



Energy Bill Must Aid Housing; Clean, Renewable Production

By Michael J. Novogradac, CPA

When the Senate in late April approved its version (S 517) of a far-reaching energy bill, it included a range of incentives and tax breaks aimed at increasing conservation and the use of renewable fuels. It also supported the domestic production of coal and other energy sources.

The Senate's 88 to 11 vote on April 25 came after six weeks of debate. The bill is in conference committee, where it is being negotiated with the version passed by the House (H.R. 4). Some observers are hopeful that the two can be melded later this year but eventual enactment of a bill this year is iffy, according to the National Multi-Housing Council (NMHC), which points to major differences between the House and Senate bills. Observers predict a long summer of negotiations with the prospect that the differences may not be ironed out in an election year. Both bills offer incentives for power companies to increase use of energy produced from clean, renewable sources like wind and solar, and for builders to improve the energy efficiency of homes and offices. Electricity producers that use "clean coal" technologies would also get a break. (For more on this issue, see story on page 10.)

S 517 includes close to \$15 billion in tax cuts for production and incentives for conservation, as well as for the development of solar, wind, geothermal, ethanol and other sources of renewable energy. The House bill, which has some incentives for conservation and renewable fuels, includes \$33 billion in tax incentives aimed at oil, gas, coal and nuclear energies.

There are inducements for assistance to low-income consumers, as well as for the building of energy efficient affordable housing. Tax credits would be available for the installation of solar panels, added insulation and energy efficient windows, doors and heat pumps.

According to the NMHC, the Senate measure would create a \$2.25 per square foot tax deduction for construction or rehabilitation costs that yield a 50 percent improvement in energy utilization. The deduction would be effective for expenditures on or after October 1, 2002. NMHC also advocated inclusion of an amendment to create a \$30 tax deduction for apartment owners who install water submeters. The amendment, offered by Sen. Torricelli (D-NJ), extends an electric and gas meter tax credit included in the House bill.

Senate Energy Committee Chairman Jeff Bingaman (D-NM) has said, "There's something in this bill to disappoint everybody," but affordable housing professionals can and should do all that they can to insure an energy bill that will funnel tax breaks to housing, as well as to clean and renewable energy production. ♦

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