December 22, 2016

Vice President-Elect Mike Pence  
Transition Headquarters  
General Services Administration  
1800 F Street NW  
Washington, DC 20240

Dear Vice President-Elect Pence:

On behalf of the High Performance Building Coalition, we want to congratulate you and President-Elect Trump on your election. We look forward to working with you and supporting an agenda to invest in our nation’s critical infrastructure, to promote policies that ensure job growth in the building industry, and to project our country’s limited water and energy resources.

The High-Performance Building Coalition (HPBC) is comprised of more than 200 manufacturers, trade associations, and other stakeholders who support policies and legislation that advance the next generation of buildings. The HPBC is proud to support the High-Performance Building Congressional Caucus, chaired by Rep. David McKinley (R-WV) and Rep. Peter Welch (D-VT).

 Few industries felt the impact of the Great Recession like the building industry did. When the recession hit in 2007, the industry was forced to downsize by 30% and that sent reverberations through the market that we are still feeling almost a decade later. Industry experts expect construction spending to reach $1.09 trillion in 2016. This growth in construction spending is outpacing GDP growth and is forecast to continue doing so. According to the Bureau of Labor Statistics, employment in the construction industry rose to 6,365,000 in 2015, up from a recent low of 5,435,000 in January 2011. However, it is far from the peak of 7,476,000 in the spring of 2006. The industry that supports the design, construction, and maintenance of America’s buildings is strong and resilient. We look forward to working with you on improving our country’s infrastructure and communities. In carrying out this great work, we encourage your Administration to carefully consider the common-sense policy recommendations below that are widely supported across the building industry.

**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 building industry. Recent studies have demonstrated that every $1 billion invested in nonresidential construction would add $3.4 billion to gross domestic product (GDP), add $1.1 billion to personal earnings, and create or sustain 28,500 jobs. One-third (9,700) of these jobs would be on-site construction jobs. In addition, one-sixth (4,600) of the jobs would be indirect jobs from supplying construction materials and services. Lastly, about half (14,300) of the jobs would be induced jobs created when the construction and supplier workers and owners spend their additional incomes. We encourage your Administration to recognize the critical role buildings play in our nation’s infrastructure. We also encourage you to ensure that opportunities to incorporate high performance systems into buildings and to retrofit older buildings with these systems are included in infrastructure financing proposals that the Administration will consider.
Invest in Energy Efficient Buildings / Enhance Manufacturing Efficiency

Buildings are the single largest energy users in the country, consuming 40% of our energy demand. Building more efficient buildings and retrofitting existing building stock will save consumers money, reduce energy-related pollution, and improve our quality of life. Energy efficient buildings demand highly-qualified construction workers and engineers. We encourage your Administration to support a robust tax incentive structure promoting building efficiency, invest in building efficiency research and development, set and enforce strong and attainable building codes, and promote innovation. This includes supporting tax and regulatory policies that advance the deployment of important clean-energy technologies increasing industrial productivity and profitability. Proposals that have been introduced on Capitol Hill that are supported by the industry include:

- *Master Limited Partnership Parity Act (S. 1656/HR 2883):* This bipartisan legislation would extend the use of master limited partnerships to building energy efficiency and renewables. At present, the federal tax code restricts MLP status to projects generating at least 90 percent of their income from “depletable” resources, including crude oil, natural gas, petroleum products, coal, timber, and other minerals. The Master Limited Partnerships Parity Act would extend the use of MLPs to the clean energy industry, including renewable technologies, energy-efficient buildings, combined heat and power, waste heat and biofuels.

- *Public Buildings Renewal Act of 2016 (S. 3177, HR 5361):* This bipartisan legislation would create new authority (that is, exempt from volume caps on private activity bonds) to issue $5 billion in tax-exempt facility bonds to retrofit government-owned social infrastructure (e.g. schools, colleges, libraries, health care facilities, courts, public safety facilities, and government office buildings).

