Dear Chairman Ryan and Ranking Member Levin:

We are writing to urge that you renew three energy-efficient building tax extenders that expired at the end of 2014: the Residential Energy-Efficient Tax Credit (IRC Sec. 25C); the Energy-Efficient New Home Tax Credit (IRC Sec. 45L); and the Commercial Building Tax Deduction (IRC Sec. 179D).

All are market-driven incentives that have promoted and improved building energy efficiency.

The 25C tax credit was established in the Energy Policy Act of 2005 and has promoted energy efficiency by helping homeowners purchase better performing windows, doors, HVAC systems, hot water heaters, insulation, and roofing. In addition, it has preserved and created American jobs, with the National Association of Home Builders finding 278,610 full-time jobs were supported by 25C-related projects based on 2009 IRS data. The $1,500 cap for qualified improvements in 2009 - 2010 reverted back to $500 through 2014, but there is no doubt that 25C continues to benefit manufacturers, distributors, contractors, and, most importantly, consumers. In fact, IRS data showed that 25C benefits the middle class in particular, with over two-thirds of households that claimed the credit having adjusted gross incomes of $100,000 or less.

The 45L tax credit was established by the Energy Policy Act of 2005, too, and over the years the Energy-Efficient New Home Tax Credit has proven remarkably impactful at a modest cost. The tax incentive provides a $2,000 credit for builders of homes that use 50 percent less energy for space heating and cooling, relative to chapter 4 of the 2006 International Energy Conservation Code (IECC), and a tax credit of $1,000 to manufacturers of ENERGY STAR-qualified manufactured homes. This performance-based tax credit has been successful in transforming the new homes market, as the number of homes eligible for the 45L tax credit rose to 11 percent of new homes sold in 2011 and continues its upward trajectory.

The Commercial Building Tax Deduction (CBTD) also was enacted in the Energy Policy Act of 2005 (IRC Sec. 179D) and provides a building owner with a deduction of $1.80 per square foot of floor area for buildings that achieve 50 percent annual energy savings beyond ASHRAE 90.1-2001. For buildings below 50 percent placed in service Jan. 1, 2006 – Dec. 31, 2008, the deduction was pro-
rated to 60 cents per square foot of floor area for each of three subsystems meeting a 16.66 percent annual energy savings target:

1) Energy Efficient Lighting Property
2) Energy Efficient Heating, Cooling, Ventilation and Hot Water Property
3) Energy Efficient Building Envelope Property


On Feb. 23, 2012, the IRS issued a modification to Notice 2008-40 (Notice 2012-22) to provide energy-saving percentages for subsystems of 25 percent for lighting, 15 percent for HVAC and 10 percent for the envelope. These percentages are available for property placed in service from March 12, 2012 through Dec. 31, 2014.

The CBTD has leveraged private-sector investment capital into building systems, because it rewards more energy-efficient outcomes with an alternative to the 39-year depreciation schedule for building components. It has become integral to newly-designed buildings, and the pro-rated deductions have made the CBTD more usable for building retrofits.

On July 21, the Senate Finance Committee approved a bipartisan tax extenders bill that would renew 25C, 45L and 179D retroactively for 2015 - 2016 with minor changes (e.g., the baseline for 179D was updated to ASHRAE 90.1-2007). Renewing 25C, 45L and 179D is a priority of the High Performance Building Congressional Caucus Coalition, and the Finance Committee has done so in a manner that would make them more effective incentives for all stakeholders.

We urge you to renew 25C, 45L and 179D and to use the Finance Committee's language as the template. Thank you for your consideration of our request and we stand ready to work with you and your staff on these and related matters.

Sincerely,

The High Performance Building Congressional Caucus Coalition
American Council of Engineering Companies
American Institute of Architects
Armstrong Filtration
Asphalt Roofing Manufacturers Association
Associated General Contractors of America
Biomass Thermal Energy Council
Building Owners and Managers Association (BOMA) International
Building Performance Institute, Inc. (BPI)
Energy Management Association
Green Building Initiative
Hearth, Patio and Barbecue Association
Illuminating Engineering Society of North America
Independent Electrical Contractors
Institute for Market Transformation
International Association of Plumbing and Mechanical Officials
International Facility Management Association
Malachite LLC
National Apartment Association
National Association of Home Builders
National Association of the Remodeling Industry
National Electrical Contractors Association
National Electrical Manufacturers Association
National Lumber and Building Material Dealers Association
National Multifamily Housing Council
National Roofing Contractors Association
Pellet Fuels Institute
Polyisocyanurate Insulation Manufacturers Association
Residential Energy Services Network (RESNET)
Roof Coatings Manufacturers Association
Sheet Metal and Air Conditioning Contractors National Association
Spray Polyurethane Foam Alliance
The Stella Group, Ltd.
Tile Roofing Institute
Western States Roofing Contractors Association
Window & Door Manufacturers Association