

Residential Energy Efficient Tax Credit Industry Coalition

March 28, 2014

The Honorable Ron Wyden
Chairman, Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Orrin Hatch
Ranking Member, Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Wyden and Ranking Member Hatch:

As companies and associations representing manufacturers, retailers, builders and contractors in the housing and residential energy retrofit industry, we are writing to urge your support for an extension at the \$1,000 level for the residential energy efficiency (25C) tax credit that expired at the end of 2013. The 25C tax credit creates and preserves American jobs and promotes energy efficiency by helping owners of existing homes afford higher efficiency windows, doors, HVAC systems, hot water heaters, roofing, biomass heating systems and insulation. We are deeply concerned that the loss of this incentive while the housing market is in the early stages of a recovery could lead to substantial job losses.

Residential remodeling activity spurred by the 25C tax credit in 2009 and 2010 was critical to maintaining our economic vitality. Internal Revenue Service data indicates American taxpayers reported spending \$25.1 billion in 2009 and \$26 billion in 2010 on remodeling costs associated with the tax credit. However, the tax credit was reduced for 2011 and American taxpayers reported spending only \$7.3 billion in associated remodeling costs. For the tax years 2009 through 2011, over 97 percent of households claiming the credit had an adjusted gross income under \$200,000 and two-thirds of the households claiming the credit had an adjusted gross income of under \$100,000.

Further, private residential investment as a percentage of gross domestic product is still low, increasing modestly to 3.1 percent in 2013 as compared to its historic average of approximately 5 percent. The 25C tax credit has provided a needed floor for remodeling activity, which has declined 61 percent since its peak in 2006. It creates jobs and benefits homeowners by reducing their energy use, lowering their energy bills and improving their homes.

As the Committee considers the best way to use tax extenders as a bridge to comprehensive tax reform, we urge your support for a robust extension of the 25C tax credit, knowing the \$1,000 level would effectively leverage consumer activity and job preservation. We believe that the program has had a powerful and positive impact on employment and extending the incentives until the housing market further stabilizes will protect American jobs.

Thank you for your consideration. We look forward to working with you in extending the residential energy efficiency tax credit.

Sincerely,

Air Conditioning Contractors of America

Air-Conditioning, Heating and Refrigeration Institute

Biomass Thermal Energy Council

Council of North American Insulation Manufacturers

Fortune Home and Security

Hearth, Patio and Barbecue Association

The Home Depot

Insulation Contractors Association of America

National Association of Home Builders

National Lumber and Building Material Dealers Association

National Roofing Contractors Association

New England Fuels Institute

Owens Corning

Pellet Fuels Institute

Plumbing-Heating-Cooling Contractors—National Association

Retail Industry Leaders Association

Roof Coatings Manufacturers Association

Spray Polyurethane Foam Alliance

Window & Door Manufacturers Association

cc: Senate Committee on Finance members