

July 13, 2015

The Honorable Orrin Hatch, Chairman
The Honorable Ron Wyden, Ranking Minority Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

As the Senate and House continue to develop tax extenders legislation, we hope that you will extend the Section 179D energy efficient construction tax deduction and will include 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, last year your Committee 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)

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)

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)