

Overview of State and Local Green Building Incentives – Tri-state Area (New York, New Jersey and Connecticut)

States, local governments and utility companies offer various financial incentives to promote “green building,” including the use on site of renewable energy and improved energy efficiency. The incentives come in the form of rebates and grants, tax deductions and credits, and loans. The following charts summarize the major incentives available in New York, New Jersey and Connecticut.

State and Local Green Building Incentives – New York		
Solar	Property Tax	100% of the value added by a solar energy system to real property is exempted from local property taxes for a 15-year period. The law is a local option exemption, meaning that local governments may decide whether to allow it. A list of municipalities in New York State that have opted out of the exemption can be found here . Certain buildings within New York City may receive a property tax abatement in the amount of 8.75% of eligible photovoltaic (PV) system expenditures annually for four years if such expenditures are made between 08/05/08 and 12/31/10; if made between 01/01/11 and 12/31/12, the amount of the tax abatement is 5% annually for four years.
	Income Tax	A taxpayer may be eligible for a personal income tax credit equal to 25% (up to \$5,000) of the cost of equipment and installation of an eligible PV or solar-thermal system in a residential or multi-family residential building. Any excess credit may be carried forward five years.
	Sales Tax	Residential solar energy systems used for heating, cooling, hot water or electricity are exempted from the state sales tax.
Wind	Property Tax	100% of the value added by a wind energy system is exempted from local property taxes for a 15-year period. The law is a local option exemption, meaning that local governments may decide whether to allow it. A list of municipalities in New York that have opted out of the exemption can be found here .
	Rebates	The New York State Energy Research and Development Authority (NYSERDA) provides rebates in varying amounts for any of 32 eligible wind system models made by different manufacturers. The Long Island Power Authority provides rebates to its residential and commercial electric customers for the installation of grid-connected wind energy systems. The amount of the rebate can be as much as 60% of the installation cost.
Biomass, Biofuel	Property Tax	100% of the value added by a farm waste energy system is exempted from local property taxes for a 15-year period. The law is a local option exemption, meaning that local governments may decide whether to allow it. A list of municipalities in New York that have opted out of the exemption can be found here .
	Tax Credit	A taxpayer may be eligible for a personal income tax credit for biodiesel purchases used for residential space heating and water heating. The amount of the credit is \$0.01/gallon for each percent of biodiesel blended with conventional home heating oil, up to a maximum of \$0.20/gallon.
Fuel cells	Property Tax	A taxpayer may be eligible for a personal income tax credit equal to 20% (up to \$1,500) of the cost of equipment and installation of a fuel cell in a residential or multi-family residential building. Any excess credit may be carried forward five years.
	Rebates	NYSERDA provides rebates in varying amounts to support the purchase, installation, and operation of stationary fuel cell systems in New York State.

Energy Efficiency	Utility Rebates	The Long Island Power Authority, Central Hudson Gas & Electric, and National Grid offer rebates to their customers for a variety of energy-efficiency improvements made to commercial buildings.
	Loans	Under the Green Jobs/Green Homes NY program, NYSERDA will establish a revolving loan program to provide up to \$13,000 per residential customer to retrofit a home, and up to \$26,000 to retrofit each qualifying business. Loans will be available to home and business owners in rural and urban communities throughout New York State.
Green Building Generally	Property Tax	Certain buildings may receive a property tax abatement in the amount of \$4.50 per square foot of a green roof, as defined by state law, for a maximum amount of the lesser of \$100,000 or the tax liability of the eligible building in the tax year in which the abatement is taken (abatements are for one year only).
	Tax Credit	Owners and tenants of eligible buildings and tenant spaces that meet certain "green" standards established by state regulations may take a corporate or personal income tax credit calculated according to certain formulas. The credit may be spread over five years.

State and Local Green Building Incentives – New Jersey

Solar	Property Tax	100% of the value added by an eligible solar energy system used to meet on-site energy needs of a residential, commercial, industrial, or mixed use building is exempted from local property taxes.
	Sales Tax	Solar energy equipment is exempted from the state sales tax.
	Loans	Public Service Electric and Gas of New Jersey provides loans to its customers covering potentially 40-50% of the cost of installation of PV systems. Loan applications for non-residential projects will be waitlisted and considered in the order they are received.
Wind	Property Tax	100% of the value added by a wind energy system used to meet on-site energy needs of a residential, commercial, industrial, or mixed use building is exempted from local property taxes.
Hydro	Property Tax	100% of the value added by a hydropower facility used to meet on-site energy needs of a residential, commercial, industrial, or mixed use building is exempted from local property taxes.
Geothermal	Property Tax	100% of the value added by a geothermal energy system used to meet on-site energy needs of a residential, commercial, industrial, or mixed use building is exempted from local property taxes.
Biomass, Biofuel	Property Tax	<p>100% of the value added by a biomass energy system used to meet on-site energy needs of a residential, commercial, industrial, or mixed use building is exempted from local property taxes.</p> <p>100% of the value added by a system that converts methane gas from landfills to produce energy for a residential, commercial, industrial, or mixed use building is exempted from local property taxes.</p>
Fuel cells	Property Tax	100% of the value added by a fuel cell used to meet on-site energy needs of a residential, commercial, industrial, or mixed use building is exempted from local property taxes.
Energy Efficiency	Rebates	<p>The New Jersey Board of Public Utilities and New Jersey's Clean Energy Program provide rebates in varying amounts to builders of homes that meet the federal Energy Star® standard (i.e., are certified by the U.S. Environmental Protection Agency to be at least 15% more energy-efficient than a standard home).</p> <p>The New Jersey SmartStart Buildings Program provides rebates in varying amounts to offset some or all of the added cost to purchase qualifying energy-efficient equipment for non-residential buildings.</p>

