



179D at a Glance

What is 179D? The Section 179D deduction of the Internal Revenue Code encourages energy efficiency in building design and construction. Originally enacted as part of the 2005 Energy Policy Act, it was extended thru 12/31/16. 179D provides *a retroactive opportunity for savings* from investments in energy efficiency.

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 & building envelope systems.

Source of Funds: The statute is blind as to the source of funds; therefore, 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 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 many years can I apply 179D? IRS has a 3-year statute of limitations on claiming refunds, so projects completed 1/1/2012 – 12/31/2016 are potential candidates.

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 \$250,000+

How long does the process take to get a payment? Typically 4-6 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 90.1-2001 Reference System (*2007 Reference System for 2016 projects).

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