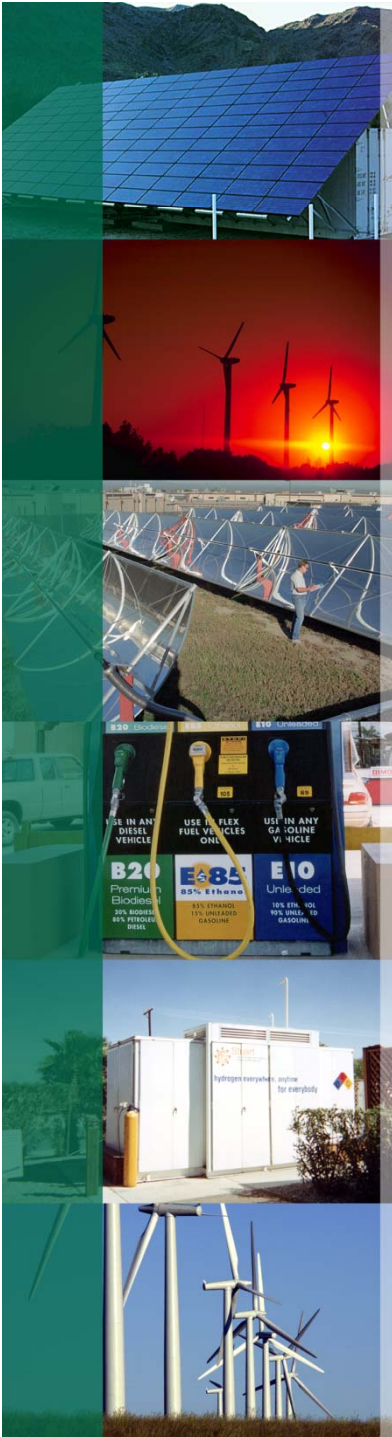


Green Building Overview: Incentives and Financial Strategies

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Federal Tax Incentives

- Tax Credits
- Income Tax Exclusions
- Deductions
 - Energy Efficient Commercial Buildings Deduction
 - Accelerated deductions
 - Bonus Depreciation (partly expired)



Federal Energy Efficient Commercial Buildings Deduction

- This is a DEDUCTION, not a tax credit.
- Up to \$1.80 per square foot (or 60 cents reduced)
- Federal Tax Code allows a deduction for part or all the cost of energy efficient commercial building property that the taxpayer places in service until December 31, 2013.



What Does This Deduction Apply To?

- Interior lighting systems
- Heating
- Cooling
- Ventilation
- Hot water systems
- Building envelope





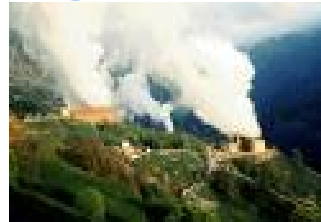
Available To Owners Or Lessees

- This deduction is available to either an **owner OR lessee** or a commercial building and installs property as part of the commercial building's:

interior lighting systems, heating, cooling, ventilation, and hot water systems, or building envelope to obtain a certification that the property satisfies the energy efficiency requirements.



Federal Investment Tax Credit (ITC): Energy Credit



Fuel Cells

Microturbines

Solar

Geothermal

Combined Heat & Power

Small Wind Property



ITC - Energy Credit

Solar Photo-Voltaic (PV) /Electric– 30% Tax Credit

Solar Thermal – Heating Water or Concentrated Solar – 30% Tax Credit

Geothermal – 10% Tax Credit

Combined Heat and Power – 10% Tax Credit

Small Wind Property – 30% Tax Credit

Fuel Cell – Electric and/or heat (CHP is a separate credit, can't double-dip) -
Lesser of 30% or \$3,000 per Kw of Nameplate

Microturbine – Electric Only – Lesser of 10% or \$200 per Kw of Nameplate



DOE Grants In Lieu of ITC

- Federal DOE grant amount is 30% of cost.
- 10% grant for qualified microturbine, combined heat and power, and geothermal ground sourced heating or cooling systems.
- Benefits are based on amount of investment, **not** production.



Wrench In The Machine

- Georgia Territorial Electric Services Act prohibits sale of electricity.
- Long-term energy contracts with governments in Georgia can be unconstitutional.



