

Energy Policy Tax Credits 2009/2010

Energy-Efficiency Incentives for Homeowners

On Oct. 3, 2008, tax credits were extended for energy-efficient home improvements (windows, doors, roofs, insulation, HVAC, and nonsolar water heaters). Tax credits for these residential products, which had expired at the end of 2007, will now be available for improvements made during 2009 and 2010. However, improvements made during 2008 are not eligible for a tax credit.

The bill also extended tax credits for solar energy systems and fuel cells to 2016. New tax credits were established for small wind energy systems. Tax credits for builders of new energy-efficient homes and tax deductions for owners and designers of energy-efficient commercial buildings were also extended.

- Installation costs are not included.
- Manufacturer’s Certification Statement required.
- For tax purposes, save your receipt and the Manufacturer’s Certification Statement.
- Must be “placed into service” between Jan. 1, 2009, to Dec. 31, 2010.
(The IRS defines “placed into service” as when the property is ready and available for use.)
- Use IRS Form 5695.
- Visit www.energystar.gov for more details.

Product Category	Product Type	Tax Credit Specification	Tax Credit	Notes
Windows and Doors	Exterior Windows and Skylights	U factor \leq 0.30 SHGC \leq 0.30	30% of cost, up to \$1,500* for all windows, skylights and storm windows	Not all ENERGY STAR labeled windows and skylights qualify for tax credit.
	Storm Windows	Meets IECC in combination with the exterior window over which it is installed for the applicable climate zone.	30% of cost, up to \$1,500* for all windows, skylights and storm windows	Manufacturer’s Certification Statement will list classes of exterior window (single pane, clear glass, double pane, low-E coating, etc.) that a product may be combined with to be eligible in specific climate zones.
	Exterior Doors	U factor \leq 0.30 SHGC \leq 0.30	30% of cost, up to \$1,500*	Not all ENERGY STAR doors will qualify. See Windows and Doors.
	Storm Doors	In combination with a wood door assigned a default U-factor by the IECC, and does not exceed the default U-factor requirement assigned to such combination by the IECC.	30% of cost, up to \$1,500*	
Roofing	Metal Roofs, Asphalt Roofs	ENERGY STAR qualified. (ENERGY STAR qualified roofs reduce cooling costs but may actually increase heating costs in Wisconsin.)	30% of cost, up to \$1,500*	All ENERGY STAR labeled metal and asphalt roofs qualify for the tax credit. Must be expected to last 5 years OR have a 2 year warranty.

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Product Category	Product Type	Tax Credit Specification	Tax Credit	Notes
Insulation	Insulation	Meets 2000 IECC & Amendments.	30% of cost, up to \$1,500*	For insulation to qualify, its primary purpose must be to insulate. (example: insulated siding does not qualify). Must be expected to last 5 years OR have a 2 year warranty.
HVAC	Central A/C	Split Systems: EER \geq 13 & SEER \geq 16 Package systems: EER \geq 12 & SEER \geq 14	30% of cost, up to \$1,500*	For a list of qualified products, go to the Consortium for Energy Efficiency product directory.
	Air Source Heat Pumps	HSPF \geq 9 EER \geq 13 SEER \geq 15		Not all ENERGY STAR products will qualify for the tax credit. ENERGY STAR specification: Split systems: HSPF \geq 8.2 & EER \geq 12 & SEER \geq 14.5 Package systems: HSPF \geq 8 & EER \geq 11 & SEER \geq 14
	Natural Gas or Propane Furnace	AFUE \geq 95	30% of cost, up to \$1,500*	For a list of qualifying products go to www.gamanet.org .
	Oil Furnace	AFUE \geq 90	70% of cost, up to \$1,500*	Not all ENERGY STAR products will qualify for the tax credit. ENERGY STAR specification: Furnaces: AFUE \geq 90 Boilers: AFUE \geq 85
	Gas, Propane or Oil Hot Water Boiler			
	Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use.	30% of cost, up to \$1,500*	
Water Heaters	Gas, Oil, Propane Water Heater	Energy Factor \geq 0.82 or a thermal efficiency of at least 90%	30% of cost, up to \$1,500*	ENERGY STAR qualified high-efficiency gas storage water heaters will not qualify for the tax credit. All ENERGY STAR gas tankless models will qualify.
	Electric Heat Pump Water Heater	Energy Factor \geq 2.0		
Biomass Stove	Biomass Stove	Stove which burns biomass fuel to heat a home or heat water. Thermal efficiency rating of at least 75%.	30% of cost, up to \$1,500*	All ENERGY STAR electric heat pump water heaters qualify for the tax credit.
Geothermal Heat Pump	Geothermal Heat Pump	Same criteria as ENERGY STAR: Closed Loop: EER \geq 14.1 & COP \geq 3.3 Open Loop: EER \geq 16.2 & COP \geq 3.6 Direct Expansion: EER \geq 15 & COP \geq 3.5	30% of the cost, not subject to \$1,500 cap*	All ENERGY STAR solar water heaters qualify for the tax credit. Must be placed in service before Dec. 31, 2016.
Solar Energy Systems	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 credit is not available for expenses for swimming pools or hot tubs. The water must be used in the dwelling. The system must be certified by the Solar Rating and Certification Corp. (SRCC).	30% of cost	All ENERGY STAR labeled geothermal heat pumps qualify for the tax credit. Must be placed in service before December 31, 2016.

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Solar Energy Systems (continued)	Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence and must meet applicable fire and electrical code requirement.	30% of cost	Must be placed in service before Dec. 31, 2016.
Small Wind Energy Systems	Residential Small Wind Energy Systems		30% of cost	Must be placed in service before December 31, 2016.
Fuel Cells	Residential Fuel Cell and microturbine system	Efficiency of at least 30% and must have a capacity of at least 0.5 kW.	30% of the cost, up to \$1,500 per half kW of power capacity	Must be placed in service before Dec. 31, 2016.

*Subject to a \$1,500 maximum per homeowner for the two years (2009/2010) for all improvements combined. Some improvements such as geothermal heat pumps, solar water heaters and solar panels are not subject to the \$1,500 maximum.