

The American Recovery and Reinvestment Act (ARRA) includes provisions for additional funding for tax credits, bonds and grants to help stimulate a clean energy economy. Of the \$787 billion included in the stimulus, \$115.85 billion is slated for clean energy investments and green jobs training. North Carolina will receive approximately \$6.1 billion, plus tax cuts for working families, \$163 million for energy efficiency projects in the next two years (this includes \$113 million for weatherization and \$49.6 million for other sustainable energy projects). The details of how these funds will be allocated by the State are still being finalized.

**RENEWABLE ELECTRICITY PRODUCTION TAX CREDIT (PTC)**

The PTC has been extended for another three years: for wind projects placed in service through December 31, 2012 and for closed-loop biomass, open-loop biomass, geothermal energy, landfill gas, municipal solid waste, qualified hydroelectric and marine and hydrokinetic energy projects (150 kW or larger) placed in service through December 31, 2013. The PTC is a per-kilowatt-hour tax credit for electricity generated. The tax credit amount varies depending on the resource type. This electricity must be sold by the taxpayer to an unrelated person during the taxable year and the duration of the credit is for the first 10 years of operation with the following two exceptions:

- Open-loop biomass, geothermal, small irrigation hydro, landfill gas, and municipal solid waste combustion facilities placed into service after October 22, 2004, and before enactment of EPAct 2005, on August 8, 2005, are only eligible for the credit for a five-year period.
- Open-loop biomass facilities placed in service before October 22, 2004 are eligible for a five-year period beginning January 1, 2005.

Taxpayers may now take the Business Energy Investment Tax Credit in lieu of the PTC or they may receive a grant from the U.S. Treasury instead of taking the PTC for new installations. More information on this credit can be found [here](#).

To take this credit a business must complete IRS forms 8835: Renewable Electricity, Refined Coal, and Indian Coal Production Credit and 3800 – General Business Credit.

**BUSINESS ENERGY INVESTMENT TAX CREDIT (ITC)**

To qualify for this credit eligible systems must be placed in service on or before December 31, 2016. Eligible systems include:

- Fuel Cells (credit equal to 30% of expenditures) Credit is capped at \$1,500 per .5 kW of capacity (capped at \$500 for property placed in service before October 4, 2008). Fuel cells must have a minimum capacity of .5 kW and have an electricity-only generation efficiency of 30% or higher.
- Small Wind Turbines (credit equal to 30% of expenditures, with no maximum credit limit for small wind turbines placed in service after December 31, 2008, credit is capped at \$4,000 for property placed in service after October 31, 2008 and before January 1, 2009). Eligible property includes wind turbines up to 100 kW in capacity.
- Geothermal Systems (credit equal to 10% of expenditures, with no maximum credit limit stated). Includes geothermal heat pumps and equipment used to produce, distribute or use energy derived from a geothermal deposit.

*“Of the \$787 billion included in the stimulus, North Carolina will receive approximately \$6.1 billion”*

- Credit applies to property placed in service after October 3, 2008.
- Microturbines (credit equal to 10% of expenditures). Credit is capped at \$200 per kW of capacity. Eligible property includes microturbines up to two megawatts (MW) in capacity that have an electricity-only generation efficiency of 26% or higher.
- Combined Heat and Power (credit equal to 10% of expenditures with no maximum limit stated). Includes CHP systems up to 50 MW that exceed 60% energy efficiency must be placed in service after October 3, 2008

To be eligible the construction of the equipment or the original use of the equipment must begin with the taxpayer. The equipment must be operational during the year the taxpayer claims this credit and it must meet performance and quality standards that are in effect at the time the equipment is acquired. More information on this credit can be found [here](#).

Taxpayers that are eligible for the ITC may now receive a grant from the U.S. Treasury in lieu of the ITC for new installations.

To claim the ITC use IRS Form 3468 – Investment Credit.



