

# Tax Incentives For Energy efficiency Buildings in 2007

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# The Energy Policy Act Established Tax Incentives for a Number of End Uses

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- ☐ Commercial Buildings
  - ☐ HVAC Equipment
  - ☐ New Homes
  - ☐ Existing Homes
  - ☐ Appliances
  - ☐ Manufacturer Tax Credit
  - ☐ Solar
  - ☐ Electric and Hot Water Systems
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# Most of These Incentives were Extended to 2008

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These were left out:

- ☐ Retrofit Homes
  - ☐ HVAC
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# Weaknesses with the Current Law

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- Duration of incentives is 2 years – not long enough for production home builders to respond
    - This problem was exacerbated by delay in IRS approving RESNET certification methods
    - This problem is worse for commercial buildings where IRS is not interested in putting the work into proper certification for a short-lived incentive
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# Weaknesses with the Current Law

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- ❑ Commercial buildings take longer than 2 years to design and construct
  - ❑ Many manufacturers are reluctant to invest in expanded production capacity for less than 2 years worth of sales
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# Current Snowe/Feinstein Bill Will Extend and Modify Tax Incentives

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- ☐ New Homes
  - ☐ Home Retrofits
  - ☐ HVAC Equipment
  - ☐ Commercial Buildings
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# Significant Changes From Existing Law in Snowe/Feinstein

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- ❑ New homes credit is modified to make renter-occupied buildings qualify
  - ❑ This includes multi-family apartments subject to the IECC
  - ❑ Extension is through the end of 2011
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# Retrofit Homes

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- ❑ Snowe/Feinstein introduces a ratings-based incentives proportional to whole house energy savings
  - ❑ Incentives start at \$800 for 20% savings and increase proportional to the percent saved
  - ❑ This incentive is available as a credit to home owners or renters who invest in retrofits, or a deduction to businesses (landlords) that invest
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# Retrofit Homes

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- There is also a temporary incentive for certification of raters and for the purchase of equipment
  - The retrofit incentive is available for 4 years
    - The existing cost-based incentive is extended through 2009
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# HVAC Equipment

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- Current EPA Act incentives for furnaces, air conditioners and water heaters are extended through 2011
  - Air conditioner specification is harmonized to CEE's highest 2008 tier
  - Clarifications are added to assure that larger products can still comply (for example, light commercial uses)
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# Tax Incentives for Commercial Buildings

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- The primary change is to be more explicit about what implementation regulations must do:
    - The software must automatically generate the reference building and a compliant building
    - The compliant building must be defined by a prescriptive set of measures consistent with the 50% goal for the whole building
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# Tax Incentives for Commercial Buildings II

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- Implementation regulations must support simplification:
    - Prescriptive compliance is allowed for simple systems such as lighting
    - IRS and DOE will be required to develop detailed guidance analogous to the RESNET Technical Standards
  - Incentives are extended to 2012 for plans and 2014 for build-out
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