

Residential Energy Efficient Tax Credit Industry Coalition

Restoring the Residential Energy Efficiency Tax Credit

As the trade associations representing manufacturers, distributors, installers and contractors bringing energy-efficient products to homeowners, we are seeking the restoration and extension of the residential energy efficiency (25C) tax credit. The existing energy efficiency tax credit was drastically reduced at the end of 2010¹ and is due to expire at the end of 2011. Our member companies actively promoted and their customers benefited from the higher tax credit levels that were in place from 2009 to 2010, sustaining jobs in our industries during the otherwise dire new home construction downturn. Many of the products that qualify for the 25C tax credits are manufactured in America, unlike alternative energy sources that have benefited from other federal incentives.

We are seeking a robust energy efficiency tax credit for qualified products, as outlined below, of 30% of the purchase price up to \$1,500. We believe that a \$1,500 tax credit is generally the minimum incentive needed to motivate consumers to improve their homes by purchasing these higher-performing products, and to do so in sizable enough numbers to positively impact our residential energy consumption.

We are seeking a uniform tax credit across most product categories to minimize consumer confusion and maintain consumer choice in the improvements they wish to make in their homes. The participating industries are seeking the tax credit for specific products meeting the criteria outlined below:

HVAC:

Equipment	Efficiency Level	Incentive
Central Air Conditioner (split)	16 SEER/13 EER	30% up to \$1500
Heat Pump (split)	14.5 SEER/12 EER/8.2 HSPF	30% up to \$1500
Heat Pump (package)	14 SEER/11 EER/8 HSPF	30% up to \$1500
Furnace (natural gas or propane)	95% AFUE	30% up to \$1500

¹ Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Sec. 710, Credit for Nonbusiness Energy Property.

Furnace (oil)	86% AFUE with ECM	30% up to \$1500	
Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use	30% up to \$1500	
Boiler (gas or propane)	90% AFUE	30% up to \$1500	
Boiler (oil)	86% AFUE with temperature reset or thermal purge controls	30% up to \$1500	
Water Heater	.80 EF Storage 90% TE	.90 EF Tankless 2.0 COP	25% up to \$1,000
Water Heater	.67 storage	.82 tankless	25% up to \$400
Direct Heating Equipment	80% AFUE	\$600	

Insulation: Any insulation material or system which is specifically and primarily designed to reduce the heat loss or gain of a dwelling unit when installed in or on such dwelling unit.

Biomass Fuel Property: A heating stove or furnace which uses the burning of biomass fuel to heat a residence, or to heat water for use in such a dwelling unit, and which has a thermal efficiency rating of at least 75 percent, measured at lower heating value (LHV).

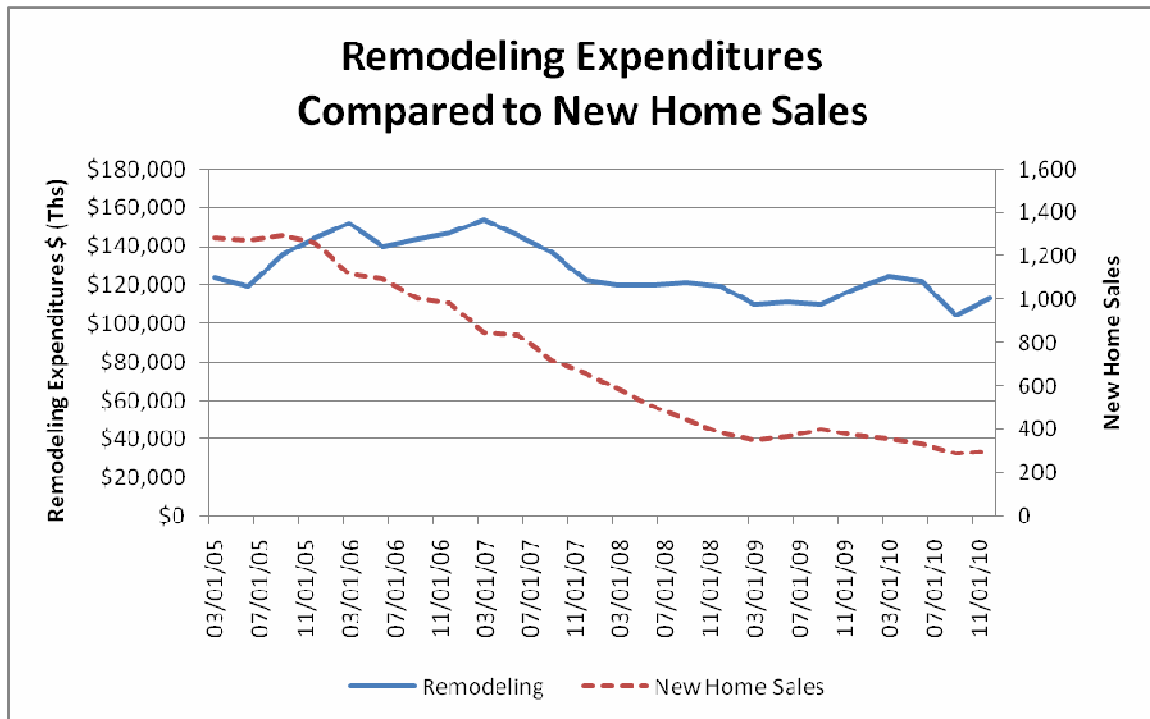
The term “biomass fuel” means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.

