

The Good News

U.S. REPRESENTATIVE MIKE KELLY ★ 15 YEARS OF SERVICE TO WESTERN PENNSYLVANIA

Special Edition: One Bill, Big Benefits.

What to expect this tax season with the new Working Families Tax Cuts



WASHINGTON, D.C. – Rep. Kelly speaks during a news conference in 2025.

PENNSYLVANIA -- In 2025, U.S. Representative Mike Kelly (R-PA), House Republicans, and President Donald Trump passed the *Working Families Tax Cuts*, also known as the *One Big Beautiful Bill*.

With the new tax filing season underway, Rep. Kelly is informing constituents of the larger refunds and new benefits they may qualify for this year.

“From employers to employees, from children to seniors, this legislation provides historic investments in Western Pennsylvania and the United States, both for today and for generations to come,” Rep. Kelly said.

What’s included:

- Delivers an average additional \$1,228 tax cut annually for families in Pennsylvania's 16th Congressional District.
- Makes 2017 Trump tax cuts permanent, protects the average taxpayer from a 22% tax hike.
- Strengthens local manufacturers by preserving over 12,000 industry jobs in our region.
- Includes No Tax on Tips, No Tax on Overtime, and No Tax on Social Security.

Source: Ways & Means Committee Majority Data

A Message from Representative Kelly

Dear Neighbor,

When Congressional Republicans passed and President Donald Trump signed the *Working Families Tax Cuts* last year, we had you in mind.



As Chairman of the Ways & Means Subcommittee on Tax, Western Pennsylvania had a front row seat when I joined these negotiations.

I hope you find this special edition of The Good News to be informative as you file your taxes this year. This law contains many new benefits that will save money, increase wages, and invests in our cities and towns.

I look forward to seeing you in the community!

Sincerely,

U.S. House of Representatives
Washington, D.C. 20515

M.C.
PRESORTED STANDARD

Wages are on the rise!

↓ **1.6%**
Under the Biden administration's policies

↑ **1.2%**
Under the Trump administration's policies

- ↑ Mining workers: +\$2,400
- ↑ Construction workers: +\$2,100
- ↑ Manufacturing workers: +\$1,700
- ↑ Goods producing workers: +\$1,700

Sources: 2025 Ways & Means Committee Majority Data
Consumer Price Index, Jan. 2025

U.S. REPRESENTATIVE
MIKE KELLY
WESTERN PENNSYLVANIA

On The Inside



• Higher wages, lower taxes



• Expanding Opportunity Zones



• Investing in our children



• Boosting Rural America

Putting Our Families First

How the *Working Families Tax Cuts* Supports Pennsylvania Families

The *Working Families Tax Cuts* protects taxpayers from tax increase



When Congress passed the *Tax Cuts & Jobs Act* (TCJA) in 2017, Pennsylvania families and businesses saw their tax rates drop and their savings increase. Real wages increased by nearly \$5,000 per worker, according to 2019 data from the Council of Economic Advisers.

Now, the *Working Families Tax Cuts* builds upon that success. By making TCJA permanent, the *Working Families Tax Cuts* protects taxpayers from a massive 22% tax hike, according to Ways & Means Committee Majority data.

The 2025 legislation also delivers a family of four in Pennsylvania’s 16th Congressional District an additional \$1,228 tax cut annually.

“This is real money in the pockets of hardworking Pennsylvanians,” said Rep. Kelly. “Where we come from, we know the value of a dollar. The *Working Families Tax Cuts* delivers spending cuts and saves taxpayer money.”

Supporting Pennsylvania Families & Children
New Pro-Family Policy at Work

- Makes permanent and increases the Child Tax Credit to \$2,200 and adjusts it to inflation, which supports over 40 million working families.
- Creates new “Trump Accounts,” a \$1,000 investment account for every child born over the next four years. The fund grows tax-free until the child reaches adulthood.
- Expands the Child and Dependent Care Tax Credit (CDCTC), the only tax credit that specifically helps working parents offset the cost of child care.
- Improves the Employer-Provided Child Care Credit, which supports businesses who want to help locate or provide child care for their employees.

Source: Ways & Means Committee Majority data, 2025

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New legislation puts Pennsylvania children first



The *Working Families Tax Cuts* creates new “Trump Accounts,” a \$1,000 investment account for every child born over the next four years. The fund grows tax-free until the child reaches adulthood.

