BACKGROUNDER
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How the Reconciliation Bill Prevented a Historic Tax Increase and Cut Individual Taxes in Every State and Metro Region

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KEY TAKEAWAYS

The One Big Beautiful Bill grants $2,314 of annual tax relief to average taxpayers—$410 in new cuts plus $1,904 by permanently extending the expiring 2017 tax cuts.

The tax relief significantly reduces the share of taxes paid by middle- and lower-income Americans, with proportionally larger cuts for lower-income filers.

The temporary increase in the state and local tax (SALT) deduction cap reduces filers' average taxes by $809 near San Jose—but by only $12 near Memphis.

President Donald Trump signed the One Big Beautiful Bill Act (OBBBA) into law in a White House Ceremony on July 4, 2025. Some are also referring to the legislation as "The Working Families Tax Cuts" to emphasize the relief it offers to American families. The bill, which covers tax and non-discretionary spending, passed in the Senate on July 1 by a vote of 51 to 50 with Vice President J.D. Vance casting the tie-breaking vote. Only two days later, on July 3, the House adopted it without changes by a vote of 218 to 214.[1] Because Republicans held razor-thin majorities in both the House and Senate, the fate of President Trump's signature legislation remained in doubt until the morning it passed in the House. The House had advanced a different version of the legislation on May 22 by a single vote, after which the Senate spent nearly six weeks ironing out changes to the House bill. The legislation that came out of this process will reduce individual taxes in every part of the country and, more important, will prevent what would have been a large tax *increase* if Congress had failed to extend the expiring 2017 tax reforms.

The looming expiration of many provisions of the 2017 Tax Cuts and Jobs Act (TCJA) provided the main catalyst for the "big" tax bill. Beginning on January 1, 2026, individual tax rates were scheduled to rise nearly across the board, the standard deduction and child tax credit would both have been cut in half, and 37 times as many Americans would have been forced to pay the alternative minimum tax, among other effects.[2] Taxes would have been higher throughout the country, and many Americans would have paid significantly more in federal taxes in 2026 than they ever had before.

The OBBBA made almost all expiring TCJA provisions permanent, thereby preventing a major tax increase in 2026. Moreover, it further reduces most Americans' individual income taxes with modest changes to tax brackets, an additional increase in the standard deduction and the child tax credit, an increase in the cap on the state and local tax (SALT) deduction, and new deductions for tips, overtime, and seniors, among other changes.

This *Backgrounder* quantifies the tax savings from the OBBBA over time, across states, and across more than 100 areas within states. It shows how federal taxes on individuals and families would have risen in every part of the country had the TCJA been allowed to expire, and how tax levels will instead fall everywhere because the OBBBA was enacted. This *Backgrounder* also discusses how the legislation's temporary increase in the SALT cap drives notable regional differences in the OBBBA's tax savings within the five years after enactment compared to the following five years when the SALT cap is scheduled to return to its pre-OBBBA level. Next, this *Backgrounder* explains how the OBBBA compares to previous tax cuts in magnitude and describes the relative balance of the tax cuts. It concludes with recommendations for Congress.

The Impact of the OBBBA's Tax Cuts on the Average American

This section describes individual income tax savings from the OBBBA by year through 2034, quantifying tax savings in different states, metropolitan areas, and other geographic divisions within states. The analysis was conducted using the Heritage Foundation Individual Income Tax Model (HFIITM).

The model captures most of the significant changes to individual income taxes that would have occurred had the TCJA expired, including changes to:

- Individual tax rates and brackets,
- The standard deduction,
- Personal exemptions,
- The child tax credit,
- The qualified business income deduction,
- The alternative minimum tax,
- The SALT deduction, and
- Miscellaneous other itemized deductions and itemized deduction limitations.

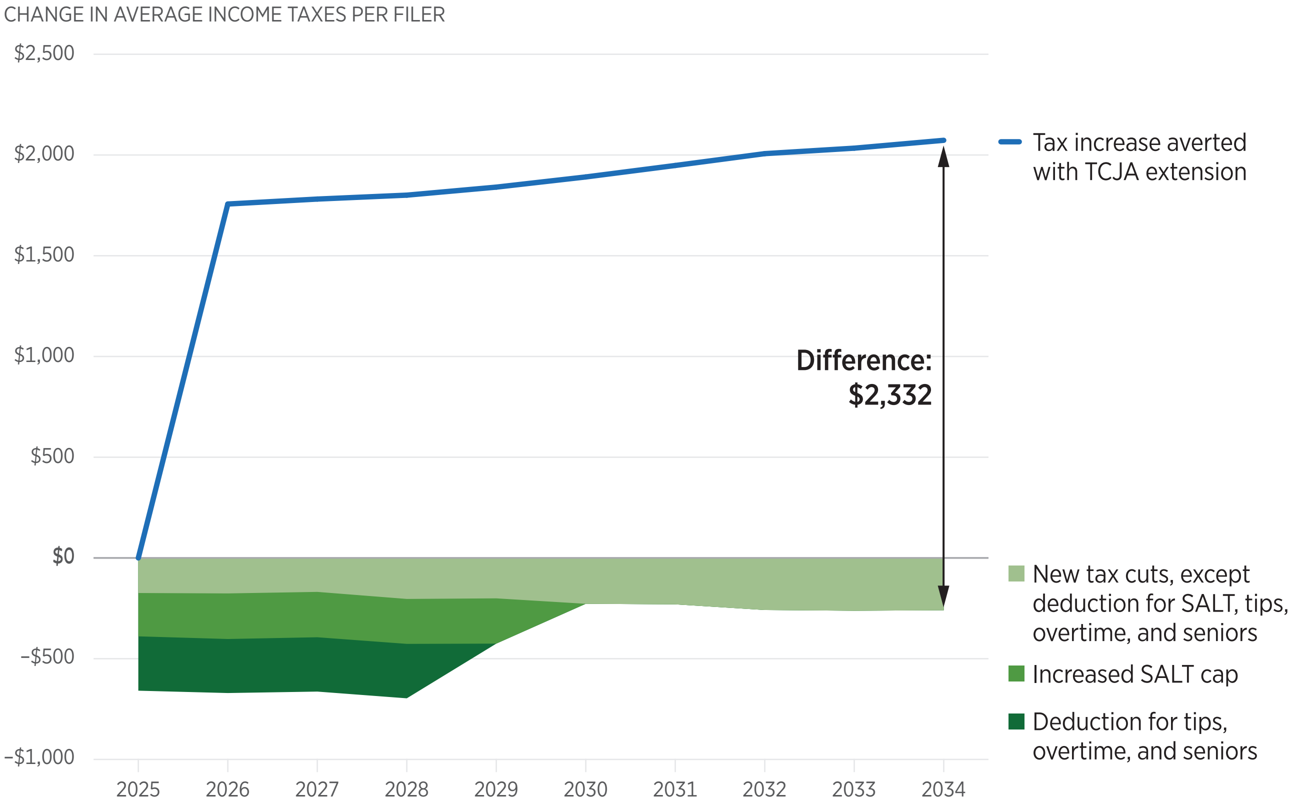
The results separate the effect of extending the TCJA's expiring provisions from the effects of the *new* tax cuts under the OBBBA. The new tax cuts under the OBBBA include further changes to some of the provisions listed above (including tax brackets, the increase in the standard deduction and the child tax credit amounts, changes to the AMT exemption, and an increase in the SALT cap). In addition, the HFIITM computes the tax savings associated with the following *new* individual provisions in the OBBBA:

- The tax deduction for tips,
- The tax deduction for overtime pay,
- The new deduction for seniors, and
- The limitation on the benefit of itemized deductions.

Some individual provisions, such as the deduction for domestic car loans (a $30.6 billion tax cut over 10 years according to the Joint Committee on Taxation), the new investment accounts for babies and young children known as Trump Accounts ($15.2 billion over 10 years), and various smaller provisions are not modeled in the HFIITM and are therefore excluded from this analysis.[3] Unless otherwise noted, the analysis below also does not include changes to corporate taxes, the death tax, or the nonprofit sector.

CHART 1

Change in Individual Taxes: With vs. Without One Big Beautiful Bill



NOTES: Individual income taxes are compared to a scenario in which TCJA policies remained in effect with no new tax changes. The blue line shows the average individual income tax increase by year for U.S. filers (excluding dependents) if the TCJA had expired. The shaded areas show the average U.S. tax filer's reduction in taxes under the OBBBA, with different shades representing different parts of the new tax cuts. The estimated tax changes exclude corporate tax changes. Certain individual provisions were not included in the analysis due to data limitations. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; standard deduction; the child tax credit; the qualified business income deduction; deductions for tips, overtime, and seniors; the SALT deduction; and the itemized deduction limit.
SOURCE: Heritage Foundation Individual Income Tax Model.

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If the TCJA provisions had expired, individual income taxpayers would have begun paying higher taxes starting in 2026. The OBBBA prevents the expiration of the TCJA and implements new tax cuts, most of which took effect immediately. Some of the new tax cuts are permanent, and others are temporary. The provisions that were included as fulfillments of President Trump's campaign promises—the tax deductions for tips, overtime, seniors, and domestic car loans—will remain in effect through 2028. The increase in the SALT cap will remain in effect through 2029. Most other *new* individual tax cuts in the OBBBA—including enhancements of the child tax credit and the standard deduction and changes to tax brackets—are permanent.

The average individual income tax filer would have paid $1,757 more in taxes in 2026 if the TCJA had expired (compared to the tax policies in effect in 2024), $1,781 more in 2027, and $2,073 more by 2034. The average individual tax savings from the *new* tax cuts in the OBBBA will be about $672 per year between 2025 and 2028, about $425 in 2029, and about $247 per year between 2030 and 2034. For the 10 years from 2025 through 2034, the average individual taxpayer will save a total of about $17,132 from extending the TCJA plus about $4,351 from the OBBBA's *new* individual tax cuts ($21,483 combined).

