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FEDERAL TAX

Senate, House Moving Forward with Separate Tax Reform Approaches

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The House is forging ahead with its **budget resolution** — setting up expedited consideration of a broad bill that includes tax reform — despite the Senate passing its own resolution early Friday morning.

The move reflects ongoing disagreement among congressional Republicans over whether to address the many expiring provisions of the Tax Cuts and Jobs Act (TCJA, P.L. 115-97) and other tax reform goals in one broad bill or to move a narrower bill first that would give President Donald Trump and Republicans an early win.

The Senate **passed** the the first **resolution** as part of its two-bill approach to enacting Trump's agenda on February 21 — aiming to take on immigration, defense, and energy first via reconciliation and save tax reform for later this year. Senate Republicans widely supported the resolution, which passed 52-48. Senator Rand Paul (R-KY) was the only Republican to vote against — he objected to Senate resolution's \$340 billion price tag.

Noting the efforts of the Department of Government Efficiency (DOGE), Paul asked, "Are Republicans for getting rid of waste, fraud, and abuse and reducing the deficit, balancing the budget, as the President says, or are they really for increasing spending?" He suggested instead using rescission to "bundle together several \$100 billion dollars of savings" that it "appears" DOGE is finding and allocate those savings to fund the Senate resolution's objectives.

Senate Democrats introduced a flurry of amendments into the night, pushing back on the bill. But ultimately only two Republican-backed amendments passed — they call for deficit-neutral reserve funds to further "rein in the administrative state" and to protect Medicare and Medicaid.

Senator Ron Wyden (D-OR), however, disputed the aims of the Medicare and Medicaid amendment. "Let me know when Republicans have a plan to strengthen Medicare and Medicaid that doesn't involve raising the retirement age and kicking people off their health insurance," he **posted** on X.

Hours later, the House Rules Committee **announced** a February 24 hearing to move forward with its one-bill approach.

Senator Lindsey Graham (R-SC), the lead sponsor of the Senate-passed budget resolution, seemed open to the House's approach, but skeptical. "I hope the House can pass one big bill that meets President

Trump's priorities," Graham **said** on Friday. But the Senate strategy, he explained, "provides money that we needed yesterday to continue the momentum on securing our border, enforcing our immigration laws, and rebuilding our military. Time is of the essence."

Meanwhile, Trump came out in favor of the House's one-bill approach last week. House Speaker Mike Johnson (R-LA) celebrated the president's endorsement, **commenting** that "House Republicans are working to deliver President Trump's FULL agenda — not just a small part of it."

During the House Rules Committee's **markup** on February 13, Chair Jodey Arrington (R-TX) said the House's all-in-one budget resolution would "restore the fiscal health of our nation by reining in reckless spending and reigniting economic growth." But Democrat committee members questioned whether that would be the true outcome.

"There is need for reform in the federal government, and the way we go about doing that matters," said Steven Horsford (D-NV). "You can't say you're for fiscal responsibility and then introduce a resolution ... that would literally raise the deficit another \$4.5 trillion and then you're doing this by cutting essential services." Horsford called out Republicans for potentially cutting Medicaid, veterans services, and more to fund their tax cuts. "And yet we're going to have this debate," Horsford said.

Before advancing out of the House Budget Committee, the House resolution was amended to make the \$4.5 trillion in tax cuts contingent on \$2 trillion in mandatory spending reductions over the 10-year budget window. The resolution sets forth cuts totaling \$1.5 trillion, but leaves the details to be nailed down by congressional committees.

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