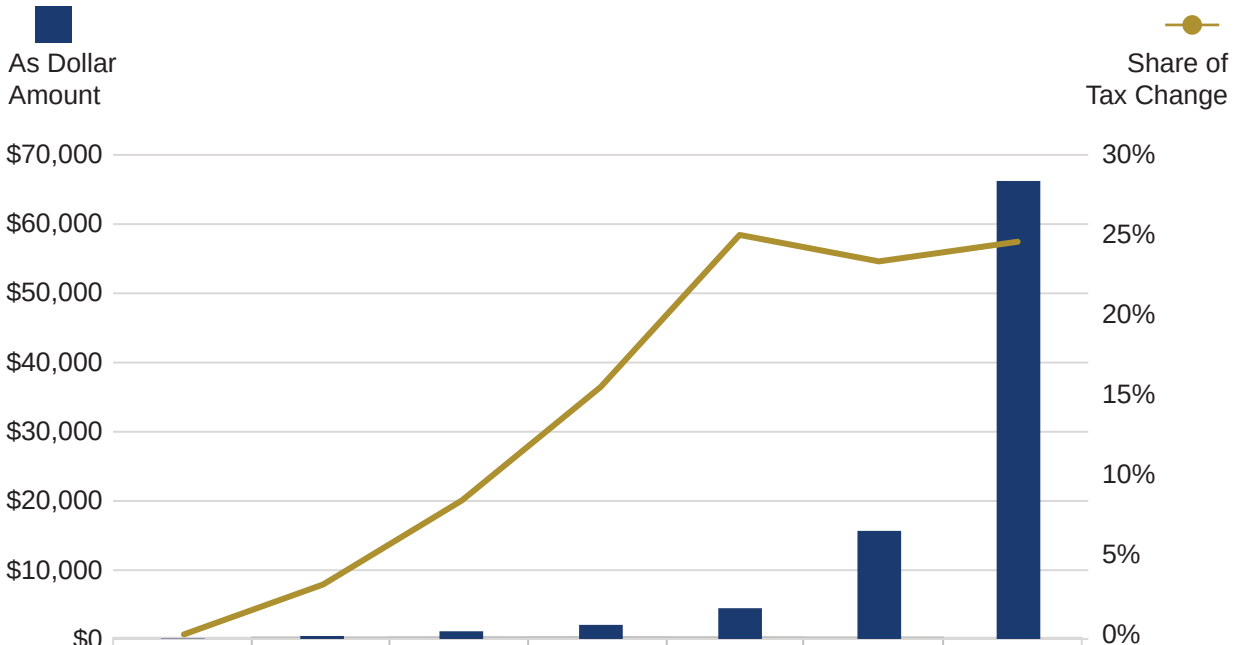
Georgians Will Face Cuts to Core Programs and Higher Federal Debt to Finance Reduced Taxes for Top Earners in New Federal Law

On July 4, 2025, President Trump signed H.R. 1 into law, enacting budget reconciliation legislation that restructures sections of the federal tax code, while making $1.4 billion in cuts to health, education and food assistance programs and adding $3.4 trillion to the national debt over 10 years. Analyses of H.R. 1's cumulative impact have reached the consensus finding that the legislation will harm the nation's economy, while increasing disparities in wealth by prioritizing the interests of those at the top of the economic ladder over the rest of the nation. Over the next 10 years, H.R. 1 pays for $1 trillion in tax reductions for those among the top 1% of income earners, making more than $836,000 annually, with over $1 trillion in cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP). Despite these cuts, on net, the legislation adds $3.4 trillion to the national debt.

Most Georgians, those with incomes among the first 60% of households earning up to $85,000 annually, will receive just 12% ($1.8 billion) of $15.2 billion in overall annual tax reductions distributed across the state. This compares to 48% of overall tax reductions ($7.3 billion) directed to the top 5% of Georgia earners alone.

2025 Reconciliation Package Directs Vast Majority of Georgia Tax Savings to Highest Income Earners



	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Average Income	$14,900	$36,200	$63,800	$116,500	$205,600	$490,700	$2,142,300

Source: Institute on Taxation and Economic Policy, July 2025

Even before factoring in the effects of spending cuts on household income, the share of tax reductions received as a share of total income is heavily skewed. The top 5% would see savings equivalent to about 3.2% of their annual earnings, while the lowest earning 20% of Georgians would see savings of less than two-tenths of a percentage point, averaging $20 per year. Including the effects of the measure's spending cuts, the Penn Warton Budget Model estimates an overall reduction in income, after taking into account taxes and government payments, of 5.4% for the lowest earning 20% nationally, along with a 2.3% reduction for those in the next 20% of earners. Those in the middle 20% would see an overall benefit of 0.1%, averaging $45 in net benefits per year.

These tax savings are financed through increased debt and cuts to core programs like Medicaid and food assistance. Economic modeling forecasts show that the legislation is likely to cause the nation's Gross Domestic Product (GDP) and wages to fall. Over 10 years, Penn Wharton estimates a 0.4% reduction in wages and a 0.3% reduction in GDP. These figures grow to a 3.4% reduction in wages and a 4.6% reduction in GDP after 30 years.

H.R. 1 also includes the following tax provisions:



Includes a modest increase to the Child Tax Credit (CTC) from $2,000 to a maximum of $2,200



Includes new restrictions for children from immigrant families that require at least one parent to produce a Social Security number when applying for the federal Child Tax Credit (CTC)



Creates a new program (with no income criteria) to provide $1,000 accounts to newborn babies, which can voluntarily be claimed by U.S. citizens with babies born between 2025 and 2028



Makes permanent changes to rates and brackets established under the 2017 Tax Cuts and Jobs Act (TCJA), in addition to a pass-through business deduction that allows income to be taxed at a lower 20% rate, a more generous alternative minimum tax (AMT) for high income earners and an increased threshold for the federal estate and gift tax exemption



Temporarily increases the federal deduction for state and local income (SALT), limits and repeals green energy and jobs tax credits, limits Affordable Care Acts Credits and fails to renew enhanced health care premium offsets along with enacting a host of other tax benefits for corporations.

Taken together, the provisions in H.R. 1 paint a bleak picture. To help pay for large tax cuts for top earners, Congress has substantially dialed back funding for food assistance and health coverage that families across Georgia depend on. Even with slashing critical program funding, the legislation fails to pay for most of the costs associated with the tax cuts, which would instead add $3.4 trillion to the national debt over the next 10 years. Plunging the nation deeper into debt to finance costly tax cuts for those already at the top of the economic ladder will likely cause our nation to grow at a slower pace, while punting difficult policy decisions that threaten to jeopardize the solvency of the federal government.

Now that the federal government has made clear that the years ahead hold a significant pull back in resources for health, education and food assistance, Georgians will look to state leaders to help close the gap. With a greater level of resources on hand than at any point in modern history, and a still lean state budget with room for enhancements to both recurring and one-time spending, Georgia's leaders must revaluate how to best invest our state's resources in light of pending federal rollbacks that could affect millions statewide.

For list of sources and more detail about the measures in this bill, please visit our analysis of the bill: