

# Cleaning up

How government incentive programs can help you go green **Interviewed by Sue Ostrowski**

If your company is going green or is involved in the generation of electricity using green resources, there's a lot of money available in the form of tax credits and grants to help you.

To stimulate the economy, federal, state and local governments are offering incentives to encourage companies to help reduce our country's carbon footprint and to support a sustainable future, and now is the time to take advantage of the incentives before the opportunity passes you by.

"There's a slew of money out there if you're willing to go find it," says Eric Rohner, tax partner at Moss Adams LLP. "If you're not being proactive, you may miss out. You may need to do a little hunting, but it's out there, and if you sit and wait, someone else is going to take it."

*Smart Business* spoke with Rohner about what you can do to take advantage of the available programs and how doing so can benefit your company.

## How can a company qualify for incentive programs?

Under the American Recovery and Reinvestment Act of 2009 (ARRA), the government wants companies to invest in new light bulbs, solar arrays on rooftops, renewable energy equipment or sustainable energy activities. The goal is to stimulate investment in these targeted areas.

The government is offering cash grants tied to investments that can be refunded right now, as well as investment credits that can be applied against taxes you owe and grants to pursue a particular strategy. Most of the stimulus money is geared toward renewable-energy-focused businesses, but there are incentives available for other businesses, too.

If you build an energy-efficient building or install energy-efficient lighting, there are credits available. There are also deductions for making investments to retrofit your building to make your business more efficient. In addition, there is money for advanced research projects, loan guarantees and low interest rate loans. You have to dig, and you may have to submit applications or go through a certification process, but the payoff is that you may get a grant.

If you're doing some of these things or thinking about doing them, start check-



**Eric Rohner**  
Tax partner  
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ing around. Maybe you don't meet the criteria for renewable energy tax credits, but these other funds are available.

There's a lot of money out there — the government is casting a much wider net — but you have to invest some time to look for it, fill out an application, go through a certification process and maybe even get audited to prove what you're really doing.

## What kinds of incentives are available?

The ARRA broadens and extends some of the incentives that have been in place for several years, making them available to a wider range of taxpayers.

One of the important elements of the stimulus is the extension of the Renewable Energy Production Credit, commonly known as production tax credits (PTC). These credits are now available for projects placed in service through 2012 and 2013, depending on the specific type of renewable investments. The extension is particularly appealing for institutional tax equity investors because it gives them much-needed visibility into the near term and over the horizon.

The stimulus package also extends and expands the availability of the Business Energy Credit. This credit is from 10

percent to 30 percent of the investment basis, and in some cases, a taxpayer can elect to receive a refund rather than claim a credit. The refund is crucial because it means that a whole host of new renewable-energy players can now benefit from this credit — especially smaller investors.

At the very top of the clean-technology/renewable energy supply chain is the company that is generating electricity, but now the incentives can reach all the way down to the person who's manufacturing the equipment that will ultimately be used in the generating equipment. For example, the manufacturers of wind blades or PV panels used in renewable energy projects can claim the New Energy Manufacturing Credit, which is a 30 percent credit for taxpayers that re-equip, expand or establish a manufacturing facility for the production of renewable energy equipment.

In addition, there are incentives that are targeted to anything that's clean, green, renewable or sustainable. If you have a program where you're trying to reduce your company's carbon footprint by being green, working with employees or customers and just trying to do the right thing, there may be something out there for you.

## When should companies look into developing greener practices?

The sooner the better. The tax credit is unlimited, but a lot of the other incentives are capped at certain dollar amounts, so once that dollar amount is gone, the program terminates.

There are a lot of reasons you need to be doing something. Beyond the incentives, a lot of people are becoming more aware of the issue, and customers like to buy from people they see are at least making an effort.

It's the right thing to do, and if there's money on the table and it makes economic sense, do it. If it doesn't make economic sense, people might be less inclined. Some people do it out of passion for the issue or guilt, but the driver is going to be economics, and there just happens to be a lot of stimulus out there to drive the economics. <<

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