

New Fact Sheet: Principles for reforming the tax deduction for efficient commercial buildings to create 77,000 new jobs and slash energy bills

Published on **21 Jul 2011**

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Today USGBC released a [fact sheet](#) on the principles for reforming the existing tax deduction for energy efficient commercial buildings, Section 179D, which have united the commercial building industry and environmental advocates in their push to create jobs and slash commercial building energy consumption. These reforms could create 77,000 jobs across the US economy.

You can view the fact sheet [here](#).

As background, 179D allows building owners to take a deduction of \$1.80 per square foot of space for buildings that are constructed to be 50% better than a baseline energy code. The policy was originally passed in 2005 and is on the books until 2013, but the recession has severely decreased the number of new buildings being built, while interest in retrofits of existing buildings has skyrocketed. It is USGBC's overarching goal to push for changes to this policy that will encourage retrofits of existing commercial and multifamily buildings.

In line with that goal, the principles are:

- **Measure energy savings compared to the existing building baseline.** Rather than requiring existing buildings to meet and exceed the requirements of the energy code for new construction, as is the case currently in 179D, measure improvements in how much energy consumption was reduced compared to where the building started.
- **Link the amount of the incentive to energy savings achieved.** Greater energy savings and deeper retrofits warrant larger incentives to reward innovation and to reflect the larger investments and greater environmental benefit. Energy savings in excess of 50% are possible, and will be encouraged by this approach.
- **Tie a portion of the tax incentive to implementation of efficiency measures and a portion to demonstrated energy savings.** There are good reasons to reward a building owner for implementing energy savings measures, and even better reasons to reward energy savings actually realized on the energy meter. This proposal uniquely does both and maximizes accountability by allowing the building owner to claim 60 percent of the incentive at the time the energy efficiency measures are put into service, and the remaining 40 percent of the incentive after two years of demonstrating the expected savings have occurred.

These are the same principles that garnered support from 86 diverse organizations that sent them in a [letter to the US Senate](#) in June. These are the same types of reforms that the President has identified as a priority component of the Better Buildings Initiative.

And last but not least, the fact sheet explains that these same principles could create 77,000 new jobs, according to an [analysis](#) from the Political Economy Research Institute.

Every legislative proposal has an uncertain future right now, as partisanship and rhetoric have superseded governing, but certainly we will press forward. We think that encouraging building owners to invest in their own buildings to make them more efficient, cheaper to operate, and more attractive to tenants while simultaneously creating 77,000 jobs and slashing energy consumption is something that should be considered by any member of Congress, regardless of party, that cares about our economic recovery.

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