

President Obama's Plan to Win the Future by Making American Businesses More Energy Efficient through the "Better Buildings Initiative"

On February 3rd, President Obama announced a new "Better Buildings" Initiative to improve energy efficiency in commercial buildings across the country.

Today, the President is releasing his Budget which outlines in more detail the policy components of this new initiative, which are designed to help leverage private sector investment in the commercial building sector and help achieve the President's goal of making commercial buildings 20 percent more energy efficient over the next decade. In addition, the President's Budget includes funding for his proposed "HOMESTAR" legislation to encourage American families to make energy saving upgrades in their homes.

The President's Budget includes a series of new initiatives to make American businesses more energy efficient:

- **New tax incentives for building efficiency:** The President is calling on Congress to redesign the current tax deduction for commercial building upgrades, transforming the current deduction to a credit that is more generous and that will encourage building owners and real estate investment trusts (REITs) to retrofit their properties. These changes will provide about one \$1 billion of incentives in FY12, a roughly ten-fold over the current annual up-take. (see details below).
- **More financing opportunities for commercial retrofits:** Access to financing is an important barrier to increased retrofit investment in some market segments. To address these gaps, the Small Business Administration is working to encourage existing lenders to take advantage of recently increased loan size limits to promote new energy efficiency retrofit loans for small businesses. The President's Budget will also propose a new pilot program – the "Better Buildings Pilot Initiative for Universities, Schools, and Hospitals," which will guarantee loans to support energy efficient retrofits.
- **"Race to Green" for state and municipal governments that streamline regulations and attract private investment for retrofit projects:** Much of the authority to alter codes, regulations, and performance standards relating to commercial energy efficiency lies in the jurisdiction of states and localities. The President's Budget includes \$100 million for new competitive grants to state and local governments to implement innovative approaches to building codes, regulations, and performance standards; make efficient building the norm in communities across the country; and attract private sector investment.
- **The Better Buildings Challenge:** The President is challenging CEOs and University Presidents to make their organizations leaders in saving energy, which will save them

money and improve productivity. Partners will commit to a series of actions to make their facilities more efficient. They will in turn become eligible for benefits including public recognition, technical assistance, and best-practices sharing through a network of peers. The President has asked President Clinton, who has been a champion for this kind of energy innovation, to co-lead this effort with Jeff Immelt, the CEO of General Electric and the new head of the Council on Jobs and Competitiveness.

- **Training the next generation of commercial building technology workers:** Using existing authorities, the Administration is currently working to implement a number of reforms, including improving transparency around energy efficiency performance, launching a Building Construction Technology Extension Partnership modeled on the successful Manufacturing Extension Partnership at Commerce, and providing more workforce training in areas such as energy auditing and building operations.
- **Passing the “HOMESTAR” program for residential retrofits:** Last year, the President’s Budget asked Congress to pass a package of incentives to encourage Americans to make their homes more energy efficient. We remain committed to the passage of the “HOMESTAR” program and this year the President’s Budget contains \$6 billion for this program.

For more details please see the President’s FY 2012 Budget [here](#).

Provide Tax Credit for Energy-Efficient Commercial Building Property Expenditures in Place of Existing Tax Deduction

Current Law

Under section 179D of the Internal Revenue Code, taxpayers are allowed to deduct expenditures for energy efficient commercial building property. Energy efficient commercial building property is defined as property (1) which is installed on or in any building that is located in the United States and is within the scope of Standard 90.1-2001, (2) which is installed as part of (i) the interior lighting systems, (ii) the heating, cooling, ventilation, and hot water systems, or (iii) the building envelope, (3) which is certified as being installed as part of a plan designed to reduce the total annual energy and power costs with respect to the interior lighting, heating, cooling, ventilation, and hot water systems of the building by 50 percent or more in comparison to a reference building which meets the minimum requirements of Standard 90.1-2001, and (4) with respect to which depreciation (or amortization in lieu of depreciation) is allowable. Standard 90.1-2001, as referred to here, is Standard 90.1-2001 of the American Society of Heating, Refrigerating, and Air Conditioning Engineers and the Illuminating Engineering Society of North America (ASHRAE/IESNA) as in effect on April 2, 2003 – a nationally accepted building energy code that has been adopted by local and state jurisdictions throughout the United States. The deduction with respect to a building is limited to \$1.80 per square foot.

