



**Statement of the  
American Council of Engineering Companies  
On the House Ways and Means Committee Hearing  
“Temporary Policy in the Internal Revenue Code”**

March 12, 2019

The American Council of Engineering Companies (ACEC) – the business association of the nation’s engineering industry – is pleased to submit these comments to the House Ways and Means Committee in connection with its March 12, 2019 hearing “Temporary Policy in the Internal Revenue Code.”

Founded in 1906, ACEC is a national federation of 52 state and regional organizations representing more than 5,600 engineering firms and 600,000+ engineers, surveyors, architects, and other specialists nationwide. ACEC member firms drive the design of America’s infrastructure and built environment.

The Council strongly supports permanency for the Section 179D energy-efficient commercial buildings tax deduction. Since its enactment in 2005, Section 179D has supported the construction of thousands of energy-efficient buildings, and has created or preserved hundreds of thousands of jobs. In addition, it has lowered energy usage and reduced carbon emissions.

Preservation of the deduction is needed, as the higher up-front costs of energy-efficient systems remain a significant burden to building owners, who often must wait many years to realize the energy savings needed to recoup these investments.

This provision allows private building owners to claim a \$1.80 per square foot deduction for the installation of certain energy-efficient systems, including lighting, HVAC, and the building envelope. The energy-efficiency improvements must surpass ASHRAE Standard 90.1 by 50 percent, and owners may be able to claim a partial deduction. In the case of a governmental building owner, the law facilitates the allocation of the deduction to the primary designer of the energy-efficient improvements.

ACEC supports certain modifications to Section 179D, such as allowing nonprofit entities to allocate the deduction to the primary designer of the energy-efficient improvements, and technical changes to allow S corporations and partnerships to receive the full benefit of the deduction. We ask for the Committee’s consideration of these improvements and look forward to working with the Committee and Treasury on

implementation, including ways to improve the allocation of the deduction for public buildings.

ACEC also supports a multi-year extension of the Section 45 production tax credit for biomass, geothermal, landfill gas, waste to energy, hydropower, marine and hydrokinetic. We supported the multi-year extension and phase-down of the Section 45 PTC for wind and the Section 48 investment tax credit for solar, which were approved by Congress in 2015 as part of the Protecting Americans from Tax Hikes (PATH) Act. We think that the other renewable energy technologies we have listed here should have similar treatment.

Thank you for your consideration of our views on these important energy tax issues, and we look forward to working with the Committee as it continues its review of expired tax provisions.