



Policy Priorities for the 115th Congress

The High-Performance Buildings Congressional Caucus Coalition (HPBCCC) is a coalition of approximately 200 organizations providing guidance and support to the High-Performance Building Caucus of the U.S. Congress. The Caucus is co-chaired by Rep. David McKinley (R-WV) and Peter Welch (D-VT).

Buildings Are A Critical Part Of America's Infrastructure

Providing sufficient federal funds to invest in our nation's aging building, transportation, energy, and water infrastructure is vital to the country, the economy, and the U.S. building industry. Recent studies have demonstrated that every \$1 billion invested in nonresidential construction would add \$3.4 billion to the gross domestic product (GDP), add \$1.1 billion to personal earnings, and create or sustain tens of thousands of jobs. In the first quarter of 2016, the energy efficient appliance and building sub-sectors directly employed more than 2 million Americans. We urge Congress to recognize the critical role buildings play in public safety, national security, economic growth and as a critical part of our nation's infrastructure. We also encourage Congress to ensure that opportunities to promote high performance and resilient systems in buildings and to promote the retrofit older buildings with these systems in infrastructure proposals that Congress will consider.

Save Taxpayer Dollars By Increasing Efficiency Of Federal Buildings

• **Expand the use of Energy and Utility Saving Performance Contracts (ESPC)s/(USPC)s**

Under this financing mechanism, private sector service companies finance and install new energy and water efficient equipment at minimal or no upfront cost to the Federal government. Federal agencies repay this investment over time with funds saved on utility costs. The private sector contractors measure, verify and guarantee these energy savings. In 2011 the President released a Directive tasking Federal agencies to enter into \$2 billion worth of performance-based contracting for energy savings over a two year period. The Coalitions supports continuation of this directive and urges the administration to extend this program for another five years. *Related bills include HR 723.*

• **Reform the Federal Buildings Personnel Act (PL 111-308) and support research relative to the impact of workforce training on building performance**

The Federal Buildings Personnel Training Act requires all federal personnel providing building operations and maintenance services to demonstrate competency in their performance areas. The law's premise is simple: when buildings are maintained properly by trained and certified facility managers, they will perform better at lower cost, protect occupant health, safety and productivity and ultimately be worth more at their time of disposition, thereby providing a return on investment to the American taxpayer.

Promote Water Efficiency

• **Authorize EPA's WaterSense Program**

WaterSense is a voluntary partnership program created by the U.S. Environmental Protection Agency. It offers a simple way for consumers to identify water-efficient products and services. Plumbing products that have earned the WaterSense label have been certified to be at least 20 percent more efficient without sacrificing performance and have been verified by an independent, third party certification laboratory. To date, WaterSense has helped consumers save a cumulative 757 billion gallons of water and over \$14.2 billion in water and energy bills.

• **Direct NIST to conduct water-efficiency research**

In its 2016 Report to Congress, the National Institute of Building Sciences recommended that Congress act swiftly to require NIST to reopen its plumbing research facility. It found that federal government leadership is essential to address the proper sizing of water pipes in buildings. Current water supply pipe-sizing methods were developed by NIST in the 1930s. The nation's plumbing codes have used these methods ever since. The federal government should initiate new research programs to develop and apply a modern pipe-sizing method. While the problem is complex, right-sized plumbing can improve water quality and increase water energy efficiency for the life of the building without adding cost. *Related bills include HR 301.*

• **Support the effective implementation of WIIN (PL 114-332) drinking water provisions**

In the wake of the Flint Water Crisis, many Americans realized their drinking water sources are vulnerable to lead contamination and need to be accurately tested, monitored, and protected. The Water Infrastructure Improvements Act for the Nation (WIIN) Act includes the requirement to notify the public when lead contamination occurs, grants for lead testing in schools and other childcare programs, the creation of a lead exposure registry, and assisting low-income or disadvantaged communities with reducing the amount of contaminants in their drinking water. The Coalition supports collaboration with industry in the effective implementation of these programs and provisions.

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Leverage Tax Incentives And Provide Market Certainty

The Coalition supports comprehensive tax reform. In the interim, there are several important steps that the Coalition urges the 115th Congress to take.

