



Take Advantage of Federal Tax Credits

In today's challenging economy, it's nice to know that our federal government has a little financial help available for those of us wanting to become more energy efficient. For the 2009 tax year there is a variety of Home Improvement Tax Credits as well as other tax incentives for energy improvements.

Home Improvement Tax Credits

For these home improvement(s) to be eligible they must be "placed in service" between January 1, 2009 and December 31, 2009. If yours were completed (in working order and permitted) in 2008 you're not eligible for the tax credit. Second, the maximum (total) amount you can claim from all of these tax credits is \$500 over the lifetime of the tax credit (2006, 2007 & 2009). Lastly, these apply to existing homes, not new homes. The table below summarizes the Home Improvement Tax Credits. For more information please visit the Energy Star web site at <http://www.energystar.gov> or download the IRS document concerning this credit at <http://www.irs.gov/pub/irs-drop/n-06-26.pdf>.

Home Improvement Tax Credits

House Part	Tax Credit Applies to	Maximum	Notes
Exterior windows	10% of total installed cost	\$200	Must be Energy Star or meet the 2000 <u>International Energy Conservation Code (IECC)</u>
Exterior doors	10% of material cost	\$500	Must be Energy Star or meet the 2000 IECC
Storm doors	10% of material cost	\$500	Must meet the 2000 IECC
Insulation or air sealing	10% of material cost	\$500	Includes vapor or infiltration seal (see IRS document referenced above for details)
Metal roof	10% of material cost	\$500	Must be Energy Star rated "cool roof"
Central AC	Total installed cost	\$300	Must have SEER \geq 15
Heat pump	Total installed cost	\$300	Must have HSPF \geq 9, SEER \geq 15 & EER \geq 13
Water heater	Total installed cost	\$300	Must have energy factor \geq 0.8 (gas) or \geq 2 (heat pump)
Geothermal heat pump	Total installed cost	\$300	Efficiency requirement varies; ask for certification by manufacturer to meet eligibility criteria
Furnace	Total installed cost	\$150	Must have an annual fuel-utilization efficiency (AFUE) of 95% or more
Efficient furnace fan	Total installed cost	\$50	Must be certified by manufacturer as being eligible (fan energy \leq 2% annual site use of furnace)
Boiler	Total installed cost	\$150	Must have an annual fuel-utilization efficiency (AFUE) of 95% or more

In the case of new construction, builders can get a \$2000 tax credit for homes that are 50% more efficient in heating and cooling than the 2004 IECC standards.

Lastly, there are tax credits for renewable energy systems including solar electric (photovoltaic), solar water heating, small wind systems and fuel cell systems placed in service during 2009 (see table below). These credits apply to either a new or existing home, it's just the forms and qualification criteria that differ, and they aren't affected by the \$500 limit on the Home Improvement Tax Credit.

Renewable Energy Tax Credits

<u>Energy Source</u>	<u>Tax Credit</u>	<u>Notes</u>
Solar electric	30% of installed cost; no cap	Must be placed in service in 2009
Solar water systems	30% of installed cost; \$2000 cap	Must supply at least 50% of the residence's annual hot water and must be certified by the <u>SRCC</u> (does not apply to swimming pools or hot tubs) and placed in service in 2009
Geothermal	30% of installed cost; \$2000 cap	Must be placed in service in 2009
Wind	\$500 per 0.5 kW; \$4000 cap	Must be placed in service in 2009
Fuel-cell systems	\$1500 per 0.5 kW	Must be placed in service in 2009

For more information on these as well as other energy-related tax credits, deductions, etc, go the Database of State Incentives for Efficiency and Renewable Energy here – <http://www.dsireusa.org/>. Thanks to Ray Bryars for requesting this week's subject – if you have a subject you'd like me to cover in a future article, just let me know!

Ray Darby is President of Sustainable Energy Group Inc., a Grass Valley company offering energy efficiency and solar services for residential and commercial buildings, from comparing the alternatives through installation and servicing of energy systems of all types. You can reach him at 530-273-4422, via email RayDarby@SustainableEnergyGroup.com, or visit their web site at www.SustainableEnergyGroup.com.