### **QUALIFIED ENERGY CONSERVATION BONDS**

\$3.2 billion will go to increase the limitation on Qualified Energy Conservation Bonds that state, local and tribal governments can apply for. Eligible projects that can qualify for these bonds include projects that reduce energy consumption in public buildings, implementation of green community programs, development of alternative and renewable energy sources and promotion of mass commuting facilities.

The benefit to the borrower of Qualified Energy Conservation Bonds is that the principal of the bond is paid back to the bondholder who receives tax credits in lieu of bond interest. The bondholder will receive 70% of the full tax credit rate set by the Treasury Department and they can take this credit quarterly to offset tax liability. Bondholders may also carry forward to the next year tax credits that exceed their current year tax liability. These tax credits are considered taxable income for the bondholder.

There is no application process for these bonds, allocations are automatic and proportionate based on population. Allocations are made to the states based on each state's proportional population as compared to the population of the United States. Each large local government, which is defined as any municipality or county that has a population of 100,000 or more, will receive a portion of its state's allocation. The amount allocated to each large local government will be determined by its proportional population to the state.

More information on Qualified Energy Conservation Bonds can be found [here](#).

### **CLEAN RENEWABLE ENERGY BONDS (CREBS)**

\$1.6 billion will be allocated to the Clean Renewable Energy Bond program. CREBs can be used by municipal utilities, rural electric cooperatives, certain lenders or local, state and tribal governments to finance renewable energy projects. Eligible technologies include solar thermal electric, photovoltaics, landfill gas, wind, biomass, hydroelectric, geothermal electric, municipal solid waste, hydrokinetic power, anaerobic digestion, tidal energy, wave energy and ocean thermal.

As with Qualified Energy Conservation Bonds, borrowers of CREBs pay back only the principal of the bond and the bondholder receives tax credits in lieu of interest. The bondholder will receive 70% of the full tax credit rate set by the Treasury Department and may take the credit each year the

bondholder has a tax liability as long as the credit amount does not exceed the limits established by EPAct 2005. These tax credits are considered taxable income for the bondholder.

Participants must apply to the IRS for an allocation. More information on CREBs can be found [here](#).

### **INDUSTRIAL DEVELOPMENT BONDS**

State and local governments can issue these bonds to finance the manufacturing or production of tangible personal property. The ARRA expands the use of Industrial Development Bonds to include creation of intangible property. The interest paid to bondholders may be tax-exempt if the project meets certain eligibility requirements. Eligible projects include the purchase, construction, extension and improvement of warehouses, distribution facilities and industrial plants. The bonds are issued by the Industrial Facilities and Pollution Control Financing Authority in the county in which the project is located. More information on applying for these bonds in North Carolina can be found on the North Carolina Department of Commerce's [website](#).

### **ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANTS (EECBG)**

\$3.2 billion will fund the EECBG, \$2.8 billion of which will be disbursed through a formula to be published in the Federal Register and \$400 million of which will be disbursed through competitive grants. 68% of the \$2.8 billion will go directly to counties and cities based on population; 28% will go directly to all 50 states, U.S. Territories and the District of Columbia; 2% will go directly to Indian Tribes and 2% in competitive grants to communities not otherwise eligible directly from the DOE. Requests for competitive proposals are currently being created. This program was created to assist entities in reducing fossil fuel emissions, reduce energy use and improve energy efficiency in transportation, building and other appropriate sectors. Recipients that are eligible to receive funding include states, Indian tribes, and local governments - cities (with populations greater than 35,000, or one of the 10 highest populations of the cities in the state) and counties (with populations of 200,000 or greater or one of the 10 highest populations of the counties in the state).

Recipients of EECBG funds must comply with the following requirements:

- Within one year of receipt of funding entities must submit a proposed energy efficiency strategy to the Department of Energy
- The DOE has 120 days to approve or deny this strategy
- Within two years of receipt of funds a report must be submitted to the DOE on implementation of the energy efficiency strategy and energy efficiency gains.

To apply for EECBG funds an organization must complete the following:

- Step 1: Request a DUNS Number at [D&B online](#).
- Step 2: Register with the [Central Contractor Registry \(CCR\) online](#).
- Step 3: E-Business Point of Contact must register at [FedConnect online](#).

