



The Financial Cost of the Senate-Passed Budget Bill

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Key Takeaways

1

The budget bill passed by the Senate July 1 would add \$3.0 trillion to the debt over the 2025-2034 window (0.84% of GDP over this time period) and \$12.1 trillion from 2025-2055 (0.71% of GDP over this time period).

2

If the temporary tax provisions became permanent, the cost over the 2025-2034 window is \$3.7 trillion and over the 2025-2055 window is \$16.1 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 88 percent of the direct costs of the bill as written, rising to almost 89 percent if the temporary tax provisions became permanent.

4

If the tax provisions become permanent, the debt-to-GDP ratio would hit approximately 186 percent in 2055. The only countries that currently have a higher debt-to-GDP ratio are Japan and Sudan.

5

The Senate version costs more over the 2025-2034 window than the House version (\$3.0 and \$2.4 trillion, respectively) in part because it has fewer temporary provisions. If made permanent, the Senate version costs \$3.7 trillion while the House version costs \$4.0 trillion.

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: The forecast of Medicaid revenue savings has changed. The changed forecast better reflects the legislative language and increases the savings through reduction in spending.

Summary

This report provides an updated analysis of the budget bill recently passed by the Senate.¹ 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. This report includes estimates from each committee whereas our previous Senate analysis included only the tax portion of the Finance title.

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 \$3.0 trillion (0.84% of GDP over this time period) and over the 2025-2055 window is \$12.1 trillion (0.71% of GDP over this time period).
- 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 Senate over the 2025-2034 window is \$3.7 trillion (1.03% of GDP over this time period) and over the 2025-2055 window is \$16.1 trillion (0.95% of GDP over this time period).

Note that the bill as passed adds to the deficit in the years outside of the ten-year budget window.

Table 1. Estimated Budget Effects of Big Beautiful Bill

Billions of dollars

	Budget Effect			Cha
	2025-2034	35-44	45-55	25-34
Senate: Provisions in Full bill, as written	-3,062	-3,030	-5,530	631
Senate: Provisions in Full Bill, permanent	-3,787	-4,651	-7,651	689
House: Provisions in Full bill, as written	-2,411	-2,873	-5,552	515
House: Provisions in Full Bill, permanent	-3,971	-5,688	-9,074	639

Note: This reflects information about stricken portions of the bill as of July 01, 2025.

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

Analysis

The bill extends 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). The bill also includes a number of new tax-related provisions first included in the House version such as “Trump accounts,” which would allow parents to give more money to their children tax-free; the removal of the excise tax on firearms. It 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”). Unlike the House bill, this proposal would not increase the cap on state and local tax deductions from its current-policy level of \$10,000 (though reporting indicates this provision is likely to change in negotiations).

The bill also makes changes to the international tax system by harmonizing effective rates on Foreign-Derived Intangible Income (FDII), Global Intangible Low-taxed Income (GILTI), and the Base Erosion and Anti-Abuse Tax (BEAT) at 14%. It also permanently extends the Controlled Foreign Corporation look-through rule [954 (c)(6)] and imposes a retaliatory tax on foreign corporations if their home jurisdiction has adopted taxes deemed to be harmful similar to the House bill.

The bill included offsets through repealing or phasing out Inflation Reduction Act energy credits, and restricting ACA subsidies, as well as spending cuts that are concentrated in the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. This analysis takes these spending cuts into account.

Table 2a. Estimated Budget Effects of Bill by Title

Billions of dollars

	As Passed			Permanent		
	2025-2034	35-44	45-55	25-34	35-44	45-55
Title I. Agriculture, Nutrition and Forestry	132	163	172	132	163	172
Title II. Armed Services	-164	-1	0	-164	-1	0
Title III. Banking	2	5	9	2	5	9
Title IV. Commerce, Science, and Transportation	48	3	0	48	3	0
Title V. Energy and Natural Resources	30	63	111	30	63	111
Title VI. Environment and Public Works	4	-4	-7	4	-4	-7
Title VII. Finance	-3,296	-3,588	-6,399	-4,021	-5,210	-6,399
Title VIII. Health, Education, Labor, and Pensions	337	247	436	337	247	436
Title IX. Homeland Security and Government Affairs	-142	-1	0	-142	-1	0
Title X. Judiciary	-13	83	147	-13	83	147
Total	-3,062	-3,030	-5,531	-3,787	-4,652	-5,531

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

Table 2b. Estimated Budget Effects of Finance by Group

Billions of dollars

	As Passed			Permanent		
	2025-2034	35-44	45-55	25-34	35-44	45-55
Individual Provisions	-3,628	-5,360	-8,723	-4,248	-6,677	-8,723
Business Provisions	-466	25	209	-527	-125	209
International Provisions	-167	-255	-450	-167	-255	-450
Medicaid Provisions	965	2,001	2,565	920	1,848	2,565
Total	-3,296	-3,589	-6,399	-4,022	-5,209	-6,399

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

Conclusion

The budget bill the Senate passed July 1, 2025 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 186 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.

Appendix

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

Trillions USD

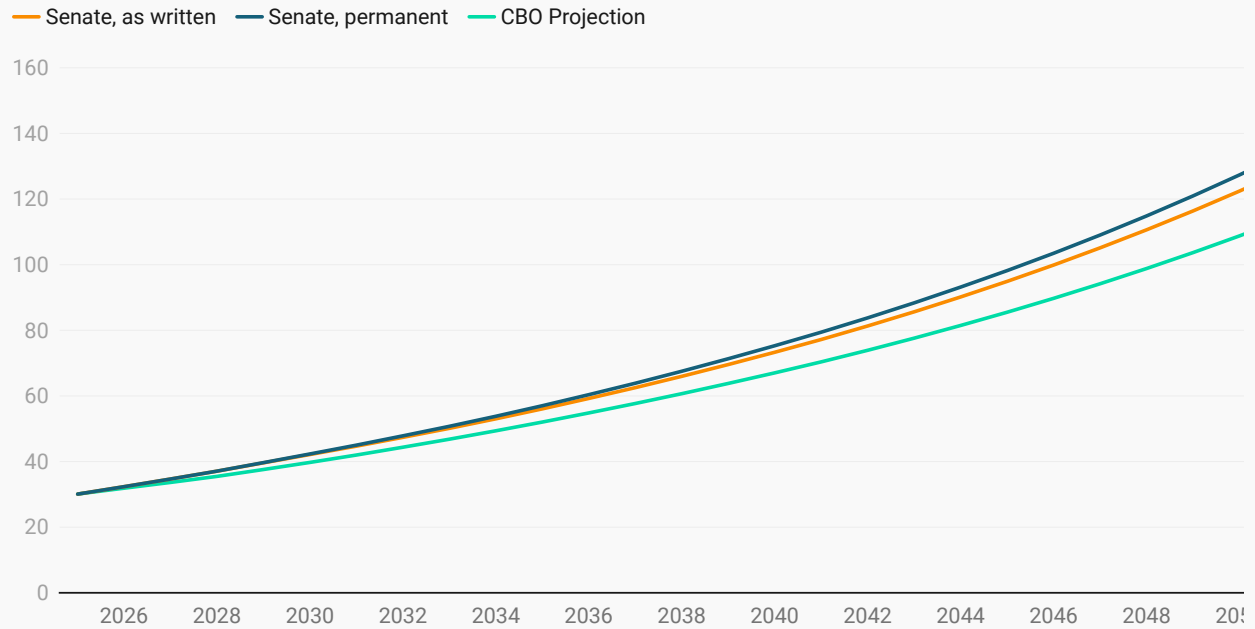


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

