Policy Department

WHAT'S MISSING FROM RECONCILIATION 3.0

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TOPLINE: With Reconciliation 3.0 taking shape, Congress has a rare chance to enact priorities left on the table in OBBB — starting with a full, permanent defund of Planned Parenthood. Of the 21 policies in our May 2026 report, these are the ones Congress cannot afford to leave out.

1. Defund Planned Parenthood

Permanently ban federal Medicaid funding for abortion providers like Planned Parenthood, reinstating and extending OBBB's one-year moratorium that tragically was allowed to expire on July 4, 2026 — or impose an equivalent clawback tax that retroactively pulls back funds that go out since the moratorium wasn't extended.

2. Strengthen Voter Integrity

Fund USPS–DHS data sharing so election officials are automatically notified when ballots are mailed to addresses tied to non-citizens or voters who've moved — implementing key pieces of the SAVE Act.

3. Limit Medicaid's Improper Payments

Cut a state's federal Medicaid match one point for every point its improper-payment rate exceeds a 3% cap, and require real measurement instead of partial estimates. Savings: $20–$60 billion a year.

4. Close Food Stamp Eligibility Loophole

Require states to follow real federal income and asset limits for food stamps instead of waiving them for anyone who receives a nominal TANF benefit. Savings: roughly $10 billion a year.

5. Fast-Track H.R. 1's Payment Integrity

Move up the 2028 SNAP and 2030 Medicaid cost-sharing penalties for state improper payments to 2027 and 2028, so accountability starts now instead of after the next election.

6. Tax Employers Who Hire Illegal Labor

Impose a 15–21% payroll tax on wages paid to unauthorized workers, with steep retroactive penalties for noncompliance and an E-Verify safe harbor for employers who play by the rules.

7. Make Factory Expensing Permanent

Remove OBBB's 2028/2030 sunset on full, immediate expensing for new factories, refineries, and other industrial construction — multi-year projects need certainty beyond a four-year window.

8. Repeal Green Energy Subsidies

Terminate the wind, solar, hydrogen, nuclear, and carbon-capture tax credits (45X, 45Y, 48E, 45U, 45V, 45Q) that survived OBBB, or at minimum count them as taxable income.

9. Index Capital Gains for Inflation

Stop taxing paper "gains" that are really just inflation — unlocking home sales for seniors and empty nesters and freeing up investment capital across the economy.

10. Tie Municipal Bonds to School Choice

Make interest on new municipal bonds taxable unless the issuing state offers school choice to at least 40% of school-age children — using a popular tax break to expand the schools that work.