Regional Analysis of the OBBBA's Individual Tax Savings

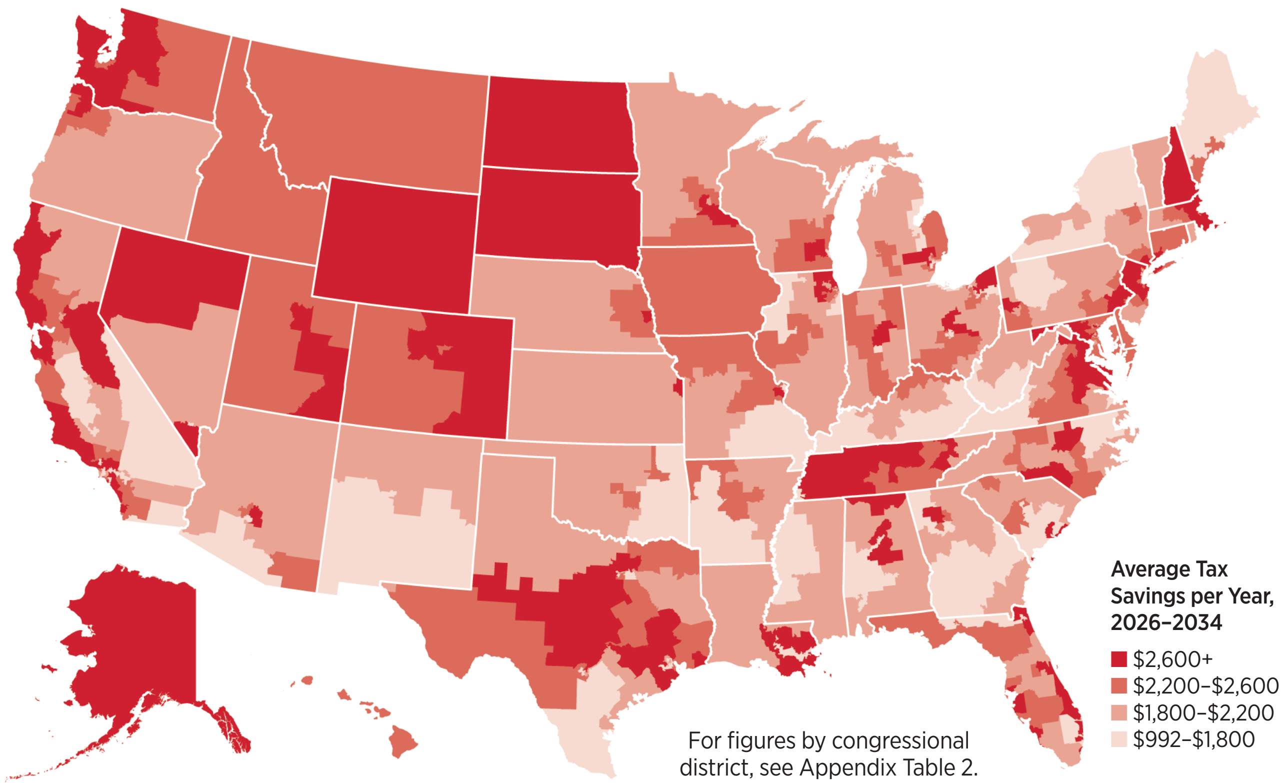
The OBBBA will reduce individual income taxes for taxpayers throughout the country. Between the new tax cuts and the extension of the TCJA, the average taxpayer in the median state will save approximately $2,417 per year between 2026 and 2034 due to the OBBBA.[4]

The HFIITM was augmented with IRS data to estimate tax savings by congressional district as in effect for the 117th Congress (2021–2022).[5] Map 1 shows the total tax savings by congressional district, including both the extension of the TCJA and the new tax cuts.

States redrew congressional district maps following the 2020 Census and the revised district maps went into effect for the 118th Congress (2023–2024), so the congressional district boundaries in the data and in Map 1 do not reflect current boundaries and do not include states' newly gained or lost districts. In Tables 1 to 7 and Appendix Table 1, instead of presenting listings of the tax savings for 435 outdated district boundaries, the old district boundaries are grouped into areas that are more easily identifiable. These areas include approximations of the 50 most populous U.S. metropolitan areas. For metropolitan areas spanning multiple states, these alternative regional divisions do not include the parts of the metropolitan areas that are outside the state where the metropolitan area is centered.[6] For states containing multiple congressional districts and one or more top 50 metropolitan areas, the rest of the state is classified as a single area. States with multiple congressional districts but no top 50 metropolitan area centered in the state are divided into two geographic halves (such as northern New Jersey and southern New Jersey) with roughly equal populations.[7] For states with a single at-large congressional district, only the whole of the state is included as an area in the analysis.

MAP 1

One Big Beautiful Bill: Taxes Saved in Dollars by Congressional District



NOTES: Congressional districts are based on boundaries of the 117th Congress (2021–2022). Estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the SALT deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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There is some variation across different parts of the country in the amount of average tax savings, but the level of tax savings is consistently high throughout the country. In every state and in 96 percent of the areas within states, the average overall per-filer tax savings per year from extending the TCJA and the *new* tax cuts was more than $1,800.

Appendix Table 1 describes these areas and the average federal income tax savings per non-dependent tax return under the OBBBA in each. The table separates the tax savings from preventing the expiration of the TCJA from the tax savings related to the *new* tax cuts.

TABLE 1

Tax Increase Averted: Areas of the U.S. that Would Have Had the Highest Average Tax Increases if TCJA Expired

Rank	State	Average Tax Savings Per Year, 2026–2034: TCJA Extension
1	Washington	$3,041
2	North Dakota	$2,690
3	Alaska	$2,670
4	Wyoming	$2,564
5	New Hampshire	$2,540
	Median State	**$1,960**

Rank	Area Within State	Average Tax Savings Per Year, 2026–2034: TCJA Extension
1	Seattle Metro	$3,828
2	San Jose Metro	$3,361
3	Washington DC's Virginia Suburbs	$3,337
4	District of Columbia	$3,257
5	San Francisco Metro	$2,873
6	Dallas Metro	$2,857
7	Boston Metro	$2,768
8	Raleigh Metro	$2,762
9	Southeast New Hampshire	$2,696
10	Nashville Metro	$2,670
	Median Area Within State	**$1,928**

NOTES: This table lists the top five states and top 10 areas within states of 107 such areas modeled by estimated tax savings from the OBBBA's extension of the TCJA policies. The estimated tax changes do not reflect changes to corporate taxes, death taxes, or the non-profit sector. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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Preventing a Nationwide Tax Increase. Extending the expiring provisions of the TCJA prevents a large individual income tax increase throughout the country. Individual income taxes in every part of the country would have risen if Congress had not acted. Between 2026 and 2034, the average taxpayer in the median state would have faced an annual tax increase of $1,960 if the TCJA had expired. In every state and in 92 percent of the areas within states (as listed in Appendix Table 1), the average filer's annual tax increase between 2026 and 2034 would have been more than $1,500 if the TCJA had expired.

Table 1 shows the five states and 10 areas within states that would have experienced the greatest tax increase had the TCJA's provisions been allowed to expire. The extension of the TCJA will save the average taxpayer in Washington State and North Dakota $3,041 and $2,690 per year, respectively, between 2026 and 2034. Eight areas within states would have faced average tax increases of more than $2,700 had the TCJA expired, with the highest tax increase averted in the Seattle metropolitan area at $3,828. The areas that would have faced the highest tax increases upon expiration of the TCJA span all regions of the U.S. and include some of the least densely populated areas of the country (such as North Dakota and Alaska) and some of America's larger metropolitan areas, such as San Francisco, the District of Columbia, Dallas, and Boston.

A Nationwide Individual Tax Cut. The OBBBA goes beyond preventing a tax increase: it also cuts individual income taxes in all parts of the country. In the median state, the average filer will pay $413 less in taxes than if Congress had simply extended the TCJA with no changes. In every state plus 97 percent of the areas within states, the average taxpayer will pay at least $330 per year less in taxes between 2026 and 2034 than under a simple TCJA extension.

Table 2 shows the states and areas within states with the greatest tax savings from the new tax cuts in the OBBBA. The top states, New Jersey and Maryland, have average tax savings from the new tax cuts of $556 and $509, respectively. In each of the top 10 areas, the average non-dependent filer will receive a tax cut of more than $500 beyond the tax cut he would have received with a plain extension of the TCJA. These areas are mostly metropolitan areas in the Acela Corridor (between Washington, DC, and Boston) and the West Coast. As discussed further below, the above-average new tax cuts in these high-tax coastal cities and states largely stem from the OBBBA's increase of the SALT deduction cap from the TCJA level of $10,000 to $40,000 in the tax years 2025 through 2029.

Overall Tax Savings from the One Big Beautiful Bill. As noted, average taxpayers in the median state will save approximately $2,401 per year from the OBBBA between new tax cuts and the tax increase they will avoid with the extension of the TCJA. The areas of the U.S. with the highest average overall tax savings from the OBBBA (as listed in Table 3) are almost identical to the areas of the U.S. that would have faced the highest average

TABLE 2

Areas of the U.S. with the Highest New Tax Cuts in One Big Beautiful Bill

Rank	State	Average Tax Savings Per Year, 2026–2034: New Tax Cuts in OBBBA
1	New Jersey	$556
2	Maryland	$509
3	Massachusetts	$485
4	Minnesota	$480
5	New Hampshire	$479
	Median State	**$413**

Rank	Area Within State	Average Tax Savings Per Year, 2026–2034: New Tax Cuts in OBBBA
1	Washington DC's Virginia Suburbs	$580
2	Southern New Jersey	$570
3	San Diego Metro	$544
4	Northern New Jersey	$544
5	San Francisco Metro	$540
6	Hartford Metro	$525
7	Rest of Maryland	$517
8	Portland Metro	$511
9	Minneapolis Metro	$509
10	Baltimore Metro and DC Suburbs	$506
	Median Area Within State	**$415**

NOTES: This table lists the top five states and top 10 areas within states of 107 such areas modeled by estimated tax reductions from the OBBBA compared to a scenario in which the TCJA policies remained in effect with no new tax changes. The estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the state and local tax deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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TABLE 3

Areas of the U.S. with the Largest Average Total Tax Savings Compared to Allowing TCJA Expiration

Rank	State	Average Tax Savings Per Year, 2026–2034: Total of OBBBA and TCJA Extension	Average Tax Savings %
1	Washington	$3,480	14.1%
2	North Dakota	$3,087	17.7%
3	Alaska	$3,056	16.9%
4	New Hampshire	$2,992	14.1%
5	Massachusetts	$2,969	10.4%
	Median State	**$2,401**	**15.8%**

Rank	Area Within State	Average Tax Savings Per Year, 2026–2034: Total of OBBBA and TCJA Extension	Average Tax Savings %
1	Seattle Metro	$4,287	12.7%
2	Washington DC’s Virginia Suburbs	$3,916	11.7%
3	San Jose Metro	$3,830	5.0%
4	District of Columbia	$3,716	9.8%
5	San Francisco Metro	$3,413	7.0%
6	Raleigh Metro	$3,260	13.7%
7	Boston Metro	$3,255	9.6%
8	Dallas Metro	$3,233	14.0%
9	Southeast New Hampshire	$3,175	14.0%
10	Denver Metro	$3,091	13.5%
	Median Area Within State	**$2,342**	**15.7%**

NOTES: This table lists the top five states and top 10 areas within states of 107 such areas modeled by estimated total tax savings from the OBBBA. The “Average Tax Savings %” is the total tax savings as a percentage of total taxes paid if the TCJA had expired. The estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the state and local tax deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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tax increase had the TCJA expired (as listed in Table 1). This near-complete overlap reflects that the primary driver of tax savings from the passage of the OBBBA is the extension of the TCJA.

