REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 14, 2025

CAO File No. 0220-06344-0000
Council File No. 25-0885
Council District: ALL

To: The Council

From: *for* Matthew W. Szabo, City Administrative Officer *Yolanda Chavez*

Reference: Motion (Raman – Yaroslavsky)

Subject: **H.R. 1 – ONE BIG BEAUTIFUL BILL ACT (OBBBA): IMPACT TO THE CITY**

RECOMMENDATION

That the City Council note and file this report, inasmuch as this report is informational and Council action is not required.

SUMMARY

Pursuant to the adoption of the Motion (C.F. 25-0885 Raman – Yaroslavsky), this Office was requested to report on all City projects, programs, and services that could be impacted by H.R. 1 (One Big Beautiful Bill Act - OBBBA), including estimates on the potential fiscal impact of reduced grant funding that the City receives from the federal government.

H.R. 1, signed into law as the 2025 Reconciliation Act – Public Law 119-21, on July 4, 2025, extends and modifies key provisions of the Tax Cuts and Jobs Act (TCJA) of 2017. This legislation made significant changes to tax policy, increased defense and border security funding, reduced social/healthcare programs such as Medicaid and SNAP, and economic measures, notably the repeal or rescission of various Infrastructure Investment and Jobs Act (IIJA)/Bipartisan Infrastructure Law Act (BIL) and Inflation Reduction Act (IRA) climate or clean energy programs as well as eliminated or phased out clean energy tax credits. This includes the termination of electric vehicle credits, limitations on hydrogen production credits, extension of clean fuel production credits, and new restrictions on foreign entities of concern. Moreover, according to the Congressional Budget Office (CBO), it will result in raising the debt ceiling by $4 trillion.

The major direct impact to the City is the rescission of IIJA or IRA energy and infrastructure grant funds, the accelerated phase out or termination of several clean energy tax credits, and several tax-related incentives. The estimated loss of federal grant funds for the City's proprietary departments is $198 million ($148 million – Water and Power and $50 million – Port of Los Angeles). Additionally, the termination of two clean energy tax credits--EV charger infrastructure

(30c) and Commercial Electric Vehicles (45W)--result in an estimated annual loss of $1.1 million for the City and $1 million for proprietaries in future years.

H.R. 1 does provide some beneficial tax changes that impact the City directly or indirectly, including municipal bond tax exemption, opportunity zone program improvements, Low-Income Housing Tax Credits, New Markets Tax Credits, public safety funding for the 2026 World Cup and 2028 Olympics, and infrastructure funding for airports, and water conveyance and storage.

To counteract the reduction or loss of grant funding from H.R. 1, departments have been advised to:

- Develop alternative funding strategies (State grants, State Proposition 4 (Clean Air Bond Act) opportunities, and private foundations) including diversification of revenue sources such as fee-based services;
- Foster partnerships and collaborations with other organizations to strengthen joint applications and maximize utilization of resources; and,
- Capitalize on new grants for FIFA World Cup, drone detection security, airport modernization and/or water infrastructure.

This Office will continue to monitor and inform City leadership regarding the potential restoration of federal funding of any IIJA/BIL or IRA programs or other funds that were either rescinded or repealed under H.R. 1.

BACKGROUND

H.R. 1, a sweeping tax and policy legislation, approved through a budget reconciliation process that requires a simple majority vote in Congress, will significantly reshape how state and local governments operate. Although the primary focus has been on the permanent extension of the 2017 TGCA tax cuts, the following H.R. 1 components span multiple government sectors and significantly impacts state and local governments, individuals, and businesses:

- Energy and Infrastructure
- Taxation
- Public Safety
- Medicaid and Social Services
- Education

The section below outlines key provisions or changes in each sector, and the direct and/or indirect impact to the City, with additional details summarized in the Attachment.

Energy and Infrastructure - Significant Impacts to the City, other Local Governments and the State

H.R. 1 includes a wide array of provisions that affect energy innovation, environmental regulation, and climate-related programs. The repeal of a methane emissions fee and its associated funding, and the rescission of funding for the enforcement of federal fuel economy standards represent a shift in federal enforcement priorities. Targeted investments in water resources emphasize conveyance and surface water storage infrastructure ($1 billion), watershed protection and flood mitigation ($150 million), and grassroots source water protection in rural and agricultural areas ($1 million). H.R. 1 does not include additional funding for municipal water utilities, Drinking Water State Revolving Fund, or wastewater treatment infrastructure. New federal investments in transportation infrastructure include $12.5 billion for the Federal Aviation Administration (FAA) to modernize air traffic control systems and $24.6 billion in mandatory funding for the U.S. Coast Guard to procure and maintain operational assets and shore-side infrastructure to ensure maritime readiness.

