

## Clean Tax Cuts for Commercial Real Estate

Thursday, March 23, 2017

American Council for an Energy-Efficient Economy (ACEEE)  
529 14<sup>th</sup> Street Northwest, Suite 600  
Washington, DC  
(National Press Building near Metro Center)

### Agenda for Charrette Workshop

Coffee, fruit and baked goods will be available at 8:30am. The workshop will start at 9am.

1. Welcome and introductions
2. The clean tax cut concept
  - a. Rod Richardson, Grace Richardson Fund
  - b. Questions
3. Straw proposal on clean tax cuts for commercial real estate
  - a. Short presentation by ACEEE
  - b. Questions and identification of issues to discuss
4. Discussion
  - a. What are the barriers and challenges? How do we address them?
  - b. Who are the primary people who would be interested and what do we need to do to better target them? What are the next most attractive market segments and what would be needed to attract them?
  - c. What level of tax cut would be needed to incentivize investment to reduce energy use? Would the proposal to approximately cut the tax rate in half be a sufficient incentive for many owners and investors? How does the structure influence the impacts (e.g., who can and can't take advantage of it)?
  - d. Would clean tax cuts make a difference in a significant share of the commercial real estate market?
  - e. Comments on particular issues
    - i. Performance benchmark – Energy Star? Based on same calendar year as tax year? Higher score after 5 years? Is Energy Star certification adequate? If we use Energy Star, then theoretically 25% of buildings are eligible for certification without doing anything but currently only about 4% of eligible buildings are certified. Would this proposal spur widespread certification of these eligible buildings and therefore induce substantial “free riders”?
    - ii. Tax rate – is a 50% tax rate reduction the right ballpark or can a compelling case be made for more or less?
    - iii. Mechanics – Would simple reporting on K-1 (partner's share of income) and other forms be sufficient and workable? How handle portfolios of buildings?
    - iv. How do we pay for this? (“pay-fors”)
    - v. What else?
  - f. This proposal is focused on what can be done with real estate income that flows through to individual taxes. Is there something that would be useful to do for corporate taxes?

**Lunch (sandwiches, salads and baked goods will be provided)**

5. Input on estimates of participation, savings and costs
6. Continue discussion on particular issues
7. Breakout sessions to explore a few key issues in more depth
  - a. Reductions in *property taxes* for efficient buildings, an exploratory discussion.
  - b. Issues and opportunities unique to multifamily housing
  - c. An additional issue or set of issues identified by participants from the earlier discussion
8. Report outs from the breakout sessions
9. Opportunities and next steps
  - a. Commercial real estate
  - b. Other clean tax cut ideas
  - c. Earth Day Texas Clean Capitalism Forum (Dallas) and Smithsonian Earth Day event (Washington, DC)
10. Reception and further informal discussions (the reception will extend from about 5-6pm)