

**Maryland Energy Administration  
Green Building Tax Credit  
Overview**

The Green Building Tax Credit provides a credit against a taxpayer's personal or corporate income tax. The credit varies from 6-8 percent of total allowable construction costs with a maximum of \$2 million per project for a building that meets specified green building standards. The current standards are LEED 2009 and ASHRAE 90.1-1999 based. In the future, as new standards become available, the Energy Administration will incorporate those standards, along with future editions of LEED, into the tax credit program. The projects meeting the LEED 2009 Gold and demonstrating above 20/35 energy/atmosphere points will be awarded the tax credits up-to \$ 2 million maximum per project. In addition the application should include a paragraph explaining how the money will be spent on energy efficiency enhancement of the buildings. All projects have to be constructed and shown proof of occupancy within 3 years of getting the Initial Credit Certificate from MEA. Only those will be eligible to receive the Final Credit Certificate.

The Energy Administration will begin accepting applications on November 10 through November 30 2011.

**Green Building Tax Credit**

**Frequently Asked Questions**

**How will the tax credit be allocated?**

The tax credit will be awarded based upon total LEED points earned, with a particular focus on the Energy and Atmosphere category, and least energy consumption per square foot. If two projects are applied with the same LEED energy points, MEA will use energy consumption per square foot to break the tie. All applications will be considered based on energy merits and first-come, first-served basis within the application period.

**What happens if my application is considered incomplete?**

You will be notified of such, and you may resubmit your application with the missing components at any time before the application period is over .

**What if I need an extension?**

The Energy Administration is not able to extend the program and allocation of Initial Credit Certificates beyond December 31, 2011. Therefore, an extension during the application period will not be granted. If your building will not be completed before the expiration date listed on your Initial Credit Certificate, contact the Maryland Energy Administration and an extension may be granted at the discretion of the Agency.

**Can my design change after I have submitted my application?**

Yes, provided you still meet the minimum requirements for qualification, the final design and construction of the building may change. If at any point, the Energy Administration does not believe the building, as currently designed, will meet the requirements of the tax

credit, may request updated architectural and engineering documents. If the documents fail to demonstrate the building meets the minimum requirements or if the owner of the Initial Credit Certificate does not provide the documentation in a timely manner, the Energy Administration, at its discretion, in writing, may revoke the Initial Credit Certificate.

**If I've submitted my application and I can't reach the standard for the 8% credit, can I take the 6% credit?**

Yes.

**What level of documentation do I need to keep?**

A thorough set of documents should be kept. A basic amount of documentation is needed for the final submission package upon the completion of construction. Additionally, should a question arise about the application, the applicant may be asked to provide additional documentation. Failure to provide documentation may disqualify you from the tax credit.

**What level of documentation do I need to submit with the Eligibility Certificate?**

The Eligibility Certificate should be accompanied by the Project Checklist. For each point that is being claimed there should be a narrative describing how that point was earned. The more thorough the accompanying documentation, the easier it will be for MEA to make a determination on the point. Additionally, the applicant must submit document detailing total cost, prepared by a Certified Public Accountant. Receipts and invoices need not be included but should be on record should verification be necessary.

**Do I need to be "certified" by the US Green Building Council to qualify?**

No, your building needs to be certified by a Green Buildings LEED auditor or practitioner to meet the criteria in the standard. An initial credit certificate will not be awarded to any building that is registered with the US Green Buildings Council.

**What if the Energy Administration does not believe the building has been constructed in accordance with the standards, but the developer does?**

In the case of a dispute, the applicant may seek third party verification through the USGBC's certification process. Should the USGBC certify the building, the Energy Administration will honor that finding. Therefore, it is important to keep a comprehensive documentation file.

**What happens if I don't have the tax liability in a given year to claim the full amount of my credit?**

You may continue to take your allocated portion for a total of ten years from the date of Initial Credit Certificate or the deadline on the Final Certificate until you have claimed the full portion, whichever comes first.

**What happens if the building goes out of service?**

If the building goes out of service, you may not claim the tax credit in that given year. You may continue to claim the credit when the building goes back into service.

**What happens if the legislature rescinds the tax credit?**

If you have received your Initial Credit Certificate the Comptroller will likely honor the tax credit if all standards are met in association with that credit. For further guidance please contact the Comptroller's Office or your tax attorney.

**Can I use another set of green building criteria to qualify for the tax credit?**

At this time only LEED Version 2009 and ASHRAE 90.1-1999, can be used for the tax credit. As new applicable standards become available we will include them for use with the tax credit.

**My building isn't 100 percent leased. Can I still qualify for the whole building tax credit?**

As long as at least 50 percent of the tenant space is finished the building will qualify for the whole building tax credit, regardless of the percentage of the building actually leased.

For any Initial Credit Certificate issued after January 1, 2008, a whole building must include 100 percent leased tenant space to qualify for the whole building tax credit.

**How do I find out if my building is in a Priority Funding Area (PFA)?**

Contact the Maryland Department of Planning or visit their website ([http://www.mdp.state.md.us/pfa\\_imf.htm](http://www.mdp.state.md.us/pfa_imf.htm)).

**Is LEED the only standard that qualifies for the tax credit?**

At this time LEED and the ASHRAE 90.1-1999 are the only standards used for the purpose of the tax credit. As new standards become available they will be incorporated for use with the tax credit.