

## Polyisocyanurate Insulation Manufacturers Association

July 21, 2005

The Honorable Charles Grassley  
Chairman  
Senate Finance Committee  
Washington, D.C. 20510

The Honorable Max Baucus  
Ranking Member  
Senate Finance Committee  
Washington, D.C. 20510

The Honorable William Thomas  
Chairman  
House Ways & Means Committee  
Washington, D.C. 20515

The Honorable Charles Rangel  
Ranking Member  
House Ways & Means Committee  
Washington, D.C. 20515

Dear Chairmen Grassley and Thomas and Ranking Members Baucus and Rangel:

On behalf of the Polyisocyanurate Insulation Manufacturers Association (PIMA), I am writing to urge your support for tax incentives for the construction of energy-efficient homes and commercial buildings contained in sections 1521 and 1522 of the Senate-passed energy bill. Very similar provisions were approved by the conferees to the energy bill in the 108<sup>th</sup> Congress. Section 1521 would provide a tax deduction of up to \$2.25/sq. ft. for commercial buildings that reduce energy use by 50% relative to a commonly used model building energy code. Section 1522 would provide a tax credit of up to \$1000 for new homes that reduce heating and cooling energy use by 30% relative to the commonly used model building energy code or \$2000 if a 50% savings is achieved.

According to the American Council for an Energy Efficient-Economy (ACEEE), these two provisions combined would save consumers approximately \$21 billion in energy costs from the date of enactment to the year 2020 and represent 30% of the potential energy savings from all of the tax incentives in H.R.6 as approved by both the House and Senate this year. Also, according to the Alliance to Save Energy, the commercial building deduction provides the second highest savings per federal dollar of all the tax incentives. Clearly, these are important provisions that will have a significant impact on our country's energy future.



PIMA is the trade association for manufacturers of rigid polyiso foam insulation, a product that is used in over 60 percent of new commercial roof construction, in 30 percent of new residential construction, and in most re-insulation of existing commercial building roofs. PIMA members have a nationwide presence with 27 polyiso manufacturing facilities in 16 states and Canada.

Thank you for your consideration of this important matter.

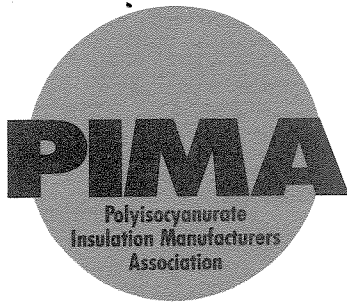
Sincerely,

A handwritten signature in cursive script, appearing to read "Jared Blum".

Jared O. Blum  
President

cc: The Honorable Orrin Hatch  
The Honorable Dave Camp

Attachment: One page explanation of the energy-efficient homes commercial buildings provisions



## Polyisocyanurate Insulation Manufacturers Association

### Tax Incentives for Energy-Efficient Homes and Commercial Buildings: A Short-Term Investment Will Lock In Long-Term Savings

During the 108<sup>th</sup> Congress, tax incentives for the construction of energy-efficient homes and commercial buildings proposed by Representative Weller (R-IL) (H.R. 1459) and Senator Snow (R-ME) (S. 2311) received broad support and were eventually adopted with changes by the Conferees to the Energy Policy Act. It is our hope that Congress will continue to pursue the enactment of these provisions as part of its consideration of the omnibus energy policy bill that is currently pending.

The commercial building tax incentive would provide a tax deduction equal to the "energy-efficient commercial building property" expenditures, up to a limit of \$2.25 per square foot (\$1.50 under the Conference agreement from the 108<sup>th</sup> Congress), related to the construction or reconstruction of commercial buildings. To qualify, the energy-efficient commercial building property must reduce energy costs of the building by 50% or more in comparison to ASHRAE 90.1-2001 (a commonly used energy code for commercial buildings).

Under this year's Senate-passed bill, a tax credit would be available to the homebuilder for an amount equal to all energy-efficient property installed in qualified new energy-efficient homes during construction. This credit would be limited to \$1,000 for homes that are at least 30 percent more energy efficient than the 2003 International Energy Conservation Code (IECC) or \$2,000 for homes that are at least 50 percent more energy efficient.

The potential benefits that would result from the residential and commercial building tax incentives are significant. Residential and commercial buildings represent more than a third of the total U.S. energy consumption, and account for two thirds of all electricity used in the country. Commercial buildings alone consume nearly half of the total energy used within the buildings sector, or 18 percent of total energy consumption. In addition, the energy consumed in buildings is responsible for 48 percent of sulfur dioxide emissions, 23 percent of nitrogen oxide emissions and 35 percent of total U.S. carbon dioxide (CO<sub>2</sub>) emissions. As with all energy efficiency policies, energy efficiency in buildings impacts not only our environment but also our energy security and economic competitiveness.

As a "market transformation policy," these tax incentives are intended to provide short-term assistance in overcoming market barriers that discourage greater use of energy saving technologies and products. An important benefit of the proposed tax incentive for energy efficiency in buildings is that the potential energy savings are locked in for the life of the buildings, resulting in a continuous stream of environmental and economic benefits long after the tax incentives expire.

