



ENERGY EFFICIENCY TAX INCENTIVES

Position:

SMACNA supports amending the Internal Revenue Code to extend commercial, residential, solar, mechanical and related tax incentives for three additional years to 2011 beyond the expiration date contained in The Energy Security Act of 2005 as amended.

Issue:

The 108th Congress passed the Energy Policy Act of 2005 containing many efficiency incentives, most with an expiration date of 2007. The energy efficiency amendments in the Act provided a large number of tax incentives to encourage a wide variety of building and mechanical efficiency upgrades. These incentives have noticeably encouraged investment in efficiency technology, increase the use of high-efficiency energized systems and lower building operating costs and improve indoor air quality.

Of special value to the HVAC industry is **Section 103** which would extend for three years (2007-2010) the tax deduction period for energy efficient retrofits that exceed ASHRAE energy efficiency standards by 50 % for commercial buildings. The proposal would not change the \$1.80/sq.ft. investment limit for HVAC, building envelope or lighting system combined savings amount.

Facts:

- In commercial structures energy efficiency new building design or retrofit improvements are of tremendous value in reducing the cost of operation for any business but often have a lengthy pay back period.
- Tax incentives to building owners have generated quick investment results for energy saving design and mechanical improvements.
- Commercial energy efficiency improvements are alterations made to office and general commercial space to a building's interior or exterior. These efficiency improvements can include, but are not limited to roofing, electrical wiring, walls and partitions, plumbing, heating and cooling systems.
- Increasing the level of deductions and other incentives for energy efficient building and building systems would expand the investment in high-efficiency energy systems for facility lighting, heating and air conditioning. Such improvements are known to lower building operating costs and improve indoor air quality.

Status: *Legislation is anticipated from Sen. Jeff Bingaman (D-NM), would extend the deduction period for three years beyond the expiration date for a wide variety of energy efficiency incentives. Once introduced the bill will await subsequent action in the Senate Finance Committee.*

Updated January 2007



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