

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: June 3, 2019

SUBJECT: Vannoy Tax Allocation Letter

PRESENTER: John Mitchell, Business and Community Development Director

ATTACHMENTS: 1) Letter 179D

SUMMARY OF REQUEST:

As part of the Energy Policy Act of 2005, Congress enacted Section 179D of the Internal Revenue Code (IRC) 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, they may allocate the deduction to a designer of the energy efficient commercial building property.

Vannoy Construction has applied to receive the deduction associated with the Health Sciences Center project, and is seeking Henderson County's agreement to allocate the benefit.

BOARD ACTION REQUESTED:

The Board is requested to approve or deny the allocation of the 179D tax benefit to Vannoy Construction

Suggested Motion

I move that the Board approve the allocation of the 179D tax benefit to Vannoy Construction and direct staff to sign the attached letter



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)(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, they may allocate the deduction to a designer of the energy efficient commercial building property. A review of all energy efficient systems in the allocated building(s) will be performed on behalf of the building owner. If allocable deductions are identified, they will be allocated to the eligible designers as identified below.

Vannoy Construction 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, *Vannoy Construction* provided input into the creation of technical specifications through the following:

Vannoy Construction performed value engineering as the Construction Manager at Risk for this renovation project that impacted the building envelope system.



The role of the allocating government 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.

Henderson County hereby allocates *Vannoy Construction* the Section 179D deduction for the property described below:

Henderson County Building Information				
Property Name	Property Address	Placed in Service	Cost of Property	Allocation Percentage
Henderson County Health Services Center	805 6th Ave. W. Hendersonville, NC 28739	October 2016	\$30,664,458	100%

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

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.



Henderson County Representative Information	
Representative Name:	
Government Entity Name:	Henderson County
Title:	
Mailing Address:	
Telephone Number:	
E-mail:	

Vannoy Construction Representative Information	
Representative Name:	Brian Walker
Eligible Taxpayer Entity Name:	Vannoy Construction
Title:	Vice-President
Address:	1608 US Hwy 221 North Jefferson, NC 28640
Telephone Number:	336-846-4265
Representative E-mail:	brian.walker@jrvannoy.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 (Henderson County Representative)



Signature (Vannoy Construction Representative)

Date

9/10/18

Date