Why changing tax policy means so much to this Louisville business

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A small Louisville company is helping steer a debate about tax policy in Washington.

Louisville-based Concord Energy Strategies LLC, a company that provides consulting on energy-efficient buildings, recently helped launch the Coalition for Energy Efficient Jobs & Investment. Company officials also are on the steering committee for that group.

The coalition is made up of several companies in the green building and construction industries across the country. And it aims to get a tax provision, known as 179D, put back into the U.S. tax code. This provision allows energy-efficient building owners to take a federal tax deduction. The deduction had been available since 2005 but expired in 2016.

The coalition was founded earlier this fall and replaces one that had a similar mission but had lost its funding and leadership, Concord officials said in an interview this week. Concord is seeking to fill that void because the tax provision at stake here is very important to its business, said Dennis Stilger, managing member of Concord.

The 179D deduction provides a tax break of up to $1.80 per square foot to firms that construct new buildings or retrofit older ones. But they have to have their energy-efficiency efforts certified by a consultant such as Concord in order to get the deduction.

That's one of the reasons the company is advocating for this charge.

"Our advocacy on this is in part driven by our desire to continue that business line. But also to be good stewards to our clients," he said.

Most of Concord's clients are architectural, engineering and construction companies, including many who design and build government-owned buildings, and the company has a national footprint. It provided consulting on projects in 40 states this year. Stilger declined to disclose the company's revenue figures.

Concord and its partners in the coalition have hired international law firm K&L Gates to lead lobbying efforts.
The message being imparted to lawmakers is that this tax deduction is helping small businesses across the country, said K&L Gates partner Karishma Shah Page, lead lobbyist for the coalition. In the past, she said, this tax deduction has had a broad impact across many sectors.

"It really does have a multiplier impact," she said.

Tax policy is all the talk in Washington, D.C., right now — but that discussion centers on tax reform. And renewing this deduction wouldn’t necessarily be a part of the tax reform policy that’s making headlines. Page said the fact that tax reform is looming so large for Congress might be working against this effort because it’s grabbing a lot of the attention.

A piece of legislation, HR 3507, has been introduced that would make the 179D tax deduction permanent. But it has only a few co-sponsors, including U.S. Rep. John Yarmuth of Louisville.

The coalition isn’t the only group trying to get Congress's ear about the 179D policy. The National Association of Energy Service Companies, of which Concord is also a member, is lobbying for it too.

Stefan Bailey, managing director of government relations firm Prime Policy, is the lead lobbyist for that group. He agreed that the larger tax reform debate presents a challenge for this effort, but he believes lawmakers could address the issue by the end of the year.

"Congress can often walk and chew gum at the same time," he said.

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