

**Coalition to Extend and Improve the
179D Tax Deduction for Energy Efficient Buildings**

April 15, 2015

The Honorable John Thune
Co-Chair
Business Tax Reform Working Group
Committee on Finance
U.S. Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ben Cardin
Co-Chair
Business Tax Reform Working Group
Committee on Finance
U.S. Senate
509 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Dean Heller
Co-Chair
Community Development & Infrastructure
Tax Reform Working Group
Committee on Finance
U.S. Senate
324 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Michael Bennet
Co-Chair
Community Development & Infrastructure
Tax Reform Working Group
Committee on Finance
U.S. Senate
261 Russell Senate Office Building
Washington, D.C. 20510

Dear Co-Chairs Thune, Heller, Cardin, and Bennet:

As the Senate Finance Committee considers the critical issue of tax reform, we urge a longer-term extension of the Section 179D tax deduction for energy efficient commercial and multifamily buildings, with the refinements to the provision included in S. 2189, the Energy Efficiency Tax Incentives Act, and S. 2260, the Expiring Provisions Improvement, Reform, and Efficiency Act, both introduced in the 113th Congress. Section 179D was last extended as part of the Tax Increase Prevention Act of 2014 (Pub. L. No. 113-295); the provision expired on December 31, 2014.

Our organizations and companies encompass a broad spectrum of the U.S. economy and include real estate, manufacturing, architecture, contracting, building services, financing, labor, education, environmental, and energy efficiency advocates. Many of these companies are small businesses, the very firms that drive American job growth and bolster the nation's economy as a whole.

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. These improvements have lowered demands on the power grid, moved our country closer to energy independence, and reduced carbon emissions. Furthermore, 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.

To date, Section 179D has primarily been used to encourage energy efficient new construction. Since most of the buildings that exist in the U.S. today will still be standing for decades to come, 179D could be optimized to encourage retrofits and thereby maximize the incentive's potential as an engine for sound tax, jobs, energy, and environmental policy. To that effect, Title I of S. 2189 preserves the deduction's application for new construction and public buildings, while also meaningfully incentivizing private sector and non-profit retrofits. S. 2260 strengthens Section 179D by updating the qualifying efficiency standards to a more stringent level, and by allowing tribal governments and non-profits to allocate the deduction

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179D Tax Deduction for Energy Efficient Buildings**

to designers. The provisions in both bills have been carefully analyzed and thoroughly vetted by myriad stakeholders, and should be incorporated into any tax reform package.

We strongly urge you to extend and strengthen Section 179D, with improvements to the provision as offered in S. 2189 and S. 2260. We commend the Senate Finance Committee for its leadership and work on the critical issue of tax reform. Thank you.

Sincerely,

ABM Industries
Acuity Brands
Air Barrier Association of America
Air Conditioning Contractors of America
Air-Conditioning, Heating, and Refrigeration Institute
Alliance for Industrial Efficiency
Alliance to Save Energy
Alliantgroup, LLC
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
Associated General Contractors of America
Big Ass Solutions
BLUE Energy Group
Brady Services Inc.
Building Owners and Managers Association (BOMA) International
CCIM Institute
Chestnut Hill South, LLC
Concord Energy Strategies
Consolidated Edison Solutions
Consolidated Energy Solutions
Eaton
Energy Future Coalition
Energy Systems Group
Energy Tax Savers, Inc.
Environmental Defense Fund
Franklin Construction, LLC
Green Light National
Howard J. Moore Company Inc
Independent Electrical Contractors
Ingersoll Rand
Insulation Contractors Association of America
Institute for Market Transformation (IMT)
Institute of Real Estate Management

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International Council of Shopping Centers
International Union of Painters and Allied Trades
Johnson Controls, Inc.
KeyStone Energy
Legrand
Lexicon Lighting Technologies
McKinstry Essention, LLC
Mechanical Contractors Association of America (MCAA)
Metrus Energy, Inc.
Mix Avenue, LLC
NAIOP, the Commercial Real Estate Development Association
North American Insulation Manufacturers Association
National Apartment Association
National Association of College and University Business Officers
National Association of Electrical Distributors
National Association of Energy Service Companies (NAESCO)
National Association of Home Builders
National Association of Real Estate Investment Trusts
National Association of REALTORS®
National Association of State Energy Officials (NASEO)
National Electrical Contractors Association
National Electrical Manufacturers Association (NEMA)
National Leased Housing Association (NLHA)
National Multifamily Housing Council
National Roofing Contractors Association
Natural Resources Defense Council
North Haven Health & Racquet, LLC
OpTerra Energy Services
Osram Sylvania
Owens Corning
Pathfinder Engineers & Architects
Plumbing-Heating-Cooling Contractors-National Association
PMH Associates, Inc.
Polyisocyanurate Insulation Manufacturers Association
PowerDown Lighting Systems, Inc.
Rampart Partners LLC
RB+B Architects, Inc.
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)
Saybrook Point Inn, LLC
Saybrook Point Marina, LLC
Sierra Club
Society of Industrial and Office REALTORS®
Sustainable Performance Solutions
TecnerG, LLC
TerraLUX
The Real Estate Roundtable
Tri-State Light & Energy, Inc.

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179D Tax Deduction for Energy Efficient Buildings**

U.S. Green Building Council
Window & Door Manufacturers Association

Cc: Senate Finance Committee Chairman Orrin Hatch
Senate Finance Committee Ranking Member Ron Wyden
Members of the Senate Finance Committee