QBI).

However, there are a substantial number of new tax-related provisions that were included in the House-passed version of the bill, including so called “Trump accounts,” which would allow parents to give more money to their children tax-free; the removal of the excise tax on firearms; and an increase in the SALT limit to \$40,000

(accompanied by income phaseouts and limits). The House passed bill also includes several of the President's campaign promises such as "no tax on tips," "no tax on overtime," and a larger standard deduction for older Americans (presumably to act as a version of "no tax on Social Security"). The bill included offsets through repealing or phasing out Inflation Reduction Act energy credits, imposing new taxes on foreign corporations, and restricting ACA subsidies, as well as spending cuts that are concentrated in the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. This updated analysis takes these spending cuts into account.

## Conclusion

The budget bill the House passed last week would substantially add to the deficit, particularly if we assume the tax provisions become permanent. If we account for the likelihood that these provisions would become permanent, in 2055 the debt-to-GDP ratio would be approximately 191 percent. For context, the only countries with a higher debt-to-GDP ratio currently are Japan and Sudan.

While the impact on the deficit and the debt is not the only important factor to consider in evaluating the impact of this bill, our analysis shows that the impact of this bill on the fiscal picture of the nation would be substantial.

### Table 3. Budget Effects by Title

Billions of dollars

Section Title	As Passed			Permanent		
	2025-2034	35-44	45-55	25-34	35-44	45-55
Title I. Committee on Agriculture	238	343	440	238	343	440
Title II. Committee on Armed Services	-144	-1	0	-144	-1	0
Title III. Committee on Education and Workforce	349	216	277	349	216	277
Title IV. Committee on Energy and Commerce	988	1,496	2,026	988	1,496	2,026
Title V. Committee on Financial Services	5	8	11	5	8	11
Title VI. Committee on Homeland Security	-67	-2	0	-67	-2	0
Title VII. Committee on the Judiciary	-7	99	127	-7	99	127
Title VIII. Committee on Natural Resources	20	47	60	20	47	60
Title IX. Committee on Oversight and Government Reform	51	71	78	51	71	78
Title X. Committee on Transportation and Infrastructure	37	156	204	37	156	204
Title XI. Committee on Ways and Means	-3,881	-5,307	-8,774	-5,441	-8,122	-11,565
<b>Total</b>	<b>-2,411</b>	<b>-2,873</b>	<b>-5,552</b>	<b>-3,971</b>	<b>-5,688</b>	<b>-9,660</b>

Source: The Budget Lab • Created with [Datawrapper](#)

## Figures: Effects on Debt and Deficits

### Figure 1. Total U.S. Federal Debt Across Fiscal Scenarios

Trillions USD

— Temporary without Tariff Revenue — Temporary with Tariff Revenue — Permanent without Tariff Revenue — Permanent with Tariff Revenue