Figure 2. Debt to GDP Across Fiscal Scenarios

Percent of GDP

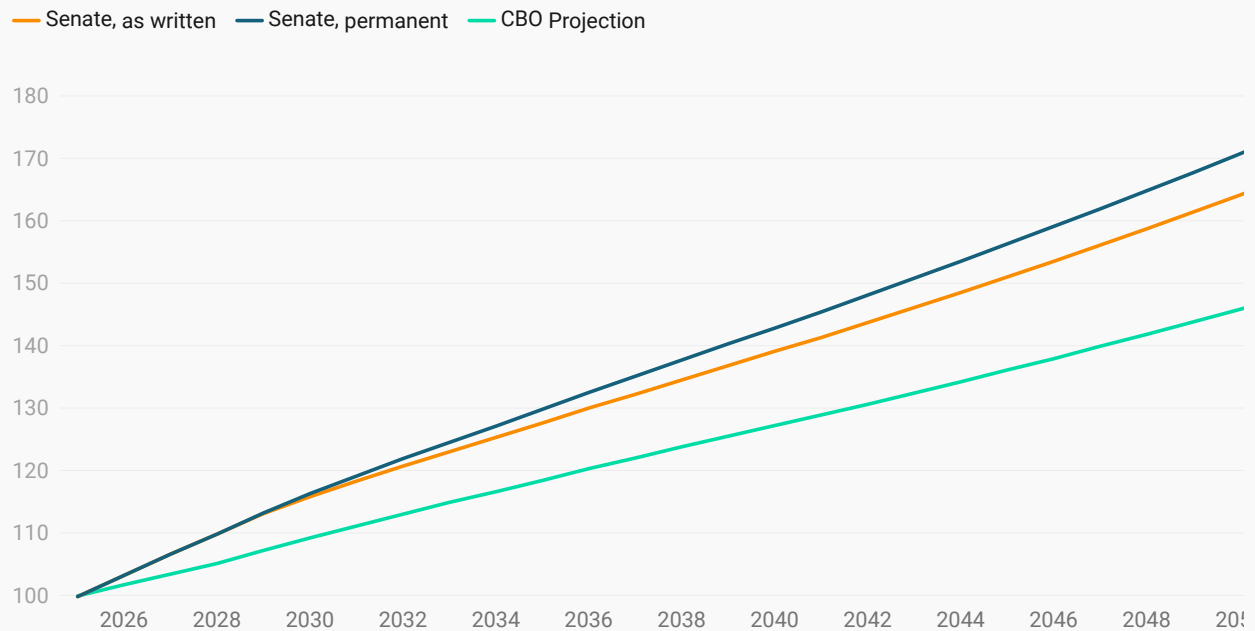


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

Figure 3. Primary Deficit to GDP Across Fiscal Scenarios

Percent of GDP

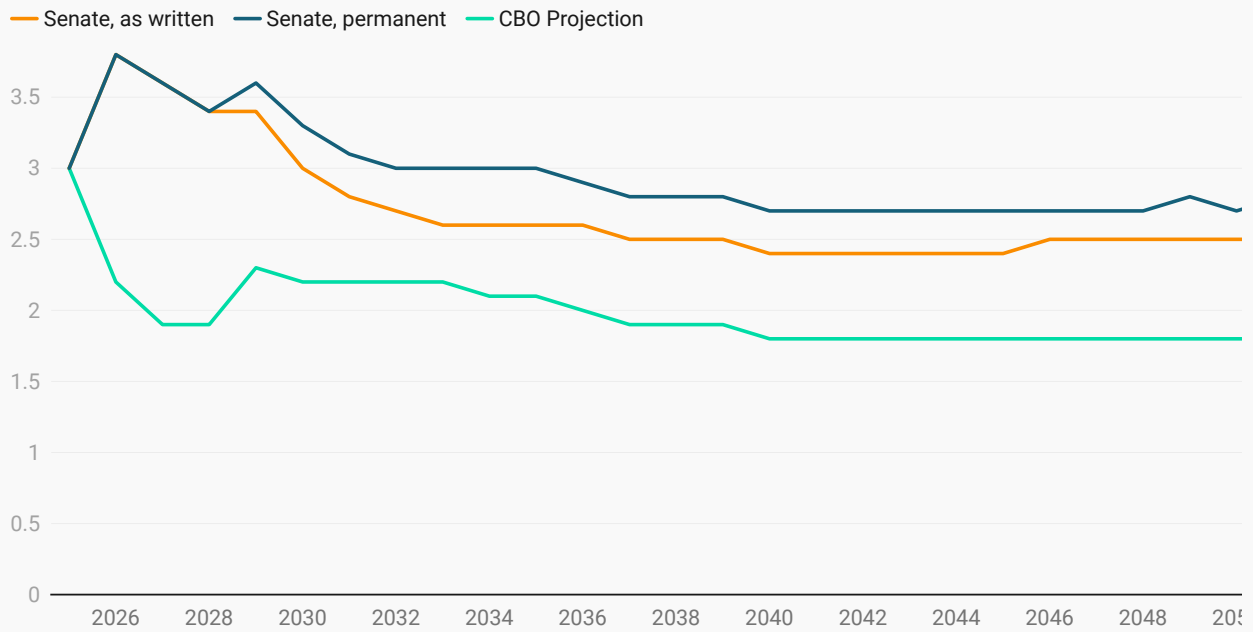


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

Figure 4. Total Deficit to GDP Across Fiscal Scenarios

Percent of GDP