Other Federal Tax Benefits For Building Related Use

- **Special depreciation allowance for certain reuse and recycling property**
 - Provides 50% depreciation for qualified property in service after 8/31/2008
 - Acquired by taxpayer under a written binding contract entered into after 8/31/2008
- **Accelerated recovery period for smart meters and smart grid systems**
 - Establishes a new 10-year class life



Other Benefits

- The Alternative Fuel Vehicle Refueling Property Credit is extended
- Transportation fringe benefits for bicycle commuters are now provided



New Markets Tax Credit

- Enacted on December 21, 2000 as part of the Community Renewal Tax Relief Act of 2000.
- Creates a federal tax credit for equity investments in Community Development Entities (CDEs).
- Credit equals 39% of amount of original investment into the CDE.



Bonds

- Clean Renewable Energy Bonds
- New Clean Renewable Energy Bonds
- Qualified Energy Conservation Bonds
- Build American Bonds
- Appears to be soon develop as an opportunity.



REITs – A Ripe New Opportunity

- REITs are potential candidates for green building and renewable energy.
- Plenty of real estate and acres of roof space for solar or small wind.



But... numerous technical tax challenges exist



Freddie Mac Green Rehabilitation Mortgage

- Freddie Mac has taken a big step toward offering a green rehab mortgage, thanks to a partnership with the Community Preservation Corporation (CPC).
- The organizations recently announced a \$1 billion green financing initiative to offer construction and mortgage loans to multifamily owners pursuing energy-efficient upgrades and retrofits.
- Pilot program.



HUD Green Retrofit Program

- **Loan and grant program** funded by the ARRA to facilitate green building retrofits in certain multifamily housing.
- Program is limited to properties receiving HUD assistance.
- Eligible owners can receive **up to \$15,000 per apartment unit** towards **green building improvements**.
- However, in a Notice published in the Federal Register November 16, 2009, HUD announced that it **ceased accepting applications as of November 18, 2009**.



