

179D at a Glance

What is 179D? 179D provides *a retroactive opportunity for savings* from investments in energy efficient buildings. The Internal Revenue Code Section 179D deduction was originally enacted as part of the 2005 Energy Policy Act and was most recently extended thru 2020. There are several competing bill in congress proposing permanent as well as temporary extension (through 2024), as well as a potential increase to \$3/sqft.

How many years can I apply 179D? IRS has a 3-year statute of limitations on claiming refunds, so projects completed 1/1/2017 – 12/31/2020 are current potential opportunities.

What does 179D cover? All new & existing government buildings: schools, hospitals, airports, parking garages etc.

Is there a minimum sized project? At least 40,000 sqft of affected space is needed to support costs.

Who is eligible? Any governmental entity including schools, airports, cities, counties, states, universities, and federal agencies who have newly constructed or retrofitted existing lighting, HVAC (including district energy), and building envelope systems.

Source of Funds: The statute is blind as to the source of funds; therefore, Utility Rebates, Capital funds, ARRA monies, State or DOE grants and energy performance contracts are all candidates for the 179D benefit.

But governmental entities do not pay taxes, how can my governmental entity get a payment? The IRS guidance states that governments may allocate the 179D to ESCOs, architects, contractors, consultants or engineers who designed energy efficient systems of their buildings, and just like other governmental assets, the governments can receive in exchange for a negotiated savings from the ESCO, architect or engineer a portion of the tax benefit of the 179D deduction confirmed in a transfer agreement accounting for all of the processing costs including certification, legal, accounting, data gathering fees.

How much can I allocate? Up to \$1.80 per square foot from new & existing buildings (\$0.60/sqft to lighting, HVAC, and building envelope systems respectively).

What are typical government savings? \$25,000 to over \$1 Million+

How long does the process take to get a payment? Typically 3-6 months.

What is the process? Efficiency Energy LLC manages & processes each of the key steps to success: 1. Feasibility study to determine eligible amounts & verify with participating designers; 2. Negotiate Allocation Agreement; 3. Certification by qualified third-party energy modeling with DOE-approved software; 4. Site visit; 5. Closing documentation with legal, accounting, governmental entity & Designer(s) and exchange of value.

What are savings req's? 25%Lighting, 15% HVAC, 10% Envelope vs. ASHRAE 90.1-2007 Reference System

What is the cost? There is no-upfront-cost. Fees are paid upon successful receipt of savings.

Who may I call with Questions? Will Volker 720-201-6856 wvolker@wesavegreen.com