

## Energy Efficiency Incentive Programs

### **Current Law:**

*Commercial Buildings Tax Deduction:* Provides a deduction of up to \$1.80/sf for energy efficient upgrades that achieve a 50% reduction in annual energy cost to the user, compared to a base building defined by the ASHRAE/IESNA 90.1-2001 Standard. This expires at the end of 2013.

### **BOMA Position:**

BOMA International supports tax incentives for energy efficiency upgrades and calls on Congress to consider conservation and demand side management tools, such as tax incentives, to address the growing energy challenge.

### **Current Status:**

On February 3, 2011, President Obama announced a new effort, the *Better Buildings Initiative*, to improve energy efficiency in commercial buildings across the country. The initiative is designed to leverage private sector investment in the commercial building sector and help achieve the President's goal of making commercial buildings 20 percent more energy efficient over the next decade. One of the components of the plan calls for Congress to redesign the current tax deduction to make it more generous and easier to qualify.

Sen. Olympia Snowe (R-Maine) is expected to introduce legislation soon that would modify Section 179D of the Internal Revenue Code to improve and extend this tax deduction. It will increase the maximum amount of the deduction, as well as provide a scale so buildings can earn a partial deduction even if they are unable to meet the 50 percent energy reduction goal.

We hope to see this legislation introduced in the Senate in early 2012, followed soon thereafter by the House.

**Supporting Arguments for tax incentives:**

- BOMA International supports the goals of President Obama's *Better Buildings Initiative* and looks forward to working with Congress to enact legislation to provide much needed incentives for retrofitting commercial buildings.
- More generous and usable tax deductions would catalyze private sector investment in upgrading the efficiency of commercial buildings.
- Tax incentives help building owners make the financial case to implement energy efficiency upgrades by lowering up-front costs and decreasing the payback period, which is especially important in investment properties.
- In this economy and absent robust incentives, it is extremely difficult to access capital funds to finance energy efficiency retrofits.
- Energy efficiency retrofits result in job creation and lower greenhouse gas emission.