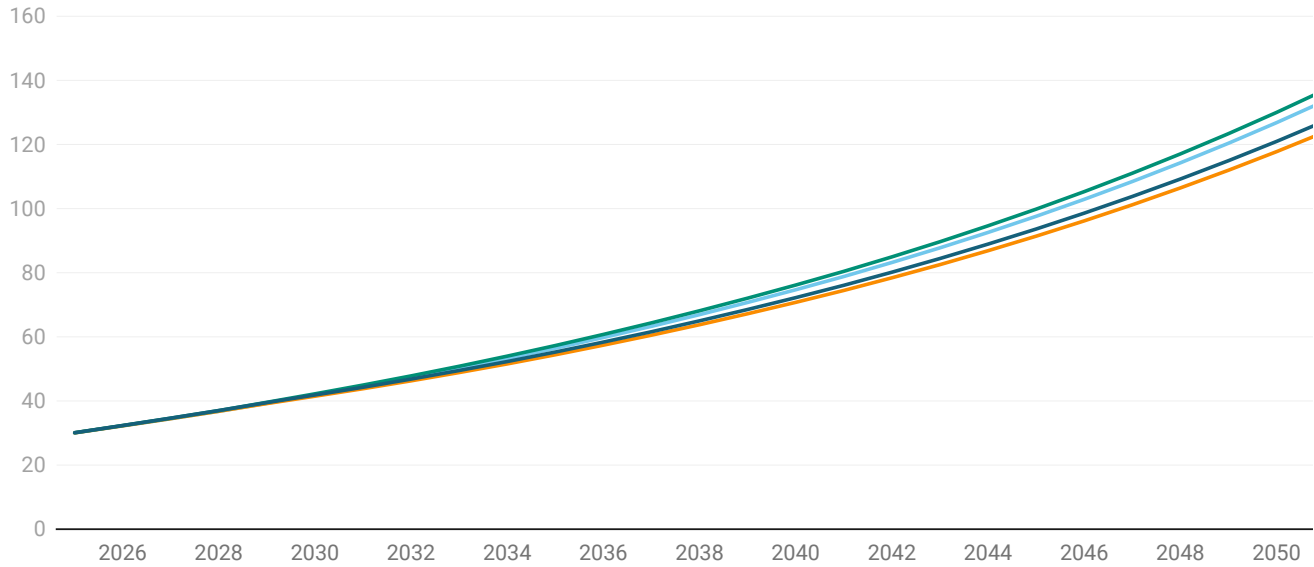


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

### Figure 2. Debt to GDP Across Fiscal Scenarios

Percent of GDP

— Temporary without Tariff Revenue — Temporary with Tariff Revenue — Permanent without Tariff Revenue — Permanent with Tariff Revenue

