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# Top Six Ways the Big, Ugly Bill Hurts the American People

*From tax hikes for working families to handouts for the wealthy, the House's reconciliation bill spells disaster for working- and middle-class Americans*

## 1. Gives tax breaks to the wealthy while raising costs and cutting essentials for working- and middle-class people.

- **It raises taxes on working-class families and gives a massive tax cut to the rich.**
  - ◆ People who make \$51K a year or less would end up paying more on their taxes, while multi-millionaires get a massive tax cut.
- **It raises healthcare costs.**
  - ◆ Raises average annual premiums by roughly \$625 for the 20M+ people who get health coverage through the Affordable Care Act marketplace. Many Americans will be kicked out of the marketplace altogether.
- **It lets landlords collude with each other to increase rent.**
  - ◆ Bans states from regulating AI for the next decade, including laws to stop companies from using algorithmic price-fixing to set high rents.
- **It increases utility bills.**
  - ◆ Repeals nearly all clean energy tax credits, raising household electricity prices by up to \$400 a year.
- **It makes college more expensive.**
  - ◆ Limits eligibility for Pell grants. 4.4M students could be required to pay an extra \$7,400 for a bachelor's degree or \$3,700 for an associate degree.
- **It raises the cost of student loans.**
  - ◆ The average student loan borrower would see their payments rise by \$244 per month.

## 2. Removes kids from the Child Tax Credit, driving millions of families into poverty or economic instability

- The Child Tax Credit proposal could push up to 2 million kids into, or deeper into, poverty.

- ◆ It would kick off [4.5 million American kids](#) in mixed-status families who are currently eligible for the credit simply because their parents are immigrants. These are children with Social Security Numbers who are US citizens or legal permanent residents.
- ◆ It would increase the number of the lowest-income kids locked out of the full credit because their parents' income is too low from 17 million to [22 million](#).

### 3. Makes it even harder for families to get the Earned Income Tax Credit

- **Adds red tape to access the Earned Income Tax Credit, a move that essentially functions as an audit on every parent who tries to claim this credit – even before filing a tax return.**
  - ◆ The bill would require families to apply for a certificate for each child, every year, to verify EITC eligibility. This means that [17 million working families](#) would have to jump through another hoop to claim the EITC. Some would lose the EITC entirely and others would be deterred from filing.
  - ◆ Already [one in five EITC-eligible households](#) don't get the credit because it's too expensive and complicated to file for it on their taxes. This will make it even harder for low-income working families with kids to get the credit they've earned.
  - ◆ In [states with a federal match to the EITC](#) (CO, CT, DE, DC, HI, IA, IL, IN, KS, LA, ME, MD, MA, MI, MN, MO, MT, NE, NJ, NM, NY, OH, OK, OR, RI, SC, UT, VT, VA, and WI), parents could be at risk of losing their state EITCs too.

### 4. Makes deadly cuts for millions of low and mid-income Americans who rely on Medicaid, Medicare, and SNAP

- **The bill proposes over \$1.5 TRILLION in cuts to Medicaid, Medicare, and food security.**
  - ◆ The bill would [cut \\$700 billion from Medicaid](#) and cause [16 million people](#) to lose their health insurance.
  - ◆ The bill adds trillions to the deficit and would force [\\$500 billion](#) in automatic cuts to Medicare.
  - ◆ The bill proposes [nearly \\$300 billion](#) in cuts to SNAP, and could kick [3.2 million people](#) off the program in an average month.

### 5. Bans states from setting guardrails on AI for a decade

- **The bill's authors snuck in a provision that would ban states from regulating AI for the next 10 years – giving tech companies free rein to do irreversible damage.**
  - ◆ In 2025 alone, states have proposed over [500 laws](#) to mitigate the risk of AI. This bill would block all such efforts for 10 years, an eternity in tech development.
  - ◆ States have taken the lead in confronting the inherent risks of AI, stepping in to protect the public where federal safeguards remain uncertain or absent. This bill

could block commonsense state laws to protect voters and consumers, putting at risk such protections as:

- Preventing spam calls and texts
  - Stopping companies from using AI algorithms to raise prices on rent and other essentials
  - Protecting data privacy for kids online
  - Barring companies from using someone's likeness without their permission
  - Requiring disclosures when users are interacting with AI
  - Shielding users from AI-generated explicit material
  - Banning deepfakes designed to deceive voters and/or consumers
  - Letting users opt-out of specific kinds of automated decision-making
- ◆ \*The Senate version of the bill includes *both* this 10-year moratorium and a provision that holds federal broadband funding hostage unless states agree not to enforce AI regulations. This broadband money helps people across the country get online to apply for jobs, access health care, and do their homework. Holding it hostage to let Big Tech do whatever they want is wrong.

## **6. Eliminates the simple, secure, and always free Direct File tax filing option that saved taxpayers time and money**

→ **It increases the cost of filing your taxes by an average of \$160 by eliminating the free Direct File at the IRS.**

- ◆ IRS Direct File was among the most successful innovations in tax filing and public tech in recent history, with 90% of users rating it Excellent or Above Average. This bill would eliminate free, convenient filing through IRS Direct File, which at full scale would have saved American taxpayers \$23 billion a year between filing costs and access to currently unclaimed tax credits.