



Commercial Buildings Federal TAX Credits

Resizing your carbon footprint and helping the environment

The recently passed emergency Economic Stabilization Act of 2008 (P.L.110-343) extended and/or amended many tax credits offered to businesses, utilities and state government that were originally introduced in the Energy Policy Act of 2005 (EPACT 2005).

Installing energy efficient equipment in commercial buildings.

Businesses can take a tax deduction for installing energy efficient equipment in new or renovated buildings. These tax deductions apply to reducing the energy consumed in the three following areas: lighting systems, building envelope and heating and cooling systems. Buildings must meet ASHRAE90.1-2001 standards and be placed in service between January 1, 2006 and December 31, 2013 in order to be eligible. The deductions are available in two levels:

- Buildings that save 50% or more of projected annual energy costs across all three systems are eligible for a tax deduction of \$1.80 per square foot.
- Buildings that save a total consumption of 16.667% of energy or the following percentage of projected annual energy costs for any individual energy system: building envelope (10% energy savings) lighting (25%), and heating and cooling (20%). All are eligible for a partial deduction of \$.60 per square foot.



For further info on EPACT Tax Credit visit: www.energy.gov

Federal Income Tax Energy Credits

You may be able to earn tax credits for your home or business while you save energy, money and the environment. Check with your tax advisor and visit the Internal Revenue Service website to see if you qualify.

A small footprint makes a large difference.

The word carbon footprint was unfamiliar until recent years. A carbon footprint is "the total set of GHG (greenhouse gas) emissions caused directly and indirectly by an individual, organization, event or product" (UK Carbon Trust 2008). An individual, nation, or

organization's carbon footprint is measured by undertaking a GHG emissions assessment. Carbon is emitted from any energy consuming activity and is toxic to the environment. Activities such as driving an automobile, turning on lights or doing laundry, all create carbon emissions that are detrimental to the environment. Businesses that have large facilities create more carbon emissions than similar businesses with small facility sizes.

In lieu of this issue the U.S. federal government has created a class A incentive program to lessen their own carbon footprint and help businesses reduce the green house gases they emit on a daily basis. It might seem insignificant to retrofit one light bulb or turn off the storage light that burns 24 hours a day. But, multiply this by hundreds or thousands of lights and a difference will be made. It is up to each individual and each business to decide their own future. Do you wish to continue contributing to the problem? Now is the time to assess the benefits to the environment and to your bottom line. Upgrading your facility to the latest energy efficient equipment will not only help the environment but also will reduce your yearly energy costs. Additionally, your local power company rebates and the Federal Tax Credit program will offset most of the upfront equipment and installation costs. There will not be a better time than now to consider improving your businesses energy efficiency.