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Senate Advances Revised Text of “One Big Beautiful Bill” and Moves Toward Floor Vote

On the Hill

Late Friday night, the Senate released its revised version of the “One Big Beautiful Bill,” setting off a flurry of procedural and political activity as Senate Republicans pushed to meet Majority Leader Thune’s goal of passage before the July 4 recess. The new text reflects targeted revisions made to ensure compliance with reconciliation rules and secure the final votes needed to bring the legislation to the Senate floor.

The Senate Parliamentarian completed her Byrd Rule review over the weekend, finding several provisions non-compliant with reconciliation rules. Rather than risk an overruling—something Senate leadership has made clear it will not entertain—those provisions were either revised to meet budgetary standards or dropped entirely.

To secure the necessary votes to proceed to floor debate, Senate leaders spent most of Saturday in closed-door negotiations. The motion to proceed passed 51–49 late Saturday, with Senators Paul and Tillis voting no and Senator Vance on standby as a potential tiebreaker. The chamber remained in session overnight Saturday and throughout Sunday, as members insisted on a full reading of the bill and engaged in sustained debate into the evening hours.

What This Means for Tax-Exempt Bond Issuers

Among the most notable additions for municipal market participants, the revised text expands the definition of qualified private activity bonds under Section 142(a) to include spaceports—a category that could support a new class of infrastructure financings if enacted. The expansion is narrowly drawn, but signals increasing legislative openness to updating the scope of tax-exempt financing. Provisions related to affordable housing and the Low-Income Housing Tax Credit (LIHTC) remain unchanged from the earlier Senate Finance Committee draft.

After weeks of internal debate, the Senate version adopts the House’s $40,000 cap on the state and local tax (SALT) deduction, applying to taxpayers with income up to $500,000. However, unlike the House bill, the Senate version reverts the cap down to $10,000 for any taxable year beginning after calendar year 2029, effectively returning to current law in 2030. This hybrid approach may provide temporary relief for high-tax state constituents while satisfying longer-term revenue targets.

The Congressional Budget Office (CBO) released its updated cost estimate on Sunday, indicating that the Senate version remains more expensive than the House package, even with the procedural adjustments. Expect deficit-conscious Republicans in both chambers to scrutinize the topline numbers as negotiations continue. As the overall cost of the legislation remains a focus, members of Congress may be forced to find additional pay-for offsets. Given this, the tax-exemption for state and local bonds, including PABs, will remain at risk until final legislation is passed by both chambers of Congress and signed by the President.

Next Steps

The Senate reconvened at 9 a.m. ET this morning, with amendments expected throughout the day and a final floor vote anticipated today. While several amendments have been filed, none appear to negatively impact the tax-exempt status of municipal bonds.

If the Senate passes the revised bill, the legislation will head back to the House. Speaker Johnson is reportedly working behind the scenes to secure quick approval without forcing a conference, relying on previously negotiated compromises and leadership pressure to hold the GOP caucus together.

We will continue to track the floor process today and provide an update upon passage or amendment of any provision impacting the public finance community as information becomes available.

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