Grant funds were rescinded for the following IRA and IIJA programs: Environmental and Climate Justice Block grants, Climate Pollution Reduction grants, State-based Home Energy Efficiency Contractor Training grants, and the Greenhouse Gas Reduction Fund (Solar for All Grants). Other Environmental Protection Agency (EPA) and Department of Energy (DOE) grant funding rescissions include Clean Heavy Duty Vehicles, Diesel Emissions Reduction Act (DERA), and Community Change Grants. Additionally, the rescission of transportation grant funding includes the Neighborhood Access and Equity (NAE), and the Clean Ports Program. The City would have benefitted from a number of these grant programs had the funds not been rescinded. It is difficult, however, to calculate the loss of funding or to assess the potential impact given the City did not have the opportunity to apply for these funds.

It is important to note that H.R. 1 rescinds unobligated funds, not unspent funds. Funds that have been obligated through a grant agreement are generally not affected by a rescission. If a grant award remains in effect, the Act does not change it (although the rescissions of administrative funds and staff reductions could make all aspects of grant administration and management more challenging, including grantee communication with agency contacts). For grant awards that have been paused or repealed (terminated/cancelled), the situation presents greater uncertainly – namely that, subject to interpretation, federal agencies may seek to formally de-obligate funds from terminated grant awards.

As of this date, the following IIJA or IRA clean energy grants were identified for repeal (termination/cancellation):

<u>GRIP Grant</u>

A $48 million Grid Resilience and Innovation Partnership (GRIP) Grant awarded to the Los Angeles Department of Water and Power (LADWP) to enhance grid flexibility and improve the resilience of its power system. This represents a loss of $48 million to LADWP.

<u>Regional Clean H^2Hubs Program Grant</u>

A $1.2 billion Regional Clean H^2Hubs Program Grant awarded to the State of California and the

Alliance of Renewable Clean Hydrogen Systems (ARCHES) for the ARCHES Hydrogen Hubs Project, in which the Port of Los Angeles (POLA) and LADWP are participating entities. POLA's participation involved replacement of existing diesel-powered cargo handling equipment with hydrogen fuel cell equivalents ($50 million). LADWP's participation involved the generation of clean hydrogen power at the Scattergood plant ($100 million). This represents a loss of $50 million to POLA and $100 million to LADWP.

Direct Pay

The IRA introduced and expanded tax credits for clean energy technologies, providing unprecedented policy certainty and opportunity for entities that manufacture, install, and produce clean energy over a ten year period. In addition to providing incentives to spur private-sector investment, IRA included game-changing new provisions that enables tax-exempt and governmental entities--such as states, local governments, Tribes, territories, and nonprofit--to take an active role in building the clean energy economy, lowering costs for working families, and advancing environmental justice. Due to the IRA elective pay (often called direct pay) provisions, tax-exempt and governmental entities were, for the first time, eligible to receive a payment equal to the full value of tax credits for building qualifying clean energy projects. Unlike competitive grant and loan programs, in which applicants may not receive an award, direct pay allows entities to get their payment if they meet the requirement for both direct pay and the underlying tax credit. The City, as a governmental entity, would not owe other federal income tax, the IRS would then make a refund payment in the amount of the credit to the City.

Applicable entities can use direct pay for 12 of the IRA's Clean Energy Tax Credits, including for generating clean electricity through solar, wind, and battery storage projects; building community solar projects that bring clean energy to neighborhood families; installing electric vehicle (EV) charging infrastructure; and purchasing clean vehicles for state or city vehicle fleets.

This Office coordinates the City's participation and submission of clean energy tax credits for calendar years 2023, 2024, and is currently compiling information for 2025. Proprietary departments manage their participation directly. The City's payment for 2023 and 2024 is still pending. Proprietary departments have received payment for 2023, while 2024 is pending. It should be noted that there are accelerated termination dates for two clean energy tax credits: the Alternative Fuel Vehicle Refueling Property Credit (30C) - June 30, 2026 and the Commercial Clean Vehicle Credit (45W) - September 30, 2025, that will prevent the City from seeking payment claims in the future. This means that both the purchase and placement into service must occur before the termination date in order for the City to be able to submit a payment claim for that calendar year. With the termination of these two tax credits, there is an estimated annual loss of $1.1million for the City and $1 million for proprietaries, as these clean energy credits will no longer be available for direct pay consideration.

The following chart summarizes the Citywide payment claims for 2023 and 2024 only.

