

Encouraging Energy Efficiency in Commercial Buildings is the Fastest and Least Expensive Path to Emission Reductions and Energy Independence

Background

Under current tax law, a building owner must treat the heating, ventilation, air conditioning and refrigeration (HVACR) equipment as a non residential real property and therefore its costs may only be recovered over 39 years. Because the expected lifespan of properly maintained HVACR equipment is only 15 to 20 years, commercial building owners have little or no incentive to upgrade to newer, more energy efficient HVACR equipment.

Representative Peter Hoekstra (R-MI) and Representative Melissa Bean (D-IL) have introduced The Cool and Efficient Buildings Act to correct this disparity and reduce the holding period to a more realistic 20 years for HVACR equipment.

In addition to providing a more realistic depreciation schedule, the Cool and Efficient Buildings Act promotes economic stimulus and energy conservation. Passage of this bill would stimulate domestic job creation at the manufacturing, distribution, and contractor segments in an emerging green market economy. In the past 15 years there have been dramatic advancements in HVACR technology, making the equipment manufactured today extremely energy efficient, which means lower utility bills and less energy use. Providing a financial incentive to building owners now would encourage them to upgrade to more energy efficient equipment instead of waiting until their outdated equipment breaks down beyond repair, which is the current practice today.

The Cool and Efficient Buildings Act also provides the following benefits:

- New equipment to better manage indoor air quality, providing healthier indoor environments, which leads to less worker absenteeism and greater productivity.
- Higher efficiency equipment will greatly reduce carbon dioxide emissions.
- Increasing the turnover of outdated equipment will produce additional manufacturing and service jobs, thus further stimulating the economy.

HARDI Position

HARDI members and their contractor customers see outdated equipment in use every day and can attest to the increased savings and reduced energy use from properly installed and maintained HVACR equipment.

Therefore, the HARDI urges you to support and consider co-sponsoring The Cool and Efficient Buildings Act.