

May 26, 2026

Submitted electronically to <http://www.regulations.gov>

Internal Revenue Service
Attn: CC:PA:01:PR (Notice 2026-23) Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

Re: IRS Notice 2026-23; 2026-2027 Priority Guidance Plan

To Whom It May Concern:

The Coalition for Energy Efficient Jobs & Investment (“Coalition”) thanks the Department of the Treasury (“Treasury”) and Internal Revenue Service (“IRS”) for their ongoing work with respect to implementation of the One Big Beautiful Bill Act (“OBBBA”, P.L. 119-21), the Consolidated Appropriations Act, 2021 (“CAA”, P.L. 116-260), and the Inflation Reduction Act (“IRA”, P.L. 117-169). As Treasury and IRS work on the 2026-2027 Priority Guidance Plan (“Plan”), the Coalition requests Treasury and IRS include “Guidance under §179D on the energy efficient commercial buildings deduction.” The Coalition appreciates inclusion of various Section 179D guidance projects on the Plan from 2021-2025, and urges Treasury and IRS to once again include this project on the Plan and issue guidance reflecting the changes made to Section 179D as soon as possible.

About the Coalition

The Coalition represents a broad spectrum of stakeholders that have used Section 179D, the energy efficient commercial buildings deduction, since its inception and have tremendous depth of knowledge with respect to its use, including real estate, manufacturing, architecture, contracting, engineering, building services, financing, labor, and education. As one of the only tax incentives that addresses energy demand, the Coalition is dedicated to ensuring that Section 179D remains a catalyst for high-performance upgrades to commercial and multi-family buildings that result in critical energy savings as well as economic and job growth across a broad range of industries. When Section 179D was first established in 2005, it was at an inflection point not dissimilar to today as the United States sought to address increasing energy costs for families and businesses. Today, this is amplified by a surge in energy demand, driven especially by the energy needed to fuel rapid technological change. At a time of increasing energy costs and demand, Section 179D is uniquely positioned to provide long-term economic benefits to building owners, businesses, and their communities.

Section 179D Guidance is Needed as Soon as Possible

As Treasury and IRS evaluate guidance priorities, we strongly urge placing Section 179D at the top of that list. The OBBBA created a beginning of construction deadline of June 30, 2026 for Section 179D projects that plan to claim the deduction. As we approach this date, stakeholders

require clarification and guidance on prior changes made to Section 179D by the CAA and IRA in order to move forward on projects—projects that create jobs, invest in American communities, and provide crucial energy savings. Numerous Section 179D projects have been sidelined by the lack of guidance and uncertainty regarding how to interpret some of these changes. Since the Section 179D deduction is claimed when a building is placed in service, Section 179D projects will be certified for several years following the beginning of construction deadline, underscoring both the immediate and long-term importance of this guidance.

In the absence of guidance, the Coalition is eager to collaborate with Treasury and IRS to find a practical solution that stakeholders can rely on to ensure projects can move forward until more fulsome guidance can be issued. We urge Treasury and IRS to consider a temporary transition safe harbor to allow projects to move forward ahead of the beginning of construction deadline. Please see the Coalition’s letter to Treasury Assistant Secretary (Tax Policy) Ken Kies from November 18, 2025 for a more detailed discussion.

Stakeholders have been eagerly anticipating updated Section 179D guidance for several years. The IRA and CAA made numerous changes to Section 179D, for which guidance has yet to be issued, creating uncertainty across the industry. We understand that prior to the passage of the IRA, the IRS was working towards streamlining various guidance under Section 179D into a single piece of guidance – we strongly support completion of this project that will provide regulatory efficiency through much-needed streamlining and clarity for stakeholders.

Specifically, any guidance should include:

- Clarity enabling stakeholders to pursue Section 179D projects using the alternative deduction for energy-efficient building retrofit property created under the IRA, which has been stalled due to the absence of regulations. Such guidance would help unlock significant reductions in energy demand in older buildings by incentivizing upgrades through baseline comparison methods that are better suited than traditional energy modeling in this context; and,
- Clarity regarding the application of the IRA’s prevailing wage and apprenticeship requirements to Section 179D projects seeking the enhanced deduction rate. Unique compliance questions arise where a governmental or tax-exempt building owner allocates the deduction to a primary designer, who is treated as the taxpayer but typically does not employ laborers or mechanics. Guidance should address which party is responsible for compliance in these circumstances and provide certainty on enforcement and penalty administration so that taxpayers can complete filings without undue burden.

The Coalition has been actively advocating for the development of updated Section 179D guidance since 2021. A list of comment letters submitted by the Coalition since passage of the CAA and IRA addressing a wide range of implementation questions is below:

- Comments on IRS Notice 2025-19 Regarding the 2025-2026 Priority Guidance Plan (5/30/2025)
- Regarding the Application of Section 179D to Homeowners Associations (12/11/2023)
- Comments on the “Increased Credit or Deduction Amounts for Satisfying Certain Prevailing Wage and Registered Apprenticeship Requirements (RIN 1545-BQ54)” Proposed Rule (10/30/2023)

- Testified at the IRS Hearing with Respect to the Prevailing Wage and Registered Apprenticeship Requirements Proposed Rule
- Letter in Advance of Section 179D Guidance Issuance (4/3/2023)
- Comments on IRS Notice 2022-51 Regarding the Prevailing Wage and Apprenticeship Requirements (11/4/2022)
- Comments on IRS Notice 2022-48 Regarding Implementation of Section 179D (11/4/2022)
- Comments with Respect to the Creation of Form 7205 (10/31/2022)
- Comments with Respect to Implementation of the Changes Made to Section 179D in the CAA (3/22/2022)
- Comments with Respect to Implementation of the Changes Made to Section 179D in the CAA (6/2/2021)

Need for a Comment Period

As we have requested in our previous letters, we strongly recommend that there is a comment period on any regulations, guidance or documentation published by the IRS, Department of Energy and the National Renewable Energy Laboratory with respect to Section 179D. Section 179D is a complex deduction, with numerous requirements, calculation methodologies, inspections and certifications that must be met – it is critical that the various entities and individuals that will be utilizing the deduction have sufficient time to review any regulations, guidance or documentation to ensure it will work as intended. We look forward to continuing to actively participate in this process.

Conclusion

We appreciate Treasury's work towards implementation of the changes made to Section 179D over the past several years. The Coalition looks forward to the issuance of regulations or guidance with respect to Section 179D in the near future to ensure that we can continue to reduce energy demand across our nation's commercial and multi-family building stock, incentivizing the development of high-performance buildings while promoting regulatory efficiency. We are happy to meet to discuss further and provide additional context into the need for guidance.

Sincerely,
The Coalition for Energy Efficient Jobs & Investment