Proposed Energy Efficiency Tax Incentives for Worship Facilities

by Jacob Goldman and Raymond Kumar

The proposed extension of the very successful Section 179D building energy tax incentive would, for the first time, cover houses of worship facilities and all other not-for-profit facilities. If enacted, the new law would be effective January 1, 2014.

The current 179D legislation, which has been in effect for eight years, has assisted tens of thousands of commercial buildings and government buildings in upgrading to today’s extremely energy efficient lighting and HVAC products. The government building incentive is provided in the form of a tax incentive for the design/retrofit team that accomplishes the qualifying energy retrofit. Worship facilities were not included in the original legislation.

The Proposed EPAct Section 179D Tax Opportunity:

* Under the proposed extension of Code Sec. 179D, design teams working on worship facilities that make qualifying energy-reducing investments would obtain immediate tax deductions of up to $3.00 per square foot.

* If the building project doesn’t qualify for the maximum of $3.00 per square foot immediate tax deduction, there are tax deductions of up to $1.00 per square foot for each of the three major building subsystems: lighting, HVAC and the building envelope. The building envelope covers every part of the building’s exterior perimeter that touches the outside world, including roof, walls, insulation, doors, windows and foundation.

* The tax incentive would benefit all denominations of houses of worship, both big and small.

Worship facilities have challenging human usage patterns where it is crucial to upgrade to today’s products to greatly reduce operating costs.
LED Lighting

Prior generation lighting systems that operate seven days a week are extremely expensive. An LED lighting system with occupancy sensors that only turn the lights on when humans enter the worship facility can reduce lighting related energy costs to a fraction of current costs.

HVAC

The primary HVAC concern in worship facilities is the maintenance of occupant comfort with a high variability in occupancy. Technologies that have the ability to lower energy use with lower occupancy are critical in saving energy. Equipment with multiple compressor stages and great part load efficiency represents the first level of increasing energy efficiency. Demand control ventilation, which modulates airflow based on the presence of carbon dioxide in the air, has the ability to greatly improve energy efficiency. Lastly, an economizer using outside air instead of mechanically cooled air during the fall and spring can dramatically increase energy efficiency. Depending on location, worship facilities should layer these technologies to maximize energy savings.

Conclusion

The worship community has an opportunity to greatly reduce energy-related operating costs if the proposed law is enacted. [Church leaders] who agree that houses of worship deserve the same tax incentives as other facilities [are encouraged to] let their Congressman know how they feel.

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