



United States Senate Committee on Energy & Natural Resources

Chairman Jeff Bingaman

Democrat - New Mexico

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SNOWE, FEINSTEIN, BINGAMAN WELCOME WH NEWS

Snowe, Feinstein, Bingaman Applaud White House Support for Increasing Energy Efficient Commercial Building Tax Incentives

President Obama's Energy Proposal Mirrors Provision in Expanding Building Efficiency Incentives Act

WASHINGTON, D.C. – U.S. Senators Olympia J. Snowe (R-Maine), Dianne Feinstein (D-California) and Jeff Bingaman (D-New Mexico) applauded President Obama's support for provisions in S. 1637, the Expanding Building Efficiency Incentives Act, legislation they sponsored last Congress to encourage energy efficient technology and construction in the existing home, new home, and commercial building markets.

President Obama endorsed these provisions during today's announcement in support of modifying the commercial building tax credit. The bill included a key provision increasing the 179D tax credit deduction from \$1.80 per square foot to \$3.00 per square foot, which President Obama said he supports. The bill also clarified Congressional intent to allow a partial deduction pathway for new and existing commercial buildings.

Senator Snowe said: "At a time when energy prices are increasing and unemployment in the construction industry is at 20.7 percent, incentivizing energy efficiency construction in our building sector simultaneously creates jobs while addressing our nation's energy crisis. As the sponsor of the Expanding Building Efficiency Incentives Act last Congress with Senators Feinstein and Bingaman, I strongly support the President's recognition of this vital opportunity to expand and simplify the energy efficient commercial building tax credit and I look forward to working with the Administration to enacting changes of the existing tax credit into law. The fact is tax incentives can effectively catalyze investments in advanced insulation, windows, HVAC systems, and other technologies that can be incorporated into America's commercial building infrastructure that address 20 percent of America's demand for finite and expensive energy resources. Moreover, energy efficiency is the most cost-effective investment in America's energy security so we in Congress must develop tax policies that will assist America's factories, homeowners, and building owners to reduce their energy bills."

Senator Feinstein said: "The president today began to flesh out how we're going to reach the energy efficiency goals he announced last week, and I'm encouraged by his plan. His idea to expand and simplify the Commercial Buildings Tax incentive parallels legislation I cosponsored last year with Sens. Snowe and Bingaman, and I think Congress should begin to debate this plan as soon as possible. We must wean ourselves off fossil fuels and encourage actions that will reduce the effects of climate change, and energy efficiency will play a significant role in that process. Today's ideas are designed to encourage the private sector to invest in technology that will move us in that direction, and I'm eager to work with the president to make these a reality."

Senator Bingaman said: "I am pleased that the White House continues to push for incentives for businesses and homeowners to improve energy efficiency, and I look forward to continuing to work with my Senate colleagues on creating and enacting legislation that can achieve these efficiency goals. Much of the President's proposal echoes legislation that Senators Snowe, Feinstein and I developed in the last Congress, which would have simplified and enhanced incentives for commercial buildings and provide tax credits for the training of home retrofit professionals. Residential and commercial buildings in the U.S. account for 39 percent of our nation's energy consumption and 38 percent of its greenhouse gas emissions. Low-cost, common-sense solutions like improved insulation, efficient lighting and more efficient heating and cooling exist today, and they work. Equally important, the good American jobs that will be created by a major retrofit of our buildings cannot be exported."

The Expanding Building Efficiency Incentives Act of 2009 includes the following provisions:

- **Energy Efficient Homes (Section 45L Credit).** Currently, energy efficient homes that are 50 percent better than code with respect to heating and cooling costs receive a \$2,000 credit. The credit has been lauded as a major success by both homebuilders and energy efficiency groups with increasing market share and moving the industry to a point where in 2008, 4.6 percent of all homes sold in the U.S. qualified for the tax credit. Under the bill, this credit would be extended through 2012. In addition, the bill would create a higher standard for energy efficient new homes that are 50 percent better than code with respect to heating, cooling, water heating, lighting, and appliance energy use. These homes would receive a tax credit of \$4,000 and the credit would be in place through 2013.
- **Energy Efficient Manufactured Homes (45L Credit).** Energy Star manufactured homes are also eligible for a \$1,000 tax credit. Low-income families spend a disproportionate amount of household income on energy, and this credit will spur energy efficient manufactured housing for these families. Under the bill the existing tax credit would increase to \$1,500, and a new tier would be created for \$2,500 for the new Energy Star standard that will take effect in 2010 and be significantly more stringent.
- **Energy Efficient Low Income Housing.** The Low-Income Housing Tax Credit Program is an economic incentive to produce affordable housing, where federal housing tax credits are awarded to developers of qualified projects, who either use or sell the credits to investors to raise capital for housing development projects. Over 2 million units for low income families and seniors have been constructed and preserved since 1987. However, there currently is not an incentive to make these buildings energy efficient. This legislation would provide an additional 50 percent tax credit of the current new homes tax credit if the building qualifies for the Low-Income Housing Tax Credit.
- **Energy Efficient Commercial Building Tax Credit (Section 179D).** Currently, an incentive is provided through a \$1.80 per square foot tax credit for a building that is 50 percent better than code with respect to building envelope, lighting, and the HVAC system. In addition, there is a partial deduction for any one of the three components above of 60 cents per square foot. This legislation would build on the existing credits and increase the deduction to \$3.00 per square foot and a partial deduction to \$1.00 per square foot.
- **Energy Rating.** The bill also includes a tax credit for an individual to undergo an energy rating, or energy audit, to determine what energy efficiency investments are necessary. This industry is developing in the State of Maine, and with a third of all Maine homes constructed prior to World War II, there is a substantial amount of savings that are possible with advanced energy ratings. The tax credit is equal to \$200.
- **Energy Rating Training.** The bill includes a \$500 tax credit for training expenses of an individual to become an energy rater. As mentioned above, it is critical that the individuals who perform these energy audits are well trained and provide recommendations that are cost-effective.

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