Citywide Direct Pay Summary - Calendar Year 2023 and 2024				
	Calendar Year	**Tax Credit Section**	**Asset Type**	**SUM of Claim Amount**
City	2023	Section 30C	EV Chargers	$ 14,564.26
	2023	Section 45W	Commercial EVs	1,035,000.00
	2023	Section 48	Solar Power	193,490.21
	2023 Total			1,243,054.37
	2024	Section 30C	EV Chargers	16,182.40
	2024	Section 45W	Commercial EVs	1,245,000.00
	2024	Section 48	Solar Power	181,932.90
	2024 Total			1,442,182.40
City Total				**$ 2,685,987.27**
Proprietaries	2023	Section 30C	EV Chargers	209,724.73
	2023	Section 45W	Commercial EVs	650,000.00
	2023 Total			859,724.73
	2024	Section 30C	EV Chargers	14,856.67
	2024	Section 45U	Nuclear Facility	8,383,295.00
	2024	Section 45W	Commercial EVs	1,397,500.00
	2024	Section 48	Solar Power	1,437,061.00
	2024 Total			11,232,712.67
Proprietaries Total				**$12,092,437.40**
Grand Total				**$14,778,437.67**

*H.R. 1 accelerated the phase-out or termination for several clean energy tax credits and instituted new deadlines (highlighted in the chart). The City will no longer be able to submit claims for the Alternative Fuel Vehicle Refueling Property Credit (30C) and the Commercial Clean Vehicle Credit (45W). The termination dates for 30C and 45W is June 30, 2026 and September 30, 2025 respectively.

Taxation: Direct and Indirect benefits to the City

H.R. 1 permanently extends the 2017 TCJA tax cuts and also introduces new or expanded tax reductions or credits for individuals, businesses, housing developers, and education. The City directly or indirectly benefits from municipal bond tax exemption, opportunity zone program improvements, Low-Income Housing Tax Credits and New Markets Tax Credits.

These provisions are listed below:

- Preservation of Tax Exemption for Municipal Bonds and Private Activity Bonds –
  Reinstated advance refunding of tax-exempt municipal bonds, providing an additional tool to reduce interest costs.

- Opportunity Zone Program Improvements –
  Permanently extended tax incentives for economic development investments in designated low-income communities. Previously set to expire in 2026.
- Low-Income Housing Tax Credits (LIHTC) –
  Provides a permanent 12 percent increase to the annual 9 percent LIHTC allocation authority for states beginning in 2026 (states will have more funds to allocate to affordable housing projects each year credits), and a reduction of the private equity activity bond (PAB) financing threshold of 50 percent to 25 percent (lowers the threshold for tax-exempt private activity bond financing required for a project that qualifies for 4 percent LIHTCs) to increase the production of affordable housing units.
- New Markets Tax Credits (NMTC) –
  Permanently extended with an annual allocation of $5 billion to support mixed-use and community development projects in low-income areas.
- Temporary State and Local Tax (SALT) Deduction Cap Increase –
  Raised tax deduction cap for individuals from $10,000 to $40,000 for tax years 2025 through 2029.
- Trump/MAGA Savings Account –
  Added $5,000 annual tax free contribution limit for children under 18, with a one-time deposit of $1,000 for those born after December 31, 2024 and before January 1, 2029.
- No Tax on Tips –
  Added for food service, personal care, transportation and delivery for tax years 2025 through 2028.
- No Tax on Overtime –
  Added Up to $12,500 of overtime pay for individuals, but will phase out when earnings reach $150,000 for tax years 2025 through 2028.
- Standard Deduction Increase for Seniors –
  Added an additional $6,000 standard deduction for seniors 65 and older, for tax years 2025 through 2028.
- Raises Estate and Gift Tax Exemption –
  Permanently raised the base estate tax, gift tax, and generation-skipping transfer tax exemption amount after 2025 to $15 million (from $5 million) effective January 1, 2026.
- Qualified Business Income (QBI) Deduction -
  Permanently extended the tax deduction that expands the phase-in range of the limitations to $75,000 for non-joint returns and $150,000 for joint filers (from $50,000 for non-joint returns and $100,000 for joint filers), and establishes a minimum deduction of $400 for certain taxpayers.
- School Choice Tax Credits –
  Added a tax credit up to $1,700 for state-approved, federally recognized nonprofit scholarship organization, effective January 1, 2027.

Public Safety – Includes direct benefits to the City

H.R. 1 appropriates funding for security, infrastructure, and planning for two upcoming special events: the 2026 FIFA World Cup ($625 million) and the 2028 Olympics and Paralympic Games ($1 billion). Additionally, $500 million has been set aside for unmanned aerial system threat detection to help local governments upgrade technology for drone-related security to counteract unauthorized or hostile drone activity near critical infrastructure or major public events.

