

# Special UPDATE



## Grant Money Available for Alternative Energy Property

As many of you know, the federal government has provided tax credits for Alternative Energy Property under Sections 45 and 48 of the Internal Revenue Code. This tax credit can be extremely lucrative for those taxpayers who are eligible, up to 30% of the installed cost of the assets. However, as with any general business credit, these credits were limited by the owner's taxable income.

Under the American Recovery and Reinvestment Tax Act of 2009 (the stimulus package), Congress has provided a solution for taxpayers who were previously unable to capitalize on the credit. Under Section 1603 of the Stimulus, taxpayers can apply for a Grant in Lieu of the Credit. The Treasury Department released a sample application on July 9 and will begin accepting applications in August of this year.

This grant covers alternative energy property placed in service in 2009, 2010 or after 2010 if construction began in 2009 or 2010 and the property is placed in service prior to the credit termination date. The following types of property are included in this grant:

Specified Energy Property	Credit Termination Date	Applicable % of Eligible Cost Basis
Large Wind .....	Jan 1, 2013 .....	30%
Closed-Loop Biomass Facility .....	Jan 1, 2014 .....	30%
Open-loop Biomass Facility .....	Jan 1, 2014 .....	30%
Geothermal under IRC sec. 45 .....	Jan 1, 2014 .....	30%
Landfill Gas Facility .....	Jan 1, 2014 .....	30%
Trash Facility .....	Jan 1, 2014 .....	30%
Qualified Hydropower Facility .....	Jan 1, 2014 .....	30%
Marine & Hydrokinetic .....	Jan 1, 2014 .....	30%
Solar .....	Jan 1, 2017 .....	30%
Geothermal under IRC sec. 48 .....	Jan 1, 2017 .....	10%
Fuel Cells .....	Jan 1, 2017 .....	30%
Microturbines .....	Jan 1, 2017 .....	10%
Combined Heat & Power .....	Jan 1, 2017 .....	10%
Small Wind .....	Jan 1, 2017 .....	30%
Geothermal Heat Pumps .....	Jan 1, 2017 .....	10%

This grant is to be based on, "The basis of property is determined in accordance with the general rules for determining the basis of property for federal income tax purposes" and can include the cost for installing the property and allocated indirect costs. As such, it is important to look at a cost segregation study when reviewing a property for the applicability of this grant. A cost segregation study could significantly increase the basis of the eligible property, increasing the amount of the grant money the owner receives.

McGuire Sponsel has employees who are versed in this grant as well as other federal incentives for green building design such as the 179D deduction. Please contact me (dmcguire@mcsponsel.com) if you have any questions regarding this grant or its applicability.