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House Advances Tax Provisions in Reconciliation Bill; Scales Back Clean Energy Credits

On May 22, the House of Representatives passed by a one vote margin the “One Big Beautiful Bill”, a comprehensive reconciliation package that includes key tax and energy provisions.

Overall, many of the provisions advanced by the House were supported by NAED, and provide businesses with certainty and favorable tax rates and business rules that keep businesses competitive.

Most notably, the House-passed bill included:

- **Section 199A Deduction:** Permanence of the deduction and increase to 23% from 20%
- **Estate Tax Exemption:** Raised to \$15 million for single filers and \$30 million for joint filers, made permanent and indexed for inflation
- **Bonus Depreciation:** Restores to 100% immediate expensing of qualified property acquired on or after January 20, 2025, for five years
- **Section 179 Expensing:** Increased to \$2.5 million from \$1 million for depreciable business assets
- **LIFO, C-SALT and 179D:** Preserves last-in, first-out accounting and the ability for businesses to deduct costs of state and local taxes. The bill also kept intact the 179D deduction for Energy Efficient Buildings

The bill also includes a valuable workforce provision which allows funds from 529 accounts to be used for non-college expenses, including certain postsecondary credentialing and licensing costs (more detail below).

While the business tax provisions were welcome news, several incentives that benefit clean and energy-efficient technologies were eliminated or reduced, including:

- **Section 25C:** Energy Efficient Home Improvement Credit
- **Section 45L:** New Energy Efficient Home Credit
- **Section 45X:** Advanced Manufacturing Production Credit

The bill also revised existing rules around “foreign entities of concern” which may muddle permissibility around foreign products and foreign company ownership, complicating supply chain pressures.

The package also eliminated funding for port-related clean air initiatives, alongside other programs like the EPA's Greenhouse Gas Reduction Fund and the Department of Energy's State and Community Energy Program.

Now that the House has completed its work, the Senate will draft its version. Numerous GOP Senators have already publicly expressed their desire to restore some of the alternative energy and manufacturing incentives, find deeper spending cuts, and address proposed cuts to healthcare funding.

Workforce Legislation Advances in Reconciliation

The [*Freedom to Invest in Tomorrow's Workforce Act*](#), a bill that NAED has supported, has been included in the House's reconciliation package. If signed into law, it will allow individuals to utilize funds from their 529 accounts from traditional “college savings plans” into broader “career savings plans,” such as professional certifications, occupational licenses, industry-recognized credentials, non-degree programs that lead to employment, and exam fees and preparation costs for these credentials.

This legislation gives jobseekers the choice to pursue in-demand skills and credentials without taking on debt, making the workforce more adaptable, competitive, and aligned with today's economy. This modernization of 529 plans supports lifelong learning and opens new pathways to good-paying jobs beyond traditional college degrees.

EPA to Eliminate Energy Star Program for Appliances

The Environmental Protection Agency (EPA) is expected to terminate the Energy Star program, a widely recognized initiative that has certified the energy efficiency of home appliances.

The news comes as the administration seeks to eliminate the Office of Atmospheric Protection, which houses the Energy Star program.

If successful, it would scrap one of the most visible federal programs to boost energy efficiency. Unlike the Department of Energy's mandatory program, which sets efficiency levels for appliances, Energy Star is voluntary. EPA sets standards that businesses can choose to meet and have verified independently before displaying the program's blue label on appliances, buildings, and homes. The idea is to offer consumers a choice if they prefer more efficient products.

NAED is already working with aligned organizations, like NEMA and NECA, to formulate a response to this action that gives consumers transparent information on energy cost savings, while providing opportunities for our members.

Tariff Requests

As the Trump Administration continues efforts to rebalance trade, strengthen domestic supply chains, and reshore U.S. manufacturing, many of our members are feeling the effects—some more than others.

The most common challenge is uncertainty. Tariff announcements, often followed quickly by withdrawals or revisions, have left businesses in limbo. And while many recognize this as a strategic negotiating tactic by the President—and support his ability to make deals—it's beginning to take a toll. Some members report fewer orders and delays in workforce or capital investments.

If your company has experienced disruptions or setbacks, NAED wants to hear from you. NAED is hoping to collect testimonials on your experiences (both realized and likely to materialize) to share with select members of Congress. Please keep the primary concern of your submission to 3-4 paragraphs.

Please contact Bud DeFlaviis at bud@naed.org with any questions or testimonials.