Medicaid and Social Services – Impact to City residents

The H.R. 1 cuts to Medicaid (known as Medi-Cal in California) results in a 12 percent reduction ($1 trillion) over 10 years and increases the number of uninsured individuals by 11.8 million. Approximately 13.4 million Californians rely on Medicaid for health coverage. According to the Los Angeles County Public Health Department, Medi-Cal currently covers 2.2 million Los Angeles County residents. Due to impending changes in work requirements and increases in Affordable Care Act (ACA) premiums, it is anticipated that up to 3.4 million Californians could lose their health care coverage, including as many as 1.5 million Los Angeles County residents. H.R. 1 also includes significant changes to the Supplemental Nutrition Assistance Program (SNAP) that tighten eligibility requirements, increase state cost-sharing and expand work requirements. These changes would result in a 30 percent or $300 billion reduction to federal SNAP assistance. SNAP, known as CalFresh in California, currently provides food assistance to 5.4 million Californians, of which 1.5 million are Angelenos. An estimated 200,000 Angelenos could lose SNAP benefits. Furthermore, the proposed cuts would eliminate free nutrition education and healthy food initiatives offered in schools, clinics, food pantries, and other community settings.

Education – Impact to City residents

Approximately $162 billion is allocated to education accounts and disbursed to states including K-12 formula grants for Title 1, IDEA and school safety, higher education block grants for universities, workforce training and dual enrollment. States will also receive substantial grant funds for state licensure reform, rural teacher incentives, and credential portability. H.R. 1 provides $22 billion for federal school choice tax credits, imposes new limitations on student loans and fully funded the Pell Grant program but with new eligibility requirements. Conversely, H.R. 1 claws back nearly $7 billion in previously frozen grants to schools including after-school and enrichment programs, teacher training and professional development, ESL and multilingual instruction, and other programs as part of an overall broader effort to decentralize education funding back to states.

State and Los Angeles County (LA County) Efforts to Mitigate H.R. 1 Impact

Subsequent to the passage of H.R. 1, both the State and LA County have initiated mitigation efforts to protect vulnerable Californians (veterans, seniors, former foster youth, homeless individuals, and others). These efforts include strategic investments in the health and social service infrastructure, consideration and pursuit of alternative revenue sources, implementation of tax policy or budgetary changes to prevent cuts to essential services, and launching comprehensive outreach and information campaigns to assist people with preserving benefits, especially those populations that are most at risk. The state is working with counties, legislators, and other stakeholders to address the impacts of H.R. 1 with a primary focus on meeting their needs in budget decisions and implementation plans.

On September 17, 2025, CA Senate Bill 105 (SB105) or “Budget Bill Junior” was approved by the California legislature and signed into law by Governor Newsom to reflect changes to the 2025 Budget Act. Key provisions in SB105 included $255 million allocated to respond to the federal government’s enactment of H.R. 1 and other federal policy changes. Additionally, SB105 included actions to accelerate program implementation and disbursement of grant funds under the Clean Air Bond Act of 2024 (Proposition 4) and other funding sources.

Likewise, LA County engaged state officials, advocacy groups, and community-based organizations to develop and implement strategies to mitigate the most harmful effects of H.R. 1. In July 2025, LA County launched the “Essential Services Month” campaign to conduct outreach and educate Angelenos on how to apply for and retain their Medi-Cal and CalFresh benefits. This multi-pronged approach utilized digital platforms, social media, video guides, and ads to communicate with a wide and diverse audience, with materials available in multiple languages. They have also partnered with legal aid organizations to protect vulnerable populations–children, seniors, and immigrants—to assist people with understanding how to navigate eligibility and procedural changes that result in the loss of benefits. LA County is also supporting state efforts to challenge the most harmful actions of H.R. 1 and work toward restoring funding and program access.

FISCAL IMPACT STATEMENT

This report is informational. Approval of the recommendation in this report will not result in a fiscal impact.

FINANCIAL POLICIES STATEMENT

This report complies with the City’s Financial Policies inasmuch as this report is informational relative to the potential impacts to City programs and services and reduced funding opportunities due to the elimination of grants or rescission of unobligated funds.

