FACT SHEET | Economy & Trade

The One Big Beautiful Bill Will Fuel America's Economic Growth

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ONE BIG BEAUTIFUL ECONOMY & TRADE PROVISIONS

INTRODUCTION

The One Big Beautiful Bill (OBBB) provides the largest tax cut and pro-business legislation in American history. American businesses, workers, and taxpayers will now find themselves entering a "golden age." Several trade, tariff, and tax provisions found in the OBBB reflect the Trump Administration's America First economic policies. These bold provisions will drive economic growth and protect and put American workers first. Importantly, the permanency of many of the provisions will prevent a future administration from rolling these positive gains back. Major economic reforms in this landmark legislation include the following:

1. FUEL ECONOMIC GROWTH THROUGH TAX RELIEF

The OBBB fuels economic growth by permanently extending key tax provisions of the Tax Cuts and Jobs Act (TCJA) of 2017.

Permanent Tax Relief for American Families and Workers

The OBBB extends and expands the income tax relief originally provided in the TCJA.

- Prevents a massive tax hike on American families by codifying the tax relief originally provided in the TCJA with a reduction in the tax rates and brackets.
- Doubles the standard deduction for income tax filers.

Delivers New Middle Class Tax Relief

The OBBB delivers significant tax relief to American workers with "no tax on tips," "no tax on overtime," and "no tax on car loans."

- Eliminates income taxes on tips of up to $25,000.
- Eliminates income taxes on overtime pay of up to $12,500.
- Enables the deduction of eligible loans for American-made new cars.

Expands Opportunity Zones and Makes the Tax Provision Permanent

The OBBB builds on the success of President Trump's Opportunity Zones (OZ), which were created as part of the TCJA and attracted more than $85 billion in investment into America's low-income communities.

- OZs are made a permanent provision in the tax code on a rolling 10-year basis.
- OZ locations are redesignated every 10 years, starting July 1, 2026, based on a stricter eligibility requirement—70% of area median income (AMI) compared to 80% AMI in the original OZs.
- New OZ investors will receive new tax benefits for investments made in these low-income communities after December 31, 2026, in the form of a rolling five-year deferral and a 10% reduction in their capital gains taxes in the form of a basis step-up for those investments held for five years.
- For investments in designated rural census tracts, investors will receive three times the tax benefit compared to non-rural investments in the form of a 30% basis step-up.

2. PROTECT AND PUT AMERICAN WORKERS FIRST

Eliminates Import Loophole

The OBBB puts American workers first by closing trade loopholes that allowed the flooding of low-cost imports into America. Specifically, the OBBB amends Section 321(a)(2) of the Tariff Act of 1930 to phase out the "de minimis" exemption for imported packages valued under $800. This exemption allowed imports valued under $800 to enter the U.S. duty-free. The number of "de minimis" entries totals roughly 1 billion annually, with China contributing 30% of daily "de minimis" imports. Removing the exemption for all countries could generate up to $40 billion in federal revenue. By 2027, the OBBB allows for the "de minimis" threshold to be lowered further for all countries.

- ★ Imposes civil penalties for customs violations: a civil penalty of up to $5,000 for the first violation and up to $10,000 for each subsequent violation.
- ★ Ensures all e-commerce imports (e.g., the Chinese Communist Party-owned company Temu) are subject to import duties.
- ★ Planned repeal of commercial shipment exception (sets the stage for broader restrictions on all commercial shipments by 2027). By 2027, the OBBB allows for the "de minimis" threshold to be lowered further for all countries.

Updates Sugar Imports and Tariff Rates Quotas

The OBBB **tightening** sugar tariff rate quotas (TRQs), reallocating unused quotas, improving import transparency, and reinforcing protections to stabilize prices, safeguard jobs, and reduce foreign reliance. By limiting less costly foreign sugar entering via TRQs, the changes will help stabilize domestic prices. Further, American businesses will be protected from unpredictable global sugar market swings and will have priority in the market.

- ★ Mandates a study within 180 days to assess refined sugar import terms. The study will involve assessing the efficacy and fairness of the U.S.-Mexico sugar trade agreement.
- ★ Prioritizes U.S. sugar producers, strengthening domestic agriculture and refining. U.S. sugar producers and refiners will get first access to the supply and market share.
- ★ Protects rural jobs and boosts economic stability in sugar-producing regions. By restricting opportunistic foreign imports and reallocating sugar quotas to American producers, the bill helps stabilize demand and pricing for U.S.-grown sugar.
- ★ Ensures fairer trade with other free markets by reallocating unused quotas and preventing import manipulation. The automatic rollover of unused import quotas to foreign suppliers, which previously disadvantaged domestic refiners, will end.

Updates International Tax—Foreign-Derived Intangible Income

The OBBB locks in a pro-business international tax framework that combines low rates, strong enforcement, and America First incentives to boost U.S. jobs, exports, and global competitiveness. The redefined Foreign-Derived Intangible Income (FDII) framework will make offshoring less attractive by maintaining competitive tax rates for export income without encouraging companies to shift operations abroad. Additionally, the continued favorable treatment of U.S. export income ensures that American businesses can better compete on a global stage.

- ★ Provides favorable tax rates to boost U.S. exports and domestic manufacturing: the deduction for FDII is reduced from 37.5% to 33.34%. This new deduction rate translates to an effective tax rate of 13.9986%.

- ★ Strengthens the FDII tax break to reward U.S. companies who export and serve foreign markets, thus boosting American exports. This tax break has been made permanent, which provides long-term certainty.
- ★ Expands the definition of FDII to include income from the sale or disposition of intellectual property and depreciable assets, thus incentivizing U.S. companies to maintain operations and production in the U.S. while selling internationally. The deduction incentivizes investment in domestic research and development (R&D) and innovation.

Incentivizes Domestic Manufacturing

A cornerstone of the "Made in America" agenda is revitalizing U.S. manufacturing. The OBBB delivers on President Trump's campaign promises with major tax relief and investment incentives that make it easier and less costly to manufacture in America. These incentives are expected to contribute a 1.2% increase in long-run GDP by boosting capital investment and productivity. The legislation will enable more small manufacturers to scale production and modernize their operations without the costs and complexity that previously held them back. More factory construction, equipment purchases, and R&D activity will lead to higher employment in construction, engineering, manufacturing and logistics, and long-term capital formation, especially in hard-hit manufacturing regions.

- ★ Allows businesses to immediately deduct the full cost of new facilities, equipment, machines, and tools purchased. Manufacturers can now write off 100% of their expenses for these categories of expenses.
- ★ Allows full upfront tax deduction for the cost of building or expanding manufacturing factory costs. Previously, these costs had to be deducted over 20+ years. Now, it's immediate.
- ★ Allows businesses to deduct 100% of the money they spend on R&D in the year it's spent.
- ★ A foreign entity restriction requires supply chain certification, in turn disqualifying credits if materials or components come from a designated "foreign entity of concern" (e.g., China).
- ★ Companies must reorient supply chains to domestic or allied sources to qualify for benefits.
- ★ Extends and expands tax credits for domestic production activities, targeting industries like steel, semiconductors, and automotive manufacturing.

CONCLUSION

The OBBB's bold provisions put American workers, families, farmers, and manufacturers first with tax relief, investment, and the closing of trade loopholes that undermine American workers. Key provisions of the legislation are permanent, which will prevent future administrations from increasing taxes and allowing Americans to keep their tax cut for good. This legislation is projected to boost long-run growth and drive investment, job growth, and industrial competitiveness in the U.S., restoring economic growth to levels seen during the Trump Administration. A key next step is the regulatory process to implement both the provisions of the law and aggressive deregulation.