The law also expands the Child Tax Credit. If the law did not pass, the Child Tax Credit would have been cut in half. The *Working Families Tax Cuts* also expands and improves the Adoption Tax Credit, Paid Leave Tax Credit, Child/Dependent Care Credit, and Employer-Provided Childcare Credit.

“Children are 25% of our population, but they are 100% of our future,” said Rep. Kelly.

Supporting Pennsylvania Families & Children
New Pro-Family Policy at Work

- Delivers a family of four an additional average **\$1,228 tax cut** annually for families in Pennsylvania’s 16th Congressional District.
- Makes paid leave permanently available to help parents care for children without sacrificing income.
- Makes permanent the Doubled Standard Deduction: Offers a direct ongoing tax benefit used by 90% of American taxpayers so working families can keep more of their hard-earned money.
- Includes Rep. Kelly’s “No Tax on Car Loan Interest” legislation to create a maximum annual deduction of **\$10,000**.

Source: Ways & Means Committee Majority data, 2025

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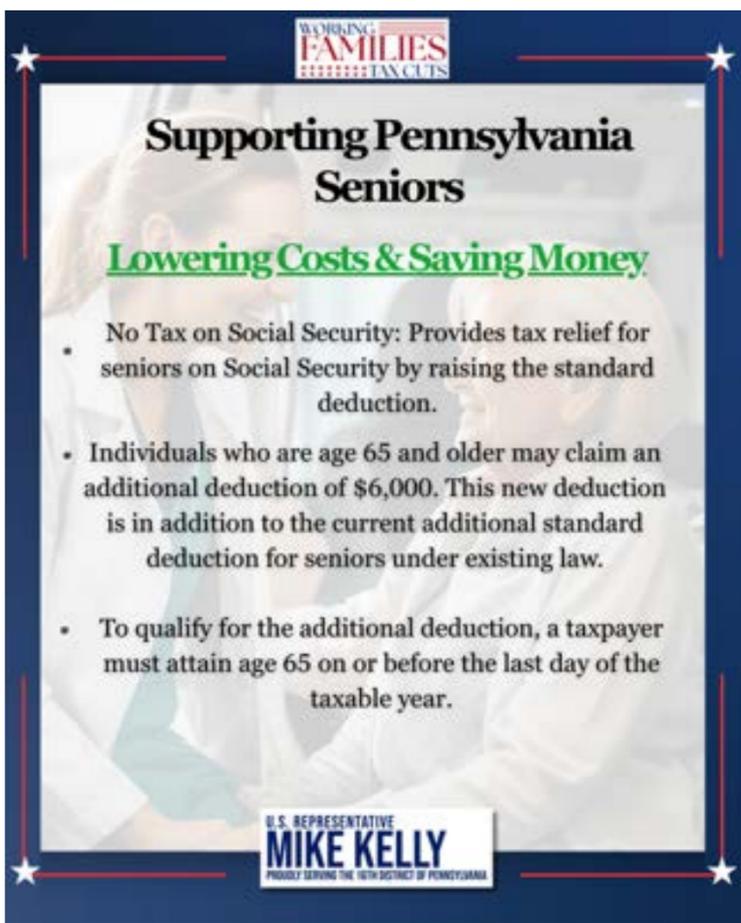
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Putting Our Communities First



What “No Tax on Social Security” Means for Pa. Seniors

The *Working Families Tax Cuts* includes legislation that provides tax relief for seniors on Social Security by raising the standard deduction. This includes a \$6,000 deduction for a single filer, and a \$12,000 deduction for married seniors.

According to the White House Council of Economic Advisers, 88% of all seniors who receive Social Security will not pay tax on their Social Security benefits, a major win for Pennsylvania seniors.

“Seniors have worked their entire lives to be able to enjoy their Golden Years without worrying about getting nickel-and-dimed by the government,” said Rep. Kelly. “The Working Families Tax Cuts ensures seniors will be able to keep more of their hard-earned money.”

Kelly’s “Opportunity Zones” legislation included in Working Families Tax Cuts

The *Working Families Tax Cuts* includes Representative Kelly’s legislation to make permanent and expand the Opportunity Zones (OZs) program. OZs drive private investment in low-income communities and neighborhoods. Downtown Erie has become the national model for this program. To date, more than \$150 million in private-dollar investment is at work in downtown Erie, with OZs spurring more than \$450 million of long-term capital investment, according to the Erie Downtown Development Corporation.



