

Snowe, Feinstein Tax Credit to Improve Energy Efficiency, Save Money, and Reduce Pollution

CALIFORNIA POLITICAL DESK
OCTOBER 16, 2008

WASHINGTON D.C. – The Natural Resources Defense Council released a report last week applauding the Congressional passage of significant tax credit provisions introduced by U.S. Senators Olympia J. Snowe (R-Maine) and Dianne Feinstein (D-Calif.) within the Emergency Economic Stabilization Act of 2008 that will encourage energy efficient technology and construction. The EXTEND legislation allots tax credits for the construction of energy efficient new homes, commercial buildings, as well as investments for energy efficiency upgrades and solar systems for residential homes.

"With our unstable economy, burgeoning energy crisis, and warming planet, Americans need timely and effective solutions to set a new course for our changing world," Senator Snowe said. "These critical extensions of the landmark energy efficiency tax credits will spark innovation in our housing and commercial building sector and pave the way for economical and environmentally-conscious living. At a time when Americans are struggling to heat their homes it is essential that we do not waste finite energy resources and that is why I am proud to be a part of this forward-thinking legislation that will keep families warm in the winter, save valuable resources for producers and consumers alike, and pave the way for clean and efficient energy independence."

The legislation includes key provisions that extend critical energy efficiency and solar incentives that Senator Snowe authored with Senator Feinstein in the 2005 Energy Bill. The extensions, modeled after Senator Snowe's and Senator Feinstein's EXTEND legislation

(S.822) include tax credits for the construction of energy efficient new homes, commercial buildings, as well as investments for energy efficiency upgrades and solar systems for residential homes.

"Cleaner and more efficient energy sources must be the cornerstone of a 21st Century energy policy for America," Senator Feinstein said. "Thanks to a new law approved by Congress and signed into law by the President earlier this month, our federal tax code will continue to make it more affordable for homes and businesses to adopt these more energy efficiency technologies. This will not only help reduce energy consumption – which means lower energy bills for families and companies – but it will also reduce America's carbon footprint by 2.5 percent below projected levels over 10 years. And it will create as many as 370,000 green economy jobs nationwide and 30,000 jobs in California alone. This is good government at its best."

In announcing the findings, Karen Wayland, Legislative Director of NRDC, stated, "Senators Feinstein and Snowe provided a real service to American consumers and the environment by establishing new efficiency standards for our homes, buildings and cars. At a time when our economy is in turmoil, these provisions would create almost 400,000 jobs in just two years. And in less than ten years, these standards will save Americans \$25 billion annually in utility bills and create enough energy to eliminate the need for 300 power plants. Setting new efficiency standards is precisely the policy we need to jumpstart our economy, create green jobs and protect the planet, and Senators Feinstein and Snowe should be lauded for their important work."

Senator Salazar, a cosponsor of the legislation and a Member of the Finance Committee added, "These tax incentives will help consumers and businesses save money, use energy more efficiently, and deploy the new technologies that are emerging from the growing clean energy sector. These smart investments will also spark innovation, growth, and job creation at a time when our economy needs help and when it is clearer than ever that we must reduce our dependence on foreign oil."

The extenders package included a projected \$1.779 billion investment into energy efficiency. Specifically, the legislation renewed critical tax credits for energy efficient upgrades for existing homes, such as hot water boilers and energy efficient windows. Further, the legislation extends a tax credit for the construction of energy efficient new homes of up to \$2,000. Finally, the bill extends for five years a landmark energy efficient commercial buildings credit. These extensions were included in Senator Snowe's EXTEND Legislation (S.822) with Senator Feinstein (D-CA).

The NRDC concludes that successful market transformations in all the areas covered by the efficiency provisions would achieve:

- ❖ **Creation of new jobs.** The market transformation would create more than 370,000 new jobs in two different ways. First, workers are needed to install and certify the energy-efficiency measures. All of these jobs are created in existing communities—they cannot be outsourced overseas. Second, consumers and businesses save money on their utility bills, allowing them to spend more on other activities.
- ❖ **Global warming pollution reductions.** The market transformation would reduce annual carbon emissions by 48 million metric tons of carbon equivalent after 10 years, or 2.5 percent of total U.S. annual emissions.
- ❖ **Natural gas savings.** The market transformation would save 33 trillion cubic feet (tcf) of natural gas over 20 years and 270 tcf over 50 years. The annual savings in the 20th year alone would heat more than a quarter of U.S. homes for a year.
- ❖ **Decreased need for more power plants.** The total need for peak power would decrease nationally by the equivalent of more than 300 mid-sized power plants by 2018. Energy-efficiency measures such as federal tax incentives are essential to reducing the need for new power plants.
- ❖ **Consumers and businesses saving money.** Consumers and businesses would save more than \$25 billion annually in utility bills by 2018. And the savings from decreased natural gas prices could add another \$25 billion in annual savings.