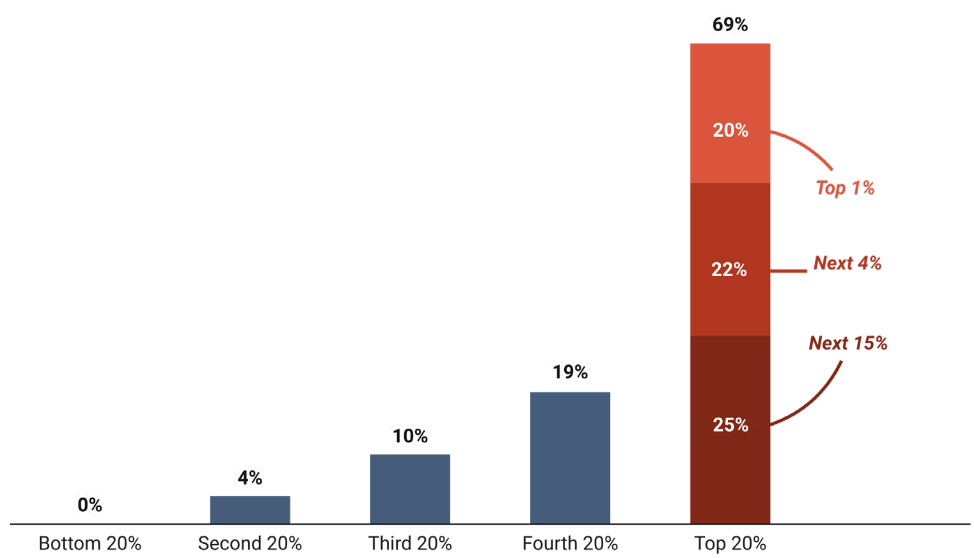
Budget Reconciliation Bill Heavily Skewed to Wealthiest

The recently passed budget reconciliation bill prioritizes tax cuts and expands loopholes for the wealthy and corporations while cutting more than $1 trillion from Medicaid and food assistance – all while adding $3.4 trillion to the national deficit.

This legislation leaves hardworking Missouri families behind by providing only modest, temporary tax reductions that are outweighed by the loss of health coverage, food assistance, and other critical benefits - while permanently expanding loopholes and large tax cuts for corporations and the wealthy.

The bill's tax provisions are heavily skewed to the wealthy with over 2/3 of the benefit going to the top 20% of income earners in Missouri. The top 1% of earners would receive a tax cut of over $57K each year, while the bottom 20% would see a tax increase of around $20. While middle income earners will see a modest tax cut, this benefit is far outweighed by the unprecedented cuts to critical services included in this bill, combined with expected increases in health insurance premiums[i] and overall increases to cost of living driven by tariffs,[ii] which taken together will increase costs for the average family significantly.

Share of Tax Cut in Missouri from OBBB Final Legislation



Average Income: Bottom 20% ($13,400); Second 20% ($35,500); Third 20% ($65,400); Fourth 20% ($107,700); Next 15%; $182,700); Next 4% ($410,300); Top 1% ($1,953,700)

Chart: Missouri Budget Project • Source: Institute on Taxation and Economic Policy • Created with Datawrapper

The OBBB budget reconciliation bill:

Excludes low-income families from the Child Tax Credit (CTC) expansion.
While the bill increases the amount of the Child Tax Credit by $200 per child, only higher-income families would be eligible for this increase. Over 1 in 4 (or 338,000) children in Missouri working families would be denied the full $2,200 Child Tax Credit that higher-income families would get simply because their parents — who work important but low-paid jobs — don't earn enough.[iii]

Fails to extend the premium tax credits for ACA health plans.
These tax credits help low-and-moderate income families afford health coverage through the Marketplace. Failing to extend these tax credits means an estimated 54,000 Missourians will become uninsured due to the increased cost of premiums.[iv]

Includes gimmicky provisions that do little to help hardworking Missouri families.
While the bill contains some provisions purportedly aimed at low-wage workers, in reality policies such as "no tax on tips" and "no tax on overtime" reach few workers and would result in some workers losing income as the change in income could reduce eligibility for the EITC and CTC. These policies would also create pressure to keep base wages low and introduce a new tax loophole that could be exploited by high-income earners.[v]

Creates new loopholes and expands tax cuts for corporations and the wealthy.
The vast majority of tax provisions in the bill are heavily skewed toward the wealthiest Missourians. The bill would boost tax cuts for wealthy heirs by expanding the estate tax exemption to estates worth up to $30 million, allow owners of specific types of businesses to avoid paying taxes on 20% of their income (known as the "LLC loophole"), expand corporate tax breaks that benefit mostly corporate shareholders, and allow high-income earners ($400k+) to deduct more of their state and local taxes (SALT).[vi]

Endnotes

i Jared Ortaliza et al., "Individual market insurers requesting largest premium increases in more than 5 years," Peterson-KFF Health System Tracker, July 18, 2025. Available at https://www.healthsystemtracker.org/brief/individual-market-insurers-requesting-largest-premium-increases-in-more-than-5-years/

ii The Budget Lab at Yale, "State of U.S. Tariffs: July 14, 2025," available https://budgetlab.yale.edu/research/state-us-tariffs-july-14-2025

iii Collyer, Year, Curran, Harris & Wimer (2025) Children Left Behind by the H.R.1 Child Tax Credit. Accessed July 15, 2025: https://povertycenter.columbia.edu/publication/2025/children-left-behind-by-child-tax-credit-house-reconciliation

iv Banthin, Carter, Levitis, Banthin & Simpson (2025) Reconciliation Bill Would Cut Marketplace Enrollment by over 5 Million People. Urban Institute Accessed July 16, 2025: https://www.urban.org/research/publication/reconciliation-bill-would-cut-marketplace-enrollment-over-5-million-people

v Cooper & Mast (2025) 'No tax on tips' will harm more workers than it helps. Economic Policy Institute. Accessed June 10th, 2025: https://www.epi.org/blog/no-tax-on-tips-will-harm-more-workers-than-it-helps-proposals-in-congress-and-now-20-states-could-encourage-harmful-employer-practices-and-lead-to-tip-requests-in-virtually-every-co/
Cooper & Mast (2025) No tax on overtime is another gimmick that would do more harm than good. . Economic Policy Institute. Accessed June 10th, 2025: https://www.epi.org/blog/no-tax-on-overtime-is-another-gimmick-that-would-do-more-harm-than-good/

vi Marr, Jacoby, Cox, Lukens & Hingtgen (2025) House Republican Tax Bill Is Skewed to Wealthy, Costs More Than Extending 2017 Tax Law, and Fails to Deliver for Families. Center on Budget and Policy Priorities. Accessed June 9th, 2025: https://www.cbpp.org/research/federal-tax/house-republican-tax-bill-is-skewed-to-wealthy-costs-more-than-extending-2017