

December 18, 2017

The Honorable Paul D. Ryan
Speaker of the U.S. House
Washington, DC 20515

The Honorable Nancy Pelosi
U.S. House Democratic Leader
Washington, DC 20515

The Honorable Mitch McConnell
U.S. Senate Majority Leader
Washington, DC 20510

The Honorable Chuck Schumer
U.S. Senate Democratic Leader
Washington, DC 20510

The Honorable Kevin Brady
Chairman
U.S. House Committee on Ways and Means
Washington, DC 20515

The Honorable Richard Neal
Ranking Democratic Member
U.S. House Committee on Ways and Means
Washington, DC 20515

The Honorable Orrin Hatch
Chairman
U.S. Senate Finance Committee
Washington, DC 20510

The Honorable Ron Wyden
Ranking Democratic Member
U.S. Senate Finance Committee
Washington, DC 20510

Dear Speaker Ryan, Democratic Leader Pelosi, Majority Leader McConnell, Democratic Leader Schumer, Chairman Brady, Ranking Member Neal, Chairman Hatch and Ranking Member Wyden:

We have been encouraged by recent statements from senior lawmakers supporting the need to complete an energy-related tax “extenders” bill this year. As you know, with the expiration of three energy efficiency tax incentives on Dec. 31, 2016, the U.S. tax code no longer includes meaningful provisions aimed at stimulating energy efficiency. On behalf of a coalition of energy efficiency organizations, small and large businesses, trade associations, and public interest groups, we urge Congress to address this omission by enacting a multi-year, forward-looking reinstatement of these energy efficiency tax provisions before adjourning in 2017.

Energy efficiency is among the leading employers in the entire energy sector, supporting nearly 2.2 million U.S. jobs. It is both an economic opportunity – saving consumers and businesses billions of dollars per year while creating economic activity – and the single most important solution we have for responsibly managing our natural resources and reducing harmful emissions. The recently expired tax incentives – 25C tax credit for certain nonbusiness energy property, 179D tax deduction for energy-efficient commercial and multifamily buildings, and the 45L tax credit for new energy-efficient homes – have a proven track record of success in achieving these goals. They are stimulating economic activity by encouraging efficiency projects and upgrades in homes and buildings across the country while ensuring reduced energy consumption in the built environment for decades to come.

While the incentives have been a remarkable success, they can be even more effective moving forward, and we encourage Congress to consider implementing common-sense updates to the

incentives that could strengthen their impact. This includes updating efficiency requirements for certain equipment and components or adding performance-based elements that would ensure that the incentives are keeping pace with the latest market trends and developments.

The incentives are:

Sec. 25C Nonbusiness Energy Property Credit – This provision provides a 10 percent tax credit for the purchase of certain nonbusiness energy-efficient materials up to \$500, providing an incentive for homeowners to choose energy-efficient products over less efficient alternatives. According to a [recent U.S. Department of Energy analysis](#), the national impact of extending this tax credit for 10 years would result in an average increase of sales for eligible equipment by 54 percent and an overall reduction in household energy bills by \$13.1 billion. The full impact of the incentive is likely higher because the analysis looked only at five categories of equipment such as central air conditioners, water heaters, furnaces and heat pumps.

Sec. 179D Commercial Building Tax Deduction – Section 179D provides a tax deduction of up to \$1.80 per square foot 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 and reduced carbon emissions. A [recent analysis by Regional Economic Models, Inc.](#) estimates that renewing the tax deduction would create 40,000 to 77,000 new design and construction jobs annually along with nearly \$7.4 billion in annual GDP.

45L Energy Efficient Home Credit—The 45L incentive provides a credit of \$2,000 for builders of homes that use 50% less energy for space heating and cooling and a \$1,000 tax credit to the builder of a new manufactured home achieving 30% energy savings for heating and cooling or a manufactured home meeting the ENERGY STAR requirements. The 45L tax credit has been successful in transforming the new homes market toward more energy-efficient homes. When the credit was enacted likely less than 1% of new homes met the qualification levels. In recent years the number of homes certified as complying with the tax credit rose to about 10% of new homes sold; this growing market share is attributable in substantial part to the new and manufactured homes tax incentive.

We urge you to update and reinstate these incentives for the benefit of America’s families and businesses, and we are happy to answer any questions you might have. Please don’t hesitate to contact Ben Evans at bevans@ase.org.

Sincerely,

Alliance to Save Energy
ASHRAE
Business Council for Sustainable Energy
Copper Development Association
Covestro
Cree

Daikin US Corporation
E4TheFuture
Environmental and Energy Study Institute
Home Performance Coalition
Illuminating Engineering Society
Institute for Market Transformation
International Window Film Association
National Association of Energy Service Companies
National Association of State Energy Officials
National Insulation Association
Philips Lighting
Polyisocyanurate Insulation Manufacturers Association
Sacramento Municipal Utility District
Washington Gas

cc: Members of the U.S. House Ways and Means Committee
Members of the U.S. Senate Finance Committee