The average filer in Washington State, North Dakota, and Alaska will have more than $3,000 per year in combined tax savings. The Seattle metropolitan area tops the list for highest average combined tax savings of areas within states. The average taxpayer in the Seattle metropolitan area will save about $4,287 per year between 2026 and 2034 ($3,828 of which is from the extension of the TCJA). In addition to Seattle, the 10 areas with the highest overall savings under the OBBBA include many other metropolitan areas that are among the highest in per capita income in the country, such as Boston, Denver, San Francisco, San Jose, and Washington, DC.

However, as Table 4 shows, the average taxpayer in lower-income areas will tend to save more in taxes *as a percentage of taxes paid*. While the average taxpayers in the median state will save about 15.8 percent of their taxes, the model estimates that taxpayers in and around Memphis, Tennessee, will save 26 percent more on a percentage basis than taxpayers in any other area of the country.[8] Besides Memphis, the other places with the highest savings as a share of taxes paid are all states or areas within states where the real median household income is below the national median (Alabama, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, and West Virginia).[9]

Tables 2 and 3 indicate a negative correlation between how many dollars typical taxpayers in an area will save and how much they will save as a percentage of the taxes they pay. This may seem counterintuitive, but it is consistent with how the TCJA and OBBBA tax cuts for individuals were designed. The tax cuts include provisions that significantly reduce the share of taxes paid by middle- and lower-income Americans, such as the expanded standard deduction and child tax credit and new tax deductions for tipped income and seniors. However, those tax cuts are balanced to an extent by general reductions in taxes (such as the reduced rates in the TCJA) that tend to result in larger dollar reductions in taxes among higher-income Americans who pay far more in taxes than the average middle-income taxpayer. Since the average American in the top 5 percent (by income) pays about 30 times more taxes than the average American in the bottom 95 percent, even a significantly smaller percentage reduction in taxes for higher-income individuals (or areas) may correspond to more dollars in tax savings.[10]

Beyond the areas shown in Tables 2 and 3, Chart 2 shows the inverse relationship between the tax savings (in dollars) of the average taxpayer

TABLE 4

Areas of the U.S. with the Highest Percentage Tax Savings Compared to Allowing TCJA Expiration

Rank	State	Average Total Tax Savings (Percentage), 2026–2034: OBBBA Plus TCJA Extension
1	Mississippi	21.5%
2	West Virginia	20.5%
3	Louisiana	19.0%
4	New Mexico	18.7%
5	Oklahoma	18.7%
	Median State	**15.8%**

Rank	Area Within State	Average Total Tax Savings (Percentage), 2026–2034: OBBBA Plus TCJA Extension
1	Memphis Metro	26.0%
2	Northern Mississippi	24.4%
3	Southern West Virginia	23.0%
4	Rest of Kentucky	20.4%
5	Rest of Missouri	20.4%
6	Rest of New Mexico	19.8%
7	Northern West Virginia	19.8%
8	Southern Mississippi	19.7%
9	Rest of Louisiana	19.6%
10	Rest of Alabama	19.5%
	Median Area Within State	**15.7%**

NOTES: This table lists the top five states and top 10 areas within states of 107 such areas modeled by estimated total tax savings from the OBBBA as a percentage of total taxes that would have been paid if the TCJA had expired. The estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the SALT deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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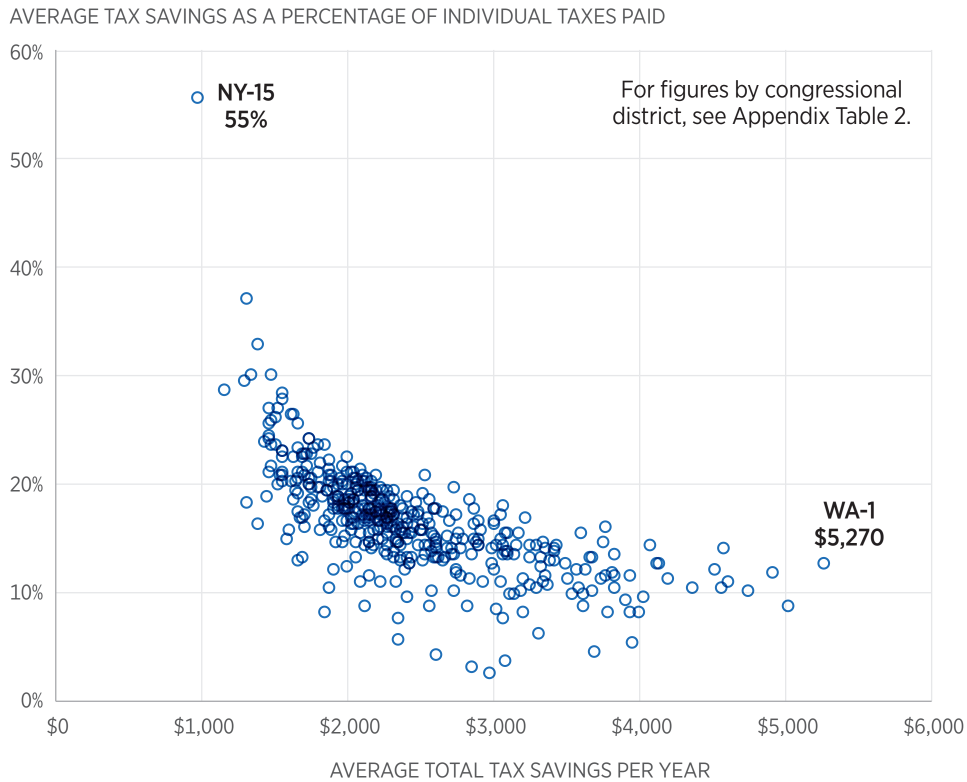
CHART 2

Tax Savings from the One Big Beautiful Bill, by Congressional District, 2026–2034



NOTES: Congressional districts are based on boundaries of the 117th Congress (2021–2022). Estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the SALT deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCES: Heritage Foundation Individual Income Tax Model.

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in each of the 435 congressional districts (plus the District of Columbia) under the OBBBA versus their savings as a percentage of taxes paid. The correlation is –0.67. More than 80 percent of the congressional districts that are in the bottom half in tax savings as measured in dollars are in the *top* half in tax savings when measured on a percentage basis. Contrary to the notion that the tax cuts only benefit the rich, the tax cuts in the TCJA and OBBBA together will reduce the share of income taxes paid by relatively low-income taxpayers and congressional districts.

The Expansion of the State and Local Tax Deduction

The OBBBA reversed the TCJA in one key way: While the TCJA limited the amount of state and local taxes a taxpayer could deduct, the OBBBA quadrupled that amount, incentivizing states and localities to tax their residents more. The TCJA capped the SALT deduction at $10,000, but the OBBBA raised it to $40,000. The expanded SALT cap leads to very concentrated savings in a few states and localities with high taxes.

The Geographic Impact of the OBBBA's SALT Deduction Expansion. The tax savings from the OBBBA's new tax cuts (excluding the TCJA extension) are relatively balanced, geographically. From 2026 to 2034, the difference in average annual *new* tax reductions between the 10th and 90th percentile areas, $352 and $479, respectively, is small. These aggregated numbers, however, mask significant nuance and individual variation within those areas, including major differences in the effect of the expanded SALT cap.

For some areas, the expanded SALT cap will be the primary driver of lower average taxes over the next five years (until the cap reverts to $10,000 after 2029), while the expanded SALT cap will have almost no impact in other areas. Table 5 shows that filers in the San Jose metropolitan area, the San Francisco metropolitan area, and northern New Jersey will have the greatest average tax savings from the higher SALT cap with 2025-to-2029 average annual tax cuts of about $809, $672, and $585, respectively. In contrast, the higher SALT cap will only reduce average annual taxes by $12, $13, and $28 in the Memphis metropolitan area, Wyoming, and Tennessee, respectively.

Indeed, most taxpayers will not save even one dollar from the higher SALT cap, because those who claim the standard deduction cannot itemize and claim the SALT deduction.[11] In the years when the higher $40,000 SALT cap is in place (2025 to 2029), the HFIITM estimates that about 86 percent of Americans will claim the standard deduction. Of the remaining 14 percent of filers who do itemize, only a portion (about 64 percent) will benefit from the higher SALT cap, specifically itemizers who pay between $10,000 and $40,000 in income and property taxes, but who are below the income phaseout threshold ($500,000 to $600,000) for the higher SALT cap. In the years the higher SALT cap is in effect, it will reduce taxes for an average of about 9.1 percent of filers.

Increasing the SALT Cap: 2025–2029 vs. 2030–2034. The increase in the SALT cap is set to expire after 2029 and the new tax deductions for tips, overtime, and seniors would expire after 2028, so there are notable differences in tax savings between the first and second half of the 10-year

TABLE 5

Areas with the Most Savings from Increased SALT Cap in the One Big Beautiful Bill

Rank	State	Top State Income Tax Rate	Average Savings per Filer per Year from Higher SALT Cap, 2025–2029	Percent of New Tax Cuts from Higher SALT Cap, 2025–2029
1	New Jersey	10.75%	$539	56%
2	Connecticut	6.99%	$446	54%
3	New York	10.9%	$407	38%
4	Massachusetts	9%	$402	33%
5	Maryland	5.75%	$368	29%

Rank	Area Within State	Top State Income Tax Rate	Average Savings per Filer per Year from Higher SALT Cap, 2025–2029	Percent of New Tax Cuts from Higher SALT Cap, 2025–2029
1	San Jose Metro	13.3%	$809	75%
2	San Francisco Metro	13.3%	$672	65%
3	Northern New Jersey	10.75%	$585	61%
4	Washington DC’s Virginia Suburbs	5.75%	$500	53%
5	Southern New Jersey	10.75%	$490	52%
6	Rest of Connecticut	6.99%	$476	57%
7	New York City Metro	10.9%	$454	59%
8	Boston Metro	9%	$451	53%
9	San Diego Metro	13.3%	$448	51%
10	District of Columbia	10.75%	$447	56%

NOTES: This table lists the top five states and top 10 areas within states of 107 such areas modeled by estimated tax reductions from the OBBBA’s increase in SALT deduction cap from $10,000 to $40,000. The estimates do not account for offsetting tax increases from the OBBBA’s tighter itemized deduction limits. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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period. The expiration of the quadrupled SALT cap will drive a large shift in which areas benefit the most from the new OBBBA tax cuts in 2025 to 2029 compared to 2030 to 2034 because of the provision’s size and the stark regional differences in its effects.