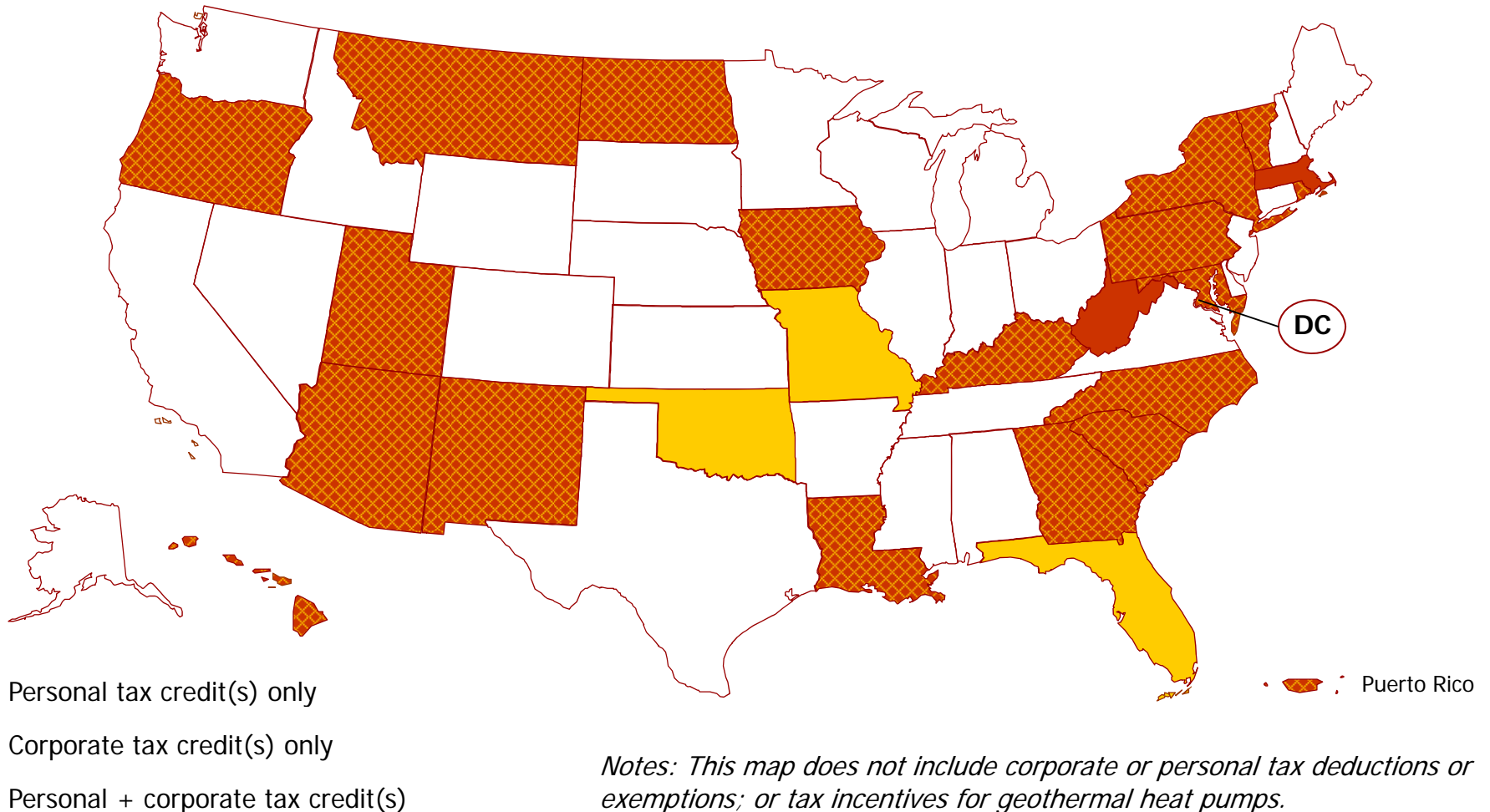
DOE Weatherization Assistance Program

- Through this program, weatherization service providers install energy efficiency measures for **existing residential and multifamily housing with low-income residents**.
- DOE provides funding and technical guidance to the states, but the states run their own programs and set rules for issues such as eligibility. They also select service providers, which are usually nonprofit agencies that serve families in their communities, and review their performance for quality.
- <http://apps1.eere.energy.gov/weatherization/>



