



Informational Report on H.R. 1 – One Big Beautiful Bill Act (OBBBA)

September 9, 2025 report to the Board of Supervisors

Background

H.R. 1 (One Big Beautiful Bill Act, OBBBA) was signed into law on July 4, 2025. The bill was passed under the “Budget Reconciliation” process. **Budget Reconciliation** allows budget-related legislation to pass with a simple majority vote in the Senate (51 votes), instead of the usual 60 votes needed to overcome a filibuster – and has been historically used as a fast-track process when the majority is seeking to change “mandatory” spending (e.g. on entitlement programs like Medicaid, Supplemental Nutrition Assistance Program), tax policy or the debt limit. Budget Reconciliation was the legislative vehicle used for the Trump Tax Cuts (2017), American Rescue Plan Act (2021), and Inflation Reduction Act (2022).

H.R. 1 was an all-encompassing policy package that included major changes to tax, healthcare, food assistance and energy policy – passing the Senate and House with unanimous Democratic opposition. The nonpartisan Congressional Budget Office (CBO) has estimated that OBBBA would raise the national deficit \$3.4 trillion over the next 10 years, largely due to the bill’s permanent extension of the 2017 Trump Tax cuts and increase in the State and Local Government tax (SALT) deduction limit.¹

The following report summarizes key components of H.R. 1, focusing on anticipated impacts on Marin County operations and your Board’s priorities in equity, climate, housing and healthcare. However, it is important note that much of the impact of OBBBA at the state and level is still unknown. The Governor and California Legislature are still actively discussing the state’s policy response to mitigate impacts, and the bill’s phased-in structure means that states and local governments are awaiting detailed guidance from federal agencies, including whether California will receive waivers or extensions on some of the most significant fiscal components of the bill.

¹ [Estimated Budgetary Effects of Public Law 119-21](#), to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO’s January 2025 Baseline

I. Healthcare and Social Safety Net

Medi-Cal and Covered California

More than 1 in 3 Californians rely on Medi-Cal (California’s Medicaid program) for their health coverage, including more than 54,000 in Marin.² Another 1.8 million Californians who do not qualify for Medi-Cal – but still need help affording health insurance – use Covered California, which provides subsidized private plans. Additionally, 6.6 million Californians are enrolled in Medicare, including 1.6 million who are “dually eligible” for both Medicare and Medi-Cal because of their age and income.

The Affordable Care Act (ACA) of 2010 greatly expanded coverage by giving states the option, beginning in 2014, to expand Medicaid to all adults under 65 earning up to 138% of the Federal Poverty Level (that is \$20,782/year for an individual in 2025). For the “ACA expansion” group, the federal government pays 90% of Medicaid costs, and the state 10% – far more favorable than California’s Federal Medical Assistance Percentage (FMAP) for standard Medi-Cal enrollees, which is 50% federal, 50% state.

Over the past decade, California has expanded coverage further by extending full-scope Medi-Cal to all income-eligible residents regardless of immigration status. Today, more than 1.6 million Californians are enrolled in Medi-Cal with “Unsatisfactory Immigration Status” (UIS), including more than 11,000 in Marin.³

These expansions dramatically reduced California’s uninsured rate. In Marin, about 18% of residents were uninsured in 2010, compared with just 3.5% in 2023.

OBBA makes major changes to Medicaid that are expected to revert this progress and raise California’s uninsured rate again, particularly for ACA expansion enrollees and immigrants. Key provisions of OBBA include new work requirements, more frequent eligibility checks, reduced retroactive coverage once enrollment begins, and funding restrictions. Collectively, these changes will leave more residents uninsured, increase administrative burdens on counties, and raise uncompensated care costs for safety-net providers – all while county Medi-Cal administration funding remains frozen.

