

Consider Approval of the 179D Tax Rebate Request

Policy Reference: *Board Governance*, “OE-13 – Facilities,” p. 42.

Background Information: As part of the Energy Policy Act of 2005, Congress enacted Section 179D of the Internal Revenue Code to encourage the design and construction of energy efficient buildings. Per IRC §179D(d)(4) and Notice 2008-40, building owners of energy efficient commercial buildings may take a deduction arising from the installation of energy efficient commercial building property as part of the interior lighting, HVAC and hot water systems, or building envelope systems. If the building owner is a government entity, the government entity may allocate the deduction to a designer of the energy efficient commercial building property.

The role of the allocating government entity is to confirm the scope of work performed and related information as eligible to pursue for the IRC §179D deduction by the taxpayer seeking the allocation, and not for determining if in fact the commercial building property is energy efficient.

Whole Building Systems requested that Horry County Schools allocate the deduction on the recent project at Aynor High School. Whole Building Systems created technical specifications for the installation of the energy efficient systems which resulted in reduced energy consumption. Whole Building Systems created sealed plans and technical specifications for the mechanical renovation. The mechanical renovation comprised of split systems, rooftop units, heat recovery units, makeup air units, and associated electrical connections.

Purpose: To consider approval of Section 179D Energy Efficient Commercial Building Deduction allocations to Whole Building Systems for the Aynor High School mechanical renovations.

For additional information: Contact John Gardner 843-488-6896 or Daryl Brown 843-488-6774.

Recommended Action:

To consider approval of Section 179D Energy Efficient Commercial Building Deduction allocations to Whole Building Systems for the Aynor High School mechanical renovations.

Estimated Cost: N/A

Recurring___Non-recurring ____

Funding Sources:



SECTION 179D ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION **ALLOCATION FORM**

As part of the Energy Policy Act of 2005, Congress enacted Section 179D of the Internal Revenue Code to encourage the design and construction of energy efficient buildings. Per IRC §179D(d)(3), in the case of energy efficient commercial building property installed on or in property owned by a specified government entity, later expanded to include tax-exempt entities by the Inflation Reduction Act of 2022, the Secretary shall promulgate regulations or guidance to allow the allocation of the deduction to the person primarily responsible for designing the property in lieu of the owner of such property. Such person shall be treated as the taxpayer for purposes of this section.

IRS Notice 2008-40 Section 3.02

A designer is a person that creates the technical specifications for installation of energy efficient commercial building property (or partially qualifying commercial building property for which a deduction is allowed under § 179D). A designer may include, for example, an architect, engineer, contractor, environmental consultant or energy services provider who creates the technical specifications for a new building or an addition to an existing building that incorporates energy efficient commercial building property (or partially qualifying commercial building property for which a deduction is allowed under § 179D). A person that merely installs, repairs, or maintains the property is not a designer.

Scope of Work

This project consisted of the mechanical renovation and partial roof replacement of Aynor High School, located in Aynor, South Carolina.

Whole Building Systems created technical specifications for the installation of the energy efficient commercial building property which resulted in reduced energy consumption and is eligible to be allocated the 179D Energy Efficient Commercial Building Deduction. Specifically, *Whole Building Systems* provided input into the creation of technical specifications through the following:

Aynor High School:

As the prime consultant and mechanical engineer for this renovation project, *Whole Building Systems* created sealed plans and technical specifications for the mechanical renovation. The mechanical renovation comprised of split systems, rooftop units, heat recovery units, makeup air units, and associated electrical connections.



The role of the allocating specified tax-exempt entity is to confirm the scope of work performed and related information provided herein as eligible to pursue for the IRC §179D deduction by the taxpayer seeking the allocation, and not for determining if in fact the commercial building property is energy efficient.

If more than one designer is responsible for creating the technical specifications for installation of energy efficient commercial building property (or partially qualifying commercial building property for which a deduction is allowed under § 179D) on or in a specified tax-exempt building, the owner of the building shall—

- (1) determine which designer is primarily responsible and allocate the full deduction to that designer, or
- (2) at the owner's discretion, allocate the deduction among several designers.

Horry County Schools Building Information					
Property Name	Property Address	Placed in Service	Cost of Property	Allocation Percentage	Owner Rep Initials
Aynor High School	201 Jordanville Rd. Aynor, SC 29511	October 2023	\$6,240,281		

The authorized owner representative is not responsible for certification of the energy efficient commercial building property. The taxpayer receiving the allocation is solely responsible for obtaining the required certification and onsite verification and for ensuring their accuracy and substance.

Following a third-party certification by a licensed professional engineer or contractor in the jurisdiction of the building, *Horry County Schools* will be provided with a summary analysis detailing the energy-saving improvements and the final Section 179D deduction amount.



Horry County Schools Representative Information

Representative Name:	
Specified Tax-Exempt Entity Name:	<i>Horry County Schools</i>
Title:	
Mailing Address:	
Telephone Number:	
E-mail:	

Whole Building Systems Representative Information

Representative Name:	Susan Collins
Designer Entity Name:	<i>Whole Building Systems</i>
Title:	COO
Address:	PO Box 1845 Mt. Pleasant, SC 29465
Telephone Number:	843-637-3358
Representative E-mail:	scollins@wholebuildingsystems.com

Under penalties of perjury, I declare that I have examined this allocation, including accompanying documents, and to the best of my knowledge and belief, the facts presented in support of this allocation are true, correct, and complete.

AGREED TO AND ACCEPTED:

Signature (*Horry County Schools* Representative)

Date

Barret R Williams

[Barret R Williams \(Nov 27, 2023 09:06 EST\)](#)

Signature (*Whole Building Systems* Representative)

Nov 27, 2023

Date