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New Tax Code Changes Coming to 179D, 179, and Bonus Depreciation

The recently enacted reconciliation bill, informally known as the "One Big Beautiful Bill", makes significant changes to the Energy Efficient Commercial Building Deduction (Section 179D). Under the new law, Section 179D is no longer a permanent part of the tax code and is now set to phase out for projects that begin construction after July 1, 2026. This creates a short window of opportunity for accountants, developers, architects, and commercial property owners to launch qualifying projects and claim deductions of up to \$5.81 per square foot.

For those considering energy upgrades to existing commercial buildings, additional tax incentives may apply. These include Section 179 expensing, which has doubled its cap from \$1.25 million to \$2.5 million, and bonus depreciation, both of which can provide significant tax benefits.

Because each incentive has its own rules and benefits, navigating the options can be complex. Developers and project participants should consult a qualified tax professional to ensure they are maximizing incentives under the new law.

Moving forward, NAED and other coalition partners will continue to advocate for a continuation of the 179D provisions, which have been a useful tool for energy efficiency lighting systems for new commercial building construction.

Congress Turns Attention to Permitting Reform

Following passage of the One Big Beautiful Bill, lawmakers are reviving bipartisan discussions on permitting reform. Committees in both the House and Senate are preparing hearings to explore how to speed up environmental reviews and meet the growing demand for electricity. Senate Majority Leader John Thune (R-SD) acknowledged growing Democratic interest in reform, noting that delays in the permitting process are affecting both traditional and renewable energy projects.

The debate is largely centered on the National Environmental Policy Act (NEPA), which critics argue has become an overly complex process that delays infrastructure and energy development. House Natural Resources Chair Bruce Westerman (R-AR) is leading efforts to overhaul NEPA, while some Democrats like Rep. Scott Peters (D-CA) appear open to discussions.

Still, political tensions may slow progress as Democrats worry about Republican efforts to amend broader environmental laws like the Clean Water Act and about losing ground after recent Supreme Court decisions limited the reach of NEPA. The House is considering the [PERMIT Act](#), which would streamline project reviews. In the Senate, Democratic support will be required to advance legislation, which typically requires the chamber to meet a 60-vote threshold, offering a potential pathway for bipartisan compromise.

NAED and our channel partners support comprehensive permitting reform as a way to ensure economic growth and the ability for the private sector to make investments in new electricity generation and transmission buildout.

State Update – Minnesota Mandates Meal and Work Breaks

On June 14, 2025, Minnesota’s governor signed an omnibus bill, *SF 17*, which includes amendments to the state’s meal and rest break requirements found in Minnesota Statute Sections 177.253 and 177.254.

Beginning January 1, 2026, Minnesota will mandate more structured break periods for all employees working in the state. Under the revised law, employees who work more than six consecutive hours must be allowed a 30-minute unpaid meal break, and those working four consecutive hours must receive a 15-minute paid rest break. These changes mark a shift from current law, which only requires “sufficient time” for meals and restroom use. Employers that fail to provide these breaks must pay employees both the regular wages for the missed break time and an equal amount in liquidated damages—effectively doubling the cost of the missed break.

While the law sets new standards, it leaves many practical questions unanswered. It’s unclear whether employees may voluntarily waive their meal breaks and what proof would be acceptable to show that such a waiver was their choice. Additionally, there is ambiguity about whether multiple meal breaks are required during long shifts and how the term “consecutive hours” applies if a lunch break interrupts the workday. The Minnesota Department of Labor and Industry (MNDOLI) has yet to provide official guidance on these issues, though it plans to issue FAQs in the future.

The statutes also include questions about the enforcement and interpretation of the liquidated damages provision. It's uncertain how employers should calculate the "equal amount" in damages—whether it's in addition to regular wages or simply matching the duration of the missed break—and whether employers must self-report and pay these damages proactively. Other outstanding questions include how such payments should be documented on pay stubs, their taxability, and whether they count as wages under Minnesota law.

Members can monitor MNDOLI's future guidance at <https://dli.mn.gov/>.