² Marin County Health and Human Services

³ Marin County Health and Human Services

Coverage

- **Reduced retroactive coverage** (effective January 1, 2026): Retroactive Medi-Cal coverage will shrink from 3 months to 1 month (2-month extensions granted in limited cases). This change means a narrower time frame for help with medical bills incurred before enrollment, which can be delayed due to illness or administrative reasons.

Eligibility

- **Work requirements** (effective January 1, 2027): Non-disabled adults ages 19–64 must verify every 6 months that they are working (or engage in qualifying activities) at least 80 hours per month to maintain coverage. New enrollees will be required to show compliance before enrollment can start. Exemptions exist (e.g., for pregnant people, caregivers of someone with a disability, or parents of children under 13), but the application of these is unclear. For unhoused residents, gig workers, or those in the informal economy, including many of Marin’s 11,000 undocumented Medi-Cal enrollees, proof of employment will be a significant barrier.
- **Semi-annual eligibility checks** (effective January 1, 2027): Medi-Cal eligibility must be re-verified every six months, instead of annually (current practice). This will likely increase “churn,” as eligible people lose coverage for paperwork or address issues and reapply later. Administrative burdens increase on counties as they must complete twice as many checks with no increase in state or federal funding.

Federal funding

- **Emergency care for immigrants** (effective October 1, 2026): California currently receives the Affordable Care Act (ACA) federal cost share (90% federal / 10% state) for emergency services provided to individuals who would qualify for Medi-Cal enrollment, if not for their immigration status. Under the OBBBA, the federal cost share will drop to California’s regular 50% FMAP match. This means that significantly more of the emergency care hospitals and clinics are legally required to all patients that walk through their doors will now be uncompensated.
- **\$35 copay** (effective October 1, 2028): ACA expansion adults will now be required to pay up to \$35 copays for “non-essential” health service (previously all copays were \$0). Essential services (primary care, behavioral health, and family planning) will be exempt. Note that Federally Qualified Health Centers (FQHCs) will be exempt from the new copay, including at all four of Marin’s FQHCs.
- **Reproductive health funding block** (effective July 1, 2025, but under litigation): Medicaid reimbursements are blocked for reproductive health nonprofits such as Planned Parenthood, even for non-abortion services like contraception, cancer and

STI screenings. While a federal injunction has paused implementation for now, it continues to create uncertainty for providers.

- **Limits use of provider taxes** (effective January 1, 2026): California relies on its Managed Care Organization (MCO) tax to generate \$7–8 billion in federal Medicaid matching funds each year. This is done by taxing managed care plans at a much higher rate (~\$180–\$200 per enrollee/month) for Medi-Cal enrollees, than for commercial plan enrollees (~\$2 per enrollee/month). Revenue from the providers is then used as the state’s “share” to draw down additional federal dollars. OBBBA requires new, uniform tax rates for Medicaid and commercial enrollees, which would force California to lower the Medi-Cal rate to the commercial level – effectively eliminating this federal funding source (costing California \$30 billion over the next decade).⁴ The challenge for California is also compounded by Proposition 35’s passage in 2024, which locked the current MCO tax structure into statute and requires a three-fourths legislative vote to change.
- **Covered California subsidies** (effective January 1, 2026): OBBBA rolls back subsidy expansions enacted under the American Rescue Plan Act and Inflation Reduction Act. Families over 400% of the federal poverty line (FPL) will lose all subsidies, while families under 400% FPL could see premiums double or triple. For example, a family of four earning \$80,000 (about 250% of FPL) could see monthly premiums rise from \$560 to \$800–900. Legal immigrants under the poverty line, including refugees, DACA recipients, and TPS holders, will no longer qualify for any subsidies.
- **\$50 billion Rural Health Fund**: In response to concern from Republican lawmakers about how OBBBA may affect the ability for rural healthcare to stay open, a \$50 billion “Rural Health Transformation Program” Fund was included in the bill’s passage to provide rural hospitals and health centers facing closure, conversion or service reduction with financial relief. Guidance has not been released on how this funding will be distributed.

