

October 28, 2014

The Honorable Dave Camp, Chairman
The Honorable Pat Tiberi, Chairman, Select Revenue Measures Subcommittee
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Chairmen Camp and Tiberi:

As the House and Senate continue to develop tax extenders legislation, we hope that you will extend the Section 179D energy efficient construction tax deduction and will accept a low-cost provision in the Senate tax extenders bill which would authorize private nonprofit organization building owners to allocate to other parties the value of this deduction.

You may recall that in 2008, recognizing that governments could not avail themselves of a tax deduction, but still wanting to encourage them to utilize the most efficient systems yielding long-term operating savings, Congress permitted governmental building owners to allocate the 179D deduction. Accordingly, Federal, state and local government building owners may make such allocations to one or more persons “primarily responsible for designing the property,” such as architects, engineers, contractors, environmental consultants, or energy services providers. Governmental entities that have benefited include state universities and medical facilities, among others.

Recognizing that current law does not permit such allocations by nonprofit hospitals, colleges, universities, and other community organizations that embark on energy efficient construction projects, the Senate Finance Committee has provided that nongovernmental nonprofits should receive the same benefit of Section 179D when their buildings meet a certain threshold of energy savings (new construction or renovation). (Section 159 of the EXPIRE Act - S. 2260)

This technology neutral, tax incentive encourages energy conservation by tying the value of the deduction to the actual energy savings generated at the building once it is completed. Energy efficient improvements that qualify include lighting systems, the heating, cooling, ventilation, and hot water systems, and the building envelope. The potential benefit to a nonprofit is evident from a recent statement by the General Services Administration in the federal agency context: “The Energy-Efficient Commercial Buildings Tax Deduction is a significant financial incentive for contractors to meet or exceed an agency's energy reduction requirements for new and existing buildings.”

Extending Section 179D generally and expanding it to include small and large organizations, which can include hospitals, health clinics, colleges and other public service institutions, means increased savings on construction and operations. Contractors will likely offer lower bid prices when they will be assured that nonprofits can allocate the deduction to them. The deduction will help drive ingenuity and design

enhancements and encourage innovation and lasting design improvements, all of which will lower nonprofit operating costs. This can help nonprofits around the Nation reduce upward pressure on college tuition and the cost of health care, among other benefits.

Thank you for your consideration of this request.

Sincerely,

National Association of College and University Business Officers (NACUBO)

Nationwide Children's Hospital (Columbus, Ohio)

National Association of Independent Colleges and Universities (NAICU)

The Children's Hospital of Philadelphia

APPA, Leadership in Educational Facilities

American College Personnel Association (ACPA)

Hispanic Association of Colleges and Universities (HACU)

NIRSA: Leaders in Collegiate Recreation

Children's Hospital Association

Second Nature

Union of Orthodox Jewish Congregations of America

The Jewish Federations of North America

Catholic Charities USA

Council for Christian Colleges & Universities

Work Colleges Consortium

Association of Jesuit Colleges and Universities (AJCU)