

# ★ ISSUE BRIEF

## Promote Financing for Energy Efficient Buildings

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### AIA POSITION

*The AIA urges Congress to extend the 179D Energy Efficient Commercial Building Tax Deduction, which expired at the end of 2013; and support common-sense fixes to make it work better.*

The AIA urges Congress to restore and extend the Energy Efficient Commercial Building Tax Deduction in order to ensure it remains a useful tool for energy efficiency while Congress debates long-term tax reform. In addition, 179D should be expanded to allow not-for-profit entities that own buildings to use it; and should be fixed to address technical issues that prevent certain pass-through entities from utilizing the full benefit of the deduction.

### BACKGROUND

In 2005, Congress created an important tax incentive, the 179D energy efficient commercial building tax deduction, aimed at encouraging the energy efficient design of commercial buildings.

This provision allows for building owners to claim a tax deduction of \$1.80 per sq. ft. of building area to offset the initial design and construction costs associated with better building systems that reduce the total energy and power costs by 50 percent or more when compared with a reference building. The deduction applies to nearly all commercial, high-rise multifamily residential, health care, institutional, public, and educational facilities.

Moreover, this deduction contains a provision that allows public building owners to allocate the deduction to the designer of energy efficient property. This allows the designer to take advantage of all resources necessary to design the most energy efficient property possible, helping public sector clients like school districts and state governments finance projects that save taxpayers money in lower energy costs.

The deduction expired at the end of 2013. In December 2014, Congress voted to extend it for calendar year 2014, meaning that it expired again at the end of the year.

