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Massive GOP Tax and Border Bill Passes House, But U.S. Virgin Islands Faces Losses in Health, Energy, and Social Aid

Supporters tout record tax relief and national security investments, but Plaskett warns that H.R. 1 threatens the USVI with cuts to Medicaid, SNAP, Meals on Wheels, and clean energy programs—and excludes a long-sought increase in rum cover-over funding.

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Speaker Mike Johnson at the House of Representatives following the passage of H.R. 1 — the One Big, Beautiful Bill.

The U.S. House of Representatives approved H.R. 1—branded by Republicans as the “One Big, Beautiful Bill”—just before dawn on Thursday, capping weeks of intraparty bargaining with a

cliff-hanger 215-214 roll-call vote that also recorded one member as “present.”

The 1,100-plus-page reconciliation package stitches together permanent extensions of the 2017 Tax Cuts and Jobs Act, new temporary breaks on tips and overtime, aggressive border-security funding and the deepest Medicaid and SNAP trims ever proposed in a single measure. House Speaker Mike Johnson (R-La.) hailed the bill as the centerpiece of President Donald Trump’s second-term agenda; every Democrat voted no, joined by two fiscal-hard-liner Republicans whose demands for steeper cuts went unmet.

Sweeping Tax Changes

- Individual and estate taxes: The top individual rate stays at 37 percent, and the doubled estate-tax exemption—pegged to reach roughly \$15 million in 2026—is made permanent.
- Relief for workers: Tipped income and the premium portion of overtime pay go untaxed through 2028, while auto-loan interest (up to \$10,000) on U.S.-assembled cars is deductible until 2029.
- SALT and family benefits: The state-and-local-tax cap rises to \$40,000 for households earning under \$500,000, and the child tax credit increases to \$2,500 through 2028. A \$4,000 extra standard deduction is added for seniors.
- Small-business and savings incentives: The Section 199A deduction for pass-throughs climbs to 23 percent and becomes permanent, and new “Trump Accounts” seed every child born 2024-28 with \$1,000 toward education or a first home.
- Border security: \$46.5 billion revives wall construction; another \$6.1 billion hires and retains 8,000 additional customs and Border Patrol personnel; ICE staffing grows by 10,000 with a stated goal of 1 million deportations a year.
- Defense: \$150 billion goes to missile-defense (“Golden Dome”), ammunition restocking and naval fleet expansion.
- Energy and infrastructure: Biden-era methane and EV credits are repealed; oil-and-gas leasing on federal land expands; \$12.5 billion is earmarked to modernize FAA traffic control facilities.
- Mandatory-program reforms: Work requirements (80 hours a month) begin in 2026 for able-bodied adults on Medicaid and are extended to age 64 for SNAP recipients without dependents. Program co-pays and eligibility checks tighten. The Congressional Budget Office (CBO) projects that 7.6 million people could lose Medicaid coverage, and SNAP outlays fall \$267 billion over ten years. [House Budget Committee](#)

Overall, the bill delivers \$3.8–\$4.1 trillion in tax cuts against \$1.5–\$1.7 trillion in spending reductions, lifting the statutory debt ceiling by \$4 trillion. Supporters argue macro-economic feedback will narrow the ten-year deficit increase to roughly \$2.3 trillion; CBO’s preliminary distributional letter instead concludes that “the bottom 10 percent ... will be 4 percent poorer in household wealth,” while gains accrue to upper-income groups.

Delegate to Congress Stacey Plaskett (D-VI), who opposed the bill, warned that “funding ... will eliminate healthcare coverage for at least 13.7 million Americans.” She highlighted local stakes: 21,000 Virgin Islands residents on Medicaid and more than 15,000 who rely on SNAP could see services curtailed or lost.

Plaskett further noted that the legislation cuts \$500 billion from Medicare, which will affect the 20,000 Medicare enrollees in the Virgin Islands. It also eliminates the Social Services Block Grant—a source of more than \$4.2 million in support for the territory—until 2034, along with federal funding for Meals on Wheels and LIHEAP (the Low-Income Home Energy Assistance Program), both of which provide critical support for vulnerable residents.

The bill also rescinds \$62.5 million in federal funding for the Solar for All Program, an initiative already in place in the Virgin Islands designed to expand access to renewable energy and reduce energy costs. Plaskett warned that the legislation undermines local clean energy efforts, job creation, and economic development by eliminating key funding from the Inflation Reduction Act, including Environmental Justice Block Grants and home energy efficiency training programs.

Plaskett called the measure “cruel, shameful, unfair and un-American,” noting its elimination of \$4.2 million in Social Services Block Grant aid to the territory and the omission of a bipartisan increase in the rum cover-over rate she authored. “I will continue to work with my colleagues ... to secure the increased rum cover over rate of \$13.25, both retroactively and with an extension, for the Virgin Islands and Puerto Rico,” she pledged.

Plaskett also emphasized that her REVIVE VI Act—a legislative fix to restore the Virgin Islands’ economic development program affected by the GILTI tax regime—was included in the reconciliation bill, marking one of only four Democratic provisions to make it into the package. While she opposes the bill overall, she noted that this inclusion was a step toward revitalizing local economic opportunity.

House Budget Committee Chair Jodey Arrington (R-Texas) celebrated passage moments after the vote:

“The One Big Beautiful Bill Act delivers exactly that: the greatest single investment in border security and national defense; the largest tax cuts for families and small businesses; the most significant commitment to unlocking America’s energy resources; and the largest reduction in spending in the history of the United States—by two-fold.”

Arrington dismissed Democratic criticism of CBO’s distribution tables as “a smoke and mirrors tactic,” contending that work requirements and tax relief would lift Americans “off welfare rolls” and into the labor force.

House Minority Leader Hakeem Jeffries (D-N.Y.) countered that the package is a “GOP tax scam” that inflates costs for working families while rewarding the wealthy.

The legislation now heads to a Senate controlled 53-47 by Republicans, where procedural hurdles and ideological rifts remain. Fiscal hawks such as Sen. Rand Paul (R-Ky.) have already demanded deeper spending rescissions, while moderate Republicans from high-tax states are watching the SALT compromise closely. Leadership hopes to finalize a unified bill for President Trump's signature by July 4, but senior aides acknowledge that reconciliation rules could force further revisions—and another tough vote in the House.

If enacted intact, the bill's architects project a 5.2 percent surge in real GDP over four years, 6.6–7.4 million jobs created or saved, and family take-home pay rising by as much as \$13,300. Critics reply that the same legislation would swell the national debt, squeeze low-income households and unwind clean-energy investments. With the debt-ceiling suspension due to expire in August, both chambers face a tight calendar to reconcile these competing visions of America's fiscal future.

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