

Green Incentives Offer Much-Needed Stimulus For Local Region



■ GUEST COLUMNIST
By **Blake Christian**

Regardless of your political affiliation, your view of Al Gore and your support or disgust over the Copenhagen Climate Summit, the vast majority of local and regional business owners and residents prefer clean air, clean water and non-toxic soil. Furthermore, most of us are willing to pay a reasonable amount of incremental cost to keep our region clean for generations to come.

Today more than ever, businesses and individuals throughout the nation are focused on greening their business operations and residences. However, the cost of adopting many of these newer technologies can be prohibitively expensive – unless taxpayers factor in state and federal energy credits, grants and other incentives.

California has been an international leader in green-tech for decades, and the greater Long Beach region has been a very early adopter of a vast array of clean technologies in the ports and throughout the city. The Long Beach region has developed an international reputation and has attracted a wide variety of clean-tech companies ranging from bio-fuels producers, fuel cell manufacturers, alternative fuel big-rigs, wind turbine manufacturers and paperless document software designers.

The green-tech sector can clearly provide much-needed employment and attract long-term investment into Long Beach and surrounding regions. The added advantage for Long Beach to attract and retain businesses is the existing green-tech industry combined with

the valuable Enterprise Zone (EZ) hiring and equipment credits available to businesses operating within the EZ boundaries.

The Long Beach EZ program is scheduled to run until January 2022 and contains some of the most valuable incentive tax benefits in the country. Sales tax credits on the first \$20 million of “qualified” equipment, including technology, energy and air/water pollution-control equipment, research & development and manufacturing/ processing equipment can result in annual tax credits of nearly \$2 million per year. These California equipment credits are in addition to the even more impactful hiring tax credits, which can be \$37,000 or more for each “qualified” employee working in the Enterprise Zone. So port tenants and other capital intensive businesses will continue to view Long Beach as the optimal destination – particularly since several surrounding Zones lost their Enterprise Zone designation in 2008.

The extensive list of state and federal energy tax credits typically range from 10 percent to 50 percent of the qualified equipment costs – but can be as high as 100 percent for certain equipment in certain states.

Examples of federal energy tax credits include:

- Hybrid Vehicle Credits, Electric Plug-In Vehicle Credits, Lean-Burn and Fuel-Cell Vehicle Tax Credits. These credits range from \$500 for certain passenger vehicles to as much as \$32,000 for alternative fuels (e.g. LNG, LPG or Hydrogen powered) big-rig trucks,
- Alternative Refueling Stations such as plug-in electric and liquid nitrogen gas (LNG) recharging stations (up to 50 percent energy credit/ \$50,000 per station),
- Hydrogen Refueling Stations (up to 30 percent federal energy credit/ \$200,000 per station),
- Bio-mass energy tax credits for investment in equipment which can convert bio-degradable

feedstock into energy,

- General Qualified Energy Property – a 30 percent IRS energy tax credit is available for investment in a broad range of solar, geothermal, wind and other renewable equipment.

Earlier this month, President Obama announced a green-tech grant program totaling \$2.3 billion, with expected private investment of \$5 billion. Governor Schwarzenegger followed suit and announced a \$500 million funding allocation to train up to 140,000 green-tech workers. In addition, the Governor is proposing a sales tax exemption on all California green-tech manufacturing equipment.

With the increasing focus on climate change, carbon footprint reduction and increasing use of alternative energy sources, taxpayers can anticipate additional federal and state legislative action with respect to expanding energy tax credits and other eco-incentives. Hopefully, a more holistic and flexible framework will be developed to ensure that technologies can be evaluated annually for effectiveness and credit allocations can be shifted to maximize development of the best solutions.

Two useful sites to ferret out these somewhat esoteric green incentives are:

- BNA Green Tax Incentives Library – <http://www.bna.com/products/tax/ginl.htm>
- Database of State Incentives for Renewables & Efficiency – <http://www.dsireusa.org>.

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