ERIE – Rep. Kelly and U.S. HUD Secretary Scott Turner speak during a news conference about Opportunity Zones in May 2025.

The legislation includes provisions to deploy more money to rural communities and small towns with populations under 50,000 over the coming years.

“Opportunity Zones have brought new life to America’s Main Streets and communities that have not seen this type of investment in decades,” said Rep. Kelly. “This program succeeds because private investors are putting their money, not tax dollars, to work.”

Pro-growth policy supports local small businesses

The *Working Families Tax Cuts* increases and makes permanent the Small Business Deduction, a big win for small businesses in Western Pennsylvania. The WFTC strengthens local manufacturers by preserving over 12,000 industry jobs in Pennsylvania’s 16th Congressional District, home to one of the highest concentrations of small manufacturers in the country, according to the National Association of Manufacturers.

Small businesses make up 99% of all American businesses and generate 43.5% of America’s gross domestic product, according to the U.S. Chamber of Commerce.

“Small businesses are the heart and soul of our communities,” said Rep. Kelly.



Putting Your Money First

No tax on tips, overtime in the Working Families Tax Cuts



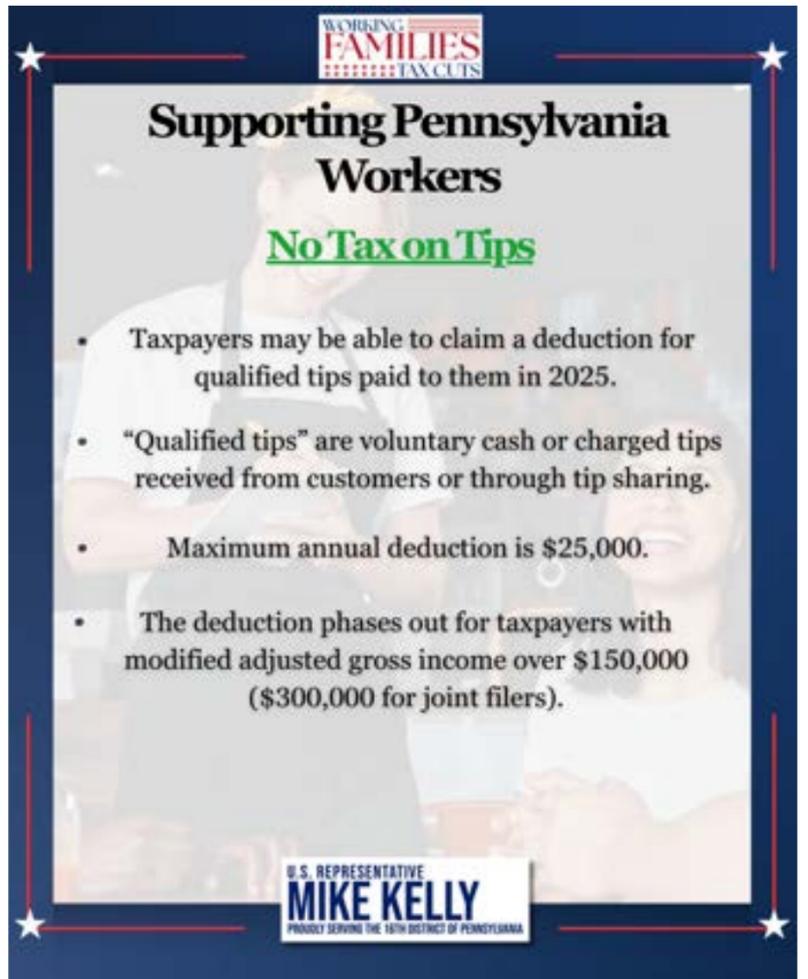
WASHINGTON, D.C. – Rep. Kelly and lawmakers meet with President Trump at the White House in 2025.

The *Working Families Tax Cuts* eliminates tax on tips and eliminates tax on overtime for hourly workers. On average, Americans will receive about \$1,300 more from no tax on tips per year and up to \$1,400 more from no tax on overtime per year, according to White House projections.

