

RAMIFICATIONS OF NOT PASSING THE ONE BIG BEAUTIFUL BILL

The Council of Economic Advisers

May 2025





The One Big Beautiful Bill (OB BB) will provide a growth boom to the U.S. economy, helping create millions of jobs, boost families' take-home pay, spur investment, and revitalize rural communities. Failing to preserve the historic cuts from President Trump's first term in office would lead to a \$4 trillion tax hike over 10 years, the largest nominal tax increase in history. An economic downturn would likely follow.

Should the 2017 Tax Cuts and Jobs Act (TCJA) be allowed to expire and the OB BB not be passed, the CEA estimates:

- A contraction in U.S. real GDP of up to 4% over four years.
- Up to 6.1 million full-time equivalent jobs lost.
- If the contraction led to a severe recession, between 8.2 to 9.2 million people could lose health insurance (assuming no policy countermeasures).
- A recession would put expansionary pressure on the deficit through a declining tax base and higher expenditures on automatic stabilizers.

What would cause a downturn?

- Reduced consumer spending from higher individual marginal tax rates. The standard deduction would fall by nearly half and the child tax credit would be cut in half.
- Likely lower small business investment and hiring due to higher pass-through taxes (losing the 20% pass-through deduction).
- Distressed communities will lose investment, jobs, and housing supply as Opportunity Zones disappear.

This will create financial, fiscal, and employment stresses for Americans.

- Entitlement spending would increase due to automatic stabilizers supporting newly unemployed workers and those without private or employer-sponsored insurance.
- Real wages and family incomes would fall, likely worsening the lingering affordability crisis.

By preventing the 2017 TCJA from expiring and adding the new provisions of the OB BB and the President's proposals, we would not just prevent an economic downturn, but also raise growth, create jobs, boost incomes, and ensure the U.S. is the most competitive business landscape in the world. The CEA estimates:

- Real GDP growth would rise an additional 4.2 to 5.2% over the next four years and 2.9 to 3.5% in the long run.
- Between 6.6 to 7.4 million full-time equivalent jobs saved or created over the next four years and 4.2 million in the long run.
- Investment would jump 9.8 to 14.5% over the next four years and 4.9 to 7.5% in the long run.
- An additional short-term boost to workers' wages of \$6,100 to \$11,600—the typical family with two children would see \$7,800 to \$13,300 more in take-home pay from combined lower business taxes plus individual and household tax relief.
- Benefits to distressed communities via expanded Opportunity Zones, incentivizing more than \$100 billion of new investment, creating more than one million jobs, and building hundreds of thousands of homes.