Eligible recipients must become familiar with [FedConnect](#). The U.S. Department of Energy suggests allowing 21 days to complete the registration process. Priority is given to local governments in states with populations less than 2 million or to projects that will result in significant energy efficiency improvements or reduction in fossil fuel use.

On March 26, 2009 the DOE released the allocation amounts for each state. North Carolina will receive \$20.9 million with Mecklenburg County due to receive \$649,500.00 and Charlotte \$6.7 million. The DOE will make approximately \$456

*“Energy Efficiency and Conservation Block Grants may be used to assist entities in reducing fossil fuel emissions, reduce energy use and improve energy efficiency in transportation, building and other appropriate sectors.”*

million in competitive grants available for local energy efficiency projects. No date has been set for release of these funds.

The DOE is currently preparing guidance documents to help streamline the application process, check [their website](#) for these documents to avoid having your application undergo a NEPA review. The DOE reporting requirements will also include the number of jobs created or retained, energy saved, renewable energy capacity installed, greenhouse gas emissions reduced and funds leveraged. The deadline for applications for states is May 26, 2009 and for cities and counties is June 25, 2009.

### **RENEWABLE ENERGY GRANTS**

ARRA allows taxpayers that are eligible for either the ITC or PTC to instead receive a grant from the U.S. Treasury Department of up to 30% of the cost of eligible property in lieu of taking the ITC or PTC for new installations. The property must be placed in service or construction must have begun during 2009 or 2010. Eligible property includes fuel cells, solar, small wind turbines, geothermal heat pumps, microturbines, and combined heat and power. Only tax-paying entities are eligible for this grant. Entities that are not eligible include federal, state and local government bodies, non-profits, qualified energy tax credit bond lenders, and cooperative electric companies. Grant money will be issued within 60 days of the property being placed in service or within 60 days of receiving an application, whichever is later. Applications must be received by October 1, 2011 to qualify. The Treasury Department is expected to release guidelines in Late Spring 2009 and is not currently accepting applications. The amount of money to be made available for these grants is unknown. More information on this grant can be found [here](#).

### **LOAN GUARANTEES FOR RENEWABLE ENERGY POWER GENERATION**

The ARRA provided \$6 billion in funding for loan guarantees for renewable energy power generation and transmission projects through the Department of Energy. The Department of Energy is currently reorganizing its dispersal of direct loans by cutting paperwork and processing applications on a rolling basis. By doing this DOE hopes to begin offering loan guarantees under the new ARRA legislation by early summer. Under this program the Department would pledge to repay a loan made by a financial institution for a renewable energy project if the project's operator defaults on the loan. Recipients may still be required to secure their own share of financing or meet other conditions prior to closing. Loan guarantees will be made to projects that are set to start construction by September 30, 2011. More information on the loan guarantee program can be found [here](#).

### **STATE ENERGY PROGRAM (SEP)**

\$3.1 billion (\$76.4 million for NC) in additional funding will go to the Department of Energy's State Energy Program (SEP). The SEP provides grants to states to implement energy plans and to carry out their own renewable energy and energy efficiency programs. Funding from the SEP is distributed directly to the state energy offices based on a formula (one-third equally among all states and territories, one-third according to population, and one-third according to energy consumption) as well as competitively for special projects, and the state energy offices manage these funds. The ARRA stipulates that grants from these additional funds do not need to be matched with state funds and that the only states that will be eligible for these grants must adopt strict energy building codes and intend to provide utility incentives for energy efficient measures.

The due date for the initial application for grants under this program was March 23, 2009 and the comprehensive application is due May 12, 2009. The application package, including instructions can be downloaded at [Grants.gov](#) and applications can be submitted through [FedConnect](#). The Department of Energy plans on making 56 grant awards, and only new applications will be accepted for funds under the ARRA. Eligible applicants include states, territories and the District of Columbia.



