



# Navigating the "One Big Beautiful Bill": What It Means for Indian Country

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## AGENDA:

- Bill Overview – Spirit Rock Consulting
- Health: Medicaid & SNAP – National Indian Health Board
- Tax – Holland & Knight
- Energy – Alliance for Tribal Clean Energy



# The One Big Beautiful Bill Act: Overview

Presented by:

**Aurene Martin** - Managing Partner, Spirit Rock Consulting LLC

# What is the One Big Beautiful Bill Act & why is it significant for Indian Tribes?

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Public Law 119-21, signed July 4, 2025

- ❖ Reconciliation - In General
  - ❖ Must impact tax, spending or debt
  - ❖ Must have a budgetary impact
  - ❖ Limited to one bill per year
  - ❖ Requires only simple majority vote
- ❖ Appropriations
  - ❖ Federal discretionary spending
  - ❖ Up to 12 different appropriations bills
  - ❖ Requires 60 votes
- ❖ Specific Tribal Provisions
  - ❖ Indian Adoption Credit
  - ❖ Medicaid work requirement exemption
  - ❖ SNAP work requirement exemption
- ❖ Non-Specific Provisions
  - ❖ RECA Amendments
  - ❖ No Tax on Tips
  - ❖ Overtime Tax Credit
  - ❖ W-2 reporting

# What is the One Big Beautiful Bill Act & why is it significant for Indian Tribes?

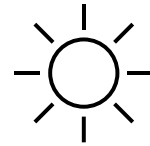
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## The One Big Beautiful Bill Act/Reconciliation is distinct

- ❖ FY 2026 Budget & Appropriations
  - ❖ The President's Budget - February
  - ❖ Appropriations hearings – March - May
  - ❖ Appropriations bills approved – July - September
  - ❖ Fiscal Year begins October 1
  - ❖ No full year appropriations have been enacted since FY 2020
- ❖ Recissions of FY 2025 Program Funding
  - ❖ Presidential request to reduce spending authorized by Congress
  - ❖ Recission must be approved by Congress
    - ❖ Senate approved July 17, 2025
    - ❖ House approved July 18, 2025
    - ❖ Presented to President on July 18, not yet signed

# August & Everything After

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- ❖ **Immediate Implementation - Recissions**
- ❖ **Staggered Implementation OBBB**
- ❖ **Legislative Process - Appropriations**
  - ❖ Partisan splits
  - ❖ FY 2025 backlash
  - ❖ Recission backlash



# NIHB Policy & Legislative Updates

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July 21, 2025





# One Big, Beautiful Bill Act (OBBBA)

## Medicaid Work Requirements

- OBBBA implements community engagement and work requirements for Medicaid Expansion individuals
- **All American Indians and Alaska Natives are exempted from community engagement and work requirements.**
- The rulemaking deadline is June 1, 2026
- Community engagements and work requirements will be implemented December 31, 2026.
- The bill provides \$200 million to states to implement new systems
- State implementations exemptions available through Dec 31, 2028



# One Big, Beautiful Bill Act (OBBBA)

## SNAP Work Requirements

- American Indians and Alaska Natives are exempted from SNAP work requirements.
- These are the most immediately effective, but will still require rulemaking at USDA and implementation by the states.

## Medicaid Cost-Sharing

- Existing cost-sharing protections for American Indians and Alaska Natives in Medicaid were preserved.
- There is no new cost sharing.





# OBBBA Continued

## Medicaid Redetermination

- The legislation amends the Medicaid expansion redetermination window from one-year to 6-months.
- **American Indians and Alaska Natives are exempted from this provision, keeping our redeterminations on a 12-month cycle.**

## Rural Healthcare Transformation Payments

- The bill provides for up to **\$50 billion over five years** to states to support rural health care providers, and **as written would allow Tribal programs to participate if they meet the generally applicable requirement.**
- Biggest concern here is which facilities are eligible, and that dollars flow through states (not tribes) to rural areas.



# OBBBA Continued

## Provider Tax Reductions – Medicaid Impact

- Creates a forced step down of taxes states use to pay for Medicaid matching dollars.
- Current cap is 6%. **Step down begins in 2028 and ends in 2032**, going from 5.5% to 3.5%. That's a five-year phase down.
- **We expect that pressure on state Medicaid programs will cause states to cut optional services over time and tighten eligibility requirements. This will impact Tribes and their citizens.**





# OBBBA Continued

## Federally Facilitated Marketplaces and state Exchanges

- The bill does not extend Enhanced Premium Tax Credits, which means folks will lose coverage, including 318,000 AI/ANs (a 40% reduction in AI/AN Marketplace coverage).
- Enhanced Premium Tax Credits **end Dec 2025 (this year!)**.
- NIHB is doing further analysis need to plan for this transition.
- OBBBA does preserve AI/AN Special Enrollment Period and cost-sharing protections, but will likely increase documentation burdens.





