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For Immediate Release

June 5, 2009

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Going green, being green, and reducing your carbon footprint are buzzwords you hear when you walk down the street. For many Oregonians, green isn't a color, it's a way of life. Conscious efforts are made daily to preserve the beautiful planet we live on. How many times have you seen a hybrid vehicle driving down the street or been asked to change to wind technology to help save the planet? These items may take decades to provide a return on investment. Some may even feel that "green" lifestyle changes are expensive or costly!

Being "green" and having more green in your wallet can be easy as pie. By investing in the Oregon Business Energy Tax Credit (BETC) program, individuals and businesses can support renewable energy and energy efficient projects in the state of Oregon while simultaneously lowering their state tax liability. If you want an opportunity to shrink or eliminate your tax bill, keep reading.

The BETC program is a state sanctioned and commissioned project that offers a state tax credit of 35% of the project costs for energy efficient installations and 50% of the project costs for renewable energy installations. If the owner of the project does not have enough state tax liability to use the credit or if they prefer to receive an influx of cash instead of utilizing the credit, they can sell the tax credit to an investor. The credits sell at state mandated rates and are taken either in 1-year or in 5-year increments, depending on the size of the credit desired. Oregon also allows any unused portion of the credit to be carried forward into the following tax years. For a renewable energy project, the credit is 50% of the project costs and the state mandated transfer rate for a 5-year project is 33.5% of the project costs.

For example, an individual paid \$20,000 in state income tax in 2008 and they expect to pay a similar amount over the following four years (totaling \$100,000). If they purchased \$100,000 of Oregon tax credits for about \$67,000 (state mandated transfer rate), their savings = \$33,000.

Return on investment depends on the timing and use of the credits; however, a portion of this could be immediate. The individual purchasing the credit has the opportunity to amend prior year state tax returns



leading to refunds from prior year returns. What does this mean for you? A refund check could be in your hands in a matter of weeks.

The credits could also potentially reduce your federal tax bill if you are currently paying AMT (Alternative Minimum Tax). State taxes that are paid is an add back in the AMT calculation. An individual may be able to reduce their AMT liability depending on the other reportable items included in their tax return.

Sound too good to be true? Be aware that if a taxpayer is required to file in multiple states, BETC credits could reduce the credit for taxes paid to another state, which eliminates some of the overall state tax savings. An individual's current tax situation needs to be carefully assessed with their advisors to see if these credits are appropriate.

Delap LLP is one of Oregon's largest locally owned public accounting firms as named in the Portland Business Journal's list of top accounting firms. Delap has earned its reputation as a firm of quality, integrity, and delivery of a unique client experience for over 75 years to the Northwest community.

Delap is a key player in obtaining, processing, and transferring Oregon Business Energy Tax Credits. Delap is not a broker and does not sell credits. Our professionals are available for tax planning and consultation to assist you in finding and obtaining applicable tax credits. Delap has processed over \$10 million in BETC credits and is steadily expanding their market in green energy. If you have questions regarding strategic tax planning, feel free to contact Matt Mattecheck at 503-697-4118 or at [mmattecheck@delapcpa.com](mailto:mmattecheck@delapcpa.com).

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