July 6, 2021

The Honorable Ron Wyden
Chair
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Richard Neal
Chair
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 205015

The Honorable Mike Crapo
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Kevin Brady
Ranking Member
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 205015

Dear Chairman Wyden, Chairman Neal, Ranking Member Crapo, Ranking Member Brady,

Thank you for your leadership and hard work to develop and advance the Clean Energy for America Act and the GREEN Act. Utilizing tax credits to jump start the decarbonization of our economy has a proven track record. However the current provisions in the tax code and modifications discussed to date simply do not incentivize the scale of energy savings and reductions in climate and health-damaging pollution in new and existing buildings that are necessary. Additionally the existing energy efficiency tax credits and deductions often cannot be utilized at federally-supported low income housing and by low income households, leaving out those most in need.

Our buildings, the places where we live and work, are the most fundamental part of our infrastructure. They are also responsible for 40% of all climate pollution from our country. We must implement integrated solutions to swiftly eliminate fossil fuels from buildings through zero-carbon new construction, super-efficient ‘deep energy retrofit’ renovations, electrifying buildings with highly efficient heat pumps, smart grid integration, and renewable energy. Modifying existing tax credits for more efficient buildings and appliances would support a future where buildings are heated, cooled, and powered using renewable electricity, and where historically disenfranchised communities are fully included in the benefits and can take part in the workforce it will take to get there. For low-and-middle income households whose communities have historically suffered from the burning of fossil fuels, systemic disinvestment, and job displacement, the opportunities from such investments are especially important. Building electrification and deep efficiency retrofits present an enormous opportunity for job growth, both in terms of domestic manufacturing and local installation and related support. These jobs -- millions of them -- would be located in every zip code, allowing workers potentially displaced by the energy transition to find family-sustaining work without having to endure family-displacing moves.

We urge you to modify and create new credits to spur market transformation for building decarbonization, while improving the pocketbooks, health, safety, and comfort of Americans.
The undersigned groups recommend that the existing Energy Efficient Home Credit (45L) and Commercial Buildings Energy-Efficiency Tax Deduction (179D) be improved. Incentive levels in both programs need to be increased for buildings that achieve deep decarbonization performance standards and rules need to be modified to ensure low-income housing can utilize them. We also call for the addition of a Low Income Housing Tax Credit-Deep Energy Basis Adjustor (LIHTC-DEBA) that provides a 30% basis adjustor within the 4% Low Income Housing Tax Credit program to enable deep energy retrofits in existing buildings, providing decarbonization support to Americans who need it most.

The undersigned groups recommend creating a new Clean Heating and Cooling Tax Credit (45X) that would provide a 30% tax credit for clean heating and cooling technologies that replace existing fossil fuel combustion or electric resistance heating technology in existing commercial and multifamily buildings. We support modernizing the former Energy Efficient Appliance Credit (45M). Manufacturer tax incentives are one of the most cost-effective and equitable ways to jumpstart the market for high-efficiency heat pumps. Under a proposal developed by the Natural Resources Defense Council and the American Council for an Energy-Efficient Economy, manufacturers would be eligible for a tax incentive based on the number of “made in the USA” units, which will spur investment, create good-paying domestic manufacturing jobs, bring consumer costs down, and transform the market for heat pump and other electrification-focused equipment. Finally, to ensure homes that need health and safety repairs can access the benefits of efficiency and electrification, we support the Home Lead Safety Tax Credit Act.

This suite of tax credits should be refundable, so project owners and manufacturers can receive the full value of the tax credit, whether or not they have the tax liability to offset it. Refundable tax credits would open up decarbonization to a whole new range of owners from lower income Americans, who may not owe enough taxes to benefit from the tax credits, to Real Estate Investment Trusts, who aren’t structured to utilize tax credits.

Through these strategic tax credits, and hard work from the building and manufacturing industry, we can decarbonize our building sector, create healthier homes and business, and ensure more equitable places to live and work.

Sincerely,

A.M.Benzing Architects PLLC
Abode Energy Management
Alfandre Architecture
Architecture 2030
Ashley McGraw Architects, DPC
Association for Energy Affordability
Auburndale Builders
Baukraft Engineering

Bellwether Craftsmen, LLC
BlocPower
BPC Green Builders Inc.
California Housing Partnership
Capital Good Fund
Christopher Haringa, Program Manager,
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Ciel Power LLC
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Shift Zero
Sierra Club
South Mountain Company
Southern CT Climate Reality Project
Southwest Energy Efficiency Project
Steven Winter Associates, Inc.
Steveworks LLC
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Sustainable Wellesley
The Climate Reality Project
The Community Preservation Corporation
Thomas Safran and Associates
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TimberHomes LLC
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