

# The IRA Offers Tax Benefits to Commercial Building Owners

## What is the Inflation Reduction Act?

As the largest bill in U.S. history focused on climate change, the Inflation Reduction Act (IRA) includes more than \$300 billion in energy efficiency investments and tax incentives. The IRA significantly expands Section 179D of the U.S. tax code to incentivize commercial building owners to invest in new construction, renovations and retrofits that are energy-efficient. The IRA also extends and expands existing tax credits related to Multifamily structures, via Section 45L, the New Energy Efficient Home Credit.

## What's Changing in Section 179D?

Under the IRA, building owners of existing commercial buildings need only show improvement over their existing baseline to be eligible for a tax deduction.

Section 179D Changes	Claim Your Deduction
<ul style="list-style-type: none"> <li>Higher credit opportunity - now up \$5.00 per square foot, up from \$1.80 per square foot</li> <li>Increased incentive to retrofit existing buildings</li> <li>Updates are permanent - there are no deadlines</li> <li>Changes to deductions will begin January 1, 2023</li> </ul>	<ul style="list-style-type: none"> <li>The credit value is now available on a sliding scale, from \$2.50 to \$5.00 per square foot</li> <li>Must exceed latest DOE-determined ASHRAE 90.1 by a minimum of 25% to receive \$2.50, rising in 10-cent increments up to \$5.00 for each percentage point improvement up to 50% above 90.1</li> <li>Existing buildings can get sliding scale \$2.50 - \$5.00 deduction by demonstrating 25% - 50% energy use intensity reduction over existing baseline</li> <li>Includes annual inflation adjustment</li> </ul> <p>Note: Projects must meet prevailing wages or receive lower deduction (\$0.50-\$1.00)</p>

## What's Changing in Section 45L?

Under the IRA, there are tax credit opportunities per multifamily dwelling unit that show improved energy-efficiency. Owners can earn up to \$5,000 per unit if they meet the criteria vs the original 45L credit which topped out at \$2,000 per unit — and expired in 2021.

Section 45L Changes	Credit amount stipulation
<p>The New Energy Efficient Home Credit now applies to all buildings meeting <a href="#">ENERGY STAR Multifamily New Construction Program</a> requirements through 2032.</p> <p>Tax credits per unit are applicable when certified as zero-energy ready homes under the <a href="#">Zero Energy Ready (ZER) Home Program</a>.</p>	<p>\$2,500 tax credit per unit meeting the applicable ENERGY STAR Multifamily New Construction Program. Builders must pay prevailing wages to employed laborers and mechanics, otherwise amount decreases to \$500 per unit</p> <p>\$5,000 tax credit per unit if it's certified to stated ZER standard. Builders must pay prevailing wages otherwise amount decreases to \$1000 per unit.</p>

\*<http://www.energystar.gov>

# Henry Air Barrier Systems: Meeting and Exceeding ASTM E2357 Requirements

The ASTM E2357 standard test gives building professionals a consistent, rigorous method for evaluating all air barrier system elements, including materials, components, and accessories. It's a critical air barrier system test requirement, and as the chart below shows, all Henry Air Barrier Systems not only meet, but exceed ASTM E2357 requirements.

Henry Air Barrier System	Third Party Independent Test Results for ASTM E2357	Industry and Code Requirements for ASTM 2357 not to exceed: 0.2 L/(s • m2) @75 Pa 04 cfm/ft2@1.57psf
<b>Air-Bloc 16</b>	0.0505 L/(s • m2) @ 75 Pa [0.01 cfm /ft2 @ 1.57 psf] @ 59 mils [dry]	<b>more than 50% tighter</b>
<b>Air-Bloc 17</b>	0.004 L/(s • m2) @ 75 Pa [0.0008 cfm /ft2 @ 1.57 psf] @ 40 mils [wet]	<b>more than 50% tighter</b>
<b>Air-Bloc 33</b>	0.0071 L/(s • m2) @ 75 Pa [0.0014 cfm /ft2 @ 1.57 psf] @ 100 mils [wet] [58 mils (dry)]	<b>more than 50% tighter</b>
<b>Air-Bloc All Weather STPE</b>	0.0209 L/(s • m2) @ 75 Pa [0.0042 cfm /ft2 @ 1.57 psf] @ +/-20 mils [dry]	<b>more than 50% tighter</b>
<b>Blueskin VP160</b>	0.0437 L/(s • m2) @ 75 Pa [0.009 cfm /ft2 @ 1.57 psf]	<b>more than 50% tighter</b>
<b>Blueskin MetalClad</b>	0.0028 L/(s • m2) @ 75 Pa [0.0006 cfm /ft2 @ 1.57 psf]	<b>more than 50% tighter</b>
<b>Blueskin SA</b>	0.006 L/(s • m2) @ 75 Pa [0.0012 cfm /ft2 @ 1.57 psf]	<b>more than 50% tighter</b>
<b>Bluesin SA LT</b>	0.005 L/(s • m2) @ 75 Pa [0.001 cfm /ft2 @ 1.57 psf]	<b>more than 50% tighter</b>

Henry, Blueskin, Air-Bloc, Metal Clad and Air-Bloc All Weather STPE are registered trademarks of Henry Company.