According to the Governor’s Office, these combined changes could result in a loss of up to \$22.3 billion annually in federal funding and as many as 3 million Californians losing health insurance.⁵ In Marin, hospitals and Federally Qualified Health Centers (FQHCs) will face increased uncompensated care, while residents losing Medi-Cal will forgo preventive and routine care, leading to worsening community health and higher long-term costs. Marin’s four FQHCs heavily rely on Medi-Cal funding, making up a majority of their revenues. Marin’s FQHCs: Marin Community Clinics (9 sites in Marin) Ritter Center (1 site), Marin City

⁴ Aliados Health

⁵ [Governor Newsom slams Trump over bill that would cut millions in health coverage, food assistance for California](#)

Health and Wellness (2 sites), and Petaluma Health Center (2 sites). It is estimated that OBBBA will result in 850,000-1.7 million FQHC patients in California losing their coverage.⁶

Marin is also a County Medical Services Program (CMSP) county, meaning adults who lose Medi-Cal may turn to CMSP if they meet income and residency criteria. However, as Medi-Cal enrollment contracts statewide, CMSP counties will collectively face rising demand and fiscal strain.

Social Services

California administers two major federal safety net programs: Temporary Assistance for Needy Families (TANF), known as *CalWORKs* in California, and the Supplemental Nutrition Assistance Program (SNAP), known as *CalFresh*. These programs provide essential cash aid and “food stamp” support to low-income households. More than 1,700 Marin households are currently receiving CalWORKs benefits and over 15,000 residents are enrolled in CalFresh.

OBBBA makes significant changes to these programs beginning in federal fiscal year 2026, with several provisions phasing in through 2027 and 2028. These changes are expected to restrict eligibility, shorten benefit duration, reduce federal cost-sharing, and increase state and County administrative burdens.

TANF/CalWORKs

- **Lifetime time limits** (effective January 1, 2027): Federal aid, currently capped at 60 months, will be reduced (specific new limit pending federal guidance). States will lose flexibility to extend coverage for vulnerable families, meaning Marin families may exhaust eligibility more quickly.
- **Block grant erosion** (ongoing): The federal TANF block grant remains flat while inflation rises, shrinking its real value. This reduces California’s ability to use TANF for supportive services like childcare, transportation, and job training.

SNAP/CalFresh

- **Expanded work rules** (effective October 1, 2026): Work requirements (or qualifying activities) are extended to all adults ages 18–64 (previously 18–54). For the first time, parents of children ages 14–17 must also meet the 80 hours/month standard (previously, parents with children under 18 were exempt). Homeless individuals, veterans, and former foster youth are also now subject to work requirements, ending prior exemptions. Enrollees must verify work requirement compliance monthly, and applicants must prove compliance before being enrolled.

⁶ Aliados Health, sourced from Capitol Link Impact estimates

- **Administrative cost-sharing** (effective FY 2027): Federal reimbursement for state SNAP administrative costs will be cut from 50% to 25%. If California's payment error rate exceeds 10% (it was 10.98% last year), the state could face an additional cost-share penalty of up to 15%.
- **Benefit calculation changes** (effective January 1, 2027): Updates to the Thrifty Food Plan, which sets SNAP benefit levels, must remain cost-neutral. This prevents benefits from rising with food costs, limiting CalFresh's ability to adjust in response to inflation.
- **SNAP-Ed elimination** (effective 2026): Federal funding for SNAP-Ed nutrition education, healthy eating, and obesity prevention programs is fully eliminated. Currently, SNAP-Ed programs reach 10,000–12,000 Marin residents annually, primarily in the Canal and Marin City. SNAP-Ed delivers education programs, distribution resources, and community events to schools and early childhood centers across the County.

Taken together, OBBBA's changes to TANF and SNAP will result in \$1-2 billion in federal funding loss annually in California, which administers the largest caseloads of any state for these federal programs. Counties, which directly administer CalWORKs and CalFresh, will face higher program costs and heavier compliance burdens – without additional resources.

