Tax Insights
from Tax Policy Services

House passes budget resolution for third reconciliation bill without tax committee instructions

July 23, 2026

In brief

The House on July 22 passed by a vote of 216 to 214 a fiscal year 2027 budget resolution that would authorize a third budget reconciliation bill in the 119th Congress to address military spending, election security, and farm assistance. The proposed budget resolution contains $95 billion in reconciliation instructions for four House committees to approve their portions of the reconciliation legislation by September 11. The reconciliation instructions are for the Agriculture ($12 billion), Armed Services ($60 billion), Intelligence ($10 billion), and Administration ($13 billion) Committees. The budget resolution does not contain any reconciliation instructions for the House Ways and Means Committee, which has jurisdiction over tax legislation, nor does it include instructions to any Senate committees.

Observation: Some House Republicans want to advance a fourth budget reconciliation bill after the midterm elections to address deficit concerns by targeting waste, fraud, and abuse in federal programs. Other measures that would not be in scope under this third budget resolution potentially also could be included.

For legislation to be considered under budget reconciliation procedures, the House and Senate first must approve an identical joint budget resolution that provides instructions for specific committees in both chambers to report legislation. Given the absence of instructions to any Senate Committees, at a minimum the Senate would need to amend the resolution to include these instructions. The House would then need to pass the amended resolution before work on the substantive reconciliation bill could begin. Both chambers also must agree on a final reconciliation bill that can secure passage in the currently narrowly divided Congress.

Senate rules impose several limitations on the use of reconciliation that require a 60-vote majority to override, including a requirement that a reconciliation provision must have a direct fiscal effect on the federal budget and the legislation cannot increase federal deficits outside the budget period (typically 10 years) covered by the resolution.

Observation: The prospects for the budget resolution in the Senate are unclear. Some Senate Republicans have expressed reservations about the House-passed framework because of the lack of spending offsets and other concerns.

Observation: The Senate may not consider the budget resolution before August 7 when it is scheduled to depart for a five-week August recess. Senate Majority Leader John Thune (R-SD) reportedly said the Senate will consider a short-term government funding measure (continuing resolution or CR) to fund the federal government beyond the September 30 end of the current fiscal year before advancing the budget resolution. The House on July 21 passed a CR to fund the federal government through December 4, but the Senate is expected to consider its own version that would address certain requests from the Trump administration.

For more information

Text of the House-passed FY 2027 budget resolution is available here.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

Tax Policy Services

Pat Brown
(203) 550-5783
pat.brown@pwc.com

Rohit Kumar
(202) 841-8300
rohit.kumar@pwc.com

Scott McCandless
(202) 748-4760
scott.mccandless@pwc.com

Beth Bell
(202) 297-9551
beth.bell@pwc.com

Larry Campbell
(202) 251-6666
larry.campbell@pwc.com

Kevin Levingston
(678) 592-5159
kevin.levingston@pwc.com

Janice Mays
(202) 603-0641
janice.a.mays@pwc.com

Todd Metcalf
(202) 304-5383
todd.metcalf@pwc.com

Mark Prater
(202) 826-9014
mark.a.prater@pwc.com

Andrew Prior
(703) 980-4520
andrew.prior@pwc.com

Dave Camp
(989) 488-8807
david.l.camp@pwc.com

Pam Olson
(703) 627-8925
pam.olson@pwc.com

National Economics & Statistics

Karl Russo
(202) 431-9566
karl.russo@pwc.com