In the case of a building that does not achieve a 50-percent energy savings, a partial deduction is allowed with respect to each separate building system (interior lighting; heating cooling, ventilation, and hot water; and building envelope) that meets the system-specific energy-savings target prescribed by the Secretary of the Treasury. The applicable system-specific savings targets are those that would result in a total annual energy savings with respect to the whole building of 50 percent, if each of the separate systems met the system-specific target. The maximum allowable deduction for each of the separate systems is \$0.60 per square foot.

The deduction is allowed in the year in which the property is placed in service. If the energy efficient commercial building property expenditures are made by a public entity, the deduction may be allocated under regulations to the person primarily responsible for designing the property. The deduction applies to property placed in service on or before December 31, 2013.

Reasons for Change

The President has called for a new Better Buildings Initiative that would over 10 years reduce energy usage in commercial buildings by 20 percent. This initiative would catalyze private sector investment in upgrading the efficiency of commercial buildings. Changing the current tax deduction for energy efficient commercial building property to a tax credit and allowing a partial credit for achieving less stringent efficiency standards would encourage private sector investments in energy efficiency improvements. In addition, allowing a credit based on prescriptive efficiency standards would reduce the complexity of the current standards, which require whole-building auditing, modeling and simulation.

Proposal

The proposal would replace the existing deduction for energy efficient commercial building property with a tax credit equal to the cost of property that is certified as being installed as part of a plan designed to reduce the total annual energy and power costs with respect to the interior lighting, heating, cooling, ventilation, and hot water systems of the building by 20 percent or more in comparison to a reference building which meets the minimum requirements of ASHRAE/IESNA Standard 90.1-2004, as in effect on the date of enactment.

The credit with respect to a building would be limited to \$0.60 per square foot in the case of energy efficient commercial building property designed to reduce the total annual energy and power costs by at least 20 percent but less than 30 percent, to \$0.90 per square foot for qualifying property designed to reduce the total annual energy and power costs by at least 30 percent but less than 50 percent, and to \$1.80 per square foot for qualifying property designed to reduce the total annual energy and power costs by 50 percent or more.

In addition, the proposal would treat property as meeting the 20-, 30-, and 50-percent energy savings requirement if specified prescriptive standards are satisfied. Prescriptive standards would be based on building types (as specified by Standard 90.1-2004) and climate zones (as specified by Standard 90.1-2004).

Special rules would be provided that would allow the credit to benefit a REIT or its shareholders.

The tax credit would be available for property placed in service during calendar year 2012.

Details of the Obama Administration's new Tax Credit for Commercial Building Retrofits. Available at: [<http://www.treas.gov/offices/tax-policy/library/greenbk12.pdf>]

Praise for Better Buildings

Jeffrey D. DeBoer, President and CEO of The Real Estate Roundtable

“President Obama’s ‘Better Buildings Initiative’ sets forth an excellent blueprint to re-employ the construction workforce, modernize our built environment, and help ensure our Nations’ energy security. At a time when the real estate sector is still struggling to achieve full economic recovery, incentives to encourage building upgrade projects will leverage private investment, encourage lending, and create well-paying jobs that can’t be exported. Under this Initiative, business owners will benefit through lower energy bills. Further, upgrading our built environment will allow our country to maintain its competitive edge in the international marketplace.” [\[LINK\]](#)

Rick Fedrizzi, CEO and Founding Chair, U.S. Green Building Council

"For all of those committed to the idea that green buildings can create jobs, save energy and save money, this is a great day, and the entire green building movement is incredibly grateful for President Obama's leadership in this critical step forward for America. It is major steps like these that are necessary to address the challenges facing our environment. We know that green buildings can and should be front and center of any credible jobs creation program. The jobs supported by the green building industry can't be outsourced, and they are jobs that frequently can build on skills learned in the manufacturing sector... With the incentives the President has outlined, we are confident that these organizations are ready to take green building to unprecedented scale.” [\[LINK\]](#)

Mayor Michael Bloomberg, New York City, NY

“President Obama’s energy efficiency agenda is ambitious, his plan will spur improvements that pay for themselves through lower utility bills and help clean the environment, and I look forward to working with him on it. The Better Buildings Program recognizes the critical role that cities play in fostering energy efficiency and I hope that it will inspire and empower local governments to create innovative programs to save energy and money.