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# THANK YOU!

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# The One Big Beautiful Bill Act: Tax Implications

Presented by:  
**Ken Parsons** – Partner, Holland & Knight



# The Big Beautiful *Null*?

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- Few tax provisions in the OBBB directly reference Tribal governments or their members.
- However, several provisions impact both (some good, some not so good).
- Many Tribal tax priorities remain unaddressed, including pensions reform and parity for bond issuances.
  - See S.2022, Tribal Tax and Investment Reform Act of 2025.

# Adoption Tax Credit

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- The Adoption Tax Credit (IRC Section 23) helps adoptive parents offset qualified adoption expenses, such as court costs, attorney fees, and travel.
- Parents who adopt a child with a “special need” may claim the full credit, even if they incur no qualifying expenses.
- Before the OBBB, only state governments could determine whether a child had a special need -- Tribal governments were excluded.
- The OBBB corrects this parity issue by allowing Tribal governments to make special needs determinations for purposes of the credit.
- This change expands access to the full credit for families adopting children from Tribal communities and affirms Tribal authority in child welfare matters.

# Deduction for Tips/Overtime

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- Under new IRC Section 224, individuals who receive cash tips in an occupation that "customarily and regularly received tips" as of the end of 2024 may claim a deduction of up to \$25,000.
  - Will require modifications to W-2, IRS guidance on qualifying occupations.
- Under new IRC Section 225, an individual may deduct up to \$12,500 (or \$25,000 in the case of a joint return) for "qualified overtime compensation."
- Both new deductions are retroactive to 2025 and sunset at the end of 2028.
  - They also begin phasing down when the worker's modified adjusted gross income exceeds \$150,000 (or \$300,000 in the case of a joint return).



# Increases to Reporting Thresholds

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- Beginning with 2026, the OBBB increases reporting thresholds to \$2,000 and indexes them to inflation.
- 1099-MISC & 1099-NEC reporting threshold (e.g., payments to vendors): \$600 → \$2,000
- Although not explicitly stated, the general change to the reporting threshold *should also increase the W-2G reporting threshold* (e.g., slot machine winnings): \$1,200 → \$2,000
  - IRS guidance anticipated

# Modifications to Gambling Tax Law

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- The OBBB reduces the amount of gambling losses individuals may deduct on their annual tax returns. Under previous law, individuals could deduct 100 percent of their gambling losses up to the extent of their gambling winnings. Following the OBBB's passage, individuals may deduct only up to 90 percent of their losses as of the 2026 tax year.
- Consider an individual with \$100,000 in gains from gambling and \$100,000 in losses from gambling.
  - Prior law: \$0 income
  - New law: Deduction is limited to \$90,000, leaving the individual with \$10,000 of tax gain from gambling despite having no economic gain.
- Provision is unpopular and efforts are already underway to repeal it.
  - FAIR BET Act (H.R. 4304)

# Opportunity Zones, NMTC, LIHTC

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- Permanently extends the New Markets Tax Credit
  - \$5 billion annual allocation.
- Increases allocations for the Low-Income Housing Tax Credits
  - Permanent increase in 9% credit allocations.
  - Increases access to 4% credit by lowering private activity bond threshold.
- Permanently renews Opportunity Zones
  - Also, modifies Opportunity Zones by imposing stricter eligibility requirements and providing enhanced benefits for rural investments.



# What's Missing (S. 2022)

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- Of the 13 provisions in the tax parity bill, only 1 was addressed in the OBBB (adoption tax credit).
- Tribal Tax and Investment Reform Act of 2025 (S. 2022), introduced by Senators Cortez-Masto (D-NV) and Murkowski (R-AK) addresses other longstanding Tribal tax priorities, including:
  - Parity for bond issuances to broaden ability of Tribal governments to issue tax-exempt bonds
  - Reforms to pension rules that currently require Tribes to maintain separate plans for their governmental and business operations
  - Extension of General Welfare Exclusion to Social Security Administration eligibility determinations



# The One Big Beautiful Bill Act: Energy

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