Contact the [state energy office](#) for information on accessing funds from this program. For questions regarding program requirements in North Carolina contact Otis Mills at the DOE at 412-386-5890.

### **FEDERAL BUILDING UPGRADES**

\$4.5 billion will be made available to retrofit federal buildings to high-performance green buildings. The General Services Administration will be overseeing these funds.

### **GREEN SCHOOLS**

Approximately \$1.4 billion in funding will be available for North Carolina Schools through a State Fiscal Stabilization Fund. These funds may be used for activities authorized by the Elementary and Secondary Education Act of 1965, the Individuals with Disabilities Education Act, the Adult Family Literacy Act and the Carl D. Perkins Career and Technical Education Act. The funds may also be used for modernization, renovation and repairs of public school facilities that are consistent with a recognized green building rating system. There is no stipulation in the ARRA that these funds be specifically used for green upgrades and retrofits. There does not appear to be a deadline for schools to spend the stimulus money. More information on the use of State Fiscal Stabilization Funds can be found at the [U.S. Department of Education](#) website.

### **WEATHERIZATION ASSISTANCE PROGRAM**

\$5 billion (\$136.7 million for North Carolina) in additional funding will be made available for the Weatherization Assistance program. This program provides weatherization improvements and minor home repairs to low income families (ARRA increased the maximum income to 200% of Federal Poverty Guidelines) or those receiving payments under TANF or SSI. The type of services included are attic and floor insulation, door and window weather stripping or replacement, replacement of broken windows, caulking of cracks, and certain mechanical measures, modification or replacement of heating and cooling systems. The maximum benefit allowed under this program was increased under ARRA to an amount between \$3,055 and \$6,500.

Eligible families may apply for this program through a local agency; the local agency will determine eligibility and conduct an energy audit to determine which services are necessary. The local agency for Mecklenburg County is [Charlotte Area Fund, Inc.](#) and they can be reached at 704-372-3010.

### **HOME INVESTMENT PARTNERSHIP PROGRAM**

\$2.25 billion to the HOME program (available until September 30, 2011) to help local communities build and rehabilitate low-income housing using green technologies. States are automatically eligible for these funds and either receives their allocation through formula or \$3 million, whichever is greater. Local jurisdictions are eligible for at least \$500,000. Participating jurisdictions must match every dollar of HOME funds with 25 cents from nonfederal sources and they must also have a current and approved Consolidated Plan which describes how HOME funds will be used. The HOME funds can be used as grants, direct loans, loan guarantees or other forms of credit enhancement, rental assistance or security deposits. Eligible households must meet the following criteria:

- Incomes that does not exceed 80% of the area median
- The owned home is under code enforcement
- Owner must have a satisfactory credit history
- Owner must be able to make monthly tax, insurance and loan payments
- Owner must participate in a maintenance reserve and home maintenance program

*“Homeowners can receive a 30% tax credit (up to \$1,500 for both years) for energy efficient improvements to their primary residence in the United States.”*

- Loan payments cannot exceed 30% of the homeowners' gross income.

More information on HUD's home program can be found [here](#).

### **RESIDENTIAL ENERGY EFFICIENCY TAX CREDIT**

This credit applies to eligible equipment purchased between January 1, 2009 and December 31, 2010. Homeowners can receive a 30% tax credit (up to \$1,500) for energy efficient improvements to their primary residence in the United States. Eligible equipment/improvements include:

- insulation materials and systems designed to reduce a home's heat loss or gain;
- exterior doors and windows (including skylights); and
- pigmented metal roofs designed to reduce heat gain, asphalt roofs with appropriate cooling granules.
- electric heat pump water heaters
- electric heat pumps
- central air conditioners
- natural gas, propane or oil water heaters
- natural gas, propane or oil furnace or hot water boilers
- advanced main air circulating fans
- biomass stoves that use "any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers"

This credit may be applied to labor costs for installation of these improvements.

To claim this credit use IRS Tax Form 5695. More information on this credit can be found [here](#).