Local nonprofits and safety net providers like food banks will likely also see greater reliance on their services as residents lose access to cash assistance and food stamps.

State and local response

State leaders are beginning to assess the wide-ranging impacts of OBBBA on California's budget and programs. At an August 20, 2025 hearing focused on the impacts of H.R. 1 on California's budget, legislators, the Department of Finance, and the Legislative Analyst's Office (LAO) discussed its major challenges for Medi-Cal, CalFresh, and immigrant residents. Lawmakers noted that the state cannot realistically replace all of the lost federal funding.

In the coming year, the Legislature and Administration are expected to explore ways to protect state programs where possible. This may include restructuring the MCO and hospital provider taxes to preserve Medi-Cal funding, investing in strategies to lower CalFresh error rates, adjusting state law to comply with new federal rules on eligibility, and considering expansions of California General Fund-funded programs such as the California Food Assistance Program to support immigrants excluded from federal aid. State leaders also intend to seek federal waivers and guidance to delay or soften implementation timelines.

As part of the final 2026 State budget, lawmakers already made significant cuts to California’s benefit programs – particularly for Medi-Cal expansion for adults with unsatisfactory immigration status (UIS) – in anticipation of forthcoming federal funding changes. These included:

- Restoring Medi-Cal Asset Limit beginning January 2026
- Freezing enrollment for Medi-Cal expansion for UIS adults, beginning January 1, 2026
- Establishing a \$30month Medi-Cal premium for UIS adults, effective July 2027
- Eliminating dental benefits and In-Home Supportive Services (IHSS) benefits for long-term care for UIS enrollees
- Eliminates Prospective Payment System (PPS) payments to Federally Qualified Health Centers (FQHCs) for UIS. PPS allows for higher reimbursement rates to FQHCs that deliver services in more expensive regions, like Marin County.

It is important to note that California’s hospitals and Federally Qualified Health Centers continue to face cost pressures from state policies that predate OBBBA’s passage. This includes SB 525 (2023), which established a “healthcare worker minimum wage” of \$25/hour.

Locally, Marin’s FQHCs have noted that they are planning for the impacts of OBBBA by staffing up outreach and enrollment teams, to help enrollees stay on up to date with new eligibility and work requirements and maintain their coverage. Contingency planning also may include new clinics in the North Bay that would rely on non-federal sources of funding, and expanding free clinic options locally.⁷

II. Climate, Energy and Transportation

California has been a national leader in advancing clean energy, electric vehicle adoption, and climate resilience, relying heavily on federal incentives and partnerships to accelerate progress. OBBBA significantly reduces or eliminates many of these federal supports beginning in late 2025, with phase-outs extending through 2028. These rollbacks are expected to slow California’s progress on greenhouse gas reduction targets – especially in transportation – increase energy costs for consumers, and create funding gaps for local climate and resilience projects.