“New York City has already launched many of the initiatives proposed as part of the Better Buildings Program, which will help us achieve our PlaNYC goal of a 30 percent reduction in greenhouse gas emissions by 2030. Seventeen of our universities have joined a challenge to reduce their emissions by 30 percent by 2017, and as part of our Greener, Greater Buildings Plan, we require public benchmarking for large buildings and certain improvements, which will spur private sector investments. Our ongoing effort to update our building code, which will require significant energy and resource efficiencies for new construction and retrofit projects, will enable New York to compete in the President’s ‘Race for Green.’” [\[LINK\]](#)

Ray H. Mackey, Jr., Chair, Building Owners and Managers Association International

“We applaud President Obama’s new energy policy to improve energy efficiency in commercial, multi-family and institutional buildings. The initiative includes the critical business incentives,

such as the commercial building tax credit and loan guarantees, that are key to meeting the energy efficiency goals of the plan. BOMA International has been a leader in energy efficiency for years, launching the 7-Point Challenge in 2007 which asked members to reduce energy consumption by 30% by 2012.” [\[LINK\]](#)

Michael Sullivan, General President of the Sheet Metal Workers’ International Association

“The need to put this country back to work and the need to retrofit our country’s industrial, commercial, institutional and residential buildings are two problems that, when combined, present an obvious solution. We support the President’s initiatives in this regard.” [\[LINK\]](#)

Michael O'Brien, President of the Window and Door Manufacturers Association

"WDMA is pleased with the Administration's renewed focus on job creation through energy efficiency. We look forward to working with the Administration and Congress to craft a program that will create meaningful incentives for building owners to improve their properties' energy performance. Encouraging homeowners to upgrade windows, doors and skylights is an important strategy to reduce energy use, and WDMA continues to advocate for a bipartisan and common sense energy policy that emphasizes cost-effective building efficiency measures. WDMA will continue to be at the forefront of the issue.” [\[LINK\]](#)

Eileen Lee, Vice President of Energy and Environment, National Multi Housing Council (NMHC) and the National Apartment Association (NAA)

“We commend the Obama Administration for its focus on energy efficiency in commercial properties, including apartments, and for taking an incentive-based approach to achieving meaningful reductions in our building energy usage...We support the President's plan to reform the existing Section 179(d) building efficiency tax incentive, which has largely gone unclaimed by property owners for many reasons. Changing the deduction to a more generous tax credit and creating more incentives for owners to undertake costly retrofits on existing properties are welcome changes. The President's plan would also wisely ensure that Real Estate Investment Trusts (REITs) can take advantage of the credit...The President's plan will help advance the rental housing industry's sustainability efforts to the next level by attracting more investments in building efficiency.” [\[LINK\]](#)

Clark Manus, President, American Institute of Architects

“We applaud the President’s ‘Better Buildings’ initiative, which mirrors directly what the AIA has been advocating. As a profession, architects are already helping make the President’s goals a reality. Because of their leadership role in the built environment, architects are in an ideal position to help implement the President’s initiative. In order to reach the President’s ‘Better Buildings’ goals, there is a crucial need for design experts to apply their experience, innovations and talents to current practices so that one of the major sources of energy use – the building in which we work – can be addressed...As the President said today, the United States can ‘out-build’ the rest of the world. And architects are the catalysts for winning that contest.” [\[LINK\]](#)

Lauralee Martin, CFO and COO, Jones Lang LaSalle and Dan Probst, Chairman for Energy and Sustainability Services, Jones Lang LaSalle

This proposal is exactly what's needed to jump-start major energy and carbon reduction initiatives and to create jobs and efficiencies that enhance our global competitiveness.