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Attachment

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
Energy & Infrastructure					
1	Energy & Infrastructure	Termination of Greenhouse Gas Reduction Fund.	Termination of Section 134 of the Clean Air Act (42 U.S.C. 7434) and the unobligated balances of amounts made available to carry out that section (as in effect on the day before the date of enactment of this Act) are rescinded. - National Clean Investment Funds (NCIF) - Clean Communities Investment Accelerator (CCIA) - Solar for All -*Grid Resilience Innovation Partnerships (GRIP) -**Hydrogen Hubs	Negative Impact to City	LADWP POLA
2	Energy & Infrastructure	Rescission of neighborhood access and equity grant program.	Rescission of remaining funds for the FHWA's Neighborhood Access and Equity Grant Program, which supports projects improving walkability, safety, environmental impact mitigation, and transportation equity in disadvantaged communities.	Negative Impact - City would have been eligible	
3	Energy & Infrastructure	Rescission of funding for section 211(o) of the Clean Air Act.	Rescission of the mandate to increase volumes of renewable fuel blended into the nation's transportation fuel supply.	Negative Impact - City would have been eligible	
4	Energy & Infrastructure	Rescission of funding for greenhouse gas corporate reporting.	Rescinded the EPA's Greenhouse Gas Reporting Program, which requires large emitters and fossil fuel suppliers to report their emissions annually, to standardize and increase transparency of corporate climate commitments.	Indirect Negative Impact to City	
5	Energy & Infrastructure	Termination of royalties on extracted methane.	Termination of the royalties on extracted methane that was established under the Inflation Reduction Act (IRA) of 2022. It was an initiative to reduce methane emissions from the oil and gas industry through a combination of financial/technical assistance and a fee on wasted methane.	Indirect Negative Impact to City	
6	Energy & Infrastructure	Termination; rescissions.	Termination of uncapped loans for the Advanced Technology Vehicles Manufacturing Loan Program and rescission of unobligated funds from the Inflation Reduction Act for several energy programs - DOE Infrastructure Programs, Building Energy Codes, State-Based Home Energy Efficiency Contractor Training Grants, High-Efficiency Electric Home Rebate Program, and GGRF - Zero Emission Technologies.	Negative Impact - City would have been eligible	

	Category	HR1 Item	Programs	Impact	City Department
7	Energy & Infrastructure	Rescission of funding for environmental and climate justice block grants.	Rescission of unobligated funding for the environmental and climate justice block grant that benefited disadvantaged communities.	Negative Impact - City would have been eligible	
8	Energy & Infrastructure	Rescission of funding for clean heavy-duty vehicles.	Rescission of unobligated funds for the EPA program that provides grants and rebates to replace medium- and heavy-duty vehicles, like school buses and garbage trucks, with zero-emission vehicles, especially in areas that did not meet air quality standards.	Negative Impact - City would have been eligible	
9	Energy & Infrastructure	Rescission of funding for implementation of the American Innovation and Manufacturing Act.	Rescission of unobligated funding for the American Innovation and Manufacturing Act of 2020, which directed the EPA to limit hydrofluorocarbons (HFCs), gases used in air conditioning, refrigeration, fire suppression, and aerosols.	Negative Impact - City would have been eligible	
10	Energy & Infrastructure	Increased allocation to the Coast Guard.	Increased allocation of $24.5 billion to the Coast Guard for FY2025, usable through FY2029, to fund asset procurement, maintenance, infrastructure, and operational resilience improvements.	Indirect Benefit to City	
11	Energy & Infrastructure	Increases allocation for water conveyance and surface water storage enhancement.	Increases allocation to provide $1 billion for water conveyance and storage projects in the Western U.S., with waived costs for states and tribes.	Benefit to City	LADWP
12	Energy & Infrastructure	Increases allocation for air traffic control improvements.	Increases allocation to provide the FAA with $12.52 billion for FY2025-FY2029 to upgrade facilities and equipment, including telecommunications and radar systems.	Benefit to City	LAWA
Taxation					
13	Taxation	Termination of Alternative Fuel Vehicle Refueling Property Credit.	Termination of the tax credit for alternative fuel vehicle refueling property effective 6/30/2026. (IRC Sec. 30C) This is a part of Direct Elective Pay.	Negative Impact to City	PW - Street Lighting
14	Taxation	Termination of clean vehicle credit.	Termination of the tax credit for new and used clean vehicles effective September 30, 2025. (IRC Sec. 45W) This is a part of Direct Elective Pay.	Negative Impact to City	PW - BOE PW - Sanitation PW - Street Lighting PW - Street Services General Services Transporation LAPD LA Zoo