Roofing: All roofing products that meet or exceed Energy Star requirements.

Windows/Doors/Skylights: All Energy Star qualified windows, exterior doors and skylights.

Installation costs: Expenditures for labor costs properly allocable to the onsite preparation, assembly or original installation of property otherwise qualified for the credit under section 25C(c), qualified energy efficiency improvements, should be made eligible for the 25C credit.

The Section 25C tax credit program has been tremendously successful in supporting an industry and its workers during the worst housing downturn since World War II. In contrast to new home sales, which have collapsed as a result of the Great Recession, total remodeling activity has declined but withstood the economic storm, in large part due to the energy tax incentives Congress enacted.



Economists at the National Association of Home Builders² estimate that for every \$10 million in remodeling expenditures:

- 111 full-time jobs are created
- \$5.3 million in wages and salaries are generated
- \$3 million in net business income is produced
- \$3 million in federal, state and local tax revenue is collected

² The Direct Impact of Home Building and Remodeling on the U.S. Economy. National Association of Home Builders. October 7, 2008. Helen Liu, Ph.D. and Paul Emrath, Ph.D.

	Number of Full-time Jobs	Wages and Salaries	Proprietors' Income	Corporate Profits	Total Income
<i>\$10,000,000 Spent on Remodeling</i>					
All industries	111	\$5,270,901	\$1,381,048	\$1,614,714	\$8,266,663
Construction	54	\$2,557,320	\$660,101	\$423,202	\$3,640,622
Manufacturing	18	\$813,632	\$82,399	\$452,890	\$1,348,921
Wholesale and retail, Transportation and warehousing	16	\$643,173	\$84,851	\$230,732	\$958,756
Finance and insurance	2	\$148,651	\$7,115	\$145,919	\$301,685
Real estate and rental and leasing	1	\$31,478	\$165,229	\$75,769	\$272,477
Professional, Management, administrative services	12	\$696,957	\$219,077	\$76,388	\$992,423
Other services	9	\$379,690	\$162,276	\$209,814	\$751,780

Source: NAHB estimates, based primarily on the data from the U.S. Bureau of Economic Analysis.

Supporting Industry Associations:

Air Conditioning Contractors of America
Air-Conditioning, Heating and Refrigeration Institute
Asphalt Roofing Manufacturers Association
Council of North American Insulation Manufacturers Association
Insulation Contractors Association of America
Heating, Air Conditioning & Refrigeration Distributors International
National Association of Home Builders
National Association of the Remodeling Industry
National Electrical Manufacturers Association
National Lumber & Building Material Dealers Association
National Roofing Contractors Association
New England Fuel Institute
Oilheat Manufacturers Association
Plumbing-Heating-Cooling Contractors—National Association
Petroleum Marketers Association of America
Roof Coatings Manufacturers Association
Spray Polyurethane Foam Alliance
Tile Roofing Institute
Window & Door Manufacturers Association