

**Subject** Conformity; section 179 expensing

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## Summary

H.F. 3814 would selectively conform to the federal section 179 expensing changes in the One Big Beautiful Bill Act (OBBBA).

Section 179 allows expensing of tangible personal property used in a trade or business or to produce income, although a narrow range of improvements to real property may be expensed as well. Expensing allows the basis of property to be deducted in the year the property is placed in service, rather than deducting the basis over a period of years.

OBBBA increases the dollar limit on the section 179 deduction from \$1,250,000 to \$2,500,000. Section 179 also phases out this deduction dollar for dollar for total investments that exceed \$3,130,000, which OBBBA increases to \$4,000,000. Both limits are adjusted for inflation.

The change proposed under H.F. 3814 would be effective retroactive to the federal changes, which are effective retroactively to tax year 2025.