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
15	Taxation	Termination of qualified commercial clean vehicles credit.	Termination of the tax credit for qualified commercial clean vehicles acquired after September 30. 2025. (IRC Sec. 45W) This is a part of Direct Elective Pay.	Negative Impact to City	PW - BOE PW - Sanitation PW - Street Lighting PW - Street Services General Services Transporation LAPD LA Zoo
16	Taxation	Termination and restrictions on clean electricity investment credit.	Termination of the tax credit for clean electricity investment on projects beginning construction after 2035, and phasing out the tax credit after 2033. (IRC Sec. 48) This is a part of Direct Elective Pay.	Negative Impact to City	PW - Street Lighting DWP
17	Taxation	Termination of tax credit for modifications of zero-emission nuclear power production.	Termination of the tax credit for certain foreign entities and foreign-influenced entities. (IRC Sec. 45U) This is a part of Direct Elective Pay.	Negative Impact to City	LADWP
18	Taxation	Termination and restrictions on clean electricity production credit.	Termination of the tax credit for wind and solar facilities placed in service after December 31, 2027, and restricted it through Foreign Entity of Concern (FEOC) rules, requiring facilities to begin construction before 2026 to qualify. (IRC Sec. 45Y)	Negative Impact to City	LADWP
19	Taxation	Tax credit extension and modification of clean fuel production.	Tax credit extension and modification for clean fuel production credit (IRC Sec. 45Z)and the credit for small agri-biodiesel producers. (IRC Sec. 40A)	Negative Impact to City	LADWP
20	Taxation	Tax credit increases on carbon oxide sequestration.	Tax credit increase for qualified carbon oxide used in oil or gas recovery or for commercial purposes. It also disallowed the credit for certain foreign entities and those influenced by foreign interests. (IRC Sec. 45Q)	Indirect Benefit to City	
21	Taxation	Tax exemption for municipal bond.	Tax exemption preserved for interest earned on municipal bonds to full federal tax exemption. Advance refunding of tax-exempt municipal bonds was permanently reinstated. Cities and states could refinance existing debt at lower interest rates before the call date. (IRC Sec. 103)	Benefit to City	CAO/City

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
22	Taxation	Tax credit for renewal and enhancement of opportunity zones.	Tax Credit extension for investors through the permanent Opportunity Zone program, offering tax incentives for economic development investments in underserved and rural areas. Key incentives include capital gains tax deferral and a 10% basis increase after five years, and a permanent exclusion after 10 years. (IRC Sec. 1400Z)	Indirect Benefit to City	EWDD CIFD
23	Taxation	Tax deduction for qualified production property.	Tax deduction allowance increase for eligible taxpayers to fully expense the cost of qualified nonresidential real property placed in service, provided specific conditions related to construction dates, use, and location were met. (IRC Sec. 168N)	Benefit to Businesses	
24	Taxation	Tax deduction for certain business property.	Tax deduction increase for businesses to instantly deduct the full cost of qualifying furniture, fixtures, equipment, and landscaping, which helped improve cash flow and project finances. (IRC Sec. 168K)	Benefit to Businesses	
25	Taxation	Tax credit for low-income housing.	Tax credit allowance increase for affordable housing projects. Reduced the Private Activity Bond (PAB) financing threshold for affordable housing projects from 50% to 25% allowing developers to finance a smaller portion of a project's cost with tax-exempt PABs to qualify for the maximum 4% LIHTC. It also increased the 9% credit allocation by 12% starting in 2026. (IRC Sec. 42)	Indirect Benefit to City	LAHD
26	Taxation	Tax credit extension for new markets.	Tax credit extension and a $5 billion annual allocation increase for the NMTC program. It supported mixed-use and community development projects in low-income areas. (IRC Sec. 45D)	Indirect Benefit to City	LADF
27	Taxation	Tax credit termination of residential clean energy credit.	Tax credit termination for any clean energy property, such as solar panels, placed in service effective January 1, 2026. (IRC Sec. 25D)	Negative Impact to Individuals	
28	Taxation	Termination of energy efficient commercial buildings deduction.	Termination of the tax credit for energy-efficient commercial buildings that started construction after June 30, 2026. (IRC Sec. 179D)	Negative Impact to Businesses	
29	Taxation	Termination of new energy efficient home credit.	Termination of the tax credit and accelerated expiration date of the credit to June 30, 2026. (IRC Sec. 45L)	Negative Impact to Individuals	

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
30	Taxation	Tax deduction increase for individual on certain state and local taxes, etc.	Increases the tax deduction cap on the State and Local Tax (SALT) deduction to $40,000 for tax years 2025 through 2029. (IRC Sec. 164B)	Benefit to Individuals	
31	Taxation	No tax on overtime.	Adds a new federal tax deduction on qualified overtime pay for tax years 2025 through 2028. (IRC Sec. 225)	Benefit to Individuals	
32	Taxation	Trump accounts and contribution pilot program (Trump MAGA Savings Account).	Adds a new tax-advantaged IRA account called a Trump account for individuals under 18, allowing up to $5,000 in annual contributions until they turned 18. Also, a one-time $1,000 federal deposit was made for those born between January 1, 2025, and December 31, 2028, with certain conditions. (IRC Sec. 530A)	Benefit to Individuals	
33	Taxation	No tax on tips.	Adds a new tax deduction for eligible tipped workers to deduct up to $25,000 of their qualified tip income from their federal taxable income for the tax years 2025 through 2028. (IRC Sec. 224)	Benefit to Individuals	
34	Taxation	Tax deduction on a qualified car loan interest.	Adds a new tax deduction up to $10,000 of interest paid annually on a qualified car loan for the tax years 2025 through 2028. (IRC Sec. 163H)	Benefit to Individuals	
35	Taxation	Tax deductions for seniors age 65 and older.	Increases the standard deduction for seniors age 65 and older for the tax years 2025 through 2028. (IRC Sec. 151)	Benefit to Individuals	
36	Taxation	Termination of energy efficient home improvement credit.	Termination of the tax credit for properties implementing energy efficient home improvements after December 31, 2025. (IRC Sec. 25C)	Negative Impact to Individuals	
37	Taxation	Tax credit extension and enhancement of savers credit allowed for ABLE contributions.	Increases the tax credit eligibiltiy to the Saver's Credit for ABLE account and made the tax credit permanent. Increases the maximum eligible contribution to $2,100 starting in 2027, allowing these contributions to qualify for a tax credit. (IRC Sec. 25B)	Benefit to Individuals	
38	Taxation	Tax credit extension and enhancement of increased estate and gift tax exemption amounts.	Increases the tax credit amount to the base estate tax, gift tax, and generation-skipping transfer tax exemption amount after 2025 to $15 million (from $5 million), with adjustments for inflation effective January 1, 2026. (IRC Sec. 2010C)	Benefit to Individuals	