### **RESIDENTIAL RENEWABLE ENERGY TAX CREDIT**

This credit applies to solar-electric systems, solar water heating systems, fuel cells, small wind-energy systems and geothermal heat pumps purchased for residential purposes. This credit is available until December 31, 2016 and the ARRA removed the maximum credit amount available for all eligible technologies (excluding fuel cells) placed in service after 2008. The taxpayer can claim a credit for 30% of qualified expenses (labor costs for onsite preparation, assembly, or original system installation and for piping or wiring to interconnect a system to the home) for a residence that is in the United States (does not have to be principal residence). If the credit exceeds the current year tax liability the excess credit may be carried forward to the next tax year. To claim this credit use IRS Tax Form 5695. More information on this credit can be found [here](#).

### **ENERGY STAR REBATES**

ARRA provides \$300 million to states for funding the Energy Efficient Appliance Rebate program which was created in EAct 2005 but never funded. This program provides consumers with rebates for buying energy efficient Energy Star products to replace old appliances. This program will be administered through individual states. This rebate will offset the cost differential between Energy Star and non-Energy Star rated appliances.



## FEDERAL HOUSING TAX CREDIT

A new housing tax credit is available for qualified first time home buyers of up to \$8,000 for principal residences purchased between January 1, 2009 and December 1, 2009. This credit does not have to be repaid, is equal to 10% of the homes purchase price up to a maximum of \$8,000. Single taxpayers with incomes up to \$75,000 and married couples with incomes up to \$150,000 qualify for the credit.

The tax credit can be claimed on the homebuyer's federal income tax return by using IRS Form 5405. More information on this credit can be found [here](#).

## CARBON CAPTURE AND SEQUESTRATION

CO2 Capture credit – The ARRA provides a \$20 per ton tax credit (increased from \$10 per ton in the Energy Improvement and Extension Act of 2008) for the first 75 million metric tons of CO2 captured and transported from an industrial source for permanent storage in a geologic formation for qualifying facilities that capture at least 500,000 metric tons annually. This credit has also been amended in that a taxpayer that claims the \$10 per ton tax credit for CO2 use in oil recovery must ensure that the CO2 is permanently stored in the geologic formation. The term "permanent geologic storage" includes oil and gas reservoirs, unminable coal seams and deep saline formations.

Carbon Capture and Sequestration projects – ARRA provides \$1.52 billion for research and development of carbon captures and sequestration projects, this includes a small allocation for concepts regarding the reuse of carbon dioxide. The Energy Department's Office of Energy Efficiency and Renewable Energy will oversee this program.

## ADVANCED BATTERY MANUFACTURING

\$2 billion will be available for advanced battery manufacturing and the Department of Energy will be overseeing disbursement of these funds. Grants will be awarded to manufacturers of advanced battery systems and vehicle batteries produced in the United States (this includes manufacturers of advanced lithium ion batteries, hybrid electrical systems, component manufacturers and software designers). Also being made available by ARRA is a 30% investment tax credit for projects that establish, re-equip, or expand manufacturing facilities for fuel cells, microturbines, renewable fuel refineries and blending facilities, energy saving technologies, smart grid technologies, and solar, wind, and geothermal technologies. This credit will also apply to the manufacture of plug-in electric vehicles and their electric components, such as battery packs, electric motors, generators, and power control units. A certification program will be established by the Secretary of Treasury within the next 180 days and up to \$2.3 billion may be allocated in tax credits.

On March 19, 2009 the DOE released an announcement that they are now seeking applications for grants under this program. The application deadline is May 19, 2009. For more information visit [Grants.gov](#)

## DEPARTMENT OF TRANSPORTATION

The ARRA provides \$8.4 billion to state and local governments (\$838 million of which will go to the NCDOT - \$735 million for highway/bridge improvements and \$103 million for transit) for competitive grants for transportation improvements. Most of the projects that the NCDOT will consider for funding have already been approved and delayed due to lack of funding.

