

One Big Beautiful Bill Act (H.R. 1)

President: signed into law on July 4, 2025. (Public Law No: 119-21)

- House: passed on July 3, 2025, with a vote of 218-214.
- Senate: passed on July 1, 2025, by a 51-50 vote, Vice President Vance breaking the tie.

Summary: H.R. 1 extends and makes permanent many provisions from the Tax Cuts and Jobs Act (TCJA) of 2017, P.L. 115-97, while adding new provisions including deductions to eliminate income taxes on certain overtime pay while expanding the use of 529 educational savings accounts and the Pell Grant program to training and credentialing. This legislation also contains provisions related to defense, border security, immigration and other provisions while eliminating many clean energy tax incentives.

Tax provisions of interest to the roofing industry

Individuals/Pass-Through Entities

Tax rates: Permanent top rate of 37%.

199A qualified business income pass-through deduction: Makes permanent at existing 20%.

Standard deduction: Permanent beginning at \$15,750, adjusted for inflation, retroactive to include 2025.

SALT (State and local tax deduction) cap: Temporarily increases the SALT cap to \$40,000 (from the current \$10,000) and adjusts it for inflation. In 2026, the cap will be \$40,400, and then will increase by 1% annually, through 2029. Reverts to \$10,000 in 2030. The SALT deduction phases down for taxpayers with MAGI over \$500,000 (in 2025), with the threshold indexed for inflation through 2029. The deduction is reduced by 30% of the MAGI above the threshold but cannot drop below \$10,000.

- Earlier versions of this bill attempted to limit the pass-through entity tax (PTET) deductions, which would have resulted in an effective tax increase for many pass-through businesses, and NRCA was successful in having these provisions removed from the bill.

Estate and gift tax exemption amounts: Permanent estate tax and lifetime gift exemptions of \$15 million for single filers (\$30 million for married filing jointly) in 2026, indexed for inflation.

No tax on overtime: Temporary above-the-line deduction (2025–2028) of up to \$12,500 (\$25,000 joint) for qualified overtime pay, phasing out at MAGI over \$150,000 (\$300,000 joint). Overtime must be separately reported on W-2 or 1099 to qualify.

Trump accounts for minors under 18: Allows employers to contribute to new tax-free IRAs for minors under 18—without counting contributions as employee income. Treasury Dept. may

establish accounts for eligible individuals, and a pilot program offers a \$1,000 tax credit for accounts opened for children born from 2025–2028.

529 savings plans: The bill expands tax-free 529 plan distributions to cover more K–12 and higher education costs, including qualified postsecondary workforce training and credentialing expenses.

Businesses

Research-and-development expenses: Permanently allows taxpayers to immediately deduct domestic research or experimental expenditures paid or incurred in tax years beginning in 2025.

- Small business taxpayers with average annual gross receipts of \$31 million or less will generally be permitted to apply this change retroactively to tax years beginning after Dec. 31, 2021. And all taxpayers that made domestic research or experimental expenditures after Dec. 31, 2021, and before Jan. 1, 2025, will be permitted to elect to accelerate the remaining deductions for those expenditures over a one- or two-year period.

Bonus depreciation: Permanently extends Sec. 168 additional first year (bonus) depreciation deduction. The allowance is increased to 100% for property acquired and placed in service on or after Jan. 19, 2025.

Sec. 179 expensing: Increases the maximum amount that can be expensed, including roofs and other qualifying nonresidential real property, under Sec. 179 to \$2.5 million, indexed for inflation and increases the phaseout threshold amount to \$4 million. The amendments made by this section shall apply to property placed in service in taxable years beginning after December 31, 2024.

Paid family and medical leave credit: Permanent Sec. 45S employer credit for paid family and medical leave.

Special depreciation allowance for qualified production property: The bill allows an additional first-year depreciation deduction equal to 100% of the adjusted basis of “qualified production property.” Qualified production property is generally nonresidential real property used in manufacturing.

Advanced manufacturing investment credit: Increases advanced manufacturing investment credit rate from 25% to 35%, effective for property placed in service after Dec. 31, 2025.

Employer-provided childcare credit: Increases Sec. 45F employer childcare credit to 40%, raising the cap to \$500,000 (\$600,000 for small businesses), with future inflation adjustments.

Employee Retention Credit (ERC): Additional requirements for promoters to verify eligibility and accuracy, with \$1,000 fines for each failure. It also stops the IRS from paying any new unpaid ERC claims unless filed before Jan. 31, 2024.

1099-K reporting (Venmo, Cash App etc.): Requires reporting if a seller has over two hundred transactions and makes more than \$20,000 a year, instead of the planned \$600 limit.

General 1099 reporting threshold: Raised from \$600 to \$2,000, adjusted for inflation after 2026.

Energy Incentives

Sec. 25D Residential clean energy credit: Terminates for expenditures made after Dec. 31, 2025.

Sec. 179D Energy-efficient commercial buildings deduction: Terminates for property the construction of which begins after June 30, 2026.

Sec. 45L New energy-efficient home credit: Terminates after June 30, 2026.

Sec. 45Y Clean electricity production credit: Terminates for wind and solar facilities placed in service after Dec. 31, 2027. No credit will be allowed to facilities that are owned or controlled by certain foreign entities.

Sec. 48E Clean electricity investment credit: Terminates for wind and solar facilities placed in service after Dec. 31, 2027. Restrictions are also placed around claims by facilities owned or controlled by certain foreign entities.

Education provisions of interest to the roofing industry

Pell Grant: Expanded to include accredited short-term workforce training programs, which provides students in workforce programs with the same financial assistance as those in 4-year college programs.

Immigration provisions of interest to the roofing industry

Border Security: \$70 Billion Over 4 Years, including:

- \$46.55B for physical barriers, access roads, and system upgrades.
- \$5B for CBP facility construction, including detention centers and checkpoints.
- \$4.1B to hire and train Border Patrol agents, plus over \$2B for hiring and retention bonuses.
- \$6.2B for technology, screening, AI tools, and non-intrusive inspection systems.
- \$12B to reimburse states, localities, tribes, and DHS components for support.
- \$855M for CBP vehicles.

Immigration & Customs Enforcement: \$75 Billion over 4 Years, including:

- \$45B for detention, including family facilities and expanded capacity, with reduced oversight for detention standards.
- \$29.9B for enforcement and deportation operations, including more personnel, transportation, removals, and expansion of the 287(g) program.

- \$3.5B in Dept. of Justice grants to reimburse state and local agencies aiding in immigration enforcement.

New Immigration Fees:

- Asylum: \$100 application fee, \$550 for initial work permit, \$275 for renewal, plus \$100/year for pending cases.
- Humanitarian Parole: \$1,000 application fee, \$550 for work permit, \$275 for renewal (valid for one year).
- Temporary Protected Status (TPS): \$500 to register, \$550 for work permit, \$275 for renewal (valid for one year).
- Border/Visa Processing: New and increased fees including \$250 visa integrity fee applicable to H-1B, H-2B and H-2A visas.

All fees are minimums, subject to annual inflation increases, may be raised or layered further and most have no waivers.