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45L Federal Tax Credit for Builders Who Construct Energy Efficient Homes Extended to Cover Homes Sold in 2017



The federal 45L tax credit offers a \$2,000 tax credit to builders who build and sell energy efficient homes. Previously the credit had expired on December 31, 2017.

The recently passed budget legislation that was passed by Congress and signed into law by President Trump extended the credit retroactively for 2017.

RESNET staff has been working with Republican and Democratic staff of the Senate Finance Committee on the status of the 45L tax credit.

It was a very complicated issue with many moving parts. The legislation passed by the Senate was offered by Finance chairman Oren Hatch (R-UT) that extended the credit for 2017 and 2018.

The House version had no extension.

Due to the disagreements between the House and the Senate a deal was cut between Senate Majority Leader Mitch McConnell (R-KY) and House Speaker Paul Ryan (R-WI). The final deal was that the 45L credit would only be extended for 2017.

This was only a straight extension of the credit, no other changes were made.

Builders whose homes were sold in 2017 can go back and work with their HERS Raters in producing the tax credit compliance calculations and reports to receive the credit. RESNET has informed the accredited HERS Rating Software programs of these changes.

In RESNET staff's discussions on Capitol Hill it appears that there is an appetite for a discussion after this session about an updated version of 45L that would be updated and on a longer term basis.

In addition, RESNET staff has been able to glean information on the 2019 budget request by President Trump that was released recently. It must be remembered that the budget released and is in the media is for fiscal year 2019. Congress still has not passed the agency appropriations for fiscal year 2018.

The President's 2019 proposal is for draconian cuts to DOE's energy efficiency programs, eliminating the EPA's Water Sense program and funding EPA's ENERGY STAR programs through "user fees".

The word we received on Capitol Hill and the media is that the Senate is considering the President's 2019 budget proposal problematic.

The House and Senate have passed different versions of the 2018 budget and are expected to go to conference reconciliation in early March.

The 2019 budget will have to go through the House and Senate budget process which will take a while.

Stay tuned.