These incentives are a big winner for U.S. businesses and their competitiveness as well as the environment. Building owners and managers are already making low-cost adjustments to energy strategies in order to reduce operating costs and attract tenants by being 'green.' [\[LINK\]](#)

Bracken Hendricks, Senior Fellow, The Center for American Progress

"President Obama's unveiling today of an array of ambitious and achievable energy efficiency savings incentives and targets for our nation's commercial-building owners could not be better timed. This new administration program, announced in the president's speech today at Penn State University will result in thousands of new jobs for construction workers hard hit by the Great Recession and housing market travails, \$40 billion a year in energy savings for U.S. commercial-building owners, and substantially less greenhouse gases escaping into the atmosphere to warm our planet." [\[LINK\]](#)

Bjorn Stigson, President, World Business Council for Sustainable Development

"This initiative by the White House shows serious action on President Obama's commitment to clean energy, a central part of his recent State of the Union address. Energy efficiency has long been called the 'low-hanging fruit' of clean energy, and this new program demonstrates that the United States is serious about continuing to be a major player in the global green race." [\[LINK\]](#)

Reid Detchon, Executive Director, The Energy Future Coalition

"These steps are precisely targeted to unlock the tremendous energy savings available in commercial buildings throughout the country – from office buildings to fast-food restaurants. Our Rebuilding America initiative has brought together building owners, contractors, and trade unions around just this kind of ambitious agenda." [\[LINK\]](#)

Jason Hartke, Vice President of National Policy, U.S. Green Building Council

"The 5 million+ commercial buildings and the 120 million existing homes in the U.S. today are, by and large, squandering away precious energy and resources. With policies like the one introduced by the President today, our homes, hospitals, schools and offices can be turned into structures that will lessen our dependence on fossil fuel, increasing national security. This also frees up those wasted dollars for growth in the private sector and for groceries in America's households. We are laser-focused in doing what we can to move this important initiative forward as fast as possible." [\[LINK\]](#)

Dean Allen, CEO of McKinstry Company

“We support the steps President Obama and Congress are taking to address the need for predictable energy policy with alignment of incentives that puts people back to work updating our schools, hospitals, and commercial infrastructure. We know this renewed focus will put tens of thousands of sheet metal workers, carpenters, engineers, architects, plumbers, pipefitters, and electricians currently sitting on the sidelines back to work-- all across the nation. This is good for business, good for the environment, and good for the economy.” [\[LINK\]](#)

National Association of Real Estate Investment Trusts (NAREIT)

The National Association of Real Estate Investment Trusts (NAREIT), representing REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets, applauds President Obama’s newly-announced “Better Buildings Initiative” that is designed to make business more energy efficient in the future. As a prominent sector of the commercial real estate industry, REITs are actively engaged in the effort to save energy and increase productivity in buildings across the country. The Better Buildings Initiative is an ambitious program that should make energy efficiency policies more effective for REITs and other building owners. [\[LINK\]](#)

Elgie Holstein, senior director for strategic planning at the Environmental Defense Fund

"This is another exciting sign that the President is moving aggressively to build a cleaner and more competitive American future. By replicating his successful education initiative, the President's new Better Buildings Initiative – specifically Race to the Green – will spur states to push forward on energy-saving measures that will create jobs, spur growth, and reduce pollution. It's a great idea."

Emerald Cities Collaborative

“The Emerald Cities Collaborative congratulates President Obama for the Better Buildings Initiative and its effort to partner with the private sector in creating a greener and more resilient America. As the Better Building Initiative gets under way, we look forward to working with the Obama Administration as we scale up our energy efficiency work in our 10 major cities and in other localities across the nation.” [\[LINK\]](#)

Co-Chairs of the American College and University Presidents Climate Commitment Steering Committee

“We expect the Better Buildings Initiative will align well with the activities of the American College & University Presidents’ Climate Commitment network to date, and will help leverage the leadership-by-example that the higher education sector has demonstrated since its launch in 2007. Indeed, the American College & University Presidents’ Climate Commitment is the first sector with a critical mass of university and college scientists, educators, administrators and students committed to pursuing net-zero greenhouse gas emissions, and has developed publicly available concrete action plans to do so. These plans include steps to ensure students have the

knowledge and skills to help the rest of society do the same... We applaud the President's efforts to promote energy efficiency, cost-savings, economic revitalization, national security and American competitiveness through the Better Buildings Initiative." [\[LINK\]](#)

Eric Rodriguez, Vice President of National Council of La Raza's Office of Research, Advocacy, and Legislation