The left panel of Table 7 shows the five states and 10 areas within states with the highest average tax reduction from the OBBBA’s *new* tax cuts between 2025 and 2029. Each of them is a state or area within California

TABLE 6

Areas with the Least Savings from Increased SALT Cap in the One Big Beautiful Bill

Rank	State	Top State Income Tax Rate	Average Savings per Filer per Year from Higher SALT Cap, 2025–2029	Percent of New Tax Cuts from Higher SALT Cap, 2025–2029
1	Wyoming	0%	$13	3%
2	Tennessee	0%	$28	6%
3	Nevada	0%	$34	8%
4	Alaska	0%	$35	7%
5	South Dakota	0%	$38	8%

Rank	Area Within State	Top State Income Tax Rate	Average Savings per Filer per Year from Higher SALT Cap, 2025–2029	Percent of New Tax Cuts from Higher SALT Cap, 2025–2029
1	Memphis Metro	0%	$12	4%
2	Rest of Tennessee	0%	$29	6%
3	Las Vegas Metro	0%	$32	8%
4	Nashville Metro	0%	$32	7%
5	Northern Mississippi	4.4%	$38	9%
6	Rest of Nevada	0%	$39	8%
7	Rest of Alabama	5%	$40	9%
8	Southern West Virginia	4.82%	$42	9%
9	Rest of Louisiana	3%	$53	12%
10	Birmingham Metro	5%	$55	12%

NOTES: The table lists the bottom five states and bottom 10 areas within states of 107 such areas modeled by estimated tax reductions from the OBBBA's increase in the SALT deduction cap from $10,000 to $40,000. The estimates do not account for offsetting tax increases from the OBBBA's tighter itemized deduction limits. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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or the Acela Corridor of the northeastern United States. The average top state income tax rate in these areas is more than 9 percent, roughly double that of the typical state.[12] The average tax reduction in each of the top 10 areas is at least $215 higher than the median between 2025 and 2029.

The right panel of Table 7 shows the five states and 10 areas within states with the highest average tax reduction from the OBBBA's *new* tax cuts between *2030 and 2034* (when the SALT cap is set to revert to $10,000). In

TABLE 7

Areas of the U.S. with the Largest New Tax Cuts in the One Big Beautiful Bill, 2025–2029 vs. 2030–2034

2025-2029				2030-2034			
Rank	State or Area in State	Average Tax Savings Per Year: New Tax Cuts in OBBBA	Top State Income Tax Rate	Rank	State or Area in State	Average Tax Savings Per Year: New Tax Cuts in OBBBA	Top State Income Tax Rate
1	New Jersey	$955	10.75%	1	Utah	$328	4.55%
2	Connecticut	$834	6.99%	2	North Dakota	$314	2.5%
3	Massachusetts	$814	9.0%	3	Alaska	$312	0%
4	Maryland	$800	5.75%	4	Nebraska	$312	5.2%
5	New York	$765	10.9%	5	Iowa	$312	3.8%

Rank	State or Area in State	Average Tax Savings Per Year: New Tax Cuts in OBBBA	Top State Income Tax Rate	Rank	State or Area in State	Average Tax Savings Per Year: New Tax Cuts in OBBBA	Top State Income Tax Rate
1	San Jose Metro	$1,083	13.3%	1	Rest of Utah	$330	4.55%
2	San Francisco Metro	$1,034	13.3%	2	Salt Lake City Metro	$326	4.55%
3	Northern New Jersey	$965	10.75%	3	Omaha and Nearby Suburbs	$317	5.2%
4	Southern New Jersey	$945	10.75%	4	Western Iowa	$317	3.8%
5	Washington DC's Virginia Suburbs	$944	5.75%	5	Rest of Washington	$316	0%
6	San Diego Metro	$880	13.3%	6	Far Western Idaho	$314	5.7%
7	Boston Metro	$854	9%	7	Raleigh Metro	$313	4.25%
8	Hartford Metro	$843	6.99%	8	Sacramento Metro	$310	13.3%
9	Rest of Connecticut	$827	6.99%	9	Rest of Nebraska	$309	5.2%
10	Rest of Maryland	$804	5.75%	10	Eastern 20% of Kansas	$309	5.58%

NOTES: The left section of the table lists the top five states and top 10 areas within states of 107 such areas modeled by estimated new tax cuts from the OBBBA between 2025 and 2029. The right section of the table shows the same rankings for 2030 through 2034. The estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; deductions for tips, overtime, and seniors; the state and local tax deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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contrast to the earlier five-year period, the OBBBA's *new* tax cuts will result in a much more uniform reduction in taxes (in dollars) throughout the country between 2030 and 2034. The difference between the average tax reduction for the 10th-highest area and the median area between 2030 and 2034 is just $22 ($309 versus $287). While the regional differences in the tax reductions during these latter five years are small, it is notable that the largest tax savings are somewhat more concentrated in less densely populated areas away from the coasts. Most of these areas with the largest tax reductions will be significant beneficiaries of the OBBBA's expanded child tax credit.[13]

Discussion

Some have referred to the OBBBA as the largest tax cut in American history. Others, especially on the Left, have referred to its tax cuts as a "massive giveaway to the rich." The first statement is arguably accurate when counting the continuation of the 2017 reforms *and* the new tax cuts, and if one does not consider the tax cuts relative to the size of the economy. The second statement, however, is a clear misrepresentation of reality.

Measured as a whole, including the extension of the TCJA, the OBBBA cuts taxes over a 10-year period by more than $4 trillion (on a static basis ignoring macroeconomic growth effects and including changes to corporate income taxes), making it the largest U.S. tax cut ever by that simple measure.[14] However, relative to the size of the economy, the OBBBA tax cuts (including TCJA extension) are more typical of past tax reductions, representing about 1.2 percent of gross domestic product (GDP) over the 10-year period.[15] For comparison, the Tax Foundation estimated that the 1981 Economic Recovery Tax Act and the Revenue Act of 1945 cut taxes by 2.9 percent and 2.7 percent of GDP, respectively.[16] Still, the OBBBA will save the average filer a significant amount in taxes. Because of the OBBBA's passage, the average filer will pay about $2,414 less per year in federal income taxes between 2026 and 2034 than if the TCJA had been allowed to expire. However, less than 20 percent of that reduction represents new tax cuts, while the rest is a continuation of the status quo tax policy.[17] Therefore, from the perspective of everyday Americans—who notice how their own taxes change year to year but do not track tax law or changes to federal budget baselines—the OBBBA may seem modest, even though it prevented what would have been a historic peacetime tax increase.

Some have caricatured the tax cuts in the OBBBA as only benefiting the wealthy. A review of the provisions in the OBBBA's tax provisions shows that most of the changes to the individual tax code lean more to the advantage of middle-income taxpayers, especially the new tax cuts. The bottom tax brackets were adjusted (favorably) while higher brackets were not. Tax deductions for tips, overtime, and seniors included explicit income phase-outs to ensure that high earners would not benefit. The expanded standard deduction is of little benefit to high-income taxpayers who itemize. The increase in the child tax credit reduces taxes for middle-income parents, but not for high-income parents, because it is subject to an income-based phase-out. These new tax cuts augmented the TCJA tax cuts, which had already resulted in a smaller share of taxes being paid by taxpayers in the middle and bottom of the income distribution.[18] The geographic analysis above confirms the intuition that the tax cuts in the OBBBA were balanced to significantly reduce the taxes of middle-income Americans. The differences in tax savings between high-income and low-income areas are relatively modest, considering the sizable differences in taxes paid by high-income and low-income Americans. As a percentage of taxes paid, taxpayers in lower-income and middle-income areas will save the most.

The expanded SALT cap is the only major new tax cut in the OBBBA that leans toward higher-income taxpayers, though even the increased SALT cap includes an income-based phasedown between $500,000 and $600,000 of adjusted gross income. Other ways of cutting taxes for high earners, such as reducing capital gains taxes, would have been more economically beneficial than expanding SALT deductibility. The SALT deduction does little to nothing to improve productivity and reduce the economic distortions caused by taxation, but it does incentivize higher state and local taxes and spending.[19]

Recommendations for Congress

Congress should build on the successes of the TCJA and OBBBA, mitigate the flaws, and implement policies that help to reinforce the United States as the best place in the world for businesses and entrepreneurs to invest and innovate. Congress should:

Repeal the SALT Deduction and the Municipal Bond Interest Exclusion. The SALT deduction should be eliminated entirely, but at a minimum Congress should not extend the $40,000 cap in 2029 when it is scheduled to expire. Relatedly, Congress should eliminate or phase out exclusions for municipal bond interest income. The SALT deduction and municipal bond exclusions incentivize expanded taxation and government spending. Because municipal bond interest is untaxed, it causes investors to demand higher interest rates on private-sector bonds and debt, raising borrowing costs for private businesses and individuals. Eliminating tax advantages related to public borrowing would help to improve private access to capital and would reinforce the TCJA and OBBBA's encouragement of private domestic investment.

Offset the Repeal of SALT and Municipal Bond Exclusions with Reduced Taxes on Capital. Since the repeal of the SALT cap and municipal bond exclusion would disproportionately increase taxes in a few high-tax, high-income areas, Congress should consider pairing those repeals with tax cuts to capital income to avoid a net tax increase.

Follow Through with More Spending Cuts. The OBBBA included about $1.1 trillion in net spending reductions and cut about $500 billion in green energy subsidies in the tax code that act like spending programs.[20] Congress also recently passed a $9 billion rescissions package. Congress should continue this trend. To ensure that the tax cuts are sustainable and to help keep interest rates down, Congress should follow these spending cuts with additional rescission packages, the codification of Department of Government Efficiency (DOGE) cuts, responsible limits to appropriations, and general fiscal restraint.

Deregulate and Focus on Growth and Stability. A key goal of the OBBBA was to increase economic growth, stability, and physical capital investments in the U.S. through, for example, the allowance of full and immediate expensing of equipment, machinery, and new factories. However, improving the tax treatment of investments will have a more limited effect if federal regulations stand in the way of those investments. Congress should work with the Administration to streamline federal permitting and regulations and to limit the ability of federal bureaucrats to stop or slow down new construction and industrial output.

