

# SPF & TAX INCENTIVES ON A LOCAL, STATE & FEDERAL LEVEL



The comments and opinions in this presentation do not necessarily represent or reflect those of SPFA.

# Objective

To educate contractors on how to research for opportunities, educate & sell the consumer on the benefits of performing the work, & to understand the increased energy efficiency & cost savings through the value proposition of SPF and other means of energy efficiency



# We know the benefits of SPF

It is our purpose to educate the consumer on these benefits, and advantageously move forward, utilizing the programs that are in place to assist the consumer in procuring the best possible products and practices available in our industry



# Our Economic State

- Consumers are reluctant to spend an increased up-front cost for a superior product when they believe they can achieve a similar performance from an inferior product with a lower initial cost
- Once again, this is our responsibility to educate the consumer on what SPF has to offer
- We, as the educator, start with Research



# Research

- Details of the Funding Opportunity
  - Over \$3 Billion in funds has been allocated overall for the American Recovery & Reinvestment Act (ARRA) and the State Energy Program (SEP) based on the Department of Energy's (DOE) Funding Opportunity Announcement



# *Government Programs*

*Local*

*State*

*Federal*

*Block  
Grants*

*Rebates & Tax  
Incentives*

*State  
Departments of  
Development*

*Loan Programs  
and Tax  
Incentives  
ARRA/SEP*

*Grant Writers  
Use Local State  
Reps To Submit  
For Grants*



# Department of Energy

- [www.dsireusa.org](http://www.dsireusa.org)
- Established Goals of the DOE for the State Energy Program:
  - Stimulate the creation or increased retention of jobs
  - Increasing energy efficiency to reduce energy costs and consumption for consumers, businesses and government
  - Increasing energy generation from renewable sources
  - Reducing reliance on imported energy
  - Reducing greenhouse gas emissions



# Consortium of Energy Efficiency

- [www.cee1.org](http://www.cee1.org)
- Utility Rebates





# Local & State Programs

- Florida Power and Light
  - [www.fpl.com/business/savings/rebates\\_and\\_incentives.shtml](http://www.fpl.com/business/savings/rebates_and_incentives.shtml)
  - Up to a \$.45 per square foot rebate for reflective coatings
  - Variable rebates for roof or ceiling insulation



# Local & State Programs

- Austin Energy (Texas)
  - [www.austinenergy.com](http://www.austinenergy.com)
  - Commercial Energy Management Rebate Program
  - Up to a \$0.30 per square foot rebate for ceiling/roof insulation and reflective coatings



# Local & State Programs

- State of California

- [www.energy.ca.gov](http://www.energy.ca.gov)

- Energy Efficiency Financing Program

- Offers loans up to 100% of the energy efficiency project costs with a cap of \$3,000,000.00 per project with an APR as low as 1%



# Local & State Programs

## □ State of Ohio

- [www.ohio.recovery.org](http://www.ohio.recovery.org)
- Ohio Department of Development
- The State of Ohio will receive \$96,083,000 as a part of the State Energy Program from the U.S. DOE
- Funds are to be used per the goals established by the DOE for the State Energy Program



# Local & State Programs

- Securing Local, State & Federal Incentives...

While Being Environmentally Responsible



# LEED Certification

- A building's LEED Certification is directly related to the building owner's ability to benefit from Local, State & Federal Incentive Programs, should an incentive program be in place at the building's location
- Spray Foam & Coating can contribute to as many as 11 LEED points, which is significantly more than most other conventional roof systems



# A coated foam roof system's ability to contribute to LEED Certification

- Sustainable Sites – The use of SPF and a reflective roof coating addresses the Heat Island Effect and can contribute to a credit
- Energy & Atmosphere – The use of SPF dramatically improves the roof's insulation value and can contribute to a credit(s)
- Materials & Resources – credit points can be obtained for the use of recycled materials, construction waste management (diverting waste from landfills), material reuse, the use of materials containing recycled content, obtaining regional materials, and using rapidly renewable materials to produce the end product
- Innovation and Design – The ability to obtain products, including agri-based spf and coatings containing recycled content, that all contribute to the benefits listed in the categories above, can lead to obtaining additional credits; the seamless attributes of an SPF roof system, with the absence of mechanical fasteners, also contribute to this category