"Transitioning to the energy efficiency sector is not a far leap for Latino workers in related industries, such as construction. If Congress and the president are serious about saving energy and creating jobs, then we must remind them that they need to invest in workforce training programs which provide workers with not only the opportunity, but also the essential training and skills to achieve work in this area and meet the program's strategic goals... We applaud the Obama administration for laying out a bold vision for business growth and job creation. We look forward to working with policymakers to ensure that Latinos can fully contribute to these efforts to move our nation forward." [\[LINK\]](#)

Selected News Coverage of the Better Buildings Initiative



Empire State Building's 6,500 'Green' Windows Convey Obama Plan

By Kim Chipman and Christopher Martin

Feb 14, 2011

President Barack Obama's plan to make commercial buildings more energy-efficient may triple spending on such retrofitting to \$18 billion a year, according to a company helping to "green" the Empire State Building.

"In more than 95 percent of U.S. commercial buildings there is an opportunity to cost-effectively pull out 20 percent of energy consumption," said Iain Campbell, vice president of Johnson Controls Inc., which is working to cut energy use by 38 percent at the landmark 1931 skyscraper in New York.

Obama, as part of his fiscal 2012 budget blueprint being released today, wants Congress to establish a tax credit and loan guarantees aimed at boosting efficiency 20 percent in commercial properties such as office buildings by 2020. Obama has said his plan would save companies \$40 billion a year in energy costs.

"The savings potential is huge," said Greg Merritt, vice president of government relations at Cree Inc., a Durham, North Carolina-based maker of energy-saving lighting. "Part of the challenge, though, is educating building owners. A tax credit will help overcome any concerns about investing" in efficiency.

Among winners in a push to give U.S. commercial buildings an efficiency overhaul would be Cree; Milwaukee-based Johnson, a provider of products and services to increase building energy efficiency; and Dow Chemical Co. of Midland, Michigan, the maker of Styrofoam insulation.

Obama cited the 102-story Empire State Building as an "extreme example" of an energy makeover when he announced his proposal on Feb. 3. The tower's renovation, scheduled to be completed in 2013, includes replacing about 6,500 windows with triple-insulated panes. The \$13.2 million renovation will generate \$4.4 million in annual savings, according to the building's owners.

Malkin's Upgrades

"We've made our building more attractive to higher quality tenants," Anthony Malkin, president of Malkin Properties LLC, the company that controls the Empire State Building, said in an interview. He said he has completed survey work for energy efficiency upgrades on an additional 7 million square feet of offices in the New York area and hopes to use the tax credits if

Congress enacts them.

Obama wants Congress to replace an existing tax deduction with a credit giving building owners and real estate investment trusts a greater incentive to make heating and cooling systems, insulation and lighting less polluting and more economical. Commercial buildings, which waste 30 percent of their energy on average, consumed about 20 percent of energy in the U.S. last year, according to the administration.

Compared with deductions, tax credits “offer you either a shorter payback time, or the ability to do more to improve efficiency,” Malkin said.

‘Some Reticence’

“Building owners are ready to go, but the economy has caused so much uncertainty that there’s some reticence,” said Andrew Goldberg, senior director of federal policy for the American Institute of Architects, which remodeled its Washington headquarters to showcase energy efficiency. “A tax credit would help. Deductions just aren’t that useful to businesses that aren’t making much money.”

An analysis by Johnson Controls found Obama’s plan would prevent about 142 million metric tons of heat-trapping carbon-dioxide emissions from spewing into the atmosphere, the equivalent of 31 coal-fired power plants.

The tax credit could help trigger a ten-fold increase in commercial retrofits and spur job-creating investments, according to the administration. The maximum credit may range from 60 cents to \$1.80 per square foot, depending on the level of energy savings achieved.

SBA, Energy Department

In addition to the tax credit, Obama wants the Small Business Administration to work with lenders to promote energy upgrades and proposed a new Energy Department program to guarantee loans for energy improvements at hospitals and other commercial buildings.

The president’s plan would let real estate investment trusts benefit from the tax credit. REITs must pass 90 percent or more of their taxable income to shareholders, making them ineligible for most tax incentives.

REITs own about \$500 billion of commercial real estate property, or more than 10 percent of investment-grade properties, according to the Washington-based National Association of Real Estate Investment Trusts.

