

**B**usinesses throughout Wisconsin are turning to energy efficiency and renewable energy as a way to save energy, cut costs and improve their bottom lines. And now, purchasing and installing smart energy solutions is more affordable than ever when eligible businesses combine financial incentives from Focus on Energy with business tax credits and U.S. Department of Treasury grants from the federal government.



This fact sheet will continue to be updated online as new information becomes available.

For more information, call 800.762.7077 or visit [focusonenergy.com](http://focusonenergy.com).

## NEW ACT EXTENDS BUSINESS TAX CREDITS

The Emergency Economic Stabilization Act of 2008 and the American Recovery and Reinvestment Act of 2009 extended the Energy Policy Act of 2005, which offered tax credits for qualifying energy efficiency improvements and renewable energy measures. These new acts extend and expand the federal incentives available for energy efficiency and renewable energy improvements made in 2009 and beyond.

Focus on Energy encourages interested businesses to discuss these federal incentives with a trusted tax professional and gather key information about the projects for tax purposes. Businesses will need to provide evidence regarding the cost of the project or system (including labor), when it was placed in service, the square footage of the building and whether the system meets the qualifying IRS criteria.

## ENERGY TAX DEDUCTION AND CREDIT WATCH: 2009

New federal tax incentives are available in 2009 for businesses that pay federal taxes to help fund the following equipment and systems:

## Commercial Buildings

Business can receive deductions of up to \$1.80 per square foot on new or renovated buildings (that meet ASHRAE Standard 90.1-2001) that save 50 percent or more of the projected annual energy costs for heating, cooling, ventilation, water heating and lighting compared to model national standards.

Partial deductions of \$0.60 per square foot can also be taken for efficiency improvements to the building envelope, lighting and HVAC systems that reduce total heating, cooling, ventilation, water heating and interior-lighting energy use by 16.66 percent.

These deductions are available for the period of December 31, 2005 through December 31, 2013 and the deduction must be taken in the year the property was placed in service. For publicly owned buildings, the tax deduction can be assigned to the designer of the building. A designer may include, for example, an architect, engineer, contractor, or environmental consultant who creates technical specifications for installation of the energy efficient building property.

Although the public agency cannot receive the deduction, it could assign the credit to the building designer and negotiate a rebate or credit for design and engineering fees and realize the credit in that way. It is important to note that designers will likely incur costs for accounting services related to the tax deduction calculation and certification of the energy efficient building property per IRS requirements.

## RENEWABLE ENERGY TAX CREDITS, GRANTS AND DEPRECIATION

Qualifications for renewable energy systems that are eligible for the investment tax credit or U.S. Treasury grant are listed below. The investment tax credit is available for qualifying renewable energy systems placed in service between 2009 and 2016, whereas the renewable energy grant is available for systems placed in service between 2009 and 2010, or before the credit termination date if the project construction began in 2009 or 2010.

Renewable energy systems that qualify for the investment tax credit/grant may also qualify for an accelerated five-year depreciation schedule. Also, systems placed in service in 2009 may be eligible for a 50-percent bonus which allows 50 percent of the adjusted basis of the property in 2009 to be depreciated in 2009 while the remaining 50 percent is depreciated using the accelerated five-year schedule, when applicable.

#### **Eligible Solar Energy Systems**

An investment tax credit or U.S. Treasury grant for 30 percent of eligible expenditures is available for qualified solar water heating (systems used to heat pools are not eligible), solar electric and solar lighting systems. Qualifying equipment must use solar energy to generate electricity, heat, provide hot water, or illuminate a building by fiber-optic distributed sunlight.

#### **Eligible Small Wind Systems**

An investment tax credit or U.S. Treasury grant for 30 percent of eligible expenditures is available for businesses and farms that install wind turbines with a nameplate capacity of 100 kilowatts or less.

#### **Eligible Biogas Electric Systems**

An investment tax credit or U.S. Treasury grant for 30 percent of eligible expenditures is available for businesses and farms that install biogas digesters with a nameplate capacity rating not less than 150 kilowatts.

#### **Eligible Biomass Electric Systems**

An investment tax credit or U.S. Treasury grant for 30 percent of eligible expenditures is available for businesses and farms that install biomass combustion systems that produce electricity.

#### **Federal Tax Credits for Ground-Source (Geothermal) Heat Pumps**

Tax credits up to 10 percent of the cost are available for the year the property is placed in service. Qualified ENERGY STAR® systems must use ground or ground water as a thermal energy source to heat the business, or as a thermal energy sink to cool the business, and be installed between January 1, 2009 and December 31, 2016.

#### **ADDITIONAL FUNDING FROM FOCUS ON ENERGY**

In addition to the federal tax credits, eligible Wisconsin businesses can receive Cash-Back Rewards from Focus on Energy on qualifying energy efficiency and renewable energy projects that save electricity and natural gas. Pre-approval may be required to receive financial incentives. Visit [focusonenergy.com/incentives](http://focusonenergy.com/incentives) or call **800.762.7077** for up-to-date information on available business incentives.



#### **LEARN MORE ONLINE**

##### **Focus on Energy**

[focusonenergy.com](http://focusonenergy.com)

##### **Internal Revenue Service**

[irs.gov](http://irs.gov)

##### **Alliance to Save Energy**

[ase.org](http://ase.org)

##### **U.S. Environmental Protection Agency**

[epa.gov](http://epa.gov)

##### **The national ENERGY STAR® program**

[energystar.gov](http://energystar.gov)

##### **The Tax Incentives Assistance Project**

[energytaxincentives.org](http://energytaxincentives.org)

##### **Solar Energy Industries Association**

[seia.org](http://seia.org)

##### **Database of State Incentives for Renewables and Efficiency**

[dsireusa.org](http://dsireusa.org)

Focus on Energy works with eligible Wisconsin residents and businesses to install cost effective energy efficiency and renewable energy projects. Focus information, resources and financial incentives help to implement projects that otherwise would not be completed, or to complete projects sooner than scheduled. Its efforts help Wisconsin residents and businesses manage rising energy costs, promote in-state economic development, protect our environment and control the state's growing demand for electricity and natural gas. For more information, call **800.762.7077** or visit [focusonenergy.com](http://focusonenergy.com).

