

{ Flagstaff's Green Builder }

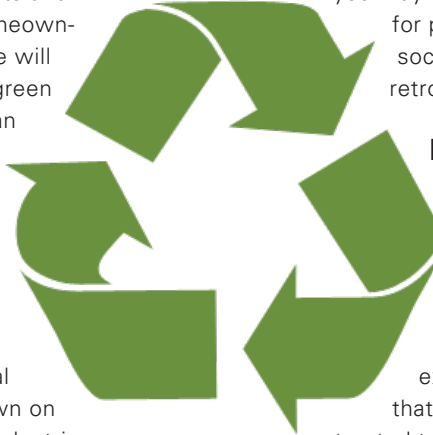
Why Green is the New Gold

By David Carpenter
Flagstaff Business News

In recent articles we have discussed various tax credits and incentives for homeowners. This month we will touch on one way green building features can help offset tax burdens for commercial buildings. With building utility costs skyrocketing, energy efficient buildings can save substantial cash by cutting down on water, heating and electric bills, increase occupancy rates, and might be eligible for a substantial Federal tax deduction.

Sec. 179D of the IRS Code provides a significant deduction for the cost of energy efficient improvements to commercial property. If your company owns or leases

commercial buildings, including residential buildings with four or more stories above grade and you have installed or retrofitted the property to be more energy efficient, you may be eligible for a deduction for part or all of the costs associated with the installation or retrofit.



Here's How It Works

A tax deduction of up to \$1.80 per square foot is available to owners or tenants (or designers, in the case of government-owned buildings) of new or existing commercial buildings that are constructed or reconstructed to save at least 50 percent of the heating, cooling, ventilation, water heating and interior lighting energy cost when compared to a reference building. Partial deductions of \$.60 per square foot can be taken for improvements to one of the three eligible building systems that reduce total heating, cooling, ventilation,

water heating and interior lighting energy use by a certain percentage. These deductions are available for buildings or systems placed in service from January 1, 2006, through December 31, 2013.

Qualifying Buildings

To qualify for a full or partial deduction, the energy efficient commercial building property must meet the following criteria:

- The building must be located in the United States.
- The installation must be part of the interior lighting systems, HVAC and hot water systems or the building envelope (insulation, exterior doors, exterior windows, and roofing material).
- The work must be certified to reduce total annual energy and power costs by 50 percent or more as compared to an (ASHRAE) American Society of Heating, Refrigerating and Air-Conditioning Engineers Std. 90.1-2001 reference building.
- Energy and power consumption calculation based on IRS-approved software programs that compare the subject fa-

cility to the ASHRAE reference building.

- The property must be certified by an IRS qualified professional engineer or contractor licensed in the same jurisdiction as the proposed building.

NOTE: Those seeking the tax deduction are encouraged to seek the consultation of a 179D energy efficient tax specialist, like SourceCorp (www.sourcecorptax.com) that can provide representation and documentation in the event of an IRS audit. **FBN**

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