

KEY POINTS

- ▶ Federally-mandated energy-efficiency targets ignore differences between local markets. Legislation to promote energy-efficiency should rely on incentives and voluntary approaches to drive market changes.
- ▶ Improving energy efficiency is an important consideration in modern commercial real estate markets. Voluntary and incentive-based programs, which encourage increased energy efficiency in the private sector, should be continued.
- ▶ EPA's Energy Star Portfolio Manager enables property owners to track energy usage and compare their building's performance to similar properties on a voluntary basis. Bipartisan legislation championed by Senators Rob Portman (R-OH) and Jeanne Shaheen (D-NH) would take important steps toward improving and enhancing the program.
- ▶ Congress should further incentivize energy efficiency by making permanent Section 179D and explore the use of accelerated depreciation and other targeted provisions to spur these types of investments.

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ENERGY EFFICIENCY AND SUSTAINABILITY

OUR POSITION

Federal legislation to advance building code efficiency goals should be based on economic realities and technological feasibility, as envisioned in the Energy Savings and Industrial Competitiveness Act of 2019. Incentive-based and voluntary approaches to advance energy efficiency, such as EPA's Energy Star Portfolio Manager, as well as certain tax incentives, should continue.

- Local economic conditions, tenant preferences and project development costs determine which energy efficiency measures can realistically be applied in a given market. Arbitrary nationwide energy mandates that ignore local market conditions would create disincentives to new development where the costs cannot be absorbed.
- NAIOP supports the bipartisan **Energy Savings and Industrial Competitiveness Act of 2019 (S. 2137, H.R. 3962)**, which takes a sensible approach to incentivizing energy efficiency but does not impose new mandates. Federal legislation that encourages states to update energy efficiency codes must include provisions for realistic payback schedules, and requirements that the provisions be technologically and economically feasible.
- EPA's Energy Star Portfolio Manager is a voluntary program that enables owners to track and monitor a building's total energy usage. Because dozens of states, cities and municipalities require building owners to use Portfolio Manager to comply with local energy efficiency ordinances, ensuring that the program's underlying data is accurate is of utmost importance. The latest iteration of the Energy Savings and Industrial Competitiveness Act takes key steps towards improving this data.
- The Energy Efficient Commercial Buildings Deduction (179D) has a strong track record of incentivizing investments in efficient building systems. This provision was recently renewed, but expires at the end of 2020. Congress should make Section 179D permanent, and explore other means of spurring energy-efficient investments, including through accelerated depreciation.