Conclusion

Between the changes in the 2017 TCJA and the 2025 OBBBA, the federal income tax code in 2025 has undergone significant improvements. The 2017 tax reform brought business tax rates in line with those of the rest of the world, reduced double taxation that was harming U.S. companies trying to compete globally, and temporarily removed implicit penalties against companies that invest in new equipment and machinery. The TCJA also cut taxes nearly across the board for individuals and made major simplifications to individual taxes. The biggest shortcoming of the 2017 reforms and cuts was that so many of them were temporary. The temporary nature of many TCJA reforms ensured that 2025 would be a major inflection point for taxes as much of the legacy of the TCJA hung in the balance.

Among the OBBBA's many achievements are that Congress reduced net federal spending by $1.1 trillion, cut $500 billion in subsidies to green energy companies, provided funding for border security, strengthened work requirements for certain welfare programs, and cut back on waste and abuse in the welfare system, such as benefits for illegal immigrants, among other changes.

However, no achievement was more important than making the remaining TCJA reforms permanent. The combined TCJA–OBBBA reforms are among the most important tax reforms in modern American history. The legislation does include a few less-than-ideal compromises that may frustrate conservatives, such as the temporary increase in the SALT cap. However, for many tens of millions of Americans, the OBBBA represents the difference between a large and unexpected tax hike and a welcome tax cut.

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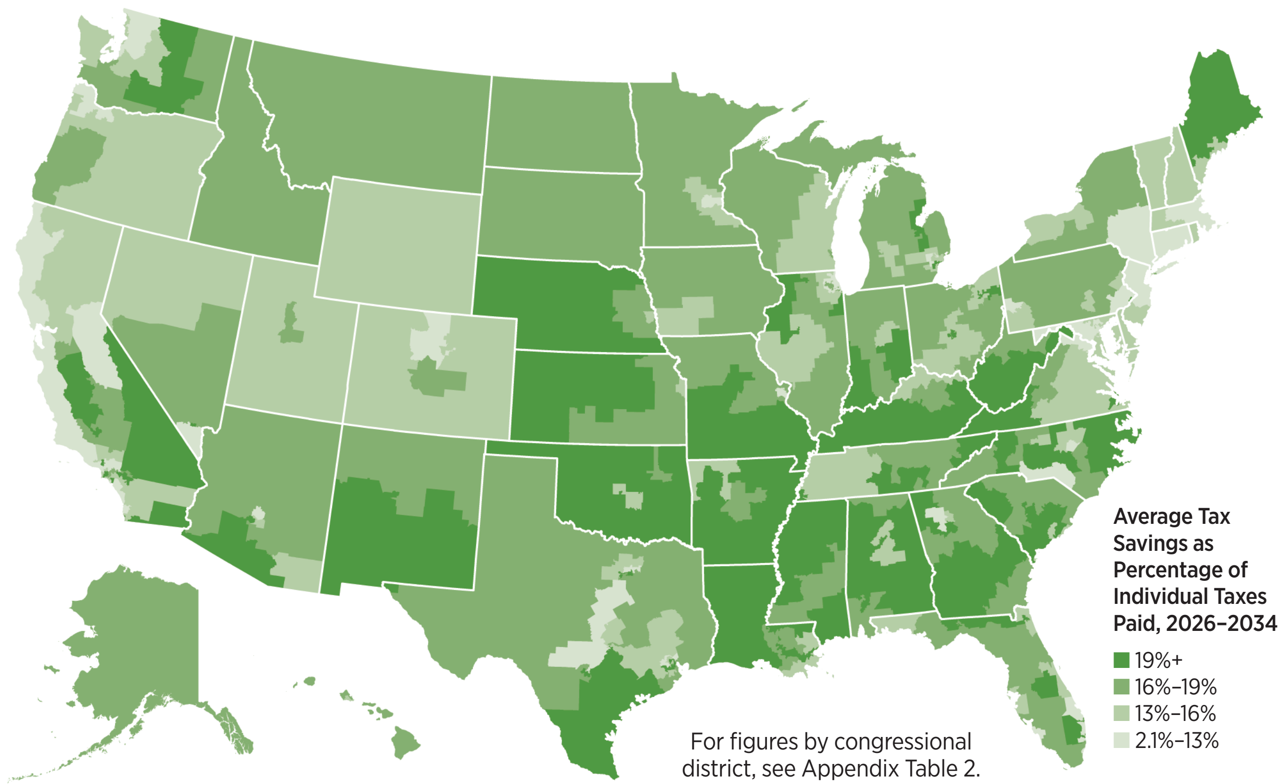
Appendix 1: Tax Savings by Location

APPENDIX MAP 1

One Big Beautiful Bill: Taxes Saved as Percentage of Taxes Paid by Congressional District



NOTES: Congressional districts are based on boundaries of the 117th Congress (2021–2022). Estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the SALT deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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APPENDIX TABLE 1

Average Annual Tax Savings (2026–2034) from Extending the TCJA and the OBBB’s New Tax Cuts (Page 1 of 6)

State or Area in State	Congressional Districts 117th Congress Boundaries (2021–2022)	Tax Increase Averted by Extending TCJA	OBBBA New Tax Cuts	Total Tax Savings
Alabama		**$1,899**	**$363**	**$2,262**
Birmingham Metro	6, 7	$2,100	$358	$2,458
Rest of Alabama	1–5	$1,823	$365	$2,188
Alaska	**At Large**	**$2,682**	**$383**	**$3,065**
Arizona		**$2,049**	**$385**	**$2,435**
Phoenix Metro	3, 5–9	$2,164	$388	$2,552
Rest of Arizona	1, 2, 4	$1,808	$380	$2,188
Arkansas		**$1,717**	**$366**	**$2,083**
Western Arkansas	3, 4	$1,745	$370	$2,115
Eastern Arkansas	1, 2	$1,687	$362	$2,049
California		**$2,066**	**$459**	**$2,525**
Los Angeles Metro	27–30, 32–34, 37–40, 43–48	$1,928	$428	$2,357
Riverside Metro	8, 31, 36, 41,42	$1,488	$426	$1,913
San Francisco Metro	11–15	$2,873	$540	$3,413
Sacramento Metro	3, 6, 7, 9	$1,814	$484	$2,297
San Jose Metro	17–19	$3,361	$470	$3,830
San Diego Metro	49, 50, 52, 53	$2,512	$544	$3,056
Rest of California	1, 2, 4, 5, 10, 16, 20–26, 35, 51	$1,794	$444	$2,238
Colorado		**$2,507**	**$421**	**$2,928**
Denver Metro	1, 2, 6, 7	$2,665	$427	$3,091
Rest of Colorado	3–5	$2,285	$414	$2,699
Connecticut		**$2,278**	**$451**	**$2,729**
Hartford Metro	1, 5	$1,853	$525	$2,378
Rest of Connecticut	2–4	$2,567	$402	$2,969
Delaware	**At Large**	**$2,032**	**$437**	**$2,469**
District of Columbia	**At Large**	**$3,257**	**$459**	**$3,716**
Florida		**$2,264**	**$335**	**$2,598**
Miami Metro	20, 22–27	$2,330	$286	$2,616
Tampa Metro	12–15	$2,114	$351	$2,464
Orlando Metro	7, 9, 10	$1,915	$336	$2,250
Jacksonville Metro	4, 5	$2,235	$363	$2,598
Rest of Florida	1–3, 6, 8, 11, 16–19, 21	$2,383	$353	$2,736

APPENDIX TABLE 1

Average Annual Tax Savings (2026–2034) from Extending the TCJA and the OBBB's New Tax Cuts (Page 2 of 6)

State or Area in State	Congressional Districts 117th Congress Boundaries (2021–2022)	Tax Increase Averted by Extending TCJA	OBBBA New Tax Cuts	Total Tax Savings
Georgia		**$1,796**	**$392**	**$2,189**
Atlanta Metro	3–7, 11, 13	$2,037	$411	$2,447
Rest of Georgia	1, 2, 8–10, 12, 14	$1,520	$371	$1,891
Hawaii		**$2,061**	**$408**	**$2,469**
Southern Oahu	1	$2,173	$420	$2,593
Rest of Hawaii	2	$1,943	$395	$2,339
Idaho		**$1,935**	**$414**	**$2,349**
Far Western Idaho	1	$1,977	$426	$2,402
Eastern Idaho (including Boise)	2	$1,885	$401	$2,287
Illinois		**$1,951**	**$473**	**$2,425**
Chicago Metro	1–11	$2,116	$474	$2,590
Rest of Illinois	12–18	$1,680	$473	$2,152
Indiana		**$1,881**	**$395**	**$2,276**
Indianapolis Metro	4–7	$1,984	$400	$2,384
Rest of Indiana	1–3, 8, 9	$1,795	$391	$2,186
Iowa		**$1,869**	**$454**	**$2,324**
Western Iowa	3, 4	$1,962	$463	$2,425
Eastern Iowa	1, 2	$1,772	$445	$2,217
Kansas		**$2,014**	**$425**	**$2,439**
Eastern 20% of Kansas	2, 3	$2,287	$454	$2,741
Western 80% of Kansas	1, 4	$1,723	$393	$2,116
Kentucky		**$1,609**	**$391**	**$2,000**
Louisville-Northern Kentucky	3, 4	$1,863	$423	$2,287
Rest of Kentucky	1, 2, 5, 6	$1,465	$372	$1,838
Louisiana		**$1,867**	**$347**	**$2,214**
New Orleans Metro	1, 2	$1,906	$336	$2,242
Rest of Louisiana	3–6	$1,847	$352	$2,199
Maine		**$1,693**	**$425**	**$2,119**
Southern Maine: Portland-Augusta	1	$1,967	$461	$2,428
Rest of Maine	2	$1,366	$383	$1,749

APPENDIX TABLE 1

Average Annual Tax Savings (2026–2034) from Extending the TCJA and the OBBB's New Tax Cuts (Page 3 of 6)