# SELL the Customer

- Prepare a presentation to “SELL” the customer on the funding agency
- with the use of creative thinking and the knowledge gained in research
- Be creative, target the consumer’s accountant to show how you can save his client \$
- If insulation is the only consideration regarding the money spent and/or saved, then educate the consumer on the fact that 30% of the new roof is insulation. Therefore, the consumer will get a new roof for 70% the cost
- Reduces the initial cost, producing a quicker return of investment utilizing SPF & continued/increased energy savings

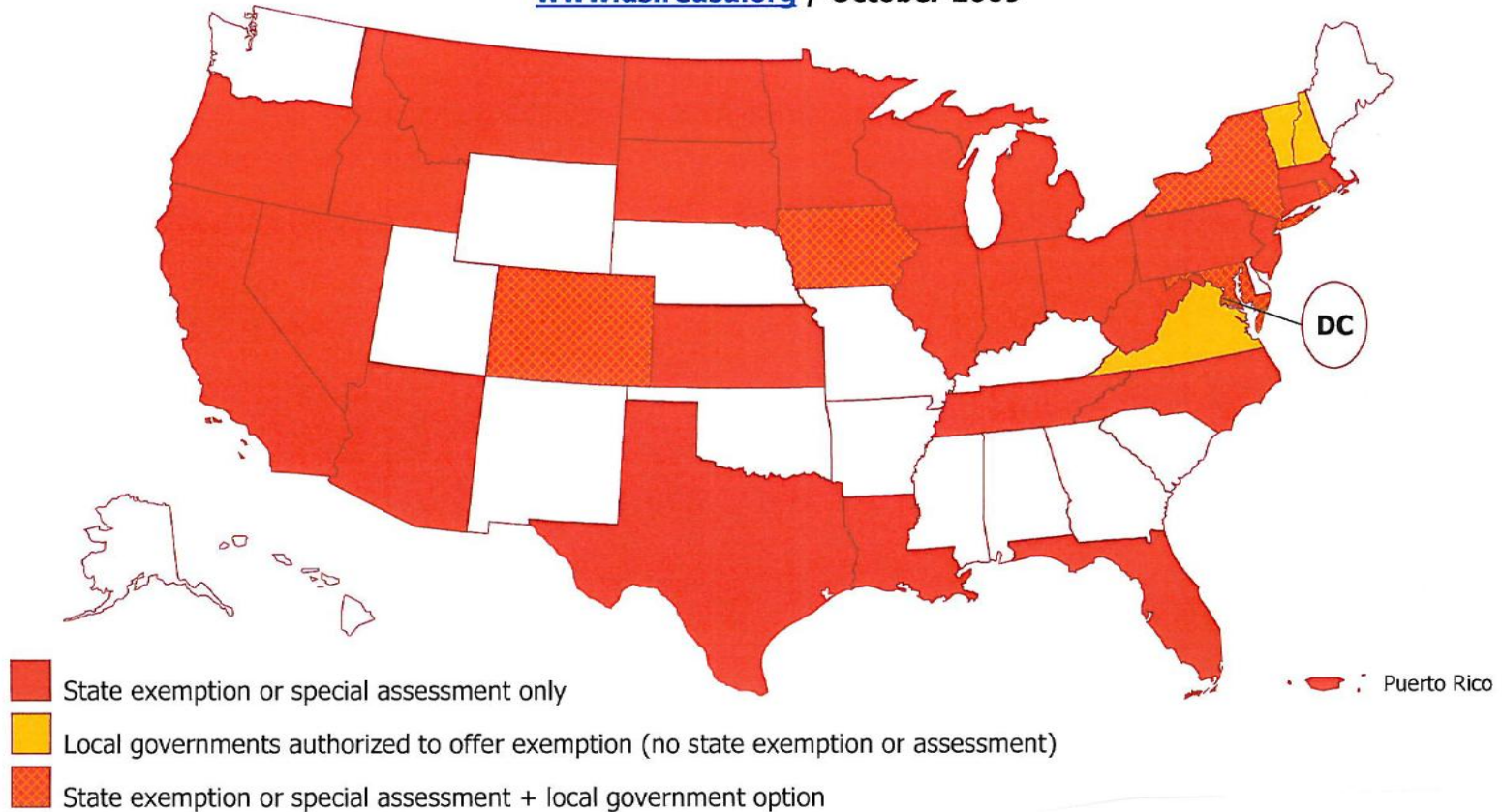
Turn a NEED into a Want!





