



# Energy Tax Incentives

Inflation Reduction Act 2022 - §179D Tax Deduction & 45L Tax Credit

# About Walker Reid Strategies

## Industry Leaders

Walker Reid Strategies actively participates in numerous national organizations related to both Energy Efficiency and Specialty Tax Services. Key members of our team are distinguished advisers and advocates on different energy and tax policies. Additionally, Walker Reid members frequently lecture and contribute on the §179D Tax Deduction, §45L Tax Credit, the energy implication and tax consequences of the incentives and credits.

### Walker Reid Strategies

*Specializes Exclusively in energy tax incentives §179D & §45L certifications.*

Our company is a licensed Engineering Firm with in-house Professional Engineers, HERS Raters, Commercial Energy Raters, Energy Engineers and CPA's.



# Energy Tax Incentives

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	<b>§179D EECBTD Private Sector</b>	<b>§179D EECBTD (Gov. Bldgs.)</b>	<b>§45L Residential Homes Tax Credit</b>
<b>Benefit Amount</b>	Up to \$1.88/Sf (Accelerated Depreciation)	Up to \$1.88/Sf	\$2000 Per Dwelling Unit
<b>Who Can Benefit</b>	Commercial Building owners	Designers of EECBP on Government Owned Buildings	Developers of residential homes/apartments with basis at the time of construction.
<b>Project Types</b>	New Construction/Retrofit	New Construction/Retrofit	New Construction/Major Renovation
<b>Deadlines</b>	Permanent Incentive	Permanent Incentive	Expired 12/31/2021 (Extended under the IRA)
<b>Qualification Opportunity</b>	Greater than 90% chance	Greater than 90% chance	80% Chance of Qualification
<b>Engineering Requirement</b>	50% improvement vs ASHRAE 90.1-2007	50% improvement vs ASHRAE 90.1-2007	50% improvement vs 2006 IECC standards. (10% from envelope)
<b>Third Party Verification</b>	Professional Engineer performs modeling/site visit	Professional Engineer performs modeling/site visit	HERS Rater Performs modeling/site visit.

