



179D High Performance Building Innovation Credit

The Challenge

The One Big Beautiful Bill Act of 2025 established a June 30, 2026, beginning-of-construction deadline for eligibility under Section 179D. This deadline was not the result of identified policy deficiencies, program misuse, or effectiveness concerns. Section 179D has operated as intended and continues to reflect long-standing bipartisan support for incentivizing energy-efficient building design.

The Ask

Retain Sec. 179D in the tax code beyond its June 30th beginning of construction deadline, support American energy dominance incentives, and enable America to accelerate to the forefront of technological development.

More Information

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BACKGROUND

Since 2005, Internal Revenue Code Sec. 179D—the Energy Efficient Commercial Buildings Deduction—has driven investment in high-performance buildings and improved the experience of building users nationwide.

Sec. 179D provides an enhanced tax deduction for owners or lessees of commercial and certain multifamily buildings that install qualifying energy-efficient envelope, HVAC, or lighting systems. Similar to accelerated cost recovery, the deduction supports investment in proven technologies that reduce energy use and ease demand on the grid.

The provision has long enjoyed strong bipartisan backing as an effective tool for advancing innovative, energy-efficient buildings while supporting economic and job growth. First enacted in the Energy Policy Act of 2005, it was extended, made permanent in 2021, and expanded in 2022 to include retrofits, nonprofits, and REITs.

WHY EXTEND 179D?

Sec. 179D drives job creation and economic growth by encouraging investments in energy-efficient building upgrades. These projects support work across architecture, engineering, construction, and manufacturing, generating a strong multiplier effect in local communities and strengthening America’s competitiveness.

For businesses, Sec. 179D is a practical, proven tool. Unlike incentives designed for emerging technologies, it helps building owners offset the cost of deploying established high-performance systems that reduce energy use and lower operating expenses. By freeing up capital both upfront and over time, the deduction allows employers and entrepreneurs to reinvest in their operations and workforce.

As the nation faces rapidly growing energy demands driven by technological and AI expansion, Sec. 179D remains vital. Meeting future needs requires both increased supply and reduced demand on the grid. For nearly two decades, Sec. 179D has delivered measurable energy savings, reducing building load and easing pressure on baseload capacity—contributions that will become even more important as energy resilience challenges intensify.

Allowing Sec. 179D to ramp down would produce only marginal budgetary savings while disrupting a highly effective ecosystem of innovation, efficiency, and job growth. Now more than ever, preserving and strengthening Sec. 179D is essential to supporting U.S. economic competitiveness and meeting the nation’s evolving energy demands.

CONGRESSIONAL ASK

Congress should retain and strengthen Sec. 179D in the tax code, building on its strong two decades of bipartisan history and allowing building owners and the building sector to foster American energy dominance and high-performance building innovation into the future.