



# ENERGY EFFICIENT MUNICIPAL BUILDINGS:

Section 179D Federal Tax Deductions for Architects, Engineers, and ESCO's

America's Leading Section 179D energy study provider

Section 1331 of the Energy Policy Act of 2005 enacted Section 179D, providing for up to a \$1.80 per square foot federal tax deduction for energy efficient building design. Designers of government owned properties are eligible for the Section 179D deduction.

Section 1331 of the EAct of 2005 enacted Section 179D. Section 179D provides a federal tax deduction of up to \$1.80 per square foot for the installation of energy efficient interior lighting, HVAC, and building envelope systems.

If you are the lead designer of a government owned building that has been put in service or retrofitted since 12/31/2005, you may be entitled to a federal tax deduction of up to \$1.80 per square foot. Section 179D provides this federal tax deduction for the installation of energy efficient interior lighting, HVAC, and building envelope systems. The owner of the property may allocate the Section 179D deduction to the designer(s) primarily responsible for designing the property.

## For More Information

[www.concordenergystrategies.com](http://www.concordenergystrategies.com)





## The Section 179D Qualification Process

- The building must be located in the United States.
- The building must have been placed in service or retrofitted since 12/31/2005.
- Three building subsystems are eligible for the Section 179D deduction:
  - Interior Lighting
  - HVAC
  - Building Envelope
- A fully qualifying property, eligible for the whole \$1.80 per square foot federal tax deduction, saves at least 50% in energy and power costs for improvements in the lighting, HVAC, and building envelope, as compared to a reference building that meets the requirements of ASHRAE 90.1-2001.
- Partial deductions of up to \$0.60 per square foot may be available by individual subsystem for those buildings that do not achieve the 50% energy and power cost savings.
- To claim the Section 179D deduction, the designer must have an independent third party provider perform the energy modeling, certification and site visit required to claim the deduction.
- The owner of the government owned property must allocate the Section 179D deduction to the lead designer(s) by signing a “municipal allocation letter.”
- IRC Revenue Procedure 2011-14 now makes it possible to take the Section 179D deduction by way of an automatic “change in accounting” method instead of amending prior year tax returns. This may allow for the Section 179D deduction to be taken on the current year tax return, regardless of the “in service” date.
- Deduction can instead be taken in the year qualifying property is placed in service or retrofitted. This method will require amending tax returns if the “in service” date is in a prior year.

If your commercial building meets the energy and power cost reductions required to qualify for the Section 179D deduction, you will receive up to a \$1.80 per square foot tax deduction.

## WHY CES

**America's Leading Section 179D energy study provider**

- Efficient, On-Time Delivery of your Section 179D energy study
- CES follows all IRS and NREL proscribed guidelines
- Free, No Obligation Feasibility Study
- Competitive Project Pricing
- Multi-disciplinary team of CES professionals
- National Footprint

## Section 179D Highlights and Benefits

### Building Green saves Green

- All government owned buildings put in service or retrofitted since 12/31/2005 may be eligible for the Section 179D deduction.
- Lead designer(s) are eligible for the Section 179D deduction for their government design projects.
- Up to \$1.80 per square foot federal tax deduction.
- Energy efficient building design reduces energy and power costs.

## For More Information

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