May 10, 2012

The Honorable Pat Tiberi, Chair
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


Dear Chairman Tiberi and Ranking Member Neal:

On behalf of Efficiency First, a trade association representing America’s Home Performance workforce (see attached list of members), I thank you for the opportunity to express support for the restoration and extension of the residential energy efficiency (25C) tax credit. As large and small businesses that make up the home performance industry – including contractors, building product manufacturers and related organizations – we recognize that energy efficiency tax incentives are critical to increasing the efficiency of our nation’s homes, reducing energy bills, and putting our contractors back to work.

We urge you to extend the Tax Code Section 25C that provides a 10% tax credit for the purchase of certain energy efficient materials up to $500. Since its passage in 2005, this tax credit has been a significant incentive for homeowners to choose energy efficient products over less-expensive and less-efficient alternatives. It has proven to be an important tool to promote energy efficiency by affording home owners the opportunity to add enhanced insulation and air sealing to their home, as well as install highly energy efficient HVAC systems, hot water heaters, and windows and doors. It has also served to create and preserve American jobs in the remodeling and retrofit industry.

The 25C tax credit could be improved. Between December 31, 2008 and January 1, 2011 the tax credit was expanded to 30% of the purchase of the energy efficiency products up to $1500. This supported a growth in demand for those products in a challenging economic environment for the building industry. A return to those levels would further support American jobs in the residential building sector.

In addition to restoring, extending, and expanding the 25C tax provision, Efficiency First expresses support for a new tax credit proposal, recently introduced in the Senate. The bi-partisan “Cut Energy Bills at Home Act” (S.1914) would create the 25E tax credit -- the first residential performance-based tax credit given to homeowners who make energy efficiency improvements. As a performance-based incentive, 25E would reward energy saving levels rather than specific products, thus aligning taxpayer dollars directly with public policy objectives, creating significant energy savings and job creation. The 25E tax credit would lay the foundation not only for short
term gains, but will also help create a market for energy efficiency and an incentive for sound, efficient construction by trained contractors.

Few tax credits under consideration provide tax relief to the average American homeowner. Both 25C and 25E would reduce America’s energy use, create jobs, protect our nation’s security, and put money back into the pocket of the American taxpayer.

We appreciate the opportunity to express our support of these two important tax provisions. Should you have any questions about our position or organization, please do not hesitate to contact me or our Washington Representative Kara Saul Rinaldi at kara@anndyl.com or 202.276.1773 directly.

Sincerely,

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