# BRACE YOURSELF

**§179D & §45L  
Changes Are  
Coming**

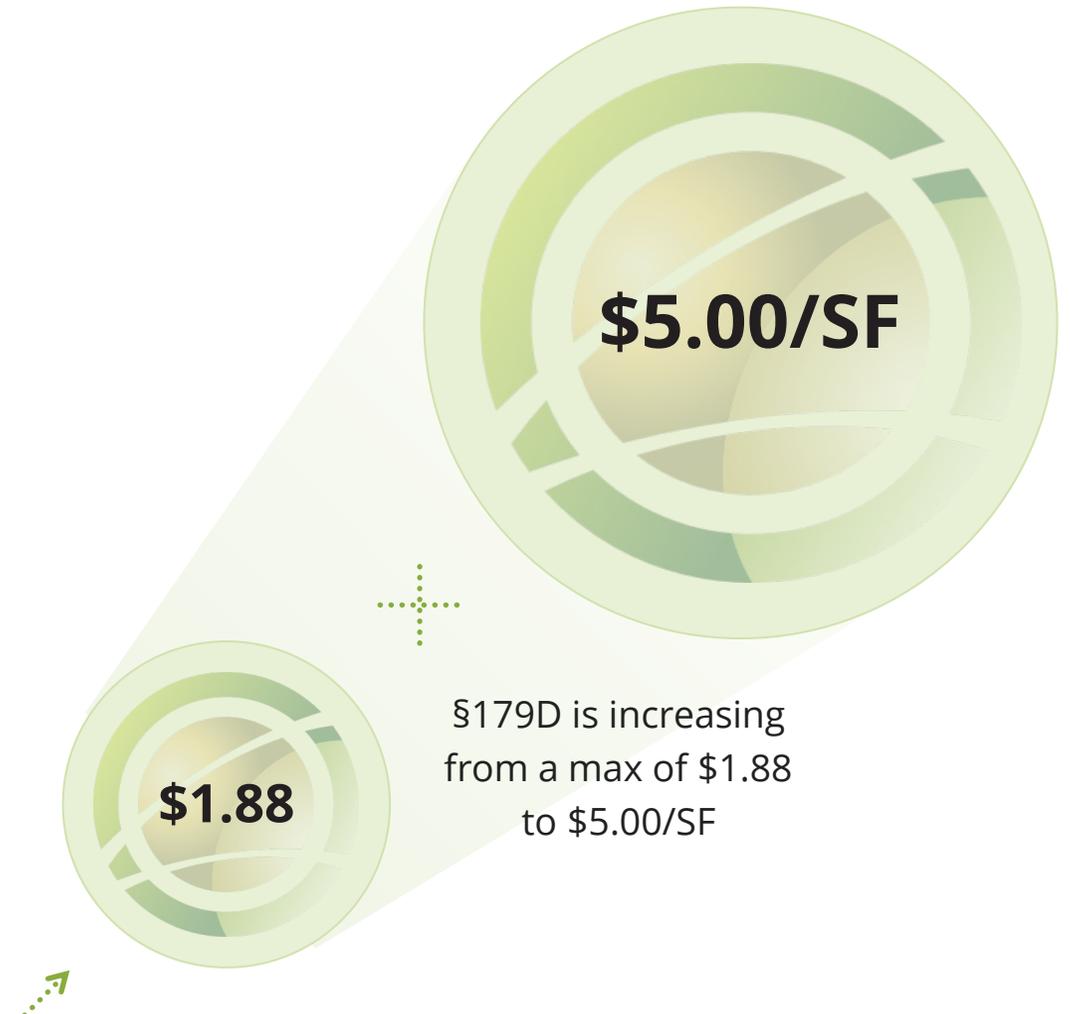


# IRA 2022 §179D Changes

Key Relevant Changes- for EECBP Placed in service after **1/1/2023**

**25% Reduction** as starting point, with additional benefit per every percentage point improvement against ASHRAE 90.1 Standard in place 4 years prior to the date in which the building was placed in service.

		Key Relevant Changes- for EECBP Placed in service 1/1/2023		
		25% Reduction	Each additional % Point	50% or Higher
Prevailing Wage will determine the starting point of the benefit				
Prevailing wage & apprenticeship requirements	Meets	\$2.50/SF	\$0.10/SF	\$5.00/SF
	Does not meet	\$0.50/SF	\$0.02/SF	\$1.00/SF



# IRA 2022 Prevailing Wage

§179D and §45L

As part of IRA starting in 2023, to maximize §179D & §45L projects must comply with Prevailing Wage and Apprenticeship Requirements, per Notice 2022-61



## Maintain Books of Records

that include proof that the laborers and mechanics of contractors and subcontractors were paid prevailing wages in accordance with the published rates by the secretary of labor



## Determine Labor Rates if not Published



Apprentices shall account for 12.5% of the total hours worked on the facility



Projects Started Prior to 1/30/2023 can be exempt



IRA 2022

# §179D Changes

Key Relevant Changes- Placed in service  
1/1/2023



Tax Exempt Building Owners may now allocate the §179D to designers of energy efficient commercial buildings.



Expectation is that Rules will mirror the allocation of the §179D to the designers that currently exist.



New Qualifying methodology analyzing Energy use Intensity for retrofits



Same buildings will be able to be recertified if additional energy improvements are made every 3 years for privately owned and every 4 year for government/tax exempt owned



REIT will now be able to benefit from 179D in the year in which the EECBP was placed into service

# IRA 2022 §179D Changes

## Designers

Only Designers of EECBP should be claiming government owned 179D- Designer of Energy Efficient Government Owned Buildings –IRA has earmarked 45 Billion for IRS Tax Enforcement



### Architects

That design energy efficient government buildings



### Engineers

(Mechanical &/or Electrical) that Design Energy Efficient Government Buildings



### Design Build Contractors

Contractors that Design Energy Efficient Government Buildings



### Energy Service Companies

(ESCOs, Performance Contractors, HVAC Contractors, Lighting Contractors) that Design Energy Efficient Government Buildings



# IRA 2022 §45L Changes

## Key Relevant Changes



### The current version

Of §45L which includes a **\$2,000.00** per unit, has been extended for residential homes or apartments placed in service through December 31, 2022.

### New homes & Multi-Family\*\*

Certified under the ENERGY STAR residential new construction or the ENERGY STAR manufactured new homes programs sold or rented

- a) After December 31, 2022, will be eligible for a **\$2,500.00** tax credit
- b) New homes qualifying under the zero energy ready homes program (ZER) can achieve **\$5000.00** per unit.

\*\* Multi family projects need to be completed using prevailing wage.. Single family do not need to meet prevailing wages

### Multi-family

That does not meet the prevailing wages criteria the amount will be reduced to **\$500** per unit (ENERGY STAR) and **\$1000** per unit (ZER)

# Questions & Answers



# Why Walker Reid Strategies

## Less Work

Our proprietary management system and national network of site inspectors is able to site-gather the § 179D required building data which means less work for your staff; building plans are not always required



## Greater Experience

Over \$10 Billion in energy tax incentives have been certified



## More Incentives

Our in-house engineering staff does the extra work required to maximize the deduction at \$1.88 per square foot (Whole Building) rather than just \$0.60 per square foot (Partially Qualifying Property).



## Flexibility

We will work with our clients and adjust our engagements to meet their needs



## Lower Cost

On average, Walker Reid § 179D Certifications cost 30%-60% less than what companies were paying previously



## Complimentary Feasibility Analysis

Let us look at any past projects





WALKER  REID  
STRATEGIES

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