

Federal Incentives and Laws

TAX CREDITS FOR HOMEOWNERS

Incentive Type:	Income Tax Credit
Applicable Sectors:	Tax Payer's principal residence, EXCEPT for geothermal heat pumps, solar water heaters, solar panels, and small wind energy systems (where second homes qualify)
Authority 1:	Energy Policy Act of 2005 (Section 1301)
Authority 2:	Energy Improvement and Extension Act of 2008
Authority 3:	American Recovery and Reinvestment Act of 2009 (ARRA)
Effective Date:	Jan. 1, 2009
Termination Date:	December 31, 2010 or later
Amount:	Variable -- See below
Maximum Amount:	improvements made in 2009 will be claimed on your 2009 taxes - use IRS
Number of Systems allowed:	\$1500 limit for 2009 & 2010 for envelope & HVAC improvements. Geothermal and renewables have no limit. \$1,500 is the maximum total amount that can be claimed for all products placed in service in 2009 & 2010 for most <u>home improvements</u> EXCEPT for geothermal heat pumps, solar water heaters, solar panels, fuel cells, and small wind energy systems which are not subject to this cap, and are in effect through 2016
Carryover Provisions:	Yes
Summary:	Restores deductions for home improvements installed in 2009 that expired at the end of 2007. Adds a \$300 tax credit for energy-efficient biomass fuel stoves that are at least 75 percent thermally efficient, which burns biomass fuel to heat a dwelling or to heat water in a taxpayer's residence. Also adds asphalt roofing with "cooling granules" to EE roof option. See Table below
Website:	http://www.irs.gov/pub/irs-drop/n-09-53.pdf
Eligible Renewable/ Other Technologies	Energy Efficiency and Renewable Energy

SUMMARY OF TAX CREDITS FOR HOMEOWNERS

Equipment	Tax Credit Specification	Notes
30% of cost, up to \$1,500		
Insulation	Meets 2009 IECC & Amendments	For insulation to qualify, its primary purpose must be to insulate (example: insulated siding does not qualify).
<u>Check to see if you have Home Performance with ENERGY STAR in your areas. Adding insulation to your home is covered.</u>		
Exterior Windows and Skylights	Before June 1, 2009: Must meet ENERGY STAR criteria	Not all ENERGY STAR labeled windows and skylights qualify for tax credit.
	After June 1, 2009: U factor <= 0.30; SHGC <= 0.30	More information
Storm Windows	In combination with the exterior window over which it is installed: 1. has a U-factor and SHGC of 0.30 or below 2. Meets the IECC	FAQ on storm doors and storm windows.
Exterior Doors	Before June 1, 2009: Must meet ENERGY STAR criteria	Not all ENERGY STAR doors will qualify.
	After June 1, 2009: U factor <= 0.30 SHGC <= 0.30	More information
Storm Doors	In combination with a wood door over which it is installed: 1. has a U-factor and SHGC of 0.30 or below	FAQ on storm doors and storm windows.
Roofing	Metal Roofs & Asphalt Roofs	All ENERGY STAR qualified metal and reflective asphalt shingles
HVAC		
Central A/C Split Systems:	EER >= 13 SEER >= 16	FAQ on Central ACs that qualify for the tax credit
Central A/C Package systems:	EER >= 12 SEER >= 14	Note --- not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria.
Air Source Heat Pumps Split Systems:	HSPF >= 8.5 EER >= 12.5	FAQ on Air Source Heat Pumps that qualify for the tax credit
Air Source Heat Pumps Package systems:	HSPF >= 8 EER >= 12	
Natural Gas or Propane Furnace	AFUE >= 95	FAQ on Furnaces and Boilers that qualify for the tax credit
Oil Furnace	AFUE >= 90	
Gas, Propane, or Oil Hot Water Boiler	AFUE >= 90	Note --- not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria for furnaces, boilers.
Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use.	Read this FAQ if the fan qualifies, but the furnace does not.
Gas, Oil, Propane Water Heater	Energy Factor >= 0.82 or a thermal efficiency of at least 90%.	View ENERGY STAR criteria for water heaters
Electric Heat Pump Water Heater	Same criteria as ENERGY STAR: Energy Factor >= 2.	FAQ on Water Heaters that qualify for the tax credit
Biomass Stove	Stove which burns biomass fuel to heat a home or heat water. Thermal efficiency rating of at least 75% as measured using a lower heating value.	FAQ on biomass stoves.
30% of the cost -- NO CAP		
Geo-Thermal Heat Pump	Closed Loop: EER >= 14.1	All ENERGY STAR geo-thermal heat pumps qualify for the tax
Same criteria as ENERGY STAR:	Open Loop: EER >= 16.2 COP >= 3.6	Must be "placed into service" before December 31, 2016.
	Direct Expansion: EER >= 15 COP >= 3.5	
For Systems placed in service through December 31, 2016.		
Solar Water Heating	At least half of the energy generated by the "qualifying property" must come from the sun. Homeowners may only claim spending on the solar water heating system property, not the entire water heating system of the household. The water must be used in the dwelling. The credit is not available for expenses for swimming pools or hot tubs.	All ENERGY STAR solar water heaters qualify for the tax credit.
The system must be certified by the Solar Rating and Certification Corporation (SRCC).		
Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirement.	
Residential Small Wind Turbines	Has nameplate capacity of not more than 100 kilowatts.	
Residential Fuel Cell and microturbine system	Efficiency of at least 30% and must have a capacity of at least 0.5 kW. (up to \$500 per .5 kW of power capacity)	

If you are building a new home, you can qualify for the tax credit for geothermal heat pumps, photovoltaics, solar water heaters, small wind energy systems and fuel cells, but not the tax credits for windows, doors, insulation, roofs, HVAC, or non-solar water heaters. [More.](#)