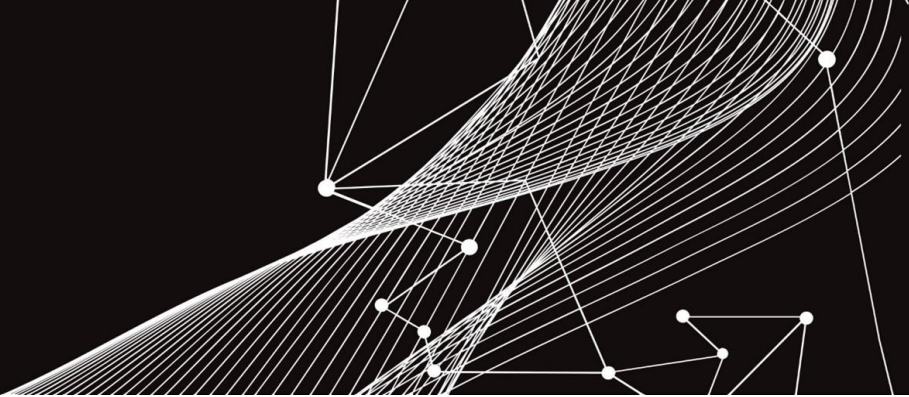


## OBBBA Tax Impacts for Multi-State Travel Nurses: Implications for Travel Nurses With Multiple State Contracts

### Important Ways the One Big Beautiful Bill Act (OBBBA) touches a travel nurse who works in several states (Tax Year 2025)

	What changed in OBBBA	Why it matters to multi-state travel nurses
<b>1. New above-the-line deduction for qualified overtime</b>	Up to <b>\$12,500</b> a year ( <b>\$25,000</b> if filing jointly) of the “ <i>half-time</i> ” portion of overtime that is required under the Fair Labor Standards Act (FLSA) can be deducted from gross income for 2025-2028. <sup>[21d] [22e]</sup>	<ul style="list-style-type: none"> <li>Most hospital contracts are overtime-heavy. A staff or agency nurse who gets time-and-a-half will be able to shelter the 50 percent premium portion.</li> <li>Deduction is <i>above the line</i>, so it lowers federal adjusted gross income (AGI).</li> <li>Thirty-plus states begin their own income tax with federal AGI, so your taxable income in those states will fall automatically. States that decouple (e.g., California, Massachusetts) will not.</li> </ul>
<b>2. New car-loan-interest deduction (personal vehicles)</b>	Up to <b>\$10,000</b> a year (through 2028) of interest on a post-12/31/2024 loan for a <i>new</i> car, truck, SUV, van or motorcycle that underwent final assembly in the United States. <sup>[21e] [22f]</sup>	<ul style="list-style-type: none"> <li>If you drive between assignments instead of flying, the interest on the vehicle you bought in 2025 or later is now deductible, even though the car is for personal (not business) use. The break phases out at \$100 k / \$200 k MAGI, so keep your eye on cumulative income from all states.</li> </ul>

	What changed in OBBBA	Why it matters to multi-state travel nurses
<p><b>3. Bigger and more accessible § 199A “pass-through” deduction for 1099/LLC nurses</b></p>	<ul style="list-style-type: none"> <li>Phase-in thresholds increased from \$50 k/\$100 k to <b>\$75 k/\$150 k</b> and a <b>\$400 “floor”</b> was added for active QBI, effective 2026.<sup>[6d]</sup></li> <li>Inflation-adjusted 2025 threshold for single filers is <b>\$197,300</b> and for joint filers <b>\$394,600</b> (unchanged methodology).</li> </ul>	<ul style="list-style-type: none"> <li>Many travel nurses are paid on 1099 contracts or through their single-member LLCs. The larger phase-in window plus the coming \$400 minimum deduction help retain at least some § 199A benefit even when assignments push taxable income higher.</li> </ul>
<p><b>4. Higher 1099-NEC / 1099-MISC reporting threshold</b></p>	<p>Federal information reporting rises from \$600 to \$2,000 for payments made after 12/31/2025.<sup>[6r]</sup></p>	<ul style="list-style-type: none"> <li>Agencies that pay you less than \$2,000 in a calendar year (e.g., short high-pay “rapid response” gigs) may no longer issue a 1099. You still must report the income; keep your own records. Expect fewer paper forms and (possibly) smaller state cross-match audits because states piggy-back on the federal file.</li> </ul>
<p><b>5. Permanent excess-business-loss limit &amp; new amounts</b></p>	<p>The § 461(l) cap is made permanent, and the 2025 inflation-adjusted loss ceiling is \$313,000 single / \$626,000 joint.<sup>[6t]</sup></p>	<ul style="list-style-type: none"> <li>A nurse who owns multiple LLCs (for example, one for agency work and another for education consulting) can still use losses, but only up to the new cap. Keep this number in mind when you accelerate depreciation or deduct mileage.</li> </ul>