⁷ Aliados Health

Clean Energy

- **Renewable energy credits** (effective January 1, 2026): OBBBA repeals or scales back tax credits for wind, solar, geothermal, and battery storage projects created under the Inflation Reduction Act (IRA). Credits for large-scale solar and wind begin to phase out in 2026, with full expiration by 2028. This will make utility-scale clean energy projects more expensive and delay grid decarbonization timelines.
- **Residential energy efficiency** (effective January 1, 2026): Federal credits for rooftop solar, home battery storage, heat pumps, and home efficiency retrofits are reduced beginning in 2026 and eliminated by 2028. In Marin, where many households have used these incentives to install rooftop solar and battery systems, the rollback will reduce affordability and uptake. The County’s Sustainability program partners with BayREN and Marin Clean Energy (MCE) to accelerate home electrification and energy efficiency through programs such as **Electrify Marin**, which offers local rebates for heat pump water heaters, HVAC systems, induction cooktops, and electrical panel upgrades. Federal cutbacks will limit the ability of local residents, particularly low- and moderate-income, to “stack” federal credits with state and local programs. Furthermore, early termination of the federal tax credit for solar will also impact local installation companies and their workforce. Policy changes to the solar metering rates in 2023 saw a decrease in the sale of new rooftop solar, and OBBBA’s impact will be similar.⁸
- **EV tax credits** (effective for vehicles purchased after December 31, 2025): The federal \$7,500 EV purchase credit is repealed, along with credits for used EVs and home charging infrastructure. Marin Clean Energy (MCE) has seen a 4x increase in low- and moderate-income customers in EV rebate demand ahead of OBBBA’s expiration of the federal tax credit on September 30 of this year, and in response has added \$1 million to cover local applications. However, long-term, the bill’s policies are expected to slow EV adoption in California as the credits are eliminated.
- **Fleet and bus programs** (effective October 1, 2025): Federal grants for electric school buses and fleet electrification are eliminated, requiring local governments and transit agencies to rely on limited state or regional funds – slowing down efforts by local transit agencies and school districts to electrify their fleets.
- **Reshaped transportation priorities**: OBBBA provides \$12.5 billion for the FAA to modernize air traffic control systems, strengthening aviation safety and efficiency. However, OBBBA rescinds the Inflation Reduction Act’s low-carbon aviation fuel program. It also eliminates civil penalties for automakers that fail to meet fuel

⁸ Marin County Sustainability Program

economy standards, weakening federal enforcement of vehicle efficiency requirements.

Climate and Resilience Funding

- **IRA climate investments** (effective October 1, 2025): Billions in federal funds for wildfire prevention, coastal resilience, and energy efficiency in disadvantaged communities are rescinded. This could impact anticipated available grants for this work locally, and increase reliance on local and state sources.
- **NOAA / Coastal Programs** (effective October 1, 2025): OBBBA eliminates federal funding for NOAA coastal restoration, weather readiness, and marine sanctuary programs. These grants have supported shoreline protection, wetland restoration, and climate adaptation across California.

State and local response

At the August 20, 2025 Subcommittee hearing, lawmakers noted that the rollback of federal tax credits for renewable energy, EV adoption, and home electrification are coming just as California is working to meet ambitious 2030 and 2045 climate targets. This means that the bill would slow utility-scale renewable projects, increase costs for households, and leave local governments with fewer resources for wildfire resilience and coastal adaptation.

In the coming year, the Legislature and Administration are expected to focus on backfilling or restructuring climate investments to keep California on track. This may include expanding the state's own rebate programs for home electrification and EVs (through the California Energy Commission and Air Resources Board), seeking to redirect portions of the Greenhouse Gas Reduction Fund (cap-and-trade revenues) toward programs losing federal support, as well as reconsidering where Proposition 4 (November 2024 Climate Bond) funding is prioritized. State leaders are also likely to pursue federal waivers or transitional guidance to extend implementation timelines and preserve as much of existing federal investment as possible.

The Transportation Authority of Marin (TAM) noted that it remains hard to ascertain how much the impacts of the EV credit's eliminate would impact local EV adoption in Marin, where sales and demand remain high.

TAM's local Measure B Program provides incentives to local public agencies with purchasing EVs for their fleets, but public agencies do not qualify for federal tax credits currently. The bill is not anticipated to affect Marin Transit's transition underway to Clean Air electric buses.

However, it is important to note that the bill's rescinding of Infrastructure Investment Job Act (IIJA) programs will likely make it more difficult for future local streets and roads projects. The public transportation industry continues to urge Congress to reauthorize IIJA, especially in light of lost program funding under OBBBA.

III. Tax Implications

Beyond programmatic cuts, OBBBA reshapes federal tax policy in ways that affect California's budget, households, and long-term fiscal stability. While the bill includes substantial extensions of 2017 federal tax cuts, these primarily benefit higher-income households and corporations. At the same time, OBBBA reduces funding for safety net programs and low and middle income households depend on.

