



BRENDA JEMMOTT, *Tax Manager*
bjemmott@rina.com • (510) 893-6908
475 14th Street, Suite 1200 • Oakland, CA 94612
www.rina.com

Q

What tax breaks do I get for making my building “energy efficient”?

A

Relatively new legislation allows a tax deduction equal to \$1.80 per square foot for improving the energy efficiency of new or existing commercial buildings. The deduction is equal to \$1.80 per square foot for a 50% or greater reduction in energy costs. Alternatively, a \$0.60 per square foot deduction is available for one of the following three categories: 10% energy savings by using a building envelope, 20% energy reduction for lighting or a 20% reduction in heating and cooling costs.

To qualify for the deduction, the building or improvements must be certified by a qualified individual.

Generally, the person who makes the improvements gets the deduction. However, in the case of HVAC or lighting efficiency projects, the tenant qualifies. Building or system designers (e.g. architects and engineers) are eligible for the deduction in the case of government-owned buildings.