



**Testimony of Connecticut Fund for the Environment  
Before the Planning and Development Committee**

***In support of Raised Bill 5798 AN ACT ESTABLISHING A TAX CREDIT FOR GREEN  
BUILDINGS***

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*Connecticut Fund for the Environment ("CFE") is a non-profit environmental organization with over 6,500 members statewide. For more than twenty-five years, CFE has used law, science and education protect and preserve Connecticut's natural resources.*

CFE supports Raised Bill 5798, which would provide tax credits to encourage the construction of transit-oriented energy efficient green buildings in the state of Connecticut.

The built environment has a profound impact on the natural world. In the U.S., buildings account for 37 percent of all energy use and consume 40 percent of raw material and 12 percent of fresh water supplies.<sup>1</sup> In addition to the consumption of energy and raw materials, concentration of air pollutants indoors can be up to five times greater than outdoor concentrations.<sup>2</sup>

High performance building standards for both the private and the public sector have been adopted in varying degrees by municipalities and states across the country. These include 21 states, more than 60 local governments, and 10 federal agencies.<sup>3</sup>

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<sup>1</sup> "Building Momentum: National Trends and Prospects for High-Performance Green Buildings" (Prepared for the U.S. Senate Committee on Environment and Public Works by the U.S. Green Building Council, February 2003). See also "Building Connecticut Leadership in Green Buildings and Clean Energy: A Report to Connecticut Innovations" Capital E, (April 2001).

<sup>2</sup> "Building Momentum: National Trends and Prospects for High-Performance Green Buildings" (Prepared for the U.S. Senate Committee on Environment and Public Works by the U.S. Green Building Council, February 2003). Some measurements have indicated indoor air pollution concentrations up to 100 times greater than outdoor levels.

<sup>3</sup> For a full list of the various initiatives, see "LEED Initiatives in Governments and Schools," U.S. Green Building Council (October 2006).

CFE is pleased to see that the legislature is going the final mile and complementing building standards for the public sector with incentives to promote green building standards for private construction.

Despite the growing adoption of green building standards by the public sector, the private sector still faces some barriers to wide-scale adoption of high performance building practices. Among the greatest barriers are the perceived cost of building green and, for speculative construction, "split incentives" between the builder and the owner/tenant. In addition, despite the economic benefits of green buildings, most private firms or public agencies do not recognize the full financial value of green buildings, including reduced energy and resource consumption and increased worker productivity.

While many buildings in the past decade have incorporated some green elements, a true commitment to building green requires a focused program that encourages comprehensive planning and design. Green buildings consider and integrate the environmental impacts of every aspect of planning, constructing and operating a building, including site impacts, building materials, energy and water consumption, stormwater management, renewable power, transportation, and indoor air quality. The Leadership in Energy and Environmental Design (LEED) program of the U.S. Green Building Council has been recognized as a model program for green building design. A project's certification level depends on the points earned by implementing various green strategies within several categories.

The Green Building Tax Credit is designed to encourage the construction industry to adopt green practices by providing tax credits to owners and tenants who invest in increased energy efficiency, recycled and recyclable materials and improved air quality. To qualify, the building must be certified to a minimum level equivalent to LEED silver, and use no more than 79% of the energy allowed under the Connecticut energy code. Currently, Maryland, New York, Oregon and New Mexico offer green building tax credits at the state level. Massachusetts, New Jersey, and Pennsylvania are considering or have recently proposed green building tax credit programs.

With respect to section 1 (e) (2), we would hope that the transferability of the tax credits would provide a pathway for non-profits and tax-exempt organizations to realize the benefit of the green building incentives. It seems unclear whether the current language would in fact provide for this possibility. To ensure that tax-exempt non-profit organizations are also encouraged to build green, CFE suggests the following language: " Tax credits are fully assignable and transferable. A project owner, including but not limited to a non-profit or institutional project organization, may transfer its tax credit eligibility to a pass-through partner in return for a lump-sum cash payment." We think that this language is much clearer in establishing the ability of non-profit organizations to realize the benefit of the green building incentives.

### **Incentives for Renewable Energy Technologies and Energy Efficient Systems.**

CFE also supports measures that would further encourage the purchase, installation and use of renewable energy technologies and energy efficient systems in buildings under the tax credit incentives program.

As Connecticut attempts to address rising energy costs, preserve open space and stem sprawl, and improve the overall quality of life for its citizens, high performance buildings provide a cost effective policy solution.

***Testimony before the Planning and Development Committee in Support of  
R.B. 5798, An Act Establishing a Tax Credit for Green Building***

March 7<sup>th</sup>, 2008

I support the Green Building Tax Credit Bill R.B. 5798. Connecticut needs to become more energy efficient. We have almost the highest prices for electricity in the USA and our gasoline and oil heating costs are among the highest in the nation. We need to rehab old buildings and build new buildings that reduce the need for more power and on the already stressed electrical grid. We also need to reduce our need for foreign oil. By encouraging transit oriented development and energy efficiency in the near future, Connecticut will be investing in a better future for its citizens while encouraging high paying blue collar jobs for Connecticut citizens, encouraging new skills (green building techniques) that will fuel future growth of Connecticut's economy. I encourage all my representatives to vote in favor of this initiative.

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