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
39	Taxation	Tax credit extension and enhancement of deduction for qualified business income (QBI).	Tax credit for the QBI tax deduction. Increases the phase-in limits to $75,000 for single filers and $150,000 for joint filers, and establishes a minimum deduction of $400 for certain taxpayers. (IRC Sec. 199A)	Benefit to Individuals	
40	Taxation	Tax credit for contributions of individuals to scholarship granting organizations (School Choice Tax Credit).	Tax credit for cash donations to tax-exempt scholarship organizations supporting eligible students' elementary and secondary school expenses effective January 1, 2027. Allows individuals to receive a tax credit of up to $1,700. (IRC Sec. 25F)	Benefit to Individuals	
41	Taxation	Termination of tax credit for health care premiums to certain immigrants.	Termination of enhanced premium tax credits (ePTCs), which will increase health care premiums for millions and limit eligibility for some lawfully residing immigrants, while removing the repayment cap on premium tax credits. (IRC Sec. 36B)	Negative Impact to Individuals	
42	Taxation	Termination of tax credit for previously-owned clean vehicle.	Termination of the tax credit for previously-owned clean vehicles acquired after September 30, 2025. (IRC Sec. 25E)	Negative Impact to Individuals	
43	Taxation	Increases restriction for eligibility requirements of health premium tax credit.	The IRS and HHS are directed to tighten eligibility audits for federal benefits by requiring more and frequent documentation verification and delaying benefit approval. (IRC Sec. 36B)	Negative Impact to Individuals	
Public Safety					
44	Public Safety	Increases allocation for immigration-related enforcement.	Increases allocation by $3.5 billion through FY2028 to reimburse states and units of local government for costs associated with locating and apprehending certain criminals, in addition to other activities taken on or after January 20, 2021.	Negative Impact to Individuals	
45	Public Safety	Increases allocation to support 2028 Olympic and Paralympic Grames and 2026 FIFA World Cup.	Increases allocation to support the U.S. hosting aspects, including security, planning, and other asociated costs, of the 2028 Olympic and Paralympic Games in Los Angeles, and the 2026 FIFA World Cup. As well as funding to assist state and local authorities to detect, identify, track, or monitor unmanned aircraft systems.	Benefit to City	LAPD Transportation

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
Medicaid and Social Services					
46	Medicaid & Social Services	Increases allocation for rural health transformation program.	Increases allocation to help states revitalize their rural healthcare systems. Provided a five-year, $50 billion federal program, launched by the Centers for Medicare & Medicaid Services.	Not Applicable	
47	Medicaid & Social Services	Increases restriction for premium tax credit during periods of medicaid ineligibility due to immigration status.	Increases costs and barriers to enrollment for some individuals by imposing new, stringent cost-sharing requirements on those with lower incomes.	Negative Impact to Individuals	
48	Medicaid & Social Services	Increases restriction for Medicaid eligibility redeterminations.	Increases requirements for eligibility of Medicaid's expansion population starting after December 31, 2026, and increases allocation by $75 million for FY2026 to implement new six month redeterminations.	Negative Impact to Individuals	
49	Medicaid & Social Services	Increases restriction for home equity eligibility for long-term care services under the Medicaid program.	Increases requirements to Medicaid eligibility determination by requiring annual eligibility redetermination and imposing mandatory work/study/service for able bodied adults effctive October 1, 2025.	Negative Impact to Individuals	
50	Medicaid & Social Services	Increases restriction for immigrant children Medicaid eligibility.	Increases restrictions to eligibility to Medicaid and Children's Health Insurance Program (CHIP) payments for certain categories of noncitizens by December 31, 2026. It excludes other categories like refugees, asylum seekers, and VAWA self-petitioners.	Negative Impact to Individuals	
51	Medicaid & Social Services	Increases restriction of federal payments to prohibited entities.	Increases restrictions to certain non profit health providers that mainly serve low-income and underserved individuals if they mainly provide family plannng, perform abortions outside cerain cases, and receive Medicaid funds in FY2023. This section bans federal Medicaid payments for a year. It increases allocation by $1 million to enforce these rules.	Negative Impact to Individuals	

