

## **SUMMARY: ENERGY EFFICIENCY TAX PROVISIONS 25C, 179D, 45L**

### **BUILD BACK BETTER ACT**

**U.S. Senate Finance Committee (December 11, 2021)**

#### **25C — SEC. 126301: EXTENSION INCREASE, AND MODIFICATIONS OF NONBUSINESS ENERGY PROPERTY CREDIT**

Summary: The proposed 25C would eliminate the lifetime limit for an annual credit, and generally expand 25C to \$1,200 but not exceeding 30% of the energy property value, and limit certain energy efficiency products and equipment to \$600. Energy efficiency investments in insulation is limited at 30% up to \$1,200. The proposal would also cap at 30% but make unlimited (not capped at \$1,200) the credit available for electric heat pumps, electric heat pump water heaters, and biomass stoves. Windows and skylights meeting the required standards would receive up to \$600 in the aggregate, and exterior doors would receive up to \$250 and \$500 in the aggregate. The proposal would also identify electric panel upgrades for receipt of the credit, limited to 30% up to \$1,200. The expansion of 25C would be extended for 10 years.

#### **179D — SEC. 126303 SECTION: ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION**

Summary: The proposed 179D provision is a broadened and enhanced temporary deduction, lifting the life-time limit for a three-year cap, and would also include tax-exempt entities. The base deduction ranges from \$.50 to \$1.00 per sq. ft., with a bonus deduction of \$2.50 up to \$5.00 per sq. ft., which is available when meeting identified prevailing wage and apprenticeship requirements. Both deductions are measured based on the energy and power reductions of 25% or more as compared to existing buildings that meet relevant ASHRAE standards. An alternative deduction is also available, applying energy usage intensity. The temporary enhancement of 179D would be in effect for 10 years.

#### **45L— SEC. 126304 SECTION 45L: EXTENSION, INCREASE AND MODIFICATIONS OF NEW ENERGY EFFICIENT HOME CREDIT**

Summary: The proposed 45L provisions raise the value of the credit for single-family and manufactured homes to \$2,500 when meeting the relevant ENERGY STAR program requirements, or \$5,000 for those

homes meeting the zero ready home certification. Multi-family is similarly tiered based on ENERGY STAR and zero ready home, with a base credit of \$500 or \$1,000, and a bonus credit of \$2,500 or \$5,000 when meeting prevailing wage requirements. The 45L credit would be extended for 10 years.