State or Area in State	Congressional Districts 117th Congress Boundaries (2021–2022)	Tax Increase Averted by Extending TCJA	OBBBA New Tax Cuts	Total Tax Savings
Maryland		**$1,994**	**$509**	**$2,503**
Baltimore Metro and DC Suburbs	2–5, 7, 8	$1,999	$506	$2,506
Rest of Maryland	1, 6	$1,980	$517	$2,497
Massachusetts		**$2,507**	**$485**	**$2,991**
Boston Metro	4–9	$2,768	$487	$3,255
Rest of Massachusetts	1–3	$1,983	$479	$2,462
Michigan		**$1,798**	**$407**	**$2,205**
Detroit Metro	8, 9, 11–14	$1,966	$415	$2,381
Rest of Michigan	1–7, 10	$1,675	$401	$2,076
Minnesota		**$2,017**	**$483**	**$2,500**
Minneapolis Metro	2–6	$2,178	$509	$2,687
Rest of Minnesota	1, 7, 8	$1,721	$434	$2,155
Mississippi		**$1,539**	**$344**	**$1,882**
Northern Mississippi	1, 2	$1,386	$329	$1,715
Southern Mississippi	3, 4	$1,684	$357	$2,041
Missouri		**$1,807**	**$401**	**$2,208**
St. Louis Metro	1–3	$2,150	$436	$2,586
Kansas City Metro	5, 6	$1,714	$403	$2,117
Rest of Missouri	4, 7, 8	$1,500	$362	$1,863
Montana	**At Large**	**$1,904**	**$389**	**$2,293**
Nebraska		**$1,915**	**$454**	**$2,370**
Omaha and Nearby Suburbs	2	$2,138	$492	$2,630
Rest of Nebraska	1, 3	$1,790	$433	$2,223
Nevada		**$2,133**	**$341**	**$2,474**
Las Vegas Metro	1, 3, 4	$2,000	$331	$2,331
Rest of Nevada	2	$2,540	$369	$2,909
New Hampshire		**$2,564**	**$480**	**$3,043**
Southeast New Hampshire	1	$2,696	$480	$3,175
Rest of New Hampshire	2	$2,425	$480	$2,905

APPENDIX TABLE 1

Average Annual Tax Savings (2026–2034) from Extending the TCJA and the OBBB's New Tax Cuts (Page 4 of 6)

State or Area in State	Congressional Districts 117th Congress Boundaries (2021–2022)	Tax Increase Averted by Extending TCJA	OBBBA New Tax Cuts	Total Tax Savings
New Jersey		**$2,114**	**$556**	**$2,671**
Northern New Jersey	5, 7–11	$2,287	$544	$2,830
Southern New Jersey	1–4, 6, 12	$1,933	$570	$2,503
New Mexico		**$1,637**	**$352**	**$1,988**
Albuquerque and Nearby Suburbs	1	$1,801	$367	$2,168
Rest of New Mexico	2, 3	$1,550	$343	$1,893
New York		**$1,734**	**$429**	**$2,163**
New York City Metro	1–18	$1,861	$408	$2,268
Buffalo Metro	26, 27	$1,480	$478	$1,958
Rest of New York	19–25	$1,437	$477	$1,914
North Carolina		**$1,975**	**$412**	**$2,386**
Charlotte Metro	5, 9, 12	$2,126	$414	$2,540
Raleigh Metro	2, 4	$2,762	$498	$3,260
Rest of North Carolina	1, 3, 6–8, 10, 11, 13	$1,686	$386	$2,071
North Dakota	**At Large**	**$2,690**	**$397**	**$3,087**
Ohio		**$1,719**	**$414**	**$2,134**
Cincinnati Metro	1, 2, 8	$1,871	$440	$2,311
Columbus Metro	3, 12, 15	$1,878	$435	$2,313
Cleveland Metro	9, 11, 14, 16	$1,800	$407	$2,208
Rest of Ohio	4–7, 10, 13	$1,499	$395	$1,894
Oklahoma		**$1,824**	**$371**	**$2,196**
Oklahoma City Metro	4, 5	$1,897	$371	$2,267
Rest of Oklahoma	1–3	$1,773	$372	$2,145
Oregon		**$1,788**	**$477**	**$2,264**
Portland Metro	1, 3, 5	$1,934	$511	$2,445
Rest of Oregon	2, 4	$1,558	$424	$1,982
Pennsylvania		**$1,968**	**$449**	**$2,417**
Philadelphia Metro	1–6	$2,474	$484	$2,958
Pittsburgh Metro	14, 17, 18	$1,944	$457	$2,402
Rest of Pennsylvania	7–13, 15, 16	$1,640	$422	$2,062

APPENDIX TABLE 1

Average Annual Tax Savings (2026–2034) from Extending the TCJA and the OBBB’s New Tax Cuts (Page 5 of 6)

State or Area in State	Congressional Districts 117th Congress Boundaries (2021–2022)	Tax Increase Averted by Extending TCJA	OBBBA New Tax Cuts	Total Tax Savings
Rhode Island		**$1,739**	**$456**	**$2,195**
Eastern Rhode Island	1	$1,739	$451	$2,190
Western Rhode Island	2	$1,739	$462	$2,201
South Carolina		**$1,840**	**$387**	**$2,227**
Northern South Carolina	3, 4, 5, 7	$1,721	$385	$2,106
Southern South Carolina	1, 2, 6	$1,998	$390	$2,389
South Dakota	**At Large**	**$2,477**	**$382**	**$2,858**
Tennessee		**$2,428**	**$350**	**$2,778**
Nashville Metro	5, 6	$2,670	$346	$3,016
Memphis Metro	9	$1,367	$273	$1,641
Rest of Tennessee	1, 2, 3, 4, 7, 8	$2,491	$363	$2,854
Texas		**$2,363**	**$364**	**$2,727**
Dallas Metro	3, 5, 6, 12, 24–26, 30, 32, 33	$2,857	$376	$3,233
Houston Metro	2, 7–9, 14, 18, 22, 29, 36	$2,507	$342	$2,849
San Antonio Metro	20, 21, 28	$2,087	$359	$2,447
Austin Metro	10, 31, 35	$2,376	$405	$2,781
Rest of Texas	1, 4, 11, 13, 15–17, 19, 23, 27, 34	$1,797	$359	$2,156
Utah		**$2,069**	**$432**	**$2,502**
Salt Lake City Metro	2, 4	$1,916	$426	$2,342
Rest of Utah	1, 3	$2,238	$440	$2,677
Vermont	**At Large**	**$1,724**	**$450**	**$2,174**
Virginia		**$2,279**	**$479**	**$2,758**
Washington DC: Virginia Suburbs	8, 10, 11	$3,337	$580	$3,916
Virginia Beach Metro	2, 3	$1,669	$406	$2,075
Richmond Metro	4, 7	$2,009	$457	$2,466
Rest of Virginia	1, 5, 6, 9	$1,789	$438	$2,227
Washington		**$3,041**	**$439**	**$3,480**
Seattle Metro	1, 2, 7–9	$3,828	$459	$4,287
Rest of Washington	3–6, 10	$2,199	$417	$2,616

APPENDIX TABLE 1

Average Annual Tax Savings (2026–2034) from Extending the TCJA and the OBBB's New Tax Cuts (Page 6 of 6)

State or Area in State	Congressional Districts 117th Congress Boundaries (2021–2022)	Tax Increase Averted by Extending TCJA	OBBBA New Tax Cuts	Total Tax Savings
West Virginia		**$1,677**	**$373**	**$2,051**
Northern West Virginia	1, 2	$1,771	$383	$2,154
Southern West Virginia	3	$1,445	$349	$1,794
Wisconsin		**$1,737**	**$463**	**$2,200**
Milwaukee Metro	1, 4–5	$1,746	$467	$2,213
Rest of Wisconsin	2, 3, 6–8	$1,731	$461	$2,192
Wyoming	**At Large**	**$2,578**	**$361**	**$2,938**
U.S. Average		**$2,055**	**$420**	**$2,475**

NOTES: This table shows the average reduction in individual income taxes for non-dependent filers by state and areas within states from (1) the extension of the TCJA policies with no new tax cuts, (2) new tax cuts under the OBBBA (excluding TCJA extensions), and (3) the total combined savings from extending TCJA and new tax cuts. The areas within states are shown for states with multiple congressional districts and include 107 distinct parts of the U.S., including rough approximations of the 50 largest U.S. metropolitan areas, two divisions within each state with multiple congressional districts but no top 50 metropolitan area, and the "rest of" states to cover areas not elsewhere classified. The areas representing metropolitan areas only roughly correspond to the official metropolitan area boundaries, being limited by IRS data, which was based on 117th Congressional District boundaries. The estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector and certain individual provisions that were not modeled. The new individual tax provisions from the OBBB that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the SALT deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCE: Heritage Foundation Individual Income Tax Model.

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APPENDIX TABLE 2

Congressional District Tax Savings from One Big Beautiful Bill Act (Page 1 of 7)

This table shows the tax savings from the OBBBA relative to expiration of the Tax Cuts and Jobs Act for the average non-dependent filer, by congressional district.

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
AL-1	$2,184	19%
AL-2	$1,975	21%
AL-3	$2,063	21%
AL-4	$2,010	21%
AL-5	$2,620	17%
AL-6	$3,186	15%
AL-7	$1,539	27%
AK-AT-LARGE	$3,069	17%
AZ-1	$2,183	18%
AZ-2	$2,280	16%
AZ-3	$1,571	27%
AZ-4	$2,100	18%
AZ-5	$3,095	15%
AZ-6	$3,833	11%
AZ-7	$1,471	27%
AZ-8	$2,456	17%
AZ-9	$2,625	14%
AR-1	$1,820	23%
AR-2	$2,238	17%
AR-3	$2,381	14%
AR-4	$1,750	24%
CA-1	$2,129	16%
CA-2	$3,073	7%
CA-3	$2,293	16%
CA-4	$3,156	13%
CA-5	$2,611	13%
CA-6	$2,008	16%
CA-7	$2,629	15%
CA-8	$1,702	21%
CA-9	$2,228	16%
CA-10	$2,078	17%
CA-11	$3,623	8%
CA-12	$2,616	4%
CA-13	$3,119	9%
CA-14	$3,329	6%
CA-15	$4,371	10%
CA-16	$1,482	25%
CA-17	$5,029	8%
CA-18	$2,981	2%
CA-19	$3,380	10%
CA-20	$2,372	13%
CA-21	$1,360	30%
CA-22	$2,125	17%
CA-23	$1,952	18%
CA-24	$2,644	13%
CA-25	$2,451	15%
CA-26	$2,671	13%
CA-27	$2,763	12%
CA-28	$2,751	10%
CA-29	$1,486	21%
CA-30	$2,838	8%
CA-31	$1,924	17%
CA-32	$1,762	18%
CA-33	$3,711	4%
CA-34	$1,620	15%
CA-35	$1,570	22%
CA-36	$1,865	16%
CA-37	$2,366	7%
CA-38	$1,954	17%
CA-39	$2,735	14%
CA-40	$1,310	29%
CA-41	$1,683	21%

APPENDIX TABLE 2

Congressional District Tax Savings from One Big Beautiful Bill Act (Page 2 of 7)