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
52	Medicaid & Social Services	Increases allocation for enforcement of Medicaid eligibility requirements.	Increases allocation to enforce and support efforts to monitor increased requirements for Medicaid recipients to complete 80 hours of work, community service, or educational activities each month, effective November 1, 2025. Compliance has to be shown before or during eligibility redetermination. States verify compliance and could grant exceptions for temporary hardships, medical conditions, or young dependents.	Negative Impact to Individuals	
53	Medicaid & Social Services	Increases cost sharing requirements for certain individuals under the Medicaid program.	Increases costs for certain Medicaid expansion beneficiaries with income above the federal poverty line, with exceptions for specific services and providers effective FY2029 and increased allocation by $15 million in FY2026 for Centers for Medicare and Medicaid Services(CMS) to oversee implementation.	Negative Impact to Individuals	
54	Medicaid & Social Services	Increases restriction to the Supplemental Nutrition Assistance Program (SNAP) work requirements for able-bodied adults.	Increases eligibility work requirements to more adults and older adults, removes certain exemptions for veterans, homeless individuals, and former foster youth, and limited state waivers for Able-Bodied Adults Without Dependents (ABAWDs). New work requirements for Medicaid could lead to families losing coverage, and thus eligibility for Head Start.	Negative Impact to Individuals	
55	Medicaid & Social Services	Reduces allocation of state reimbursment for SNAP administrative costs.	Reduces allocation of the USDA's reimbursement to state agencies for SNAP administrative costs from 50% to 25% starting in FY2027, increasing the state's share from 50% to 75%. This may indirectly affect SNAP and Head Start benefits.	Negative Impact to Individuals	
56	Medicaid & Social Services	Increases restriction of SNAP eligibility for immigrants.	Increases restrictions to SNAP eligibility for certain legally residing immigrants, while maintaining eligibility for U.S. citizens, lawful residents (with exceptions), Cuban and Haitian entrants, and some residents under the Compact of Free Association. This restriction affects the Head Start eligibility.	Negative Impact to Individuals	

H.R. 1 Provisions

	Category	HR1 Item	Programs	Impact	City Department
Education					
57	Education	Increases restrictions to Federal Pell Grant relating to other grant aid.	Increases restrictions to student eligibility for Pell Grants. A student becomes ineligible if the student receives grant aid from nonfederal sources (e.g., states, IHEs, or private sources) in an amount that equals or exceeds the student's cost of attendance effective July 1, 2026.	Negative Impact to Individuals	
58	Education	Limitations to loan limits and termination of Parent PLUS loans for graduate and professional students and parent borrowers.	Eliminates Graduate PLUS loans for new borrowers starting July 1, 2026, replacing them with a cap of $50,000 in annual direct unsubsidized loans for graduate and professional students, and a new lifetime limit of $200,000. It also imposes new caps on Parent PLUS loans, limiting them to $20,000 annually and $65,000 lifetime per student, and exempts current students enrolled as of June 30, 2026, from these new limits for a three-year period.	Negative Impact to Individuals	
59	Education	Modification of student loan repayment plans.	Modifies student loan repayment options with the new structure, effective July 1, 2026. - A new Standard Repayment Plan: Fixed monthly payments over a term of 10 to 25 years, depending on the total amount borrowed. Borrowers who do not actively select a plan are automatically enrolled in this one. - A new Income-Driven Repayment (IDR) plan called the Repayment Assistance Plan (RAP): Payments are based on a percentage of the borrower's Adjusted Gross Income (AGI), ranging from 1% to 10%. - Existing loans will be transitioned by July 1, 2028 to either IDR or RAP.	Negative Impact to Individuals	

* Grid Resilience Innovation Partnerships (GRIP) - DOE terminates 321 awards totalling $7.56 billion on October 2, 2025. The Los Angeles Department of Water and Power (DWP) lost an anticipated $48 million in GRIP funding, which it intended to use to enhance grid resilience against climate threats and deliver clean energy to underserved communities.

** Hydrogen Hubs - In October 2025, the DOE canceled $2.2 billion in funding for two hydrogen hubs on the West Coast: California's Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) and the Pacific Northwest Hydrogen Hub (PNWH2).