Among those who may benefit the most: military veterans. Approximately 4.8 million veterans work in overtime-eligible jobs, according to the White House. Across all jobs, real hourly wages have already increased by 1.2% from Jan. 2025-Jan. 2026, according to the Bureau of Labor Statistics, compared to a 1.6% drop under the Biden administration’s policies.

“The Working Families Tax Cuts are putting more money into your pocket this tax filing season,” said Rep. Kelly. “This law is a game changer for hardworking Pennsylvanians and their families.”

The boost in wages is on top of an additional average \$1,228 tax cut annually for families in Pennsylvania's 16th Congressional District, according to Ways & Means Committee Majority data.

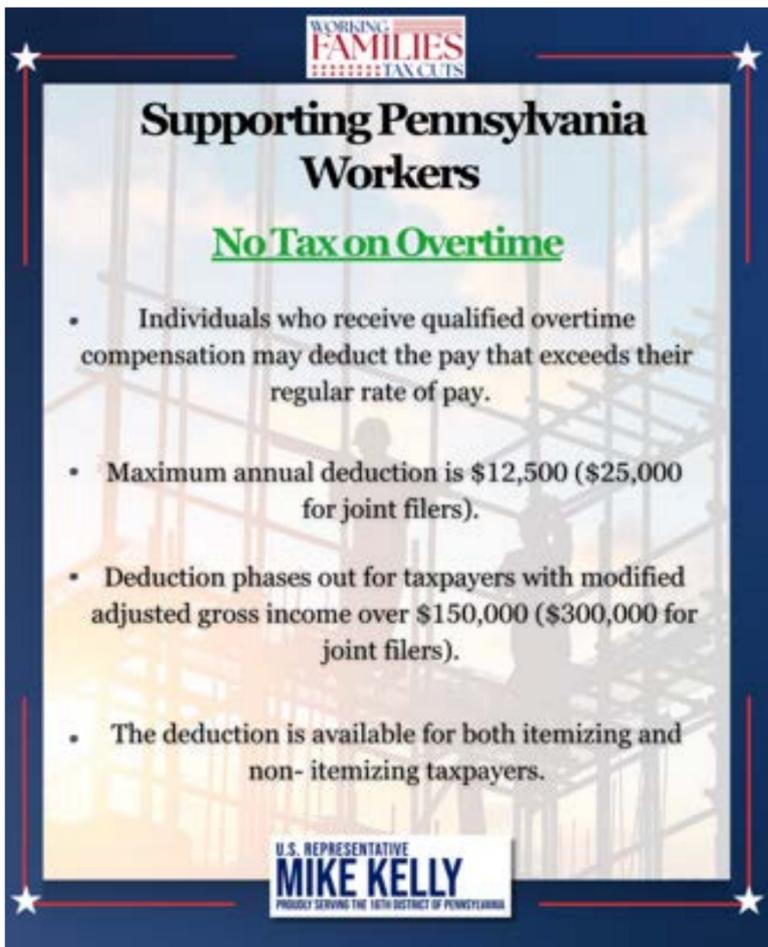


Supporting Pennsylvania Workers
No Tax on Tips

- Taxpayers may be able to claim a deduction for qualified tips paid to them in 2025.
- “Qualified tips” are voluntary cash or charged tips received from customers or through tip sharing.
- Maximum annual deduction is \$25,000.
- The deduction phases out for taxpayers with modified adjusted gross income over \$150,000 (\$300,000 for joint filers).

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Rural America saves money under new tax law



Supporting Pennsylvania Workers
No Tax on Overtime

- Individuals who receive qualified overtime compensation may deduct the pay that exceeds their regular rate of pay.
- Maximum annual deduction is \$12,500 (\$25,000 for joint filers).
- Deduction phases out for taxpayers with modified adjusted gross income over \$150,000 (\$300,000 for joint filers).
- The deduction is available for both itemizing and non-itemizing taxpayers.

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Tax relief for Rural America is included in the *Working Families Tax Cuts*. The provisions include the



Permanent Doubled Death Tax Exemption for 2 million family farms, according to Ways & Means Committee Majority data. It also creates no tax on rural property loan interest. Committee data further shows the Working Families Tax Cuts will reduce taxes on farmers by more than \$10 billion.

The legislation also establishes a new \$50 billion Rural Health Fund to invest in health care in small towns across Pennsylvania and the United States.

Need Assistance? Contact Us!

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