coalition to extend and improve the
179d tax deduction for energy efficient buildings

April 1, 2014

The Honorable Ron Wyden
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
Committee on Finance
U.S. Senate
Washington, D.C.

Dear Chairman Wyden and Ranking Member Hatch:

We write to urge extension of the Section 179D tax deduction for energy efficient commercial and multifamily buildings – with refinements included in S. 2189 (introduced today) to better enable the deduction’s use for “retrofits” of existing buildings. Section 179D expired on December 31, 2013.

Our organizations and companies represent a broad spectrum of the U.S. economy. They include real estate, manufacturing, architecture, contracting, building services, financing, labor, education, environmental and energy efficiency advocates. We represent many small businesses that drive and sustain American job growth.

Section 179D provides a tax deduction to help offset some of the high costs of energy efficient components and systems for commercial and larger multifamily buildings. The 179D deduction has leveraged billions of dollars in private capital, resulted in the energy-efficient construction of thousands of buildings, and created and preserved hundreds of thousands of jobs. It has lowered demands on the power grid, moved our country closer to energy independence, and reduced carbon emissions.

To date, section 179D has primarily been used to encourage energy efficient new construction. The deduction has also been used successfully in the context of public buildings. However, since 179D’s initial enactment in 2005, the intent has also been to encourage private sector and non-profit owners to retrofit existing buildings. In this regard, 179D can be improved. Considering that most of the buildings that exist in the U.S. today will still be standing for decades to come, 179D should be strengthened to encourage retrofits and thereby maximize the incentive’s potential as an engine for sound tax, jobs, energy and environmental policy. Title I of the “Energy Efficiency Tax Incentives Act” (S. 2189) – introduced today by Senators Cardin, Feinstein, and Schatz – preserves the deduction’s application for new construction and public buildings, while also meaningfully incentivizes private sector and non-profit retrofits. The commercial buildings provisions in S. 2189 have been carefully analyzed and thoroughly vetted by myriad stakeholders, and should be incorporated into any tax extenders package. Title I of S. 2189 further provides a sound policy bridge to comprehensive tax reform efforts.

We strongly urge you to extend section 179D, with improvements to enable retrofit projects as offered by Title I of S. 2189. Thank you.

Cc: The Honorable Benjamin Cardin
The Honorable Dianne Feinstein
The Honorable Brian Schatz
Members of the Finance Committee of the U.S. Senate
Coalition to Extend and Improve the
179D Tax Deduction for Energy Efficient Buildings

SUPPORTING ORGANIZATIONS

ABM Industries
Acuity Brands
Advanced Energy Economy
Air Barrier Association of America
Air Conditioning Contractors of America
Air-Conditioning, Heating, and Refrigeration Institute
Alliance for Industrial Efficiency
Alliance to Save Energy
Ameresco
American Council for an Energy-Efficient Economy
American Gaming Association
American Gas Association
American Institute of Architects
American Public Gas Association
American Resort Development Association
American Society of Interior Designers
Appraisal Institute
ASHRAE
Big Ass Fans
Building Owners and Managers Association (BOMA) International
CCIM Institute
Council of North American Insulation Manufacturers
Eaton
Energy Future Coalition
Energy Tax Savers, Inc.
Environmental Defense Fund
Independent Electrical Contractors
Ingersoll Rand
Insulation Contractors Association of America
Institute for Market Transformation
Institute of Real Estate Management
International Council of Shopping Centers
International Union of Painters and Allied Trades
Johnson Controls, Inc.
Legrand
Mechanical Contractors Association of America (MCAA)
Metrus Energy, Inc.
NAIOP, the Commercial Real Estate Development Association
National Apartment Association
National Association of Electrical Distributors
National Association of College and University Business Officers
National Association of Home Builders
National Association of Real Estate Investment Trusts
National Association of REALTORS®
National Electrical Contractors Association
National Electrical Manufacturers Association (NEMA)
National Leased Housing Association (NLHA)
National Multifamily Housing Council
Coalition to Extend and Improve the
179D Tax Deduction for Energy Efficient Buildings

Natural Resources Defense Council
National Roofing Contractors Association
Osram Sylvania
Owens Corning
Plumbing-Heating-Cooling Contractors—National Association
Polyisocyanurate Insulation Manufacturers Association
Real Estate Board of New York
Sheet Metal and Air Conditioning Contractors’ National Association
Sheet Metal Workers’ International Association, a division of S.M.A.R.T.
   (International Association of Sheet Metal, Air, Rail & Transportation Workers)
Society of Industrial and Office REALTORS®
TerraLUX
The Real Estate Roundtable
U.S. Green Building Council
Window & Door Manufacturers Association