The president’s proposal also would relax the efficiency threshold that must be met to qualify for a tax break. Under the current guidelines, a new or renovated building must exceed a national efficiency goal by 50 percent in order to qualify for a deduction of as much as \$1.80 a square foot.

'Tough' Standard

"It's possible but real tough" to meet that standard for existing buildings, said Lane Burt, technical policy director at the Washington-based Green Building Council.

The Empire State Building's renovation didn't qualify for the deduction, according to Malkin.

Some supporters of Obama's plan, such as executives of Dow Chemical, say they are skeptical of its prospects in Congress because the president wants to pay for the energy-efficiency credit by ending tax breaks for oil companies. Congress has rejected efforts to go after oil company benefits in the past.

"I don't think the votes are there to do it," said Peter Molinaro, Dow's vice president of government affairs. "If it was hard to do it in the last Congress it's even harder to do in this Congress."

Goldberg of the architects' association said he's optimistic Congress will find a way to pay for the tax credit.

"In the last Congress there was a lot of bipartisan support for energy efficiency," he said. "It's a triple win for jobs, energy independence and energy costs. It's gratifying to us that the message is getting through."

--With assistance from David M. Levitt in New York. Editors:
Larry Liebert, Joe Winski

New Push for Making Buildings Energy Efficient

By Laura Meckler

Feb 3, 2011

[\[LINK\]](#)

WASHINGTON—President Barack Obama on Thursday unveiled tax breaks and other proposals aimed at getting commercial-building owners to retrofit their structures to be more energy efficient, an initiative he hopes to fund with higher taxes on oil and gas companies.

The White House wouldn't say how much the package might cost. But the president, speaking at a visit to Penn State University, challenged corporate, labor and university leaders to join the effort. A White House official said former President Bill Clinton and Jeffrey Immelt, chief executive of General Electric Co., would lead the effort to get the private sector involved in retrofitting buildings.

The program is mostly a set of carrots that the administration hopes will persuade private businesses to invest in retrofitting of existing commercial facilities, including more lucrative tax breaks to blunt the cost and easier access to loans to pay for upgrades. The goal is to increase energy efficiency in commercial buildings nationwide by 20% by 2020.

"Making our buildings more energy-efficient is one of the fastest, easiest and cheapest ways to save money, combat pollution and create jobs right here in the United States of America," Mr. Obama said at Penn State, where he first toured several labs working on energy efficient technologies.

The event and the proposals are part of the White House's new "win the future" economic message, where the president argues that the nation's long-term competitiveness depends on developing clean energy sources and other advances.

Mr. Obama also proposed a new competitive grant program to encourage state and local governments to upgrade their building standards. It is modeled on the Race to the Top program in the Education Department, which prods states to toughen standards and make other overhauls to qualify for grants, an administration official said.

"You show us the best ideas to change your game on the ground; we'll show you the money," the president said.

A spokesman for U.S. House Speaker John Boehner (R., Ohio), Brendan Buck, said that "of course" Republicans support energy efficiency. "Who doesn't?" But he said Republican leaders have questions about the program's details, costs and effectiveness.

"Talking about innovation now is nice, but removing Washington barriers to innovation is what job creators are really looking for," he said.

Ahead of the visit, administration officials hosted a conference call for reporters to outline the initiative but wouldn't answer questions about how much the proposals might cost. They would only say that the programs will be included in the president's budget proposal, out later this month, along with an ocean of other numbers regarding the federal budget.

Asked why they wouldn't disclose the figures on the energy initiative now, one senior administration official said: "There is a lot of information in the budget and it will be out in due course."

Mr. Obama did make clear that he wanted to pay for the tax credits and other initiatives by raising taxes on oil and gas companies, saying they didn't need the money. "They're doing just fine on their own," he said. "It's time to stop subsidizing yesterday's energy. It's time to invest in tomorrow's."

Last year, Mr. Obama's budget called for \$39 billion in tax increases on fossil-fuel producers over 10 years, mostly by closing various tax breaks for oil and natural gas companies. Affected industries opposed the move.

"Singling out the oil and natural gas industry through tax increases [is] bad public policy," said Eric Wohlschlegel, spokesman for the American Petroleum Institute. "It would actually discourage new energy projects and new hiring in one of the nation's most dependable job-creating industries."

—Jared Favole contributed to this article.



