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Senate Passes “One Big Beautiful Bill” Following Historic Overnight Session

On the Hill

At approximately 12:30 p.m. today, after a marathon session that spanned more than 27 consecutive hours, the Senate voted 51–50 to pass its version of the “One Big Beautiful Bill.” Vice President J.D. Vance cast the tie-breaking vote after three Republican Senators (Rand Paul, Susan Collins, and Tom Tillis) voted “no” and the remaining 50 Republicans voted in favor.

The session set a record for the number of proposed amendments to a single piece of legislation, highlighting the high stakes and wide-ranging impact of the bill. While many of the proposed changes were symbolic or unlikely to advance, the process reflects the intense political and policy complexity of the tax and spending package.

What This Means for Tax-Exempt Bonds

Although final legislative text incorporating all amendments has not yet been released, sources have confirmed that **the bill continues to preserve the federal income tax exemption for municipal bonds, including qualified private activity bonds.** Additionally:

- The expansion of Section 142(a) to include “spaceports” as an eligible category of exempt facility bond financing was included in the final Senate package. This provision appears to extend not only to launch and landing infrastructure, but also to related spaceport manufacturing facilities—a potentially significant development for certain states and local governments engaged in next-generation aerospace projects.
- The bill retains the permanent reduction of the 50% bond test to 25% for 4% LIHTC transactions and preserves the permanent 12% increase in annual allocation authority for 9% LIHTC awards.
- Provisions related to the state and local tax (SALT) deduction match the House proposal, setting a cap of \$40,000 through 2029, but unlike the House proposal, the Senate bill maintains its scheduled return to current law (\$10,000) in 2030.

What’s Next

The Bill now moves to the House, where Speaker Johnson is expected to push for swift adoption of the Senate-passed version without changes, thereby avoiding a formal conference committee. For the bond community, immediate passage is a positive outcome: it minimizes the risk of additional pay-fors being added to the bill—particularly those that could threaten tax-exempt financing preferences or impose new limitations on tax-exempt bond financing tools.

If the House amends the Senate version in any way, the amended bill will need to return to the Senate for another vote—potentially reopening negotiations and prolonging uncertainty. As of this writing, leadership appears committed to avoiding that scenario and advancing the legislation to the President’s desk before the July 4 recess.

We are monitoring the House schedule and will provide immediate updates as the bill proceeds toward final enactment.



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