- **Extension of 2017 tax cuts** (effective January 1, 2026): OBBBA makes permanent many provisions of the 2017 Tax Cuts and Jobs Act that were scheduled to expire, including reduced individual tax rates and corporate tax breaks. The Congressional Budget Office estimates this will reduce federal revenue by \$4 trillion over 10 years.
- **State and Local Tax (SALT) deduction** (effective January 1, 2026): OBBBA temporarily raises the federal cap on the State and Local Tax (SALT) deduction from \$10,000 to \$40,000 (\$20,000 for married filing separately) until 2029. However, starting in 2030, the cap reverts permanently to \$10,000 unless Congress acts.
- **Child Tax Credit (CTC)** (effective January 1, 2026): OBBBA increases the federal Child Tax Credit from \$2,000 to \$2,200 per child, adjusts it for inflation starting in 2026, and raises the refundable portion to \$1,400 per child. However, families must have work-eligible Social Security numbers to claim the credit – a change projected to reduce eligibility among children in mixed-status households.
- **Child & Dependent Care Tax Credit** (effective January 1, 2026): Families can claim up to 50% of their qualified child care expenses, up from 35%, through this credit. It offers higher support for working families paying for childcare services.
- **Temporary Senior Tax Deduction** (effective 2025-2028) Individuals aged 65 and older may claim up to \$6,000, or \$12,000 for joint filers where both spouses qualify, with the deduction phasing out for incomes above \$75,000 (single) and \$150,000 (joint). This provision is set to expire after the 2028 tax year, offering short-term relief for older taxpayers on fixed incomes.
- **Temporary 'No Tax on Tips' Deduction** (effective 2025-2028): OBBBA allows employees and self-employed individuals working in occupations that traditionally receive tips to claim an above-the-line deduction for qualified tip income up to \$25,000 annually, with phased reductions for individuals earning over \$150,000 or joint filers above \$300,000.

IV. Other Implications

While OBBBA primarily restructures healthcare, social services, climate, and tax policy, it also includes several provisions with major implications for California in immigration enforcement, higher education, and affordable housing.

- **Increased ICE/DHS funding** (effective October 1, 2025): The bill significantly increases appropriations for U.S. Immigration and Customs Enforcement (ICE) by \$45 billion to expand detention capacity, border security, and worksite enforcement.
- **Increased fees for immigration programs and procedures** (effective immediately): Substantially increases or establishes new fees across nearly all major immigration benefits, enforcement, and legal processes. These include significant additional costs on applicants for asylum, Temporary Protected Status, parole, visas, and employment authorization.
- **Low-Income Housing Tax Credit (LIHTC) changes** (effective January 1, 2026): Permanently increases state allocations for Low-Income Housing Tax Credit (LIHTC) by 12%, the primary tool for financing affordable rental housing, and expands Opportunity Zones and New Markets Tax Credits that can support investment in low-income communities. However, the bill also repeals or scales back other recent federal supports, including clean energy incentives and expanded credit authority (reducing the overall pool of resources available). For high-cost areas like Marin, the certainty of higher LIHTC allocations is helpful, but it is paired with the loss of complementary funding streams affordable housing financing typically relies on.
- **Scholarship eligibility changes** (effective July 1, 2026): OBBBA restricts access to federal Pell Grants and other federal student aid by narrowing income and citizenship/residency requirements. Students without work-eligible Social Security numbers (including DACA recipients and other immigrant students) will no longer be eligible for federal aid.
- **Dairy Stability, Investment, and Growth**: OBBBA aims to enhance risk management, expand market opportunities, and strengthen the financial resilience of dairy operations. The Dairy Margin Coverage (DMC) program is extended through 2031, and delivers new permanent tax relief, including to deduction and estate tax to help farms reinvest and transition across generations.