State Tax Credits for Renewables

www.dsireusa.org / January 2010





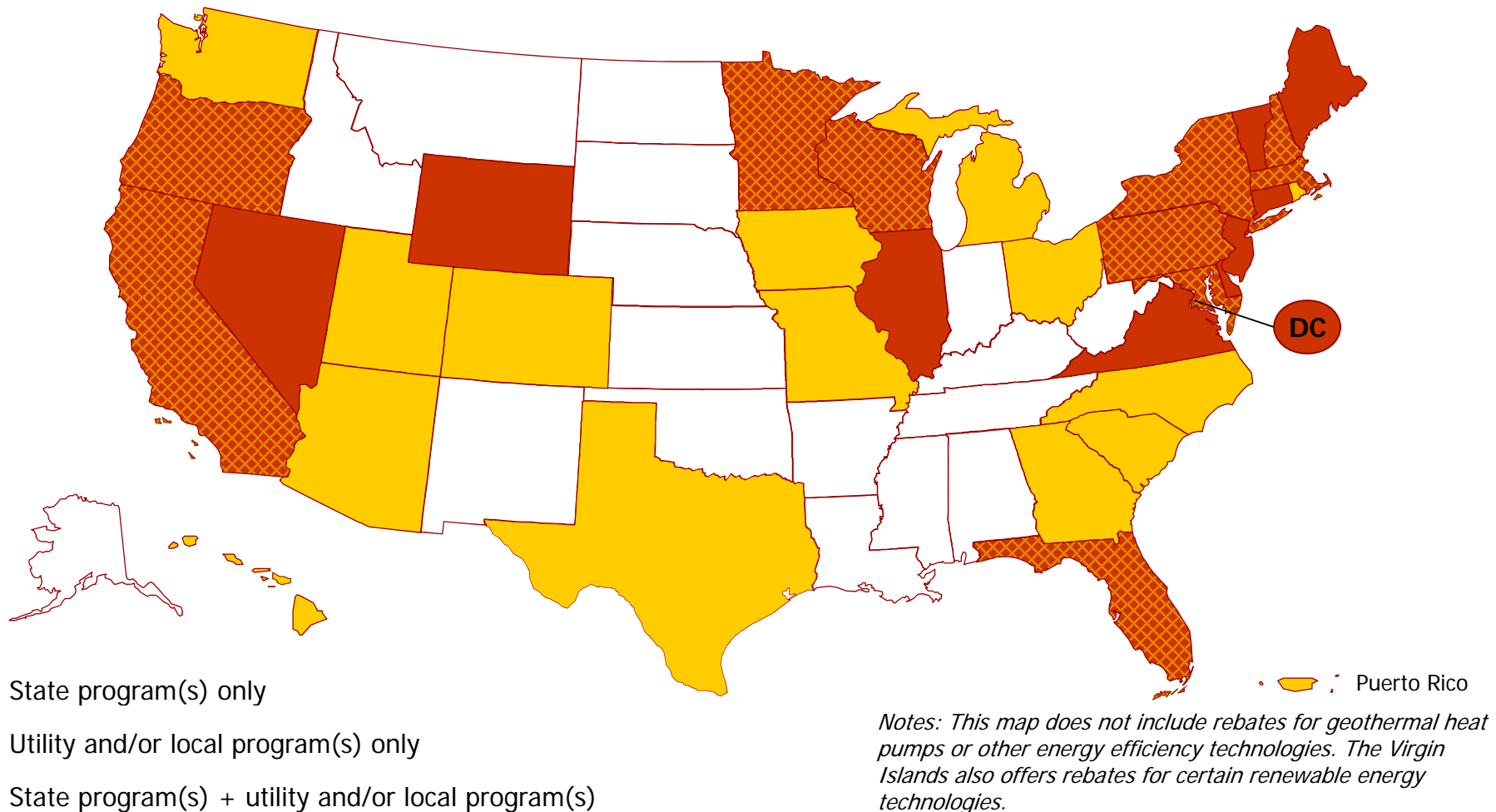
Georgia's Energy Tax Credit

- An **income** and a **premium** tax credit.
- Applies to **commercial and residential** use.
- Amount - **35% investment tax** credit available in year one. No recurring tax credit stream.
 - **Solar hot water**, Energy Star-certified geothermal heat pumps, lighting retrofit projects, energy-efficient products: \$100,000 of credits per installation.
 - **PV, solar thermal electric, active space heating, biomass, wind**: \$500,000 of credits per installation.
- Statewide cap of **\$2,500,000 per year** from 2008-2012. **NOT** Per Project.
- First-come-first-serve basis.
- 5-year carryforward. No carry back is allowed.
- Limited to the taxpayer's tax in any year. Not refundable.
- Tax credit **allocated by profits percentages** in the case of partnerships entitled to the credits



Rebate Programs for Renewables

www.dsireusa.org / January 2010





Georgia HB 473 Grant Program & Georgia Renewable Energy Grant Program

Georgia HB 473 Grant Program

- Stimulus Act (ARRA) Division A funding.
- HB 473, signed by the Governor on April 22, 2009.
- This legislation provides for a clean energy grant program administered by GEFA.
- 35% grant
- HB 473 grant is available **IN ADDITION** to federal tax credits and deductions.

Georgia Renewable Energy Grant Program

- Limited to \$4 million statewide with application deadlines.
- This program designed to provide funding for equipment installations, renewable energy programs, and market transformation activities that increase the generation of energy from renewable resources and consumer demand for renewable energy technology in Georgia.



Georgia Utility Incentives

- Utility Loan Programs

 - Amicalola EMC - Energy Resource Conservation (ERC) Loan

 - Carroll EMC - Residential Energy Efficiency Loans

 - Coweta-Fayette EMC - Energy Advantage Loan Program

 - Habersham EMC - Energy Efficient Loan Program

 - North Georgia EMC - Residential Heat Pump Loan Program

 - TVA Partner Utilities - Energy Right Heat Pump Loan Program

 - Walton EMC - Prime Power Loan Program



Georgia Utility Incentives

■ Utility Rebate Programs

Blue Ridge Mountain Electric Membership Corporation - Water Heater Rebate Program

Central Georgia EMC - Photovoltaic Rebate Program

Central Georgia EMC - Residential Energy Efficiency Rebate Program

Coweta-Fayette EMC - Geosystem Rebate Program

Diverse Power - Energy Efficiency Rebate Programs

Energy Power Board - Energy Efficiency Rebate Program

Energy Power Board - Home Developer Energy Efficiency Rebate Program

Georgia Power - Energy Efficiency Home Improvement Rebates

Georgia Power - Energy Star New Home Builder Rebate Program

GreyStone Power - Photovoltaic Rebate Program

GreyStone Power - Sun Rays Power Program

Habersham EMC - Energy Efficiency Rebate Program

Jackson EMC - Right Choice for Builders Rebate Program

Jackson EMC - Right Choice Sun Power Rebate Program

Marietta Power & Water - Residential Water Heater and Heat Pump Rebate

North Georgia EMC - Energy Efficient New Homes Program

Sawnee EMC - Commercial Energy Efficiency Rebate Program

Sawnee EMC - Residential Energy Efficiency Rebate Program

Sawnee EMC - Solar Photovoltaic Rebate Program

TVA Partner Utilities - Energy Right New Homes Program

TVA Partner Utilities - Energy Right Water Heater Rebate Program

Walton EMC - Residential Solar and Efficiency Rebate Programs



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