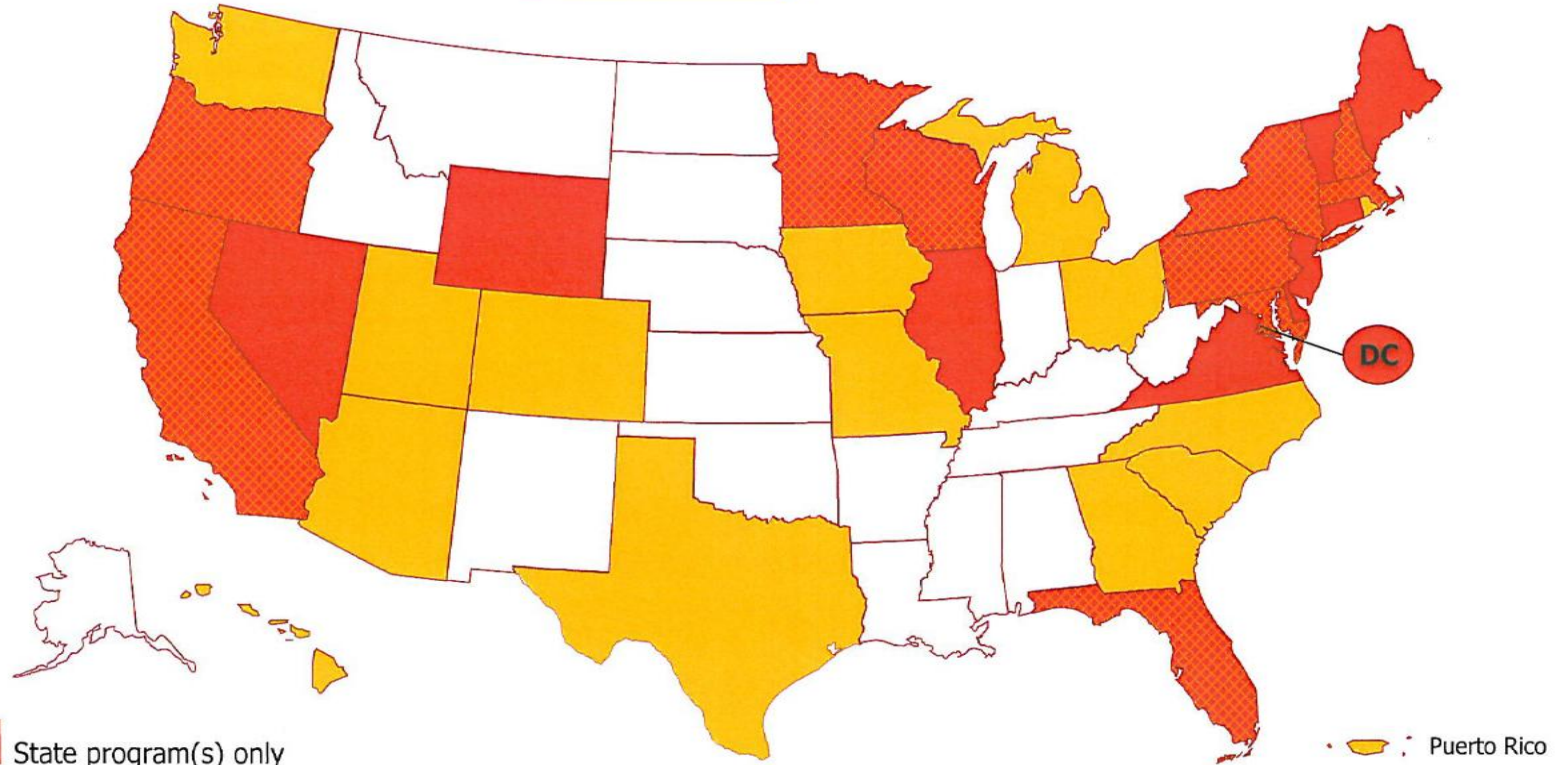
# Property Tax Incentives for Renewables