Obama promotes energy ideas at Penn State

By BEN FELLER

AP White House Correspondent

Feb 3, 2011

[\[LINK\]](#)

STATE COLLEGE, Pa. (AP) -- President Barack Obama, turning briefly to his eclipsed domestic agenda Thursday, called on the nation's businesses to make fresh investments in clean energy technology that lay a foundation for long-term American prosperity.

He proposed a new tax credit and other measures to encourage businesses to retrofit their plants and reduce costs - steps that he said would save \$40 billion a year in utility bills. The visit to the Penn State campus was designed to highlight Obama's emphasis on energy and his view that technological innovations represent jobs of the future.

"Making our buildings more energy efficient is one of the fastest, easiest and cheapest ways to save money, combat pollution and create jobs," the president said, taking his retooled economic pitch to the heart of Pennsylvania, a prominent state in presidential politics that will be a key in his 2012 re-election bid.

Obama has wanted to feature his long-term economic plans ever since he detailed them in his State of the Union speech to a joint session of Congress last week. The State College trip was the third in a series of visits to energy-related enterprises in as many weeks.

But the trip comes as the crisis in Egypt has dominated his time and consumed media attention. Obama is trying to press on with his economic ideas, ahead of the release of his budget plan on Feb. 14, while he manages his response to the violent clashes that have Egypt and the Mideast on the edge.

"In America innovation isn't just how we change our lives, it's how we make a living," Obama said, pushing a key feature of an economic agenda that blends his goals of greater energy independence with a long-term job growth strategy.

Speaking directly to a youthful audience, Obama said: "The greatest force that the world has ever known and that is the American idea." "If you remember that and keep breaking new ground, if we as a country keep investing in you, I'm absolutely confident that America will win the future in this century just like we did in the last."

As part of his new plan, Obama will ask Congress to provide companies with a tax credit that financially rewards them for retrofitting their buildings in ways that decrease energy usage. The proposal would alter the existing tax break for such commercial upgrades, switching it from a deduction to a credit that applies more widely, administration officials said.

The energy efficiency plan is an extension of Obama's call last year to give government rebates for home retrofitting, a proposal that has stalled in the Senate.

The White House said former President Clinton and General Electric CEO Jeff Immelt will lead the effort to reach out to businesses to take advantage of the government efficiency incentives. Obama recently named Immelt to head an advisory council on entrepreneurship.

Before making his remarks in Penn State's Rec Hall, Obama received a tutorial on energy research designed to improve indoor air quality and another on high performance wall systems, donning safety goggles for one experiment. "My fifth grade science experiment looked just like this," Obama joked to reporters at one point.

Rob Gleason, chairman of Pennsylvania's Republican party, said Obama's visit is a sign that the 2012 campaign is in full swing. In a Thursday morning conference call, Gleason questioned whether Obama's energy policy could be trusted and criticized what he called the administration's "runaway spending" and hostile position toward industry.

The president is also calling for:

- Broader access to financing for businesses that want to make energy-saving upgrades, and loan guarantees for hospitals, schools and companies to do the same.
- Competitive grants for states and local governments that make it easier for companies to upgrade their buildings.
- More training for workers in the field of commercial building technology.

The White House said it is targeting the commercial sector because its buildings consume roughly 20 percent of all energy in the U.S. economy. Administration officials offered no details on how much Obama's plan would cost. They said those details will be released in the budget and the proposed elimination of oil industry subsidies would help cover the costs.



Obama Taps Bill Clinton to be Private Sector Salesman

By Kelly Chernenkoff

Feb 3, 2011

[\[LINK\]](#)

In case "energy innovation" isn't a flashy enough cause, President Obama has tapped a big name to help sell it to the private sector.

On the same day that Mr. Obama rolled out his plan to make commercial buildings twenty percent more energy efficient by 2020, the White House announced that "The President has asked President Clinton, who has been a champion for this kind of energy innovation, to co-lead the private sector engagement along with the President's Council on Jobs and Competitiveness, headed by Jeff Immelt, the CEO of General Electric."

Clinton has been an outspoken advocate in the past for clean energy and issues such as federally mandating utility companies to separate their profits from their sales. He has also supported cap and trade and renewing and lengthening tax credits for clean energy.