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
CA-42	$2,319	16%
CA-43	$1,894	16%
CA-44	$1,455	24%
CA-45	$3,789	11%
CA-46	$1,556	21%
CA-47	$2,223	14%
CA-48	$3,037	8%
CA-49	$3,548	10%
CA-50	$2,517	15%
CA-51	$1,565	23%
CA-52	$3,838	10%
CA-53	$2,341	14%
CO-1	$3,016	12%
CO-2	$3,693	13%
CO-3	$2,419	16%
CO-4	$3,114	15%
CO-5	$2,505	17%
CO-6	$3,067	15%
CO-7	$2,581	16%
CT-1	$2,330	13%
CT-2	$2,442	12%
CT-3	$2,430	13%
CT-4	$3,967	5%
CT-5	$2,414	12%
DE-AT-LARGE	$2,465	16%
DC-AT-LARGE	$3,697	10%
FL-1	$2,556	16%
FL-2	$2,246	18%
FL-3	$2,233	18%
FL-4	$3,431	14%
FL-5	$1,489	26%
FL-6	$2,179	17%
FL-7	$2,782	15%
FL-8	$2,605	15%
FL-9	$1,836	22%
FL-10	$2,259	17%
FL-11	$2,028	18%
FL-12	$2,502	17%
FL-13	$2,579	14%
FL-14	$2,792	14%
FL-15	$2,016	19%
FL-16	$3,090	14%
FL-17	$2,301	17%
FL-18	$3,335	12%
FL-19	$3,941	11%
FL-20	$1,570	23%
FL-21	$3,217	11%
FL-22	$3,520	11%
FL-23	$3,087	13%
FL-24	$1,641	18%
FL-25	$2,031	18%
FL-26	$1,875	19%
FL-27	$4,619	11%
GA-1	$2,002	17%
GA-2	$1,472	24%
GA-3	$2,151	17%
GA-4	$1,567	20%
GA-5	$2,350	10%
GA-6	$4,208	11%
GA-7	$2,529	15%
GA-8	$1,772	20%
GA-9	$2,163	17%
GA-10	$2,168	17%
GA-11	$2,787	11%

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Congressional District Tax Savings from One Big Beautiful Bill Act (Page 3 of 7)

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
GA-12	$1,752	20%
GA-13	$1,534	20%
GA-14	$1,737	21%
HI-1	$2,585	15%
HI-2	$2,334	17%
ID-1	$2,400	17%
ID-2	$2,284	17%
IL-1	$1,980	16%
IL-2	$1,568	20%
IL-3	$2,287	15%
IL-4	$1,667	19%
IL-5	$3,199	10%
IL-6	$3,837	11%
IL-7	$2,423	9%
IL-8	$2,057	17%
IL-9	$3,309	10%
IL-10	$3,350	10%
IL-11	$2,395	15%
IL-12	$1,850	18%
IL-13	$2,039	16%
IL-14	$2,996	14%
IL-15	$1,940	18%
IL-16	$1,986	17%
IL-17	$1,636	20%
IL-18	$2,408	15%
IN-1	$2,254	18%
IN-2	$2,092	19%
IN-3	$2,206	19%
IN-4	$2,239	19%
IN-5	$3,453	14%
IN-6	$2,072	20%
IN-7	$1,649	22%
IN-8	$2,095	20%
IN-9	$2,261	19%
IA-1	$2,221	18%
IA-2	$2,206	17%
IA-3	$2,518	16%
IA-4	$2,307	18%
KS-1	$2,037	21%
KS-2	$2,074	19%
KS-3	$3,309	14%
KS-4	$2,183	18%
KY-1	$1,732	22%
KY-2	$1,890	20%
KY-3	$2,141	16%
KY-4	$2,425	16%
KY-5	$1,524	26%
KY-6	$2,088	17%
LA-1	$2,718	16%
LA-2	$1,701	22%
LA-3	$2,185	20%
LA-4	$2,054	20%
LA-5	$1,859	23%
LA-6	$2,608	17%
ME-1	$2,423	15%
ME-2	$1,746	20%
MD-1	$2,352	14%
MD-2	$1,822	15%
MD-3	$2,760	11%
MD-4	$2,066	14%
MD-5	$2,292	14%
MD-6	$2,625	13%
MD-7	$2,436	12%
MD-8	$3,594	10%

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Congressional District Tax Savings from One Big Beautiful Bill Act (Page 4 of 7)

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
MA-1	$2,037	16%
MA-2	$2,452	13%
MA-3	$2,863	13%
MA-4	$4,016	8%
MA-5	$4,036	9%
MA-6	$3,374	11%
MA-7	$2,138	8%
MA-8	$3,154	10%
MA-9	$2,742	13%
MI-1	$1,992	18%
MI-2	$2,036	19%
MI-3	$2,386	16%
MI-4	$1,944	18%
MI-5	$1,679	20%
MI-6	$2,177	17%
MI-7	$2,119	18%
MI-8	$2,880	14%
MI-9	$2,261	14%
MI-10	$2,207	17%
MI-11	$3,263	13%
MI-12	$2,230	15%
MI-13	$1,176	28%
MI-14	$2,096	15%
MN-1	$2,240	17%
MN-2	$2,810	15%
MN-3	$3,265	10%
MN-4	$2,596	13%
MN-5	$2,161	11%
MN-6	$2,534	16%
MN-7	$2,163	19%
MN-8	$2,052	18%
MS-1	$1,897	22%

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
MS-2	$1,493	30%
MS-3	$2,194	19%
MS-4	$1,889	21%
MO-1	$1,757	18%
MO-2	$3,580	12%
MO-3	$2,266	18%
MO-4	$1,953	20%
MO-5	$1,919	18%
MO-6	$2,312	17%
MO-7	$1,888	20%
MO-8	$1,723	22%
MT-AT-LARGE	$2,290	17%
NE-1	$2,316	17%
NE-2	$2,626	14%
NE-3	$2,114	20%
NV-1	$1,493	21%
NV-2	$2,904	14%
NV-3	$3,103	13%
NV-4	$2,141	19%
NH-1	$3,166	14%
NH-2	$2,900	14%
NJ-1	$2,132	14%
NJ-2	$1,985	14%
NJ-3	$2,375	13%
NJ-4	$3,061	10%
NJ-5	$3,623	10%
NJ-6	$2,538	12%
NJ-7	$3,798	8%
NJ-8	$1,892	10%
NJ-9	$2,009	12%
NJ-10	$1,714	13%
NJ-11	$3,925	9%

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Congressional District Tax Savings from One Big Beautiful Bill Act (Page 5 of 7)

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
NJ-12	$2,854	11%
NM-1	$2,166	17%
NM-2	$1,713	22%
NM-3	$2,056	18%
NY-1	$2,570	8%
NY-2	$2,333	13%
NY-3	$3,943	8%
NY-4	$2,938	11%
NY-5	$1,465	18%
NY-6	$1,605	14%
NY-7	$1,861	8%
NY-8	$1,680	13%
NY-9	$1,917	12%
NY-10	$2,873	3%
NY-11	$2,106	11%
NY-12	$3,098	3%
NY-13	$1,405	16%
NY-14	$1,327	18%
NY-15	$992	55%
NY-16	$2,366	5%
NY-17	$3,218	8%
NY-18	$2,593	10%
NY-19	$2,075	13%
NY-20	$2,239	11%
NY-21	$1,721	17%
NY-22	$1,699	17%
NY-23	$1,705	17%
NY-24	$1,912	15%
NY-25	$1,938	14%
NY-26	$1,729	16%
NY-27	$2,163	14%
NC-1	$1,683	23%
NC-2	$3,425	13%
NC-3	$1,984	20%
NC-4	$3,076	14%
NC-5	$1,908	20%
NC-6	$2,215	16%
NC-7	$2,318	17%
NC-8	$1,960	20%
NC-9	$3,111	13%
NC-10	$2,243	17%
NC-11	$2,141	17%
NC-12	$2,542	13%
NC-13	$1,899	20%
ND-AT-LARGE	$3,087	18%
OH-1	$2,497	14%
OH-2	$2,366	14%
OH-3	$1,657	20%
OH-4	$1,827	19%
OH-5	$2,164	17%
OH-6	$1,815	19%
OH-7	$1,949	19%
OH-8	$2,053	18%
OH-9	$1,672	19%
OH-10	$2,000	17%
OH-11	$1,992	15%
OH-12	$2,916	14%
OH-13	$1,563	21%
OH-14	$2,702	14%
OH-15	$2,318	16%
OH-16	$2,346	15%
OK-1	$2,465	17%
OK-2	$1,749	24%
OK-3	$2,142	20%

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Congressional District Tax Savings from One Big Beautiful Bill Act (Page 6 of 7)

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
OK-4	$2,135	20%
OK-5	$2,389	16%
OR-1	$2,679	13%
OR-2	$2,061	16%
OR-3	$2,271	13%
OR-4	$1,890	17%
OR-5	$2,363	14%
PA-1	$3,427	12%
PA-2	$1,480	24%
PA-3	$2,287	13%
PA-4	$3,642	12%
PA-5	$3,002	12%
PA-6	$3,511	12%
PA-7	$2,290	16%
PA-8	$1,921	18%
PA-9	$2,003	18%
PA-10	$2,244	16%
PA-11	$2,301	17%
PA-12	$2,031	18%
PA-13	$1,877	19%
PA-14	$2,268	16%
PA-15	$1,770	19%
PA-16	$2,013	17%
PA-17	$2,724	13%
PA-18	$2,163	14%
RI-1	$2,185	14%
RI-2	$2,195	14%
SC-1	$3,028	14%
SC-2	$2,297	17%
SC-3	$1,979	20%
SC-4	$2,328	17%
SC-5	$2,177	18%
SC-6	$1,529	23%
SC-7	$1,916	19%
SD-AT-LARGE	$2,857	18%
TN-1	$2,105	21%
TN-2	$2,878	17%
TN-3	$2,529	19%
TN-4	$2,539	20%
TN-5	$3,270	14%
TN-6	$2,745	19%
TN-7	$3,776	16%
TN-8	$3,238	16%
TN-9	$1,638	26%
TX-1	$2,085	19%
TX-2	$3,334	13%
TX-3	$4,590	14%
TX-4	$2,429	18%
TX-5	$2,145	19%
TX-6	$2,326	19%
TX-7	$4,751	10%
TX-8	$3,366	14%
TX-9	$1,488	23%
TX-10	$3,352	14%
TX-11	$2,674	17%
TX-12	$2,888	16%
TX-13	$2,158	19%
TX-14	$2,609	17%
TX-15	$1,673	25%
TX-16	$2,019	22%
TX-17	$2,384	18%
TX-18	$2,046	15%
TX-19	$2,172	19%
TX-20	$1,766	22%

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Congressional District Tax Savings from One Big Beautiful Bill Act (Page 7 of 7)