[www.dsireusa.org](http://www.dsireusa.org) / October 2009



# Rebate Programs for Renewables

[www.dsireusa.org](http://www.dsireusa.org) / October 2009



- State program(s) only
- Utility and/or local program(s) only
- State program(s) + utility and/or local program(s)



# American Recovery & Reinvestment Act

## ARRA

- This program is category specific  
(energy efficiency/renewable resources, etc.)
- Show how to save and/or create jobs with your project
- Show the impact on the local community



# SPF is connected with Alternative Energy

- ESPC (Energy Saving Performance Contract)
- ESCO (Energy Service Company)
- JCI – Brewer & Garret – Honeywell - Heat Transfer
- These are companies that are specific to alternative energy and energy efficiency



# Project Profile

## Beck Center for the Arts



# Project Profile

## Baker Building



# Project Profile

## Great Lakes Brewery



# RESIDENTIAL TAX INCENTIVES





# Residential Tax Incentives

- Straightforward process
- IRS focused / driven
- Tax CREDIT.....not deduction !
- ....By the numbers



# .....By the numbers

- Tax Credit for 30% of MATERIAL Costs
- Available Tax Credit maximum is \$ 1,500.00
- Creates material costs target of \$ 4,500.00
- Tax Credit is a direct reduction from taxes owed... $\$5,700 - \$1,500 = \$4,200.00$



# IRS Driven / IRS Requirements

- 3 items needed to comply with section 1121 of the American Reinvestment & Recovery Act;
  - Invoice from insulation provider / contractor with material costs broken out
  - Letter from material manufacturer that material complies or meets section 1121 criteria
  - IRS Tax Form 5695



# Sample Letter

## MANUFACTURER'S CERTIFICATION STATEMENT

FOR EXISTING HOME INSULATION ADDITIONS (Interior) – 2009 EXTENSION

Effective January 01, 2009 through December 31, 2010

BASF Polyurethane Foam Enterprises LLC (BASF PFE) is a manufacturer of residential spray polyurethane foam insulation systems, with headquarters at 13630 Watertower Circle, Minneapolis, MN 55441.

BASF PFE residential spray polyurethane foam insulation systems are eligible building envelope components that qualify for the federal income tax credit allowed under Section 1121 of the American Reinvestment & Recovery Act of 2009, using Tax Form 5695 (version 2009 or newer), if placed in service in 2009 or 2010 on existing homes only. These insulation systems are specifically and primarily designed to reduce heat loss or gain of a dwelling unit when installed in or on the dwelling unit. These insulation products are self-adhered, monolithic and do not sag or settle. They are expected to perform for a minimum of 5 years when protected from the elements.

BASF Polyurethane Foam Enterprises provides the following spray polyurethane foam systems for field application and uses in residential construction applications:

COMFORT FOAM®

SPRAYTITE®

ENERTITE®

BASF PFE further certifies that its residential spray polyurethane foam insulation systems satisfy the applicable conditions allowed under Section 1121 of the American Reinvestment & Recovery Act of 2009.

It is the responsibility of the homeowner to obtain the breakdown of the component costs from the insulating material installer. This credit is only allowed for amounts paid to purchase the components, not for amounts paid for installation of the components. Save your receipt and this Manufacturer's Certification Statement.

Homeowners should consult with their tax advisor to confirm that an installation of BASF Polyurethane Foam Enterprises spray polyurethane foam insulation system qualifies for federal income tax credits. There are maximum lifetime limits that exist for energy improvements, including those tax credits qualifying under the Energy Policy Act of 2005.

Under penalties of perjury, I declare that I have examined this certification statement, and to the best of my knowledge and belief, the facts are true, correct, and complete.

James Andersen, Manager - Technical / Applications

BASF Polyurethane Foam Enterprises LLC



# IRS Tax Form

- Form 5695
- Internal Revenue Service
- For Paperwork Reduction Act Notice, see instructions. Form 5695 ( 2008)**
  
- © Attach to Form 1040 or Form 1040NR.**
- Name(s) shown on return
- Your social security number**
- Etc.....



# Home Star

- A word about Home Star or
  - “Cash for Caulkers”
    - (Ms. Stephanie Inglis of motumb2b)



# Thank You

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Questions ?