Protecting America’s Drinking Water

The tragic events in Flint, Michigan have highlighted the challenges facing our water and wastewater systems and the need to finance the repair, replacement and expansion of these systems. The Bureau of Economic Analysis estimates that for every dollar spent on water infrastructure, $2.63 is generated in the private economy. Additionally, for every job added in the water workforce, the BEA estimates that 3.68 jobs are added in the national economy. In order to help protect America’s water, we encourage your administration to consider the following proposals:

- *Support strong funding for WIFIA:* The Water Infrastructure Finance and Innovation Act (WIFIA) is an innovative new credit program. Once it is fully implemented, it can provide much-needed access to low-interest financing for larger water infrastructure projects outside the scopes of the state revolving funds. Based on calculations from OMB, funding to WIFIA could be leveraged at a ration of 67:1 – meaning a $50 million WIFIA program could cover $3.35 billion in credit assistance.

- *Support strong funding for the State Revolving Funds:* The Drinking Water State Revolving Fund and Clean Water State Revolving Fund provide much needed assistance to community water and wastewater systems. They are critical to maintaining America’s water infrastructure.

- *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.

Tax Reform and Incentives:

As your Administration works closely with Congress to implement tax reform, in the interim we encourage you to support the renewal of three energy-efficient building tax provisions that expire at the end of 2016: the Residential Energy-Efficient Tax Credit (IRC Sec. 25C); the Energy-Efficient New Home Tax Credit (IRC Sec. 45L); and the Commercial Building Tax Deduction (IRC Sec. 179D). All are market-driven incentives that have promoted
and improved building energy efficiency.

- The 25C tax credit has promoted energy efficiency by helping homeowners purchase better performing windows, doors, HVAC systems, hot water heaters, insulation, and roofing. In addition, it has preserved and created American jobs, with the National Association of Home Builders finding 278,610 full-time jobs were supported by 25C-related projects based on 2009 IRS data. In fact, IRS data showed that 25C benefits the middle class in particular, with over two-thirds of households that claimed the credit having adjusted gross incomes of $100,000 or less.
- The 45L tax credit has proven to be very impactful at a modest cost. This performance-based tax credit has transformed the new homes market, as the number of homes eligible for the 45L tax credit rose to 11 percent of new homes sold in 2011 and continues its upward trajectory.
- The Commercial Building Tax Deduction (179D) leverages private-sector investment capital into building systems, as it rewards more energy-efficient outcomes with an alternative to the 39-year depreciation schedule for building components. It has become integral to newly-designed buildings, and the pro-rated deductions have made the 179D more usable for building retrofits.

Renewing 25C, 45L and 179D beyond 2016 is a priority for the building industry. We urge your Administration to work with Congress to renew these credits, and we look forward to working with you and Congress on the critical tax reform that our country needs.

**Prepare the Next Generation of Skilled Workers:**

The construction industry is facing potential labor shortages in the coming years with the retirement of a significant portion of our workforce and not enough new, trained construction workers in our employment pipelines. Skilled labor is vital to the success of our industry, and we have invested heavily in apprenticeship training programs for well over 65 years. Our industry employers and their labor partners operate over 1,100 apprenticeship training centers nationally and make private investments of have invested over $1.3 billion annually in workforce training and apprenticeship programs. An additional benefit of our joint programs is that diverse applicants go through a rigorous screening program that works to the benefit of American workers and national security. Continued and expanded federal support for existing and well-established apprenticeship and training programs will yield long-term benefits to the construction industry and the millions of customers we serve.

We greatly appreciate your consideration of the issues above, and look forward to working with your new Administration. Should you have any questions, please contact Dain Hansen, Chair of the High Performance Building Coalition, at dain.hansen@iapmo.org or (202) 445-7514.

Sincerely,

The High Performance Building Coalition

AEC Science & Technology, LLC
American Council of Engineering Companies
Armstrong Filtration
ASHRAE
Associated General Contractors of America
Association of Energy Engineers
International Association of Plumbing and Mechanical Officials
Malachite LLC
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Structural Insulated Panel Association
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