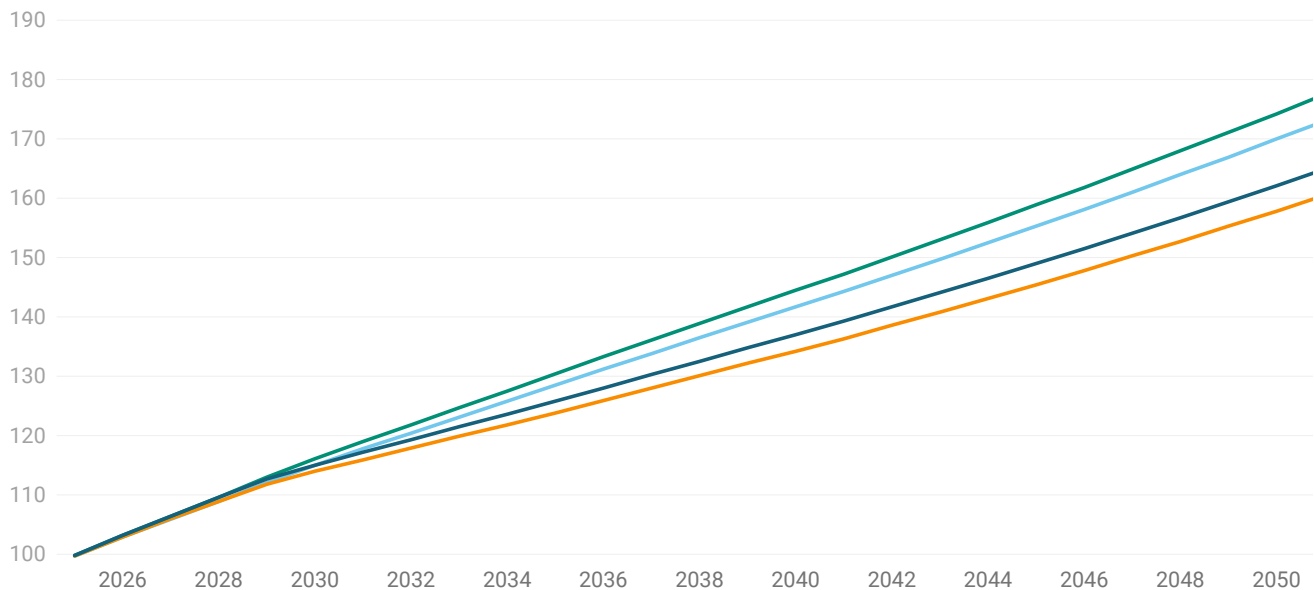
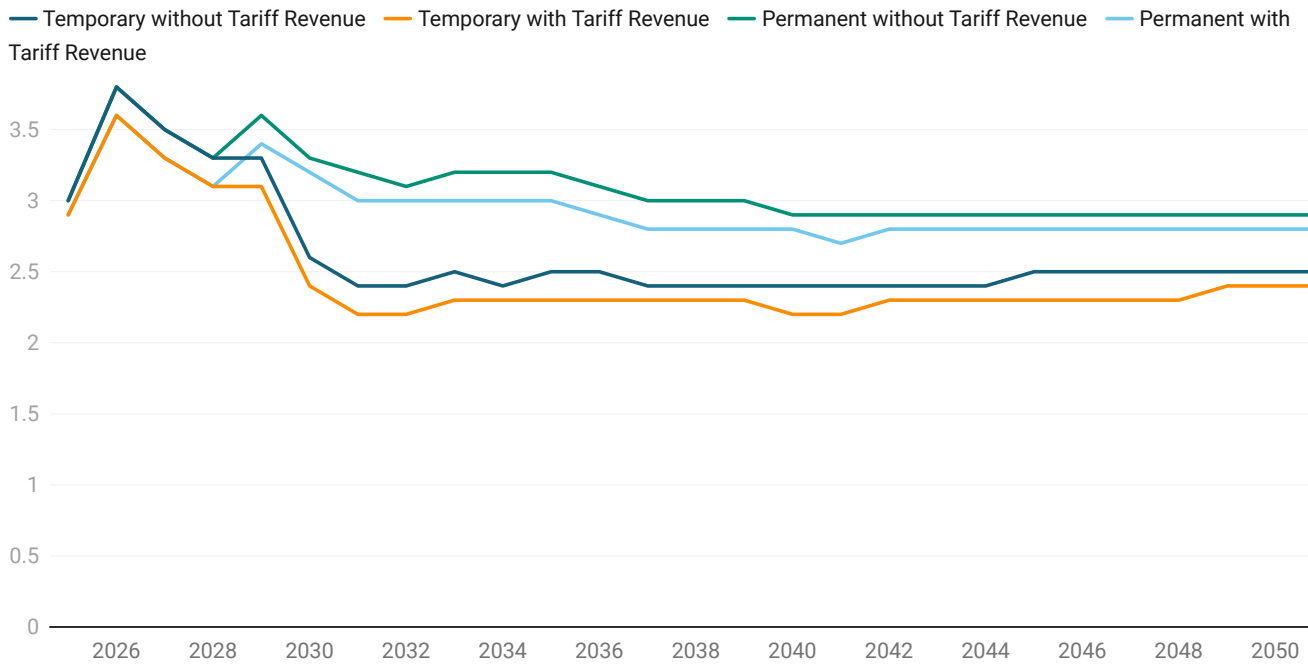


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

### Figure 3. Primary Deficit to GDP Across Fiscal Scenarios

Percent of GDP



Note: This table mistakenly labeled Temporary without Tariff Revenue as Temporary with Tariff Revenue. That has been corrected.

Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

### Figure 4. Total Deficit to GDP Across Fiscal Scenarios

Percent of GDP

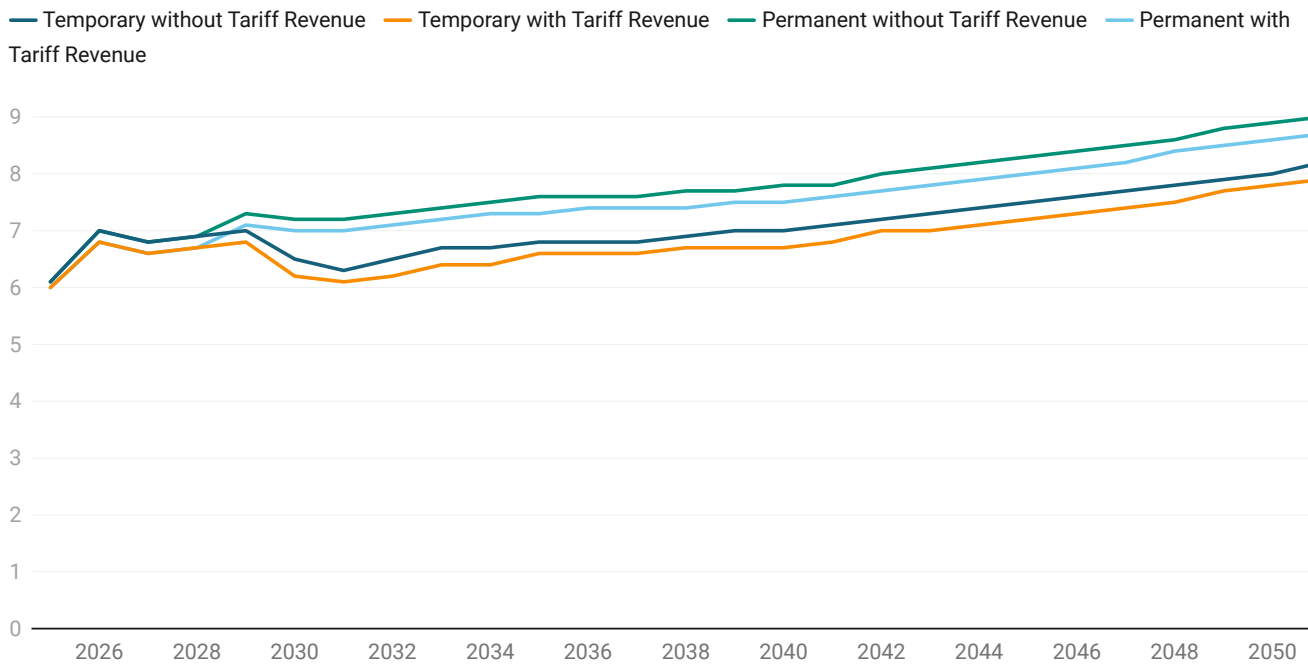


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

### Figure 5. Total U.S. Interest Payments Across Fiscal Scenarios

Billions of dollars

— Temporary without Tariff Revenue — Temporary with Tariff Revenue — Permanent without Tariff Revenue — Permanent with Tariff Revenue

