



How has the new Stimulus bill affected end consumer tax credits for energy efficient home improvements?

On February 17, 2009, President Obama signed a stimulus bill (The American Recovery and Reinvestment Act of 2009) that made some significant changes to the energy efficiency tax credits. The highlights are:

- The tax credits that were previously effective for 2009 have been extended to 2010 as well.
- The tax credit has been raised from 10% to 30%.
- The tax credits that were for a specific dollar amount (ex \$300 for a CAC), have been converted to 30% of the cost.
- The maximum credit has been raised from \$500 to \$1500 for the two years (2009–2010). However, some improvements such as geothermal heat pumps, solar water heaters, and solar panels are not subject to the \$1,500 maximum.
- The \$200 cap on windows has been removed.


For more information visit: www.energystar.gov

****Please note, not all ENERGY STAR qualified homes and products qualify for a tax credit. These tax credits are available for a number of products at the highest efficiency levels, which typically cost much more than standard products. If, for whatever reason, you decide not to purchase a product covered by the tax credit, you may still consider purchasing an ENERGY STAR product. ENERGY STAR distinguishes energy efficient products which, although they may cost more to purchase than standard models, will pay you back in lower energy bills within a reasonable amount of time, without a tax credit.**



SUMMARY OF TAX CREDITS FOR HOMEOWNERS

Product Category	Product Type	Tax Credit Specification	Tax Credit	Notes
HVAC	Central A/C	<i>Split Systems:</i> EER >=13 SEER >= 16 <i>Package systems:</i> EER >= 12 SEER >= 14	30% of cost, up to \$1,500 ²	For a list of qualified products, go to the Consortium for Energy Efficiency product directory EXIT ↗ , click on the Air Conditioners and in the "CEE Tier" enter "Residential Advanced Tier 3" for CAC Split Systems, and "Residential Tier 2" for CAC package systems and ASHPs. ENERGY STAR Spec (same for CAC and ASHP):
	Air Source Heat Pumps	<i>Split Systems:</i> HSPF >= 8.5 EER >= 12.5 SEER >= 15 <i>Package systems:</i> HSPF >= 8 EER >= 12 SEER >= 14	30% of cost, up to \$1,500 ²	<i>Split Systems:</i> HSPF >= 8.2 EER >= 12 SEER >= 14.5 <i>Package systems:</i> HSPF >= 8 EER >= 11 SEER >= 14
	Natural Gas or Propane Furnace	AFUE >= 95	30% of cost, up to \$1,500 ²	For a list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↗
	Oil Furnace	AFUE >= 90	30% of cost, up to \$1,500 ²	Gas Furnaces: AFUE >= 90
	Gas, Propane, or Oil Hot Water Boiler	AFUE >= 90	30% of cost, up to \$1,500 ²	Oil Furnaces: AFUE >= 85 Boilers: AFUE >= 85
	Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use	30% of cost, up to \$1,500 ²	For a partial list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↗

Product Category	Product Type	Tax Credit Specification	Tax Credit	Notes
Geo-Thermal Heat Pump	Geo-Thermal Heat Pump	<p>Same criteria as ENERGY STAR:</p> <p>Closed Loop: EER >= 14.1 COP >= 3.3</p> <p>Open Loop: EER >= 16.2 COP >= 3.6</p> <p>Direct Expansion: EER >= 15 COP >= 3.5</p>	30% of the cost - NOT subject to \$1,500 cap	<p>All ENERGY STAR labeled geo-thermal heat pumps qualify for the tax credit.</p> <p>Use IRS Form 5695  EXIT ↗</p> <p>Must be “placed into service” between Jan. 1, 2008–Dec. 31, 2016.</p>
Water Heaters	Gas, Oil, Propane Water Heater	Energy Factor >= 0.82 or a thermal efficiency of at least 90%.	30% of cost, up to \$1,500 ²	<p>Not all ENERGY STAR gas storage and gas condensing water heaters will qualify for the tax credit. All ENERGY STAR gas tankless models will qualify.</p> <p>ENERGY STAR criteria:</p> <p>Gas Storage: Energy Factor >= .62</p> <p>Gas Tankless: Energy Factor >= 0.82</p> <p>Gas Condensing: Energy Factor >= 0.8</p> <p>For a partial list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↗</p>
	Electric Heat Pump Water Heater	Same criteria as ENERGY STAR: Energy Factor >= 2.0	30% of cost, up to \$1,500 ²	All ENERGY STAR qualified electric heat pump water heaters qualify for the tax credit.

²Subject to a \$1,500 maximum per homeowner for all improvements combined.