Permanent Tax Reform and Sector Shifts: Valuation Impacts of the One Big Beautiful Bill Act

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The recently enacted One Big Beautiful Bill Act (OBBBA) brings with it sweeping economic and policy changes that will have ripple effects across many sectors—and for valuation professionals, those changes warrant close attention. Our team has identified several key areas where these OBBBA valuation impacts could have a significant effect.

Permanent Extension of the TCJA

One of the most significant developments is the permanent extension of provisions from the Tax Cuts and Jobs Act (TCJA), including:

- A locked-in corporate tax rate of 21%
- Continued 100% expensing of capital investments

For valuation purposes, this alters after-tax cash flows in discounted cash flow (DCF) models and may lower the cost of equity within the weighted average cost of capital (WACC). Terminal value assumptions and market multiples may also shift due to the expectation of a sustained low-tax environment. These changes are particularly impactful in engagements involving ESOPs, shareholder disputes, and fair value reporting, where long-term tax assumptions are heavily scrutinized.

We expect heightened attention from stakeholders—including courts and auditors—on how valuation conclusions incorporate this new tax permanence.

Resources:
The AICPA has published a reconciliation of the new tax provisions (free registration required), and additional analysis is available from the Tax Foundation and the *Journal of Accountancy*.

Healthcare Sector: Medicaid Cuts

Entities in the healthcare sector will need to prepare for financial strain resulting from cuts to Medicaid and other safety-net programs. For providers such as hospitals, skilled nursing facilities, and long-term care operators—especially those in non-expansion states—this could translate to:

- Lower patient volumes
- Increased levels of uncompensated care
- Shifts in payer mix and revenue cycles

Valuation models for these organizations should reflect updated assumptions around reimbursement rates, credit risk, and state-by-state funding responses.

Energy Sector: A Changing Outlook

The repeal of clean energy tax credits and the expansion of fossil fuel permitting mark a significant pivot in U.S. energy policy. For valuation analysts, this may require:

- Reassessing projected returns for clean energy projects (solar, wind, EV, storage) that were relying on Inflation Reduction Act incentives
- Updating cash flow projections and discount rates for fossil fuel companies, which may benefit from eased regulatory burdens

These changes alter the long-term risk and return profiles across energy sub-sectors, which should be carefully reflected in valuation inputs.

What This Means for Valuation Professionals

This legislation changes the foundation for many long-term assumptions that influence business value—from tax structures and regulatory environments to sector-specific profitability and risk profiles. These effects will be felt across:

- Cost of capital assumptions
- Growth and margin projections
- Regulatory and political risk premia
- Exit multiples and terminal values

Our team will continue to monitor guidance and market reactions closely. If you have questions about how this may affect your valuation engagement—or are navigating sector-specific impacts—please reach out. We're here to help you interpret and apply these changes with confidence.