

Senate Pencils In \$5 Trillion for Tax Relief, Leaves Blank Spaces for Spending Cuts

GOP budget framework employs controversial accounting maneuver and conflicts with a competing House plan

By Richard Rubin
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WASHINGTON—Senate Republicans rallied behind a fiscal framework that allows more than \$5 trillion in tax cuts over a decade, taking a crucial step toward turning President Trump's [agenda](#)—tax cuts, border security and national defense—into law.

But the GOP budget resolution released Wednesday won't be the final word along the complicated path to a major tax and spending bill. The plan employs a controversial accounting maneuver, postpones decisions about spending cuts and conflicts with a competing House plan.

The Senate is likely to vote on its budget later this week, but key House members are already objecting, warning that the Senate's approach doesn't guarantee the deep spending cuts they see as necessary.

Trump's tax proposals are a top party priority, and lawmakers view an extension of expiring tax cuts as a must-pass bill. Getting over the finish line won't be easy. The House and Senate must agree twice, first on the budgetary framework and then again on a bill that they can pass without needing any Democratic votes.

In each chamber, Republicans can lose no more than three of their own members, and lawmakers are divided over the broad strokes of deficits and spending as well as dozens of details.

During a speech Wednesday announcing new tariffs, Trump urged Republicans to unite on the budget and eventual legislation while gliding past the differences between the two chambers' approaches.

"The Senate plan has my complete and total support and the House plan likewise is very similar," he said.

Logical approach or audacious gimmick?

Senate Republicans are planning to assume—contrary to longstanding practice—that extensions of expiring tax cuts have no fiscal effect. That way, Republicans can attempt to say that the roughly \$3.8 trillion cost of extending Trump’s expiring 2017 tax cuts is **actually \$0** and get an easier procedural path to making them permanent. The actual number could be different from \$3.8 trillion, as Republicans haven’t said precisely yet what they mean by continuing current policies.

Republicans say that’s a logical way to look at continuing current tax cuts and point to a section of law that lets the Budget Committee set some official numbers.

“This will allow the tax cuts to be permanent—which will tremendously boost the economy,” said Budget Committee Chairman Sen. Lindsey Graham (R., S.C.).

Democrats, budget experts in both parties and some House Republicans call the accounting move an audacious gimmick and point out that the ultimate outlook for increasing federal budget deficits would be the same either way.

“Senate Republicans are so hellbent on cutting taxes for billionaires, they’re now willing to detonate the rules of the Senate, violate norms and traditions, and break their word to get it done,” said Senate Minority Leader Chuck Schumer (D., N.Y.)

Room for more tax breaks

On top of that roughly \$3.8 trillion allowance for extending tax cuts, the budget would let the tax-writing Finance Committee expand deficits by \$1.5 trillion. That’s designed to provide enough room for lawmakers to make additional tax cuts. Those could include reviving expired business tax provisions, relaxing the \$10,000 cap on the state and local tax deduction, expanding the child tax credit and implementing Trump’s proposals to remove taxes on tips, overtime pay and Social Security benefits.

That \$1.5 trillion is a net number, so the Finance Committee could add more tax cuts if it reduces spending on Medicaid or raises taxes elsewhere. For example, Republicans have been planning to curtail or repeal clean-energy tax breaks that Democrats created in 2022, but they haven’t decided yet how far they’re willing to go or how much money that would generate.

To maintain flexibility and avoid a procedural flub that could require Democratic votes to untangle, Senate Republicans set low spending-cut targets, tasking four committees with finding just \$1 billion or more in savings each. Lawmakers say they aim to cut spending much more than that when they write the actual bill.

The Senate budget also calls for up to \$520 billion for border-security and national-defense spending, though Republicans may not use all of that capacity.

The House budget [passed in February](#), meanwhile, calls for at least \$1.5 trillion in spending cuts and aims for \$2 trillion. It allows up to \$4.5 trillion in tax cuts, including the extensions of expiring provisions. That total would shrink as low as \$4 trillion if the spending cuts don't hit the \$2 trillion target.

House conservatives insisted on yoking the tax cuts and spending cuts together. They have been warning that they wouldn't accept a Senate plan that calls for larger tax cuts and smaller guaranteed spending cuts, and they reiterated those objections this week.

"I stretched my heart and calculator to even accept the House version," said Rep. David Schweikert (R., Ariz.). "That was one of the most painful votes I've ever made. I don't give the Senate much of a quarter."

Graham said he was encouraging House conservatives to focus on spending cuts after the budget is adopted and when they are working on the actual bill.

But his House counterpart, Rep. Jodey Arrington (R., Texas), said the budget targets for each committee are the most important, enforceable numbers.

"Everything else is just wishful thinking and I'm tired of wishful thinking," he said Tuesday. "We've got to have something serious and responsible in response from the Senate."

The Senate budget also would enable a \$5 trillion debt-limit increase, compared with the House's \$4 trillion. The Senate version would give Republicans more time before they need to consider that issue again.

This week's Senate vote could be close. Sen. Rand Paul (R., Ky.) is expected to oppose the budget because of the debt-limit increase. Sen. Bill Cassidy (R., La.) said he is wary of increasing budget deficits, though he said he's willing to count spending cuts that come outside of this legislation. Sen. Josh Hawley (R., Mo.), in addition to concerns about Medicaid cuts, said he won't support a debt-limit increase until he gets a commitment for future votes on his plan to [expand compensation](#) to victims of nuclear radiation.

Trump said he opposed Medicaid benefit cuts and he urged lawmakers to actually name the eventual legislation as the "one big, beautiful bill," picking up the moniker he has been using for months.

“One bill is going to straighten out our country for many many years to come,” he said. “If we get this done, it will be the most incredible bill ever passed in the history of our Congress.”