	What changed in OBBBA	Why it matters to multi-state travel nurses
<b>6. No change to 2025 federal withholding tables or W-2/1099 layouts (yet)</b>	IRS will <b>leave 2025 forms &amp; tables untouched</b> and roll out new boxes for tips/overtime <b>no earlier than 2026.</b> <sup>[23b]</sup>	<ul style="list-style-type: none"> <li>Your pay cheques will be withheld as though the new deductions do <b>not</b> exist; expect bigger refunds (or smaller balances due) when you file. Because payroll software is not yet tagging “qualifying overtime,” <i>you</i> must track the amounts that qualify for the OBBBA deduction. Save detailed pay-stubs or agency portals.</li> </ul>
<b>7. State-to-state income-tax rules do not change</b>	OBBBA does nothing to reciprocity agreements, day-count thresholds or “convenience of the employer” rules. <sup>[10d] [10] [11g]</sup>	<ul style="list-style-type: none"> <li>You still owe non-resident tax in every state where you physically work unless an exemption applies (e.g., the 30-day rule in IN, IL, MT; GA’s \$5,000/5 % test). All new federal deductions flow through only in <i>conforming</i> states.</li> </ul>
<b>8. Possible indirect demand shock</b>	OBBBA tightens Medicaid eligibility and may shrink state budgets for inpatient care. <sup>[3f] [2c]</sup>	<ul style="list-style-type: none"> <li>Hospitals in expansion states could face lower Medicaid reimbursements, which may curb or <i>increase</i> traveler demand depending on local staffing budgets. Keep an eye on contract rates in 2027-2028 as states implement six-month redeterminations and community-engagement rules.</li> </ul>

## Practical checklist for 2025 returns

- **Track qualifying overtime hours and pay**
  - Most agencies do not label the “premium” piece separately. Keep copies of weekly pay detail so you can compute the deductible amount under Sec. 70202.
- **Keep vehicle loan documents**
  - Interest statements from your lender will substantiate the new deduction—be sure the VIN shows U.S. final assembly.
- **Separate W-2 vs. 1099 income**
  - Overtime deduction is available to *employees* and *independent contractors*; the § 199A deduction applies only to the latter.
- **Maintain a defensible tax home**
  - OBBBA did **not** change the long-standing IRS rules on tax homes, per diem, or stipends. Without a bona fide tax home you lose the tax-free nature of housing and M&IE stipends.<sup>[14b]</sup>
- **Expect “over-withholding”**
  - Because payroll tables ignore the new deductions in 2025, consider using the redesigned Form W-4’s Step 3 (extra deductions) to fine-tune withholding mid-year—or just plan for a refund.
- **Watch state conformity bulletins**
  - Some legislatures (NJ, CA, HI) routinely *decouple* from fresh federal deductions. Late-2025 state guidance will clarify whether the overtime or car-interest write-offs flow through.

## Bottom line

For a travel nurse who criss-crosses the country on short-term contracts, **OBBBA delivers three federal tax wins—**

- (1) the overtime write-off,**
- (2) a bigger § 199A cushion for 1099 work, and**
- (3) an optional car-loan-interest deduction—without easing the underlying tangle of multi-state withholding and filing.**

[SUBMIT INQUIRY](#)

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[3f] - <https://nashp.org/what-health-care-provisions-of-the-one-big-beautiful-bill-act-mean-for-states/>

[6d] - <https://app.accordance.ai/library/obbb>

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[10d] - <https://taxfoundation.org/research/all/state/state-income-taxes-nonresidents/>

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