

## Governor Abbott Announces Special Session Agenda

July 9, 2025

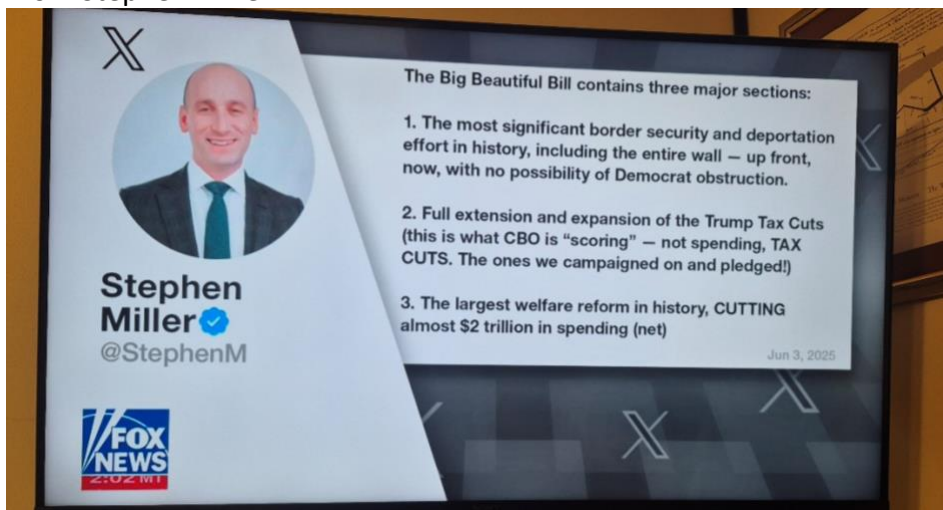
Governor Greg Abbott announced a special session with 18 agenda items. The Special Session begins July 21.

The agenda items cover the following categories

- **Natural disasters.** Flood warning/communication systems in flood-prone areas in TX, and relief funding for hill country floods from early July 2025. Streamline rules/regulations regarding preparation for/recovery from natural disasters.
- **Education & protect children.** Replace STAAR test with better assessment tools. Make it a crime to provide hemp products to kids under 21. More protections from abortion for moms/babies.
- **Real estate.** More property tax relief & spending limits on taxing entities. More protections from title theft & deed fraud. Legislation to allow municipalities to decrease fees for builders who include water conservation and efficiency measures.
- **Elections.** Allow the TX Attorney General to prosecute election crimes. Legislation regarding revisions to congressional redistricting that addresses US DOJ constitutional concerns. Legislation to ban taxpayer-funded lobbying.
- **Protect women's spaces.** Try to pass the "bathroom bill" that failed in the 89<sup>th</sup>.
- **Other.** Regulation of hemp-derived products. Protect human trafficking victims from criminal liability for non-violent acts related to their trafficking. Protect law enforcement officers from public disclosure of unsubstantiated complaints in their personnel files. Legislation relating to the operation of the state DOJ (like SB2878 from the 89<sup>th</sup>).

## The Big Beautiful Bill

From Stephen Miller:



## Tax Changes in the OBBB (from Fidelity)

### Permanent changes:

- 7 tax brackets for individuals (10% bottom rate, 37% top rate), and some would be adjusted for inflation in the future.
- Mortgage interest limit is \$750K still.
- SALT deduction (only for those who itemize) goes up to \$40K (from \$10K) but the \$40K goes back down to \$10K in 2030. The SALT cap of \$40K available for incomes up to \$500K MFJ, then starts to phase out.
- Standard deduction is \$15,750 (\$31,500 for MFJ).
- Lifetime gift and estate tax exclusion go up to \$15M (from \$13.99M) for single filers and up to \$30M (from \$27.98M) for MFJ.
- Child tax credit increases for \$2200 per child.

### Temporary changes good for tax years 2025 through 2028:

- No taxes on tips up to \$25K or overtime up to \$12.5K (\$25K for MFJ). Starts phasing out for income > \$150K (\$300K for MFJ).
- Age 65+ get an additional \$6K deduction, which starts phasing out at income > \$75K (\$150K MFJ). This is in addition to the \$2K (\$3.2K for MFJ) that over 65+ people get now.
- Car loan interest deduction up to \$10K if car's final assembly was in the US. This applies only to incomes < \$100K (\$200K MFJ), and it starts to phase out for higher incomes. You do not have to itemize to take this deduction.

### New stuff:

- Savings account for children up to \$1K each (born between 2025-2028), which is fundable up to \$5K/year like a traditional IRA.
- Expanded uses for HSAs and 529s
- Business taxes are cut, and includes increased deductions for equipment and research costs.
- Start to phase out subsidies from the Green New Deal (inside the Inflation Reduction Act).

### What didn't make it:

- No taxes on Social Security (up to 85% of SS is taxable for income > \$34K (\$44K for MFJ))

### EV penalties and incentives changes:

- Cease the USPS \$9.6B plan for an all-electric fleet (7200 Ford E-Transit vans). But the USPS can keep the ones it already bought.
- Penalties removed from automakers for missing fuel economy targets in CAFÉ standards.
- The \$7500 tax credit for new EVs (\$4k for used EVs) will be gone 9/30/25).

#### Medicaid changes:

- Jointly run by states and the fed gov.
- It's part of mandatory fed gov spending.
- The ACA (Obamacare) expanded Medicaid eligibility in 2014 when it went into effect.
- No Medicaid for illegal aliens.
- The "money laundering" part of the Medicaid expansion is limited. The Medicaid "provider tax" is cut from 6% to 3.5% by 2031.
- States must check eligibility of people on Medicaid expansion every six months.

#### SNAP benefits:

- Stricter work requirements – childless people work or volunteer at least 20 hrs/week if you're able bodied.
- In 2024 41.7M people (12.3% of population) get food stamps.
- Only 28% of able-bodied adults on SNAP work.

#### Immigration/border security:

- \$170B for border security
- ICE budget goes from \$10B to \$100B by 2029.
  - \$46.5B to finish the wall.
  - \$45B over 4 years to add 100K new detention beds.
  - More gents, tech, immigration judges and staff.

#### Increased defense spending:

- \$150B above last year (\$873B I think). This includes:
  - \$29B shipbuilding
  - \$25B Golden Dome missile defense (just a start)
  - \$25B munitions
  - Lots more

#### Changes to energy policy:

- Increase fossil fuels

#### Debt ceiling increase:

- \$5T increase.
- The debt to GDP ratio was 123% in FY 2024.