Congressional Districts 117th Congress Boundaries (2021–2022)	Average Total Tax Savings per Year from OBBBA, 2026–2034	Average Tax Savings from OBBBA, 2026–2034, as Percentage of Individual Taxes Paid
TX-21	$3,674	13%
TX-22	$3,620	15%
TX-23	$2,326	18%
TX-24	$3,848	13%
TX-25	$4,149	12%
TX-26	$3,765	14%
TX-27	$2,073	20%
TX-28	$1,645	26%
TX-29	$1,407	33%
TX-30	$1,782	18%
TX-31	$3,018	16%
TX-32	$4,573	10%
TX-33	$1,318	37%
TX-34	$1,566	28%
TX-35	$1,809	21%
TX-36	$2,281	19%
UT-1	$2,446	15%
UT-2	$2,370	16%
UT-3	$2,918	14%
UT-4	$2,312	17%
VT-AT-LARGE	$2,171	15%
VA-1	$2,696	15%
VA-2	$2,380	15%
VA-3	$1,755	20%
VA-4	$2,088	16%
VA-5	$2,330	16%
VA-6	$2,020	18%
VA-7	$2,765	15%
VA-8	$3,755	11%
VA-9	$1,728	21%
VA-10	$4,529	12%
VA-11	$3,397	12%
WA-1	$5,270	12%
WA-2	$2,917	16%
WA-3	$2,755	17%
WA-4	$2,213	21%
WA-5	$2,485	18%
WA-6	$3,021	16%
WA-7	$4,932	11%
WA-8	$4,084	14%
WA-9	$4,129	12%
WA-10	$2,572	18%
WV-1	$2,180	19%
WV-2	$2,123	20%
WV-3	$1,790	23%
WI-1	$2,235	16%
WI-2	$2,553	14%
WI-3	$1,953	18%
WI-4	$1,676	17%
WI-5	$2,621	14%
WI-6	$2,202	15%
WI-7	$2,025	17%
WI-8	$2,168	16%
WY-AT-LARGE	$2,932	15%

NOTES: Congressional districts are based on boundaries of the 117th Congress (2021–2022). Estimated tax changes do not reflect changes to corporate taxes, death taxes, the non-profit sector, and certain individual provisions that were not modeled. The new individual tax provisions from the OBBBA that were modeled include changes to tax brackets; the alternative minimum tax; the standard deduction; the child tax credit; the qualified business income deduction; the tax deductions for tips, overtime, and seniors; the SALT deduction; and the itemized deduction limit. Dependents are not included in average tax savings.
SOURCES: Heritage Foundation Individual Income Tax Model.

Appendix 2: Heritage Foundation Individual Income Tax Model Methodology

The estimates were produced by a custom microsimulation model, the Heritage Foundation Individual Income Tax Model (HFIITM), developed to analyze the federal individual income tax and reforms thereto.

The model starts with an IRS-produced sample of tax returns.[21] For each observation in the sample, the program simulates the computation of taxes, much as if an actual person was filing a tax return. However, since the IRS dataset is censored and missing values, the model imputes information as needed to estimate a tax filer's net income tax.

The IRS has ceased releasing these datasets. Thus, to study taxes over time, the model must generate a sequence of artificial samples to form the basis of tax return calculations beyond the original dataset year. This process—"evolution"—is governed by statistics, such as the total number of households filing jointly and the sum of reported wages.

For past years, these statistics are known and are provided by the IRS.[22] For later years, these statistics are forecasted by the Congressional Budget Office as part of its baseline economic and tax projections.[23] The TaxData project of the Policy Simulation Library compiles these amounts, and it is from there that most of the HFIITM's statistics governing evolution are sourced.[24]

The evolution process takes the original sample and modifies it, as conservatively as possible, such that it satisfies the specified statistics. The result is an artificial sample that captures observed or predicted trends while maintaining the heterogeneity present in the original sample.

The model then uses this artificial sample to calculate taxes for the sample's year. The program cycles through these processes of evolution and tax calculation until it has simulated taxes for the 10-year budget window.

For the estimation of the cost of the OBBBA's overtime provision, the HFIITM relies on a dataset produced by the Budget Lab at Yale that estimates the prevalence of overtime.[25] That dataset is combined into the HFIITM's sample using a method like the one the Budget Lab at Yale employs for its analysis.[26]

The regional estimates presented in this *Backgrounder* are calculated using congressional district data provided by the IRS and are based on the districts for 2022. Congressional district samples are computed using a technique nearly identical to evolution as described above.

Endnotes

1. U.S. Congress, H.R. 1—One Big Beautiful Bill Act, 119th Cong., 1st Sess., Congress.gov, https://www.congress.gov/bill/119th-congress/house-bill/1/all-actions (accessed July 23, 2025).
2. The estimated increase in U.S. taxpayers paying the alternative minimum tax was calculated using the Heritage Foundation Individual Income Tax Model.
3. The Joint Committee on Taxation, "Estimated Revenue Effects Relative to the Present Law Baseline of the Tax Provisions in 'Title VII–Finance' of the Substitute Legislation as Passed by the Senate to Provide for Reconciliation of the Fiscal Year 2025 Budget," July 1, 2025, https://www.jct.gov/publications/2025/jcx-35-25/ (accessed September 10, 2025).
4. All calculations of individual tax filers' tax savings in this report exclude dependents.
5. U.S. Census Bureau, "117th Congressional District Wall Maps: 117th Congressional District State-Based Maps," January 2021, https://www.census.gov/geographies/reference-maps/2021/geo/cong-dist-117-wall.html (accessed July 23, 2025).
6. One exception is the Washington, DC, metropolitan area, in which most of the metropolitan population resides in either northern Virginia or Maryland, not the District itself. The northern Virginia suburbs of Washington, DC, were included as a distinct geographic area in the analysis, and the Maryland suburbs of Washington, DC, were included with the Baltimore metro area. (In 2022, the Maryland congressional districts interweaved the suburbs of Baltimore and nearby Washington, DC, to such an extent that it would be futile to separate them.)
7. For example, three of the four states that have four congressional districts and no top 50 metropolitan areas (Arkansas, Iowa, and Kansas) were divided into an eastern and western half with two congressional districts each, while the fourth such state (Mississippi) was divided into a northern and southern half. The three states with three congressional districts (Nebraska, New Mexico, and West Virginia) could not be divided evenly and so one district in each state was separated from the rest of the state (Omaha and nearby suburbs, Albuquerque and nearby suburbs, and southern West Virginia).
8. As summarized in Appendix Table 1, the Memphis metropolitan area as modeled in this analysis consists of only the ninth congressional district of Tennessee (117th Congress). This area is a smaller area than the full Memphis metropolitan area, excluding some Memphis suburbs that are in the eighth congressional district. However, Tennessee's eighth congressional district extends far beyond the Memphis metropolitan area, more than 150 miles to the northeast of Memphis. Had the full eighth and ninth districts been combined to represent the Memphis metropolitan area, the estimated average tax savings in the area would have been 17.4 percent.
9. Federal Reserve Bank of St. Louis, "Real Median Household Income by State, Annual: 2023," https://fred.stlouisfed.org/release/tables?eid=259515&rid=249 (accessed July 23, 2025).
10. Authors' calculation based on Erica York, "Summary of the Latest Federal Income Tax Data, 2025 Update," Tax Foundation, November 18, 2024, https://taxfoundation.org/data/all/federal/latest-federal-income-tax-data-2025/ (accessed July 23, 2025).
11. The distribution of taxpayers' savings from the increase in the SALT cap is right-skewed, with a few larger values pulling up the average in each area.
12. In contrast to the earlier five-year period, the states and areas with the highest average tax reductions in the years after the SALT cap reverts to $10,000 (between 2030 and 2034) have an average top state income tax rate of 3.7 percent, which is below the average.
13. If Congress extends the $40,000 SALT cap beyond 2029, residents of metropolitan areas on the coasts could end up with a significantly larger portion of the overall tax reductions than was suggested by the analysis in the previous section, "Regional Analysis of the OBBBA's Individual Tax Savings."
14. The Joint Committee on Taxation, "Estimated Revenue Effects Relative to the Present Law Baseline of the Tax Provisions in 'Title VII–Finance' of the Substitute Legislation as Passed by the Senate to Provide for Reconciliation of the Fiscal Year 2025 Budget."
15. Authors' calculation based on ibid., and Congressional Budget Office, "The Budget and Economic Outlook: 2025 to 2035," January 17, 2025, https://www.cbo.gov/publication/60870 (accessed July 23, 2025).
16. Erica York and Nicolo Pastrone, "Placing Biden and Trump Tax Proposals in Historical Context," Tax Foundation, July 17, 2024, https://taxfoundation.org/blog/largest-tax-cuts-hikes-biden-trump-tax-proposals/ (accessed July 23, 2025). Note: The Tax Foundation's estimates of past tax cuts as a percentage of GDP were measured based on the tax change in the first year of full effect, not over a 10-year period, so the estimates are not strictly comparable to the estimate based on a 10-year forecast.
17. Authors' calculation based on the HFIITM. For the tax bill as a whole (including changes to corporate taxes, estate taxes, and other elements not captured in the HFIITM), the ratio of new (net) tax cuts to TCJA extensions is even smaller, at about 16 percent. The Joint Committee on Taxation estimated that the static revenue impact of the OBBBA relative to a current *policy* baseline was about –$715 billion, compared to a static revenue impact of about –$4.475 trillion relative to a current *law* baseline. The Joint Committee on Taxation, "Estimated Revenue Effects Relative to the Present Law Baseline of the Tax Provisions in 'Title VII–Finance' of the Substitute Legislation as Passed by the Senate to Provide for Reconciliation of the Fiscal Year 2025 Budget," and The Joint Committee on Taxation, "Estimated Revenue Effects Relative to the Current Policy Baseline of the Tax Provisions in 'Title VII–Finance' of the Substitute Legislation as Passed by the Senate to Provide for Reconciliation of the Fiscal Year 2025 Budget," July 1, 2025, https://www.jct.gov/publications/2025/jcx-34-25/ (accessed July 23, 2025).
18. Adam N. Michel, "The Tax Cuts and Jobs Act: 12 Myths Debunked," Heritage Foundation *Backgrounder* No. 3600, March 23, 2021, https://www.heritage.org/taxes/report/the-tax-cuts-and-jobs-act-12-myths-debunked.

19. Some taxpayers will end up in a lower tax bracket because of the higher SALT cap. However, that change is partly offset by the income-based phaseout of the SALT deduction, which will cause taxpayers in the phaseout range to face a higher effective marginal tax rate than if the SALT cap remained unchanged at $10,000.
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