

The Hon. Paul Ryan  
Speaker  
U.S. House of Representatives  
H-232 The Capitol  
Washington, DC 20515

The Hon. Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
H-204 The Capitol  
Washington, DC 20515

The Hon. Kevin Brady  
Chairman  
House Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Hon. Richard Neal  
Ranking Member  
House Committee on Ways and Means  
1139E Longworth House Office Building  
Washington, DC 20515

Dear Speaker Ryan, Minority Leader Pelosi, Chairman Brady, and Ranking Member Neal,

As members of the 179D Coalition, we are writing to urge you to extend and strengthen the Section 179D deduction for energy efficient commercial buildings as part of tax reform. By leaving this important tax policy expired as of December 31, 2016, the Tax Cuts and Jobs Act risks eliminating an incentive that has become a crucial tool to promote economic and employment growth in communities across the country.

Our organizations and companies represent a broad spectrum of the U.S. economy. They include real estate, manufacturing, architecture, contracting, engineering, building services, financing, labor, education, environmental and energy efficiency advocates. We represent many small businesses that drive and sustain American job growth.

We have witnessed the tremendous impact of Section 179D firsthand. Since the provision's inception, it has leveraged billions of dollars in private capital, resulted in energy efficient enhancements to thousands of buildings, and created and preserved hundreds of thousands of jobs since its inception. Reforms to Section 179D can boost these economic fundamentals even more.

These benefits are confirmed by a recent economic impact study conducted by Regional Economic Models, Inc. ("REMI"). REMI's conclusion is unequivocal, finding that "Section 179D is an engine of economic and employment growth." In particular, an enhanced tax incentive for energy efficient commercial buildings, including reforms geared toward retrofits of privately-owned buildings, could support up to 76,529 jobs and contribute almost \$7.4 billion toward our national GDP each year. These results represent a significant return on the taxpayer investment in Section 179D, well in excess of the provision's revenue cost. The study also confirms that extending the current version of Section 179D or making more modest changes to the incentive would have a substantial positive impact on economic and employment growth.

While modest aspects of Section 179D would be addressed by the Tax Cuts and Jobs Act's expensing provisions, as drafted they will not deliver the same inducement to carry out energy efficient improvements. Importantly, Section 179D includes a unique allocation feature that allows budget-constrained state and local government building owners – which would otherwise be unable to take advantage of the deduction due to their tax-exempt status – to assign its value to the designer of the

related energy efficiency enhancements. This provision has played an instrumental role in stimulating the market for energy efficient improvements to government buildings, supporting economic activity that might not have occurred otherwise, while also mitigating taxpayer burden by reducing energy costs. If this allocation feature is not incorporated in tax reform, the economy could lose this vital economic stimulus.

We urge you to keep the economic impact of Section 179D in mind as you consider comprehensive tax reform. Section 179D's proven ability to support economic growth and job creation aligns with the Committee's goals for tax reform. We stand ready to support any efforts to extend and strengthen Section 179D in the Tax Cuts and Jobs Act, or to assist in developing amendments to preserve the incentive's substantive effect, through incorporation of an allocation provision or otherwise. Thank you for your consideration.

Sincerely,

Air Conditioning Contractors of America  
Alliantgroup, LLC  
Ameresco  
American Council of Engineering Companies  
American Institute of Architects  
American Society of Interior Designers (ASID)  
APPA – Leadership in Educational Facilities  
Big Ass Solutions  
BLUE Energy Group  
Building Owners and Managers Association (BOMA) International  
CCIM Institute  
Concord Energy Strategies  
Consolidated Edison Solutions  
Daikin US Corporation  
E2 (Environmental Entrepreneurs)  
Energy Optimizers, USA  
Energy Systems Group  
Energy Tax Savers, Inc.  
Entegrity  
Green Business Certification Inc.  
Institute of Real Estate Management  
Insulation Contractors Association of America  
Johnson Controls, Inc.  
Lexicon Lighting Technologies  
LightPro Software, LLC  
LuNex Lighting  
Micromega Systems, Inc.  
National Association of College and University Business Officers (NACUBO)  
National Association of Electrical Distributors

National Association of Energy Service Companies (NAESCO)  
National Association of State Energy Officials (NASEO)  
National Electrical Manufacturers Association (NEMA)  
National Association of REALTORS®  
National Leased Housing Association  
OpTerra Energy Services  
Pathfinder Engineers & Architects, LLP  
Plumbing-Heating-Cooling Contractors—National Association  
Polyisocyanurate Insulation Manufacturers Association (PIMA)  
PowerDown Holdings, Inc.  
PowerDown Lighting Systems, Inc.  
Rampart Partners LLC  
Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)  
Sustainable Performance Solutions LLC  
U.S. Green Building Council