

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,  
Abode Energy Management  
Ciel Power LLC

Citizens for Clean Energy, Inc 501(c)3  
Connecticut Green Building Chapter  
Connecticut Passive House  
Cragmont Partners LLC  
David Baker Architects  
Debra Little, AJO  
Decumanus Green Design/Build, Inc.  
Dextall Inc.  
DON Services INC  
Earthjustice  
Earthshare Construction LLC  
Earthwise.us  
Elevate  
Embue, Inc.  
Energia, LLC  
Enterprise Community Partners  
Evergreen Action  
EXO Designs LLC  
Garland Mill  
Golden Eagle Marketing  
Green & Healthy Homes Initiative  
Green Bridge Corporation  
Green Building United  
H2O Builders  
HELM Construction Solutions LLC  
Hemp Ace International  
HempSense Solutions  
HempStone, LLC  
HRI (Homeowner's Rehab, Inc.)  
Hudson River Sloop Clearwater  
Hurds Gulch Land Coop  
Hydronic Shell Technologies  
IATSE Local 161  
Institute for Market Transformation (IMT)  
Integrated Eco Strategy  
Kent Hicks Construction Co.  
Kinetic Communities Consulting Corporation  
Kolbert Building  
League of Conservation Voters  
LEDG Capital  
Linnean Solutions  
Lone Leaf Trading LLC  
Lucero Enterprises, Inc  
Maine Passive House

Mass. Assoc. of Community Development  
Corporations  
Massachusetts Climate Action Network  
MIT  
monadnock development  
Mothers Out Front  
N.E. ACRES, LLC  
National Housing & Rehabilitation  
Association  
National Housing Trust  
Natural Resources Defense Council  
(NRDC)  
New Frameworks Natural Design/Build, LLC  
New Jersey League of Conservation Voters  
New York Passive House, Inc  
New Yorkers for Clean Power  
NHA  
North American Passive House Network  
NYC 2030 District  
OZ Navigator  
PARAVANT Architects  
Parsons the New School for Design  
Passive House Accelerator  
Passive House Alliance US  
Passive House California  
Passive House Massachusetts  
passivhausMAINE  
People's Action for Clean Energy (PACE)  
Performance Building Supply  
Peter Turnbull & Associates LLC  
Petersen Engineering, Inc.  
Phius (Passive House Institute US)  
Placetaylor Design  
Portland, CT Clean Energy Task Force  
Rachel Conly Design LLC  
Rare Forms Design/Build  
Red Barn Realty, LLC  
Redwood Energy  
Regional Plan Association  
Rewiring America  
RMI  
Rockwool North America  
Sarah Talbot  
Seal Bay Fund

Sheppard Group LLC  
Shift Zero  
Sierra Club  
South Mountain Company  
Southern CT Climate Reality Project  
Southwest Energy Efficiency Project  
Steven Winter Associates, Inc.  
Steveworks LLC  
studioWEBSTER  
Sustainable Wellesley  
The Climate Reality Project  
The Community Preservation Corporation  
Thomas Safran and Associates  
Thompson Johnson Woodworks  
TimberHomes LLC  
US Hemp Building Association  
WAFBA - We Are For Better Alternatives  
Washtenaw Woodwrights Inc.  
WinnCompanies  
Zero  
ZeroEnergy Design  
ZNE Capital