## HIGH SPEED RAIL

The Department of Transportation will be overseeing the \$8 billion in funds that has been earmarked for high-speed rail projects. The DOT has sixty days to come up with a strategic plan for these funds. Priority may be given to projects that will support intercity high-speed rail service development. North Carolina may be in a good position to receive a portion of these funds for the Southeast High Speed

*“ARRA provides \$3.4 billion for research and development of carbon captures and sequestration projects.”*

Rail Corridor which would run from Charlotte to Washington D.C. North Carolina and Virginia are working together on this project.

### **TAX CREDIT FOR PLUG-IN VEHICLES**

The current tax credit that is available is \$2,500 plus \$417 for each kW of battery capacity in excess of four kilowatt-hours. The maximum credit that could be claimed was \$7,500 for vehicles weighing 10,000 pounds or less, \$10,000 for vehicles weighing between 10,000 to 14,000 pounds, \$12,500 for vehicles weighing between 14,000 to 26,000 pounds and \$15,000 for vehicles weighing more than 26,000 pounds. The credit is available for new qualified fuel cell vehicles, hybrid vehicles, advanced lean burn technology vehicles and alternative fuel vehicles. Changes to this tax credit through ARRA include the following:

- A maximum credit of \$2,500 is available for electric drive low-speed vehicles, motorcycles and three-wheeled vehicles.
- A 10% credit, up to a maximum of \$4,000, for the cost of converting any motor vehicle into a qualified PHEV. Minimum capacity of a qualified battery is 4 kWh. Plug-in conversions made after 31 December 2011 are not eligible.
- The conference agreement limits the maximum credit to \$7,500 regardless of vehicle weight. The conference agreement also eliminates the credit for low-speed plug-in vehicles and for plug-in vehicles weighing 14,000 or more.
- The conference agreement replaces the 250,000 total plug-in vehicle limitation with a 200,000 plug-in vehicle per manufacturer limitation.
- Changes to the plug-in credit are effective for vehicles acquired after 31 Dec 2009.



### **FEDERAL MOTOR VEHICLE FLEET PROCUREMENT**

\$300 million will be provided to replace older fleet vehicles owned by the federal government with alternative fuel vehicles. The hope is to replace them with domestically produced plug-in hybrid-electric vehicles before September 30, 2010 so that these funds may be used. The vehicles purchased with these funds must have a higher combined fuel economy than the vehicles they replace.

### **ALTERNATIVE FUEL VEHICLES PILOT GRANT PROGRAM (DOE CLEAN CITIES PROGRAM)**

This program received \$300 million from the ARRA. These funds will help states, local governments, metropolitan transportation authorities, air pollution control districts, and private or nonprofit enterprises acquire motor vehicles with higher fuel economies and the necessary infrastructure for their use. These motor vehicles include hybrid vehicles, electric vehicles, and commercially available plug-in hybrid vehicles. A total of 30 grants will be awarded on a competitive basis determined by geography. To be eligible for funds the entity must be a designated Clean Cities Coalition. Information on becoming a member of the Coalition may be found [here](#). The application deadline is May 29, 2009.

### **DIESEL EMISSIONS REDUCTION ACT (DERA) GRANTS**

DERA is an EPA grant and loan program for which ARRA will provide \$300 million in funding. This program is designed to help reduce diesel emissions by helping offset the cost of retrofitting heavy-duty vehicles with clean diesel technology. Retrofits include: refueling with cleaner fuel; rebuilding with engine upgrades; re-powering with new engines; retrofitting with the addition of emissions control technologies; or replacing vehicles with new ones. The EPA plans on disbursing the funds as follows:

- Approximately 70% of the funding will be distributed by diesel collaboratives affiliated with EPA regional offices through a competitive grant application process with the remaining 30% going to fund state retrofit programs. Requests for applications will be issued in late Feb/early March and may be open for only 30 days.

- Although 50% of the funds must go to public fleets, these include independently-operated private fleets under contract to a public entity. Private entities must apply in partnership with either a government or non-profit organization.
- Projects which provide the most cost-effective reductions, affect the greatest number of people, and leverage additional resources will be given priority.

