



July 25, 2013

Dear Senator:

As the Senate Finance Committee prepares for a tax reform markup this fall based on the “blank slate” approach referred to in the Committee’s June 27, 2013 letter, we hope you will urge the Committee to consider the **technology-neutral energy efficiency tax incentives** developed by NEMA.

The NEMA tax proposal **meets each of the three criteria** established by the Finance Committee:

1. The energy efficiency tax incentives would **grow the economy** by boosting the manufacturing of energy efficient technologies, employing workers to install the technologies, and making American industries more competitive by reducing energy consumption and production costs.
2. The NEMA proposal would **make the tax code fairer** because it is “technology-neutral,” that is, it rewards energy efficiency without dictating the deployment of specific technologies or systems.
3. The proposal would **promote the important national policy objective of energy efficiency**. The U.S. currently wastes more energy than it consumes. Greater energy efficiency will boost economic productivity and competitiveness, enhance U.S. energy security, mitigate outages and reduce emissions.

On November 9, 2012 the NEMA Board of Governors adopted a policy supporting corporate tax reform and a system that is “predictable, efficient and has rates that are comparable to those of other advanced economies” – achieving this by broadening the tax base and lowering the corporate income tax rate. If the Senate deems it appropriate to retain a limited number of simplified, high priority incentives, we offer our technology-neutral energy efficiency proposal for consideration.

In brief, NEMA’s technology-neutral proposal would establish tax incentives for energy efficiency in buildings, industrial applications and the electric grid. *For buildings*, the plan would establish a technology-neutral tax deduction, based on actual energy savings, to encourage installation of equipment and systems to maximize or improve energy efficiency in both new and existing buildings.

For factories and industrial processes, the proposal calls for accelerated (five-year) depreciation for investment in equipment or software that is specifically identified by the Secretary of Energy as “energy efficient” or is projected to improve industrial energy efficiency.

In order to incentivize smart grid technologies, the proposal calls for accelerated (five-year) depreciation for electric grid technologies that isolate problems and repair them remotely, enable quick recovery from extreme weather outages, and maximize the efficiency, reliability and resilience of electricity. [Click here for details of the proposal.](#)

The 400-plus member companies of NEMA, with domestic production and exports of more than \$140 billion, are leading the way on high tech solutions to achieve greater efficiency. If you have questions about our tax reform submission, please contact Chuck Konigsberg, Vice President, Strategy and Policy, or Kyle Pitsor, Vice President, Government Relations at (703) 841-3200.

Respectfully,

A handwritten signature in black ink, appearing to read "Evan R. Gaddis". The signature is fluid and cursive, with a large initial "E" and "R".

Evan R. Gaddis
President and CEO