- **Make the §179D tax credit permanent**

The “Energy-Efficient Commercial Building Tax Deduction” (IRC §179D) expired at the end of 2016. Before its expiration, it provided building owners or designers with a \$1.80/square foot tax deduction for improving the energy performance of an entire building, or a building’s lighting, heating and cooling, and envelope systems based on meeting pro-rated performance standards. Additionally, the Coalition supports efforts to strengthen this tax credit by extending its benefits to nonprofits.

- **Extend the §25C and §45L for homeowners and home builders**

The Residential Energy-Efficiency Tax Credit (§25C) gave homeowners a \$500 maximum tax credit for qualified improvements to their home’s envelope, and heating, cooling, and water heating equipment. The credit offered homeowners modest financial incentives to reduce energy waste in their homes, with corresponding benefits for the U.S. economy and the environment. The “Energy Efficient New Home Tax Credit ” (§45L) gave homebuilders \$2,000 for homes that reduced heating and cooling by 50% per chapter 4 of the IECC. Manufactured homes with energy use levels 30% below that standard, or that met ENERGY STAR requirements, were eligible for a \$1,000 credit. Unfortunately, the §25C and §45L credits expired at the end of 2016, and we urge Congress to retroactively extend these credits.

- **Apply the §48 and 25D tax credit to formerly eligible technologies**

In 2015, Congress provided long-term certainty exclusively for solar technology covered by Section 48 of the tax code. However, other advanced energy technologies that had been eligible, including fuel cells, CHP, microturbines, and geothermal heat pumps, were inadvertently excluded. The Coalition supports a reinstatement of the ITC for all formerly eligible technologies which includes a phase-out. Reinstating these technologies will shore up domestic markets, lead to profitability for American manufactured products, and help the U.S. maintain its leadership in these areas. *Related bills include HR 1090.*

- **Ensure the equal treatment of water efficiency rebates under tax law**

Rebates from energy utilities are tax-exempt, but not rebates from water utilities. Because water utilities cannot process tax-free rebates, they often provide Form 1099s at the end of the year to customers that have received \$600 or more in water rebates. With the rapid growth of water-saving programs, millions of Americans face an unexpected tax bill once these rebates are reported to the IRS. And the administrative costs for utilities to process millions of 1099 forms are further disincentives for rebate programs. *Related bills include HR 448.*

Encourage Homeowners To Make Efficient Decisions

- **Pass enhanced provisions that incorporate energy efficiency improvements in the underwriting for home mortgages (SAVE Act)**

This bill includes provisions to improve home mortgage underwriting by ensuring consideration of monthly home energy expenses and the value of energy efficiency improvements. While energy bills are a significant cost for homeowners, related energy efficiency home improvements are not typically used to assess value and affordability in mortgage underwriting. The “Home Energy Efficiency and Mortgage Risks” study conducted by the University of North Carolina, found that default risks are on average 32 percent lower in energy-efficient homes, controlling for other loan determinants. The lower risks associated with energy efficiency should be taken into consideration when underwriting mortgages. These provisions would allow the use of energy reports, which calculate energy cost savings for home buyers, to help mortgage lenders better assess risk and apply those savings to loan affordability tests (e.g. debt-to-income). These provisions would also create appraisal guidelines to ensure that energy efficient upgrades are reflected in appraisals. *Related bills include S 385 & HR 1443.*

Support The Use Of Voluntary Consensus Standards

- **Support the effective implementation of OMB Circular No. A-119**

The Coalition supports the Federal Government’s implementation of OMB Circular A-119 that directs agencies to use voluntary consensus standards in lieu of government-unique standards. The use of such standards eliminates the cost to the Government of developing its own standards and decreases the cost of procuring goods. It also encourages long-term growth for U.S. enterprises and promotes efficiency and economic competition through the harmonization of standards. The Coalition also supports legislation and policies that promote training of code enforcement officials. In support of the principals outlined in OMB Circular No. A-119, Congress should ensure that Federal agencies continue to leverage private sector testing, inspection, and certification. In relying on the experience and expertise of private sector third-parties, regulators can reduce both implementation costs and compliance burdens across industries.