

October 9, 2008

CONGRESS ENACTS FIVE-YEAR EXTENSION OF TAX INCENTIVES FOR GREEN BUILDINGS

There's good news for commercial building owners who have wanted to "go green," but have been waiting to see whether the tax incentives for green buildings, set to expire at the end of 2008, would be extended. The historic financial rescue bill (H.R. 1424), signed by President Bush on Friday, Oct. 3, 2008, also included the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 ("TEAMTRA"). Among the tax-extendors in TEAMTRA was a five-year extension of the tax incentives for "green" commercial buildings.

Internal Revenue Code Section 179D gives owners of commercial real property a tax break by allowing them to deduct the cost of certain energy-efficient property. It applies to both new construction and to retrofits of existing construction. Prior to TEAMTRA, this tax break only applied to property placed in service on or prior to Dec. 31, 2008. With the extension of this provision to Dec. 31, 2013, property owners now have sufficient time to design, construct and complete projects that will qualify for this tax break. Although numerous bills had been introduced in Congress that would have raised the amount deductible under Section 179D, TEAMTRA did not contain any increase in this amount. The deduction is still limited to the product of \$1.80 multiplied by the square footage of the building.

For a brief overview of the Section 179D deduction for "green" buildings, see "New Tax Incentives for 'Green' Buildings Have Owners Seeing Green," in [The Critical Path](#), Fall 2006; for a more detailed discussion, see "New Tax Incentives for 'Green' Buildings Have Owners Seeing Green," in the ABA's [The Construction Lawyer](#), Summer 2007.

For additional information, contact the attorney listed below, or the Reed Smith attorney with whom you regularly work.

Ruth N. Holzman
+1 310 734 5214
rholzman@reedsmith.com

James R. Eskilson
+1 310 734 5205
jeskilson@reedsmith.com

Todd O. Maiden
+1 415 659 5918
tmaiden@reedsmith.com

Eric M. McLaughlin
+1 415 659 5982
emclaughlin@reedsmith.com

Jennifer Smokelin
+412 288 3016
jsmokelin@reedsmith.com

Reed Smith is one of the 15 largest law firms in the world, with more than 1,600 lawyers in 24 offices throughout the United States, Europe, Asia and the Middle East. Founded in 1877, the firm represents leading international businesses from Fortune 100 corporations to mid-market and emerging enterprises. Its lawyers provide litigation services in multi-jurisdictional matters and other high stake disputes, deliver regulatory counsel, and execute the full range of strategic domestic and cross-border transactions. Reed Smith is a preeminent advisor to industries including financial services, life sciences, health care, advertising and media, shipping, international trade and commodities, real estate, manufacturing, and education. For more information, visit reedsmith.com.

U.S.: New York, Chicago, Los Angeles, Washington, San Francisco, Philadelphia, Pittsburgh, Oakland, Princeton, Northern Virginia, Wilmington, Silicon Valley, Century City, Richmond

Europe: London, Paris, Munich, Birmingham, Greece

Middle East: Abu Dhabi, Dubai

Asia: Hong Kong, Beijing

The contents of this newsletter are for informational purposes only, and do not constitute legal advice.