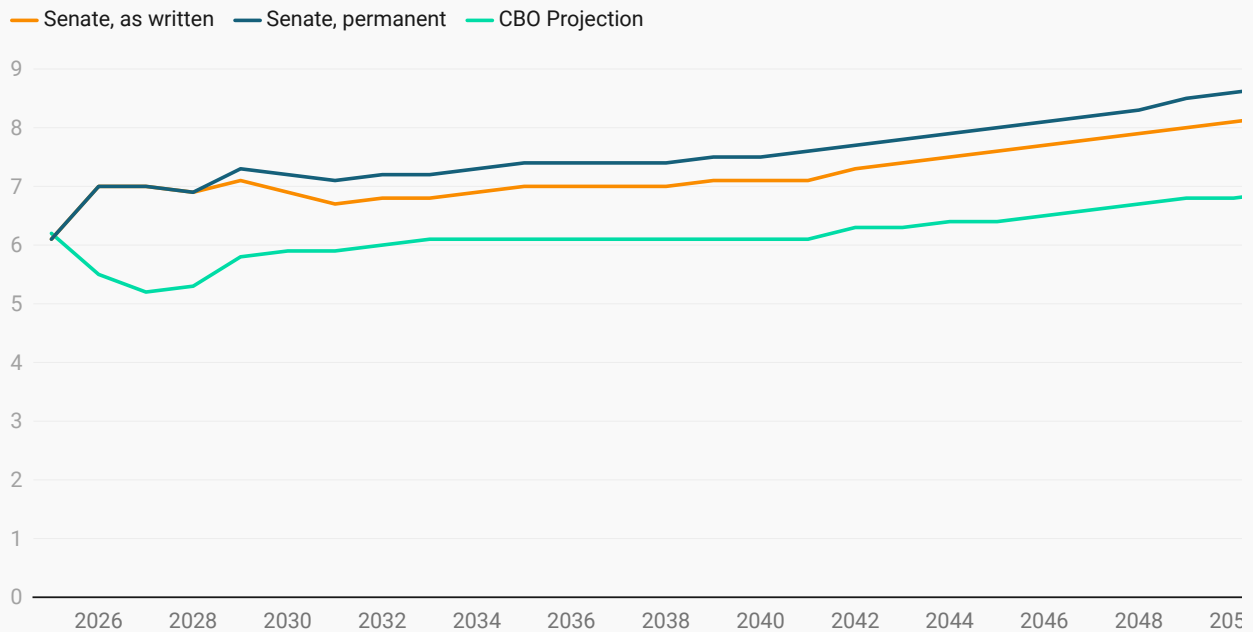


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

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

Billions of dollars

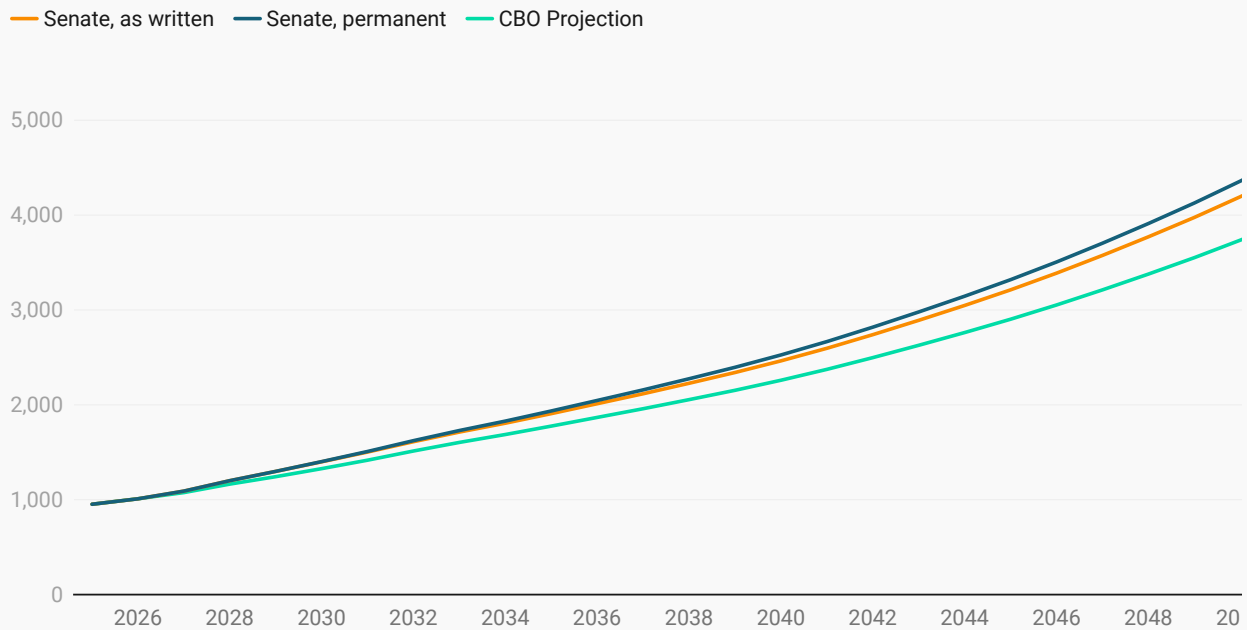


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)

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

Percent of GDP

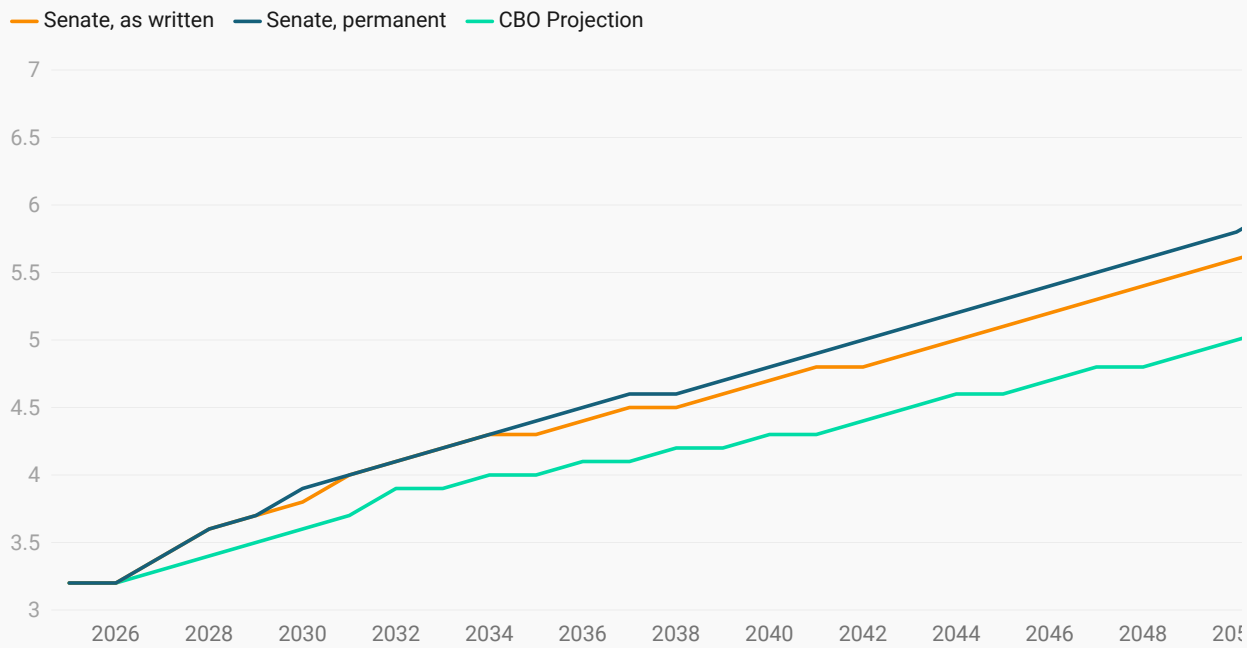


Chart: The Budget Lab at Yale • Created with [Datawrapper](#)