State and Local Green Building Incentives – Connecticut

Solar	Property Tax	<p>100% of the value added by an active or passive solar water or space heating system for any type of facility is exempted from property taxes.</p> <p>100% of the value added by a PV system that generates electricity for private residential use (i.e., single family dwelling or multi-family dwelling containing up to four units) is exempted from property taxes.</p>
	Sales Tax	Solar energy equipment is exempted from the state sales tax.
	Rebates	The Connecticut Clean Energy Fund offers a rebate for the installation of a qualified PV project at a non-residential facility. The maximum incentive for any PV project is \$850,000.
Wind	Property Tax	100% of the value added by a wind power system that generates electricity for private residential use (i.e., single family dwelling or multi-family dwelling containing up to four units) is exempted from property taxes.
	Rebates	The Connecticut Clean Energy Fund offers a rebate up to \$3.60/W for the installation of a qualified wind power project at a non-residential facility. No single project (whether wind power alone or a combination with another renewable energy) may receive more than \$4 million in incentives.
Hydro	Property Tax	100% of the value added by a qualified ocean thermal power system, wave or tidal power system, or run-of-the-river hydropower facility that generates electricity for private residential use (i.e., single family dwelling or multi-family dwelling containing up to four units) is exempted from property taxes.
	Rebates	The Connecticut Clean Energy Fund offers a rebate for the installation of a qualified hydropower device at a non-residential facility. No single project (whether hydropower alone or a combination with another renewable energy) may receive more than \$4 million in incentives.
Geothermal	Property Tax	100% of the value added by a geothermal energy resource for any type of facility is exempted from property taxes.
	Sales Tax	Geothermal heat pumps are exempted from the state sales tax.
Biomass, Biofuel	Property Tax	<p>100% of the value added by an eligible biomass facility that generates electricity for private residential use (i.e., single family dwelling or multi-family dwelling containing up to four units) is exempted from property taxes.</p> <p>100% of the value added by a facility that converts methane gas from landfills into electricity for private residential use (i.e., single family dwelling or multi-family dwelling containing up to f units) is exempted from property taxes.</p>
	Rebates	<p>The Connecticut Clean Energy Fund offers a rebate up to \$3.30/W for the installation of a qualified device that convert biomass into electricity at a non-residential facility. No single project (whether biomass alone or a combination with another renewable energy) will receive more than \$4 million in incentives.</p> <p>The Connecticut Clean Energy Fund offers a rebate up to \$3.20/W for the installation of a qualified device that converts methane gas from landfills into electricity at a non-residential facility. No single project (whether landfill gas alone or a combination with another renewable energy) will receive more than \$4 million in incentives.</p>
Fuel cells	Property Tax	100% of the value added by an eligible fuel cell that generates electricity for private residential use (i.e., single family dwelling or multi-family dwelling containing up to four units) is exempted from property taxes.

	Rebates	The Connecticut Clean Energy Fund offers a rebate up to \$4.70/W for the installation fuel cells at non-residential facilities. No single project (whether fuel cell alone or a combination with another renewable energy) will receive more than \$4 million in incentives.
Weatherization	Sales Tax	Certain residential weatherization products, such as insulation, water heaters, natural gas and propane furnaces and boilers meeting the federal Energy Star® standard are exempted from the state sales tax.
Energy Efficiency	Utility Rebates	Several Connecticut utility companies offer rebates to their customers for a variety of energy efficiency improvements.
	Loans	The Connecticut Housing Investment Fund, Inc., makes loans to owners of single and multi-family residential properties (up to \$25,000 for single-family residential; up to \$60,000 for multi-family residential) for a variety of energy conservation improvements.

This chart should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult your own lawyer concerning your situation and any specific legal questions you may have.

Pursuant to IRS Circular 230, please be advised that, this communication is not intended to be, was not written to be and cannot be used by any taxpayer for the purpose of (i) avoiding penalties under U.S. federal tax law or (ii) promoting, marketing or recommending to another taxpayer any transaction or matter addressed herein.

© 2009 Goulston & Storrs – A Professional Corporation All Rights Reserved