

PRESS RELEASE

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GOVERNMENT PAYS FOR SHOPS TO GO GREEN

Reno, NV – As an environmentally conscious shop owner, paint supplier or contractor, you may be eligible for a valuable funding opportunity. There has never been a better time to tap into the lengthy list of government rebates, tax credits and other financial incentives designed to encourage shops to achieve federal, state and local compliance.

Many key incentives enacted over the last several years have focused on encouraging shops to incorporate environmental compliance into their operational plans. One incentive in particular relates to Certified Green Investment “CGI”, and is being utilized by many paint manufacturers and suppliers.

One of the key provisions of the Energy Policy Act of 2005 allows a tax deduction of up to \$1.80 per square foot for certain environmental improvements made for equipment put into service since 2005. In certain instances, this deduction may be available to someone other than the equipment owner for early compliance with Environmental Protection Agency rules and regulations.

Intended to offset some of the costs of qualifying energy-efficient improvements to commercial buildings, the CGI incentive allows taxpayers to take an immediate expense for the cost of equipment that would normally be recovered through depreciation over as many as 39 years.

To help you better understand the CGI incentive under Section 179D of the federal energy tax code and how it may be able to benefit a shop, the environmental professionals at GRC-Pirk Management have put together the following brief list of frequently asked questions.

What are the requirements of Section 179D?

To qualify, energy-efficient improvements must reduce total annual energy and power costs with respect to the interior lighting, spray booth operation, heating, cooling, and ventilation and hot water systems by 50%. Partial deductions are allowed. Energy simulation and sustainability is required to justify the CGI incentive; and inspection and testing must be completed by a qualified engineer or contractor registered in the EPA jurisdiction.

How much is the deduction?

- **Maximum deduction is \$1.80 per square foot for a 50% reduction in total annual energy and power costs** (compared to a reference building that meets the minimum requirements of ASHRAE Standard 90.1 2001); not to exceed the amount equal to the cost of energy-efficient commercial building property placed in service during the taxable year
- **Partial deduction is 60¢ per square foot for a 25-40% reduction in lighting power density** (50% in the case of warehouses)

Who qualifies?

- Building owner at the time of building improvements
- Public buildings – the owner may allocate the tax deduction to the designer (engineer, contractor, architect, environmental consultant or energy services provider) for the taxable year that includes the date on which the property is placed in service

What is the eligibility timeframe?

Shop upgrades must be completed after December 31, 2005 and before January 1, 2013

What documents do I need to produce?

Current full set of architectural plans that includes all specifications

- Energy compliance documents for lighting, HVAC and envelope (Title 24 or IECC)
- Recordkeeping File – computer file used to generate T-24 documentation
- Certified Letter of Opinion – Registered Environmental Assessor “REA” qualification letter
- EPA HAPs 6H Compliance Notification - NESHAP 43 CFR 63 Subpart HHHHHH certification

What do I get from a CGI 179D review?

- FTD certificate package – requires federal tax documentation for CGI incentive
- Provide review of existing T-24 or IECC to verify compliance with current code requirements
- Review building lighting, HVAC and envelope systems for Federal Tax Deduction qualification
- Records Management Agreement for sustainability, analysis and certification documentation

How do I claim the CGI incentive?

- The tax deduction is taken on the “Other Deductions” line of the taxpayer’s return
- Tax returns may be amended going back three consecutive tax years

The green movement for miscellaneous surface coating operations is much more than merely a trend. Local building codes are mandating that buildings be more efficient, and even insurance carriers are beginning to demand improvements that will reduce a shops operating cost. Given the growing number of incentives available to encourage incorporating certified green improvements into a shop facility, it is important to consider any federal, state or local incentives available.

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