



ENERGY INCENTIVES

The American Recovery and Reinvestment Act of 2009

On February 17, President Obama signed The American Recovery and Reinvestment Act (ARRA) of 2009. This law includes energy incentives that may impact your business.

For more information, please contact First Advantage at 800.669.6005 or e-mail tax@fadv.com.

Renewable Electricity Production Tax Credit – The credit for production of electricity from certain renewable energy resources is extended for property placed in service between 2009 and 2013 (2012 for wind-related energy property). Resources include wind, closed-loop biomass, open-loop biomass, geothermal or solar energy, small irrigation power, municipal solid waste, and specific other sources.

Renewable Energy Investment Tax Credit (“ITC”) – A 30% credit is available in lieu of the production credit for facilities that produce electricity from wind, closed-loop biomass, open-loop biomass, geothermal, hydropower, landfill gas, waste-to-energy, marine renewable energy, and specific other sources for property placed in service between 2009 and 2013 (2012, for wind-related energy property). The cap on the ITC for small wind energy property, formerly \$4,000, has been removed applicable to periods after December 31, 2008.

Renewable Energy Facility Grant – Authorizes the Treasury Department to award grants equal to 30% of qualified property basis in lieu of the renewable electricity production and investment tax credits. Grant applications must be submitted before October 1, 2011.

Alternative refueling property tax credit – Increased to 50% for qualified non-hydrogen-related property placed in service during taxable years beginning during 2009 and 2010. The maximum dollar amount of the credit for such non-hydrogen-related property, which is subject to an allowance for depreciation, increases to \$50,000. The credit for hydrogen-related property remains at 30%, with a cap increased to \$200,000.

Subsidized Energy Financing – Basis reduction no longer required to claim an energy credit for property financed by subsidized energy financing or private activity bonds.

About First Advantage Tax Consulting Services

First Advantage Tax Consulting Services develops and implements strategies to reduce your tax liabilities, including the Work Opportunity Tax Credit and other employment-related incentives, location-based credits and grants, training grants, and economic incentive services.

This information is intended to provide a brief synopsis of recent developments in federal and state tax credits and incentives and is intended to be informational only. Because the matters described above are complicated in nature, the reader should seek appropriate legal or other professional outside counsel for a more complete explanation prior to acting on the information contained in this document. Any advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under applicable federal, state or local tax law.