To find the necessary information for applying for these funds go to the [EPA National Clean Diesel Campaign](#) website.

### **ALTERNATIVE FUEL INFRASTRUCTURE TAX CREDIT**

The ARRA increases the tax credit for alternative fueling station property from 30% with a maximum of \$30,000 to 50% with a maximum of \$50,000. The credit has also been extended for one year. Consumers that purchase residential fueling equipment may now also receive a 50% credit with a maximum of \$2,000. To claim these credits use IRS Form 8911.

### **TRANSPORTATION ELECTRIFICATION**

\$400 million will be made available for Department of Energy grants to support the widespread use of plug-in hybrid electric vehicles. These grants may also be used to implement certain electric transportation technology projects. Funding from these grants will be made available to states, local governments, air pollution control districts, metropolitan transportation authorities, or non-profits with a minimum of one-third of the funding going to local governments. On March 19, 2009 the DOE released a [Funding Opportunity Announcement](#), applications can be submitted through [FedConnect](#) and they must be received by May 13, 2009.

### **TRANSIT CAPITAL ASSISTANCE**

The ARRA provides \$6.9 billion (\$20.8 million for Charlotte) to this program. This assistance is available for urban areas above 200,000 in population. The funds will go directly to an area's metropolitan planning organization which will set its own priorities for funding.

### **FIXED GUIDEWAY INFRASTRUCTURE INVESTMENT**

The ARRA provides \$750 million in funding for fixed guideway infrastructure investments. Funds in this program are distributed according to a seven tier system, the first four of which apply to the stimulus fund:

- Tier 1 - \$497.7 million; goes to 11 metro areas based on amounts established in the 1997 Transportation Bill. (Baltimore, Boston, Chicago, Cleveland, New Orleans, New York, NE New Jersey, Philadelphia, Pittsburgh, San Francisco, and SW Connecticut.);
- Tier 2 - \$70 million; 50% goes to Tier 1 areas, 50% goes to other areas with fixed guideways in operation for at least 7 years, appropriated based on the fixed guideway formula used for transit capital assistance;
- Tier 3 - \$5.7 million; 61.76% goes to Pittsburgh, 10.73% goes to Cleveland, 5.79% goes to New Orleans; 21.72% goes to the other areas mentioned in Tier 2; and
- Tier 4 - \$186.6 million; goes to all areas based on fixed guideway formula used for transit capital assistance.

*\$400 million will be made available for Department of Energy grants to support the widespread use of plug-in hybrid electric vehicles.*

## FTA NEW STARTS PROJECT PROGRAM

\$750 million in funding will go toward capital investment grants which will be distributed to projects that are already in construction or nearly ready to begin construction.

## TAX EXEMPTION FOR EMPLOYER-PROVIDED PUBLIC TRANSIT

Employers who provide public transit passes for their employees can deduct the cost of the passes as a normal business expense. The ARRA increased the exclusion amount from \$120 to \$230 per month effective March 2009 through 2010.

## SMART GRID INVESTMENT PROGRAM

\$11 billion will be made available for research and development, pilot projects and federal matching funds for the Smart Grid Investment Program. This program is designed to modernize the nation's electricity grid and make it more efficient, secure and reliable. The program will fund building of new power lines that transmit clean, renewable energy throughout the nation. The Department of Energy will be overseeing these funds.

Sources:

[ICLEI Local Governments for Sustainability](#)

[DSIRE](#)

[NC Department of Commerce](#)

[Department of Transportation](#)

[DOE EERE](#)

[U.S Department of Housing and Urban Development](#)

[NCEF](#)

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## About Horack Talley's Green Initiatives Group

In 2007 Horack Talley formed the first Green law practice in the Carolinas, called the Green Initiatives Group (GIG), to help local and regional firms navigate the new territory of carbon-conscious business. GIG focuses on clean technology, renewable energy projects, green debt and equity (including venture funding), green real estate development, carbon finance, and strategic consulting for corporations. For more information, visit [www.horacktalley.com](http://www.horacktalley.com).

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