

The Honorable Dave Camp
Chair
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Pat Tiberi
Chair
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

May 10, 2012

Dear Chairman Camp, Chairman Tiberi, Congressman Levin, and Congressman Neal:

As you begin the process of reviewing tax extenders, we urge you to support extension of certain tiers of the Energy Efficient Appliance Credit (Internal Revenue Code Sec. 45M) through the end of 2013. The Efficient Appliance Credit enhances the international competitiveness of America's appliance industry, creates jobs, saves consumers money on their energy bills, and benefits our environment. We collectively represent businesses, states, and efficiency and environmental organizations that support this critical tax incentive.

Before its expiration at the end of 2011, the Efficient Appliance Credit provided a very effective incentive for manufacturers to make high-efficiency clothes washers, refrigerators, and dishwashers. Congress enacted the incentive with strong bipartisan support in 2005. The amount of the incentive last year was capped at \$25 million per manufacturer, except for the most highly efficient refrigerators and clothes washers, and the cost of extending the incentive for 2012 would be relatively modest.

The Efficient Appliance Credit has been an excellent driver of innovation in the manufacture of high efficiency appliances, which enables America's appliance industry to better compete in the growing worldwide market for these products. The industry responded to the incentive by dramatically increasing its production of high efficiency appliances that met the efficiency criteria set by the tax incentive. The initial tax credit levels were eventually adopted by Energy Star and later became the new U.S. Department of Energy efficiency standards jointly supported by manufacturers and efficiency advocates alike. As a result, these credits have proven very effective in spurring long-term, sustained changes in the market. Congress has extended the incentive three times, increasing the stringency of the qualifying criteria each time to ensure promotion of the greatest level of efficiency.

The Efficient Appliance Credit is also an important factor in maintaining jobs in America's appliance industry. According to the Association of Home Appliance Manufacturers (AHAM), the number of jobs in the United States affected by the incentive is on the scale of 40,000, which accounts for at least 17,000

direct manufacturing jobs that support the manufacturing of the appliance products covered by the incentive.

For these reasons, Congress should extend certain tiers of the Efficient Appliance Credit for two years to reflect the 2010 agreement between domestic manufacturers and energy efficiency advocates. In particular, the top two efficiency tiers for dishwashers and refrigerators (those described in Secs. 45M(b)(1)(D) and (E) and 45M(b)(3)(E) and (F)) and top efficiency tier for clothes washers (Sec. 45M(b)(2)(F)) that were in effect in 2011 should be extended through the end of 2013.

An extension of the Efficient Appliance Credit is essential to bringing innovative high-efficiency appliances into the marketplace. The market transformation achieved by this incentive prevented energy waste, decreased pollution, cut energy bills for American homeowners and businesses, and supported domestic jobs and economic growth.

Sincerely,

Alliance to Save Energy
American Council for an Energy-Efficient Economy
Association of Home Appliance Manufacturers
BSH Home Appliances Corporation
Conservation Services Group
Efficiency First
Energy Future Coalition
Environmental and Energy Study Institute
Environment America
Fresh Energy
Institute for Market Transformation
National Association of Energy Service Companies
National Association of State Community Services Programs (NASCSPP)
National Association of State Energy Officials
Natural Resources Defense Council
Residential Energy Services Network (RESNET)
Sierra Club
Southern Alliance for Clean Energy
U.S. Green Building Council
Whirlpool Corporation

cc: Members of the Ways and Means Committee