

2025 YEAR IN REVIEW



NLBMDA Advocacy

LEGISLATIVE WINS IN ONE, BIG, BEAUTIFUL, BILL (OBBBA)

Through frequent engagement with lawmakers and staff during the drafting of the One Big Beautiful Bill Act (OBBBA), NLBMDA achieved major legislative victories, securing key tax provisions like full expensing permanence, Section 199A preservation, and expanded 529 savings plan access to support workforce development. NLBMDA's advocacy also helped drive historic housing investments through the low-income housing tax credit (LIHTC), projected to generate one million new affordable units over the next decade.

TAX PROVISIONS

Section 199A (QBI Deduction):

OBBBA secured a major win for pass-through businesses by making the 20% Qualified Business Income (QBI) deduction permanent. Previously set to expire at the end of 2025, this change ensures continued tax parity with C-corporations and provides long-term certainty for small businesses relying on this deduction to reinvest and grow their business.

Bonus Depreciation (Full Expensing):

OBBBA reversed the phase-out of bonus depreciation that began in FY2023, restoring 100% expensing for qualified business property retroactive to January 19, 2025. This provision allows businesses to immediately deduct the full cost of eligible assets, meaningfully reducing tax obligations by incentivizing the purchase of new capital assets, including trucks, machinery, and other equipment.

Estate Tax:

NLBMDA worked with lawmakers in OBBBA to raise the estate tax exclusion threshold to \$15 million for individuals and \$30 million for joint filers, with no sunset provision. This increase, up from \$13.9 million, allows taxpayers to transfer more wealth to heirs without incurring transfer taxes, offering long-term estate planning benefits for family-owned businesses.

Section 179 Deduction:

OBBBA expanded Section 179 expensing limits for small businesses, doubling the deduction cap to \$2.5 million and increasing the phase-out threshold to \$4 million for qualifying purchases in 2025. Both figures are now indexed for inflation, providing greater flexibility and predictability for capital investments.

Overtime Tax Deduction:

A new provision in OBBBA introduced a tax deduction of up to \$12,500 per year for employee overtime pay, effective retroactively from January 1, 2025 through 2028. This "No Tax on Overtime" measure supports workforce expansion and helps businesses manage labor costs more effectively.

HOUSING PROVISIONS

Low Income Housing Tax Credit (LIHTC):

Building on a temporary increase enacted in 2018, OBBBA permanently boosts each state's allocation of 9% LIHTC credits by 12% starting in 2026. This expansion empowers states to support more affordable housing developments and addresses growing demand for low-income housing.

Private Activity Bond (PAB) Financing Threshold:

OBBBA permanently lowered the PAB financing threshold from 50% to 25% of land and building costs for properties placed in service after December 31, 2025. This change enhances access to 4% LIHTC credits, making it easier for developers to finance affordable housing projects and reduce construction costs.

OTHER LEGISLATIVE PRIORITIES

Credit Card Competition Act

The Credit Card Competition Act (CCCA) remained a top legislative priority for NLBMDA, aiming to curb rising credit card swipe fees that have become the second-largest operating expense for LBM dealers. The bipartisan bill, led by Sens. Roger Marshall (R-KS) and Richard Durbin (D-IL), seeks to introduce competition by requiring major financial institutions to allow credit card transactions to be processed over at least two unaffiliated networks, such as Visa or Mastercard plus alternatives like NYCE or Discover. Despite swipe fee revenues reaching a record \$187 billion in 2024, efforts to pass the CCCA faced setbacks when Senate leadership bypassed regular order, preventing a vote on the Marshall-Durbin amendment. NLBMDA maintains a robust advocacy campaign on the issue meeting frequently with Senate offices across all states with NLBMDA members and continues to remain active with coalition partners, attending fly-ins on behalf of the industry to educate lawmakers on continuously increasing swipe fees.

Fix Our Forests Act

As evidenced by the recent wildfires in Southern California, there is an urgent need for federal policy reforms that would allow federal agencies to effectively collaborate to reduce wildfire risk

and deploy technologies that would detect potential risks early. The Fix our Forests Act (H.R. 471) has bipartisan support and passed through the House of Representatives earlier this year and recently advanced through Senate Committee with a final vote anticipated soon.

Trade and Tariffs

As trade policies continue to evolve, NLBMDA proactively sought member input on how ongoing uncertainty and elevated tariffs are affecting their businesses and the markets LBM dealers serve. In Washington, NLBMDA has met with key officials at the U.S. Trade Representative's Office and continued its outreach to lawmakers on Capitol Hill, urging long-term certainty and a trade framework that provides stability for the LBM industry. Ahead of next year's first joint review of the trilateral North American trade agreement, NLBMDA submitted the only set of comments representing the LBM sector in a process that could significantly reshape North American commerce. NLBMDA also remains in close coordination with like-minded coalitions and advocacy groups to amplify our voice across Congress and federal agencies. Through NLBMDA Alerts and other communications, we provide members with real-time updates on trade policy developments and tariff actions as soon as new information reaches us here in Washington.

NLBMDA Membership

NLBMDA 2025 MEETINGS AND EVENTS:

The **2025 Spring Meeting & Legislative Conference** brought NLBMDA members to Washington, D.C. for two days of high-impact advocacy, featuring more than 145 meetings on Capitol Hill and policy briefings from lawmakers, industry experts, and political analysts. Focused on housing affordability, swipe fee reform, small business tax priorities, and forestry legislation, NLBMDA throughout the year built on the events momentum through continued engagement with congressional offices.

In the fall, Louisville Kentucky served as the host for the **2025 ProDealer Industry Summit** which delivered valuable networking and high-level insights, featuring commentary on industry best practices, housing trends, technology, and regulatory challenges shaping the building materials sector. From strategies for independent dealers to next-generation leadership perspectives and Washington D.C. insiders' commentary on new legislation and tariffs, the event equipped attendees with actionable intelligence to navigate a rapidly evolving industry landscape.

New At-Large Members

- Frisco Woodline
- Lummus Supply Company
- Marios Home Center, Inc.
- Minooka, Grain, Lumber & Supply Company
- Moulton Lumber Co Inc
- Picou Builders Supply
- Rucker Lumber Inc.
- Sunrise Building Supply, Inc.
- Washington Supply Company
- Wilson Lumber Co

New Manufacturers and Services Council (MSC) Members