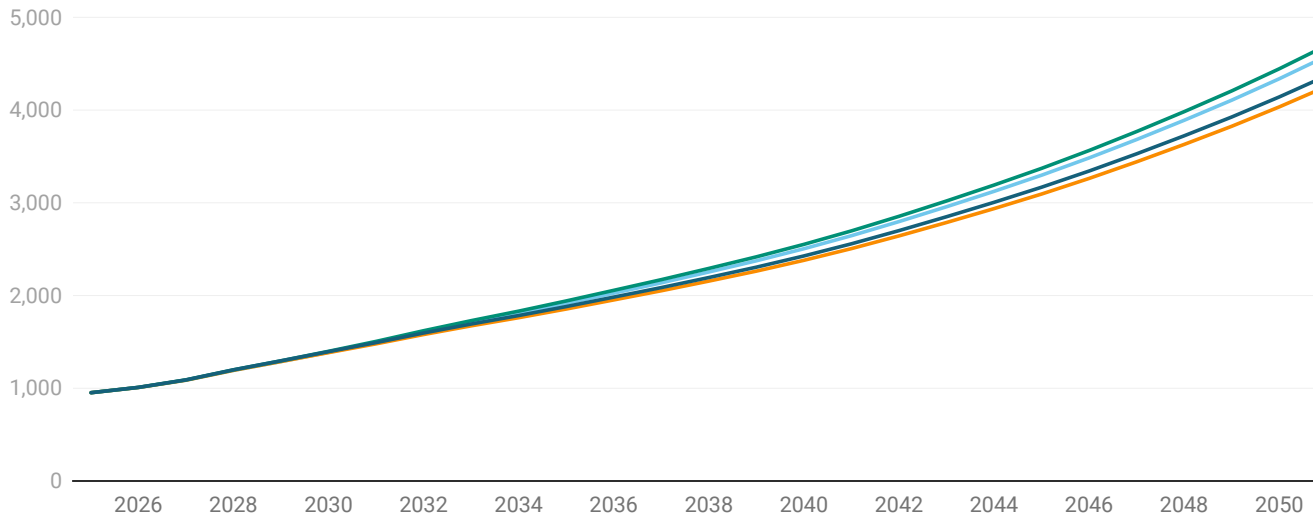


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

### Figure 6. Interest Payments as Percentage of GDP Across Fiscal Scenarios

Percent of GDP

— Temporary without Tariff Revenue — Temporary with Tariff Revenue — Permanent without Tariff Revenue — Permanent with Tariff Revenue

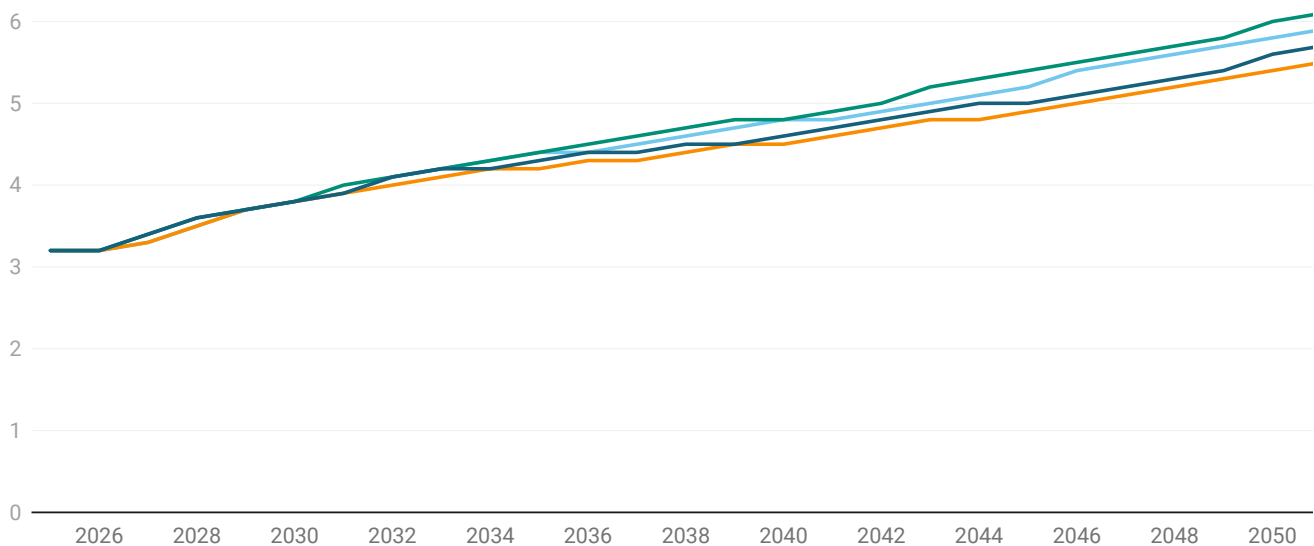


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

## Footnotes

1. The Budget Lab does not attempt to summarize in this score all the provisions that are in the bill. For a summary from The Bipartisan Policy Center please see [here](#).