

Commercial/Multifamily Residential Buildings: Federal E-QUIP Act Proposes to Accelerate Depreciation for Certain Energy Efficiency Upgrades



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Congressman Brad Schneider (Illinois) and Congressman Tom Rice (South Carolina) have introduced legislation whose objective is to spur additional energy efficiency investments for building infrastructure.

The legislation is titled “The Energy Efficient Qualified Improvement Property” (“E-QUIP Act”).

The E-QUIP Act would create an elective 10-year, straight line cost recovery period for E-QUIP expenditures. This would apply to certain improvements in commercial buildings and multifamily units. It would encompass building components such as:

- Heating and cooling
- Lighting
- Building envelope

The legislation provides certain performance requirements that installed systems must attain to be eligible for this benefit.

Congressman Rice has been quoted as stating in introducing the legislation:

The E-QUIP Act is an important step to further simplifying the tax code for real estate owners and incentivizing investment in more efficient energy technology. The bill will lead to lower energy costs and reduced greenhouse gas emissions while also spurring construction, design, and maintenance jobs.

The American Council for an Energy-Efficient Economy (“ACEEE”) has estimated that commercial and residential buildings are responsible for approximately one-third of United States greenhouse gas emissions. This is stated to be derived from both fuel burning on site and the emissions from power plants serving the structures.

ACEE supports the legislation because of a concern that structure owners are disincentivized from making efficiency improvements. This is stated to be due to most such investments being ineligible for immediate tax write-off. They are instead stated to be subject to depreciation periods of 15-40 years. This potentially extends beyond the useful life of some new equipment.

ACEEE stated that it modeled the economic environmental impacts from the legislation and believes it would spur energy efficiency updates.

A copy of the legislation can be downloaded [here](#).

