

FEDERAL UTILITY PARTNERSHIP WORKING GROUP SEMINAR

May 2-3, 2019
San Diego, CA

Energy Lawyers and Contracting Officers Forum 179D Tax Credits

Patrick O’Kane, AECOM & Katy Christiansen, NREL

Hosted by:





Agenda

- Overview
- Applicability & Status
- Examples & Impact
- Discussion

179D Tax Credit

Energy-Efficient Commercial Building Deduction

- Originally passed as part of the Energy Policy Act of 2005 to encourage broader energy efficiency
- Allows qualifying building owners and businesses to receive an up to \$1.80 per square foot tax deduction for advanced:
 - Interior lighting systems
 - Heating, ventilation, and air conditioning
 - Hot water systems
 - Building envelope
- To qualify systems must:
 - Surpass ASHRAE 2007 standards, verified by an independent third-party
 - Be placed in service as of December 31st 2017
- Any accrued tax deductions associated with 179D can be carried back and applied to open tax years



Applicability & Status

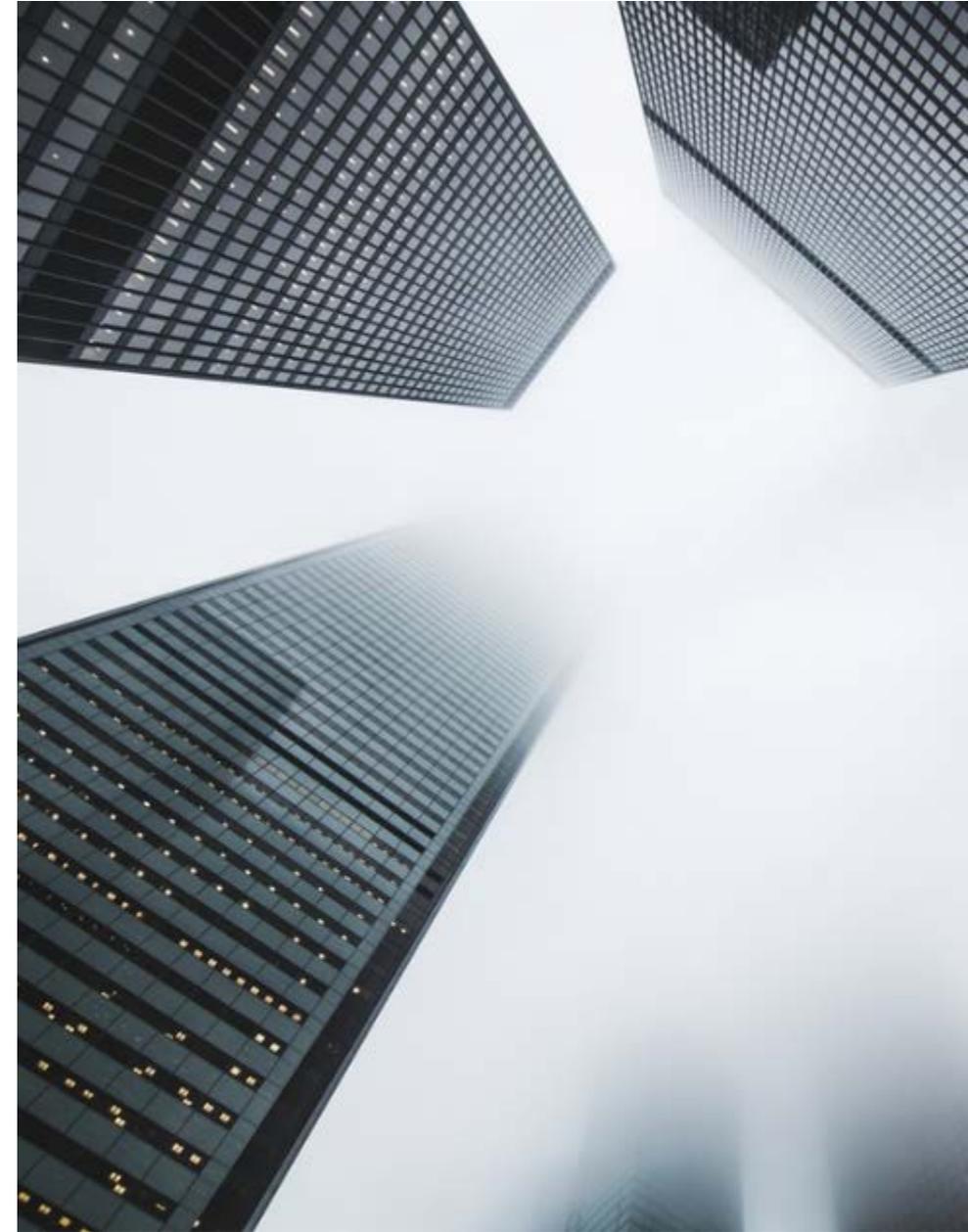
- The tax credit is attributed to the Federal Government as property owner
 - The Federal Government is not a taxability entity and can not monetize the tax credit
 - The Government may allocate the deduction “to the person primarily responsible for designing the property in lieu of the owner of such property”
 - “A designer is a person that creates the technical specifications for installation of energy efficient commercial building property... a person that merely installs ... the property is not a designer”
 - For the designer to receive this deduction they must secure an allocation letter that allows the Government to transfer the benefit to a taxability entity
 - Federal Agencies should differ to your internal polices and procedures for allocation
- The Current 179D legislation expired on December 31, 2017
- The proposed *Tax Extender and Disaster Relief Act of 2019* if enacted would retroactively allow 179D to be applied to equipment placed in service as of January 1, 2018 and would then expire on December 31, 2019

Building Types that may Qualify for Section 179D

The Energy-Efficient Commercial Building Deduction, 179D, is available to designers of qualifying government-owned buildings that have either been retrofitted or newly constructed.

Examples of applicable building types include:

- K-12 Schools
- Military Buildings
- Police Stations
- College Campuses
- Courthouses



Questions?

Patrick O’Kane

Director, Program Incentives
AECOM

patrick.okane@aecom.com

Katy Christiansen

Project Manager, FEMP Utility Team
NREL

katy.christiansen@nrel.gov

% Energy Savings Requirements

	Under Notice 2006-52	Under Notice 2008-40	Under Notice 2012-26	Benefit (Per Ft)
Lighting (Interim Rule)	25-40% LPD Reduction	25-40% LPD Reduction	25-40% LPD Reduction	\$0.30-\$0.60
Lighting (Permanent Rule)	16 2/3%	20%	25%	\$0.60
HVAC and HW Systems	16 2/3%	20%	15%	\$0.60
Building Envelope	16 2/3%	10%	10%	\$0.60
HVAC, HW, Lighting and Envelope	50%	50%	50%	\$1.80
Effective Dates	1/1/2006-12/31/2008	1/1/2008-12/31/2013	3/12/2012-12/31/2017*	

*Projects placed in service after 12/31/15 are compared to ASHRAE 90.1-2007 standard