

# PIMA I Public Policy Position



## ***Draft Letter to House Members***

The Honorable [insert full name]  
United States House of Representatives  
Washington, D.C. 20515

Dear Representative [insert last name]:

On behalf of [insert company name], I would like to voice my company's strong support for proposed tax incentives for the construction of energy-efficient commercial buildings. My company has a facility in [insert name of town and state] that has [insert # of employees] employees producing polyisocyanurate insulation, a product that is used in over 60 percent of new commercial roof construction, in 30 percent of new residential construction, and in most re-insulation of existing commercial building roofs.

Last Congress, the omnibus energy bill (H.R. 4) passed in the House and Senate with tax incentives for the construction of energy-efficient commercial buildings and homes. Unfortunately, H.R. 6, the "Energy Policy Act of 2003," as passed by the House on April 11 of this year dropped the tax incentive for the construction of energy-efficient commercial buildings. The Senate Finance Committee bill, the "Energy Tax Incentives Act," approved by the Committee on April 2 includes the credit for commercial buildings and it is our hope that the final Senate-passed bill will retain both of these important provisions. I urge you to contact the House conferees to the energy bill once they are appointed asking them to accept the Senate's energy-efficient commercial building tax incentive provision.

Thank you for your consideration of this important matter.

Sincerely,

Attachment: Reasons for Adopting Tax Incentives for Energy-Efficient Commercial Buildings.

## ***Tax Incentives for Energy-Efficient Commercial Buildings: A Short-Term Investment Will Lock In Long-Term Savings***

The commercial building tax incentive contained in the Senate legislation would provide a tax deduction equal to the "energy-efficient commercial building property" expenditures, up to a limit of \$2.25 per square foot, related to the construction or reconstruction of commercial buildings. To qualify, the energy-efficient commercial building property must reduce energy costs with respect to lighting, heating, cooling, ventilation, and hot water supply systems of the building by 50 percent or more in comparison to ASHRAE 90.1-1999 (a commonly used energy code for commercial buildings).

The potential benefits that would result from the residential and commercial building tax incentives are significant. Residential and commercial buildings represent more than a third of the total U.S. energy consumption, and account for two thirds of all electricity used in the country. Commercial buildings alone consume nearly half of the total energy used within the buildings sector, or 18 percent of total energy consumption. In addition, the energy consumed in buildings is responsible for 48 percent of sulfur dioxide emissions, 23 percent of nitrogen oxide emissions and 35 percent of total U.S. carbon dioxide (CO<sub>2</sub>) emissions (our most significant greenhouse gas). As with all energy efficiency policies, energy efficiency in buildings impacts not only our environment but also our energy security and economic competitiveness.

In the past, the proposed tax incentives for homes and commercial buildings have been treated as closely related provisions that work together to address the entire building market. Incentives for both commercial and residential buildings would reinforce and expand the market transformation effects that each would have on its own. As with other market transformation policies, these tax incentives are intended to provide short-term assistance in overcoming market barriers that discourage greater use of energy saving technologies and products. An important benefit of the proposed tax incentive for energy efficiency in buildings is that the potential energy savings are locked in for the life of the buildings, resulting in a continuous stream of environmental and economic benefits long after the tax incentive expires.