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Galley Eco Capital LLC
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The best deal for investors,
communities and the planet.

Client Update

Extension of Federal Tax Credits for Energy Efficiency and Renewable Energy

This is a special update for Galley Eco Capital clients concerning the extension of sunset dates for both federal energy efficiency and renewable energy tax credits. Specifically, these provisions provide significant benefits to investors and developers of sustainable real estate and our incentive and tax benefit studies can help you plan to maximize your use of these strategies.

As you may know, on 3 October 2008, the House of Representatives approved the **Energy Economic Stabilization Act of 2008** (HR 1424). This Act contains significant financial benefits for sustainable real estate investors and property owners implementing energy efficiency retrofits to their existing properties.

Galley Eco Capital provides property owners with incentive and tax benefit studies that include specific IRS-approved strategies that can assist the green real estate investor in boosting the returns on their investments. They are an essential part of an integrated finance approach, which we recommend for developers and investors.

Last week's passage of HR 1424 means that, in our work with you, incentive and tax benefit studies that we prepare will analyze the potential benefits to your investment strategy that will come from these federal incentives:

- **The Commercial Building Tax Deduction**, which will remain in effect until December 31, 2013. This will benefit those clients wanting to apply for the available energy tax deductions for their project(s) with occupancy in 2008 and beyond to 2013.

- **Energy Tax Credits** will remain. The tax credits are valued at \$1.80 per square foot, and are in addition to any state, local and utility incentives. Energy Tax Credit Certification from Galley Eco Capital includes the required certification of a third-party qualified and licensed engineering firm, as well as energy tax deductions from the state and local utility companies.
- The **Energy Policy Act** (EPACT), which in cases of building and retrofitting government property, can be taken by your architect/contractor. This particular approach is one of the most overlooked tax strategies for professionals involved in the construction of public buildings.
- Note that the above information is a summary and does not represent the scope of the incentives in their entirety.
- For those of you who follow our blog, Our Green Journey, we also published a short overview on the extension of valuable renewable energy tax credits within HR 1424, as well. Here are the highlights:

continued

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- The **Investment Tax Credit (ITC)** provisions extend the sunset for solar, fuel cell and microturbine property until December 31, 2016, and have been expanded to include combined heat and power system property, qualified small wind energy property, and geothermal heat pump system property. Additionally, the ITC has become increasingly valuable to residential developers who include solar property within their green homes. The \$2,000 federal cap on residential solar incentives has been raised to \$4,000.

- The **Production Tax Credit (PTC)** provisions extend the sunset for placed-in-service wind facilities until 31 December 2009.

Our estimates indicate that these latest provisions can provide for a nearly 75% offset to the cost solar property alone — a significant benefit.

Need more information? Find it at our website, www.galleyecocapital.com.

In the Green Building Resources section of our website, you can access additional examples of the application of these incentives. You can also utilize our educational and training materials to learn more about sustainable real estate and alternative energy strategies for your projects.

We have talked with some of you, who have been reluctant to incorporate an incentive strategy within your green real estate equity investment and development strategies, mainly due to the uncertainty surrounding the extension of these provisions.

Please contact us at Galley Eco Capital at 415-655-6668 or info@galleyecocapital.com to discuss how you can put the federal government to work for you within your future sustainable investment and capital expense funding plans. Any initial review of your particular investment case is complimentary.

You need a comprehensive approach to sustainable real estate. Galley Eco Capital provides the approach you need -- and more.

An integrated finance strategy for sustainable real estate:

- We package financial incentives and tax benefits together, for your project. You save time and boost profits.
- Thinking of investing in a renewable energy project? We have the know-how to help you maximize your renewable energy investment.
- We provide transaction due diligence and support services, reducing your transaction time and helping to build a stronger investment case.



Make sure you get the ROI you're entitled to.

Let Galley Eco Capital develop an integrated finance strategy for your project.