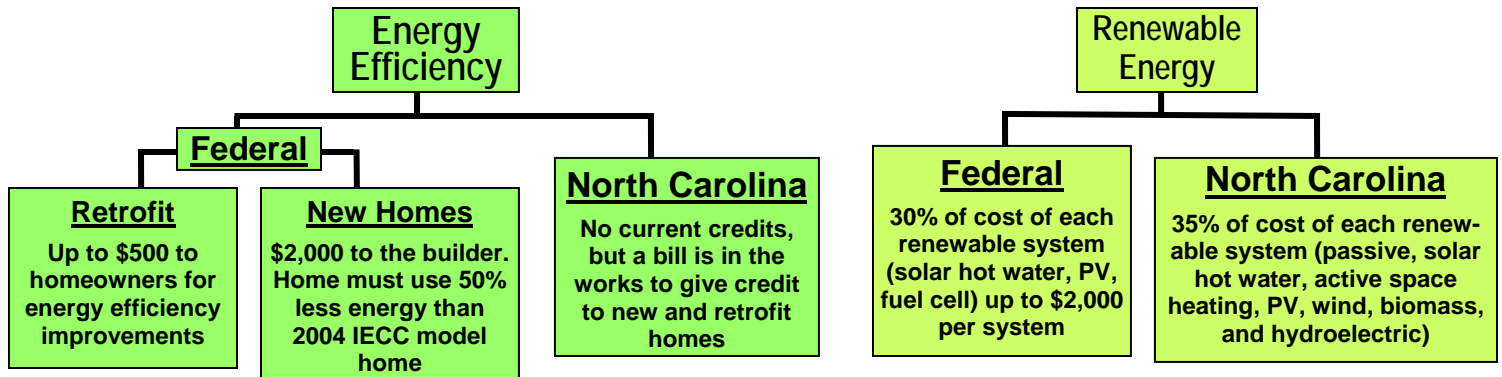




NC COOPERATIVE EXTENSION



• Federal Energy Efficiency Tax Credits for Existing Homes (Retrofit)

The maximum **homeowner** credit for all improvements combined is **\$500 during the 2-year period** of the tax credit.

This tax credit applies to improvements made from January 1, 2006 through December 31, 2007.

Includes **improvements to building shell** (windows, doors, insulation) and **HVAC and water heating equipment**.

Ways to get \$500 retrofit credit:

Exterior windows: 10% of the total cost (not installation), up to \$200. Includes skylights and storm windows.

To be eligible exterior windows must be ENERGY STAR qualified *or* meet the International Energy Conservation Code (IECC) (either 2001 or 2004)

Insulation, exterior and storm doors, or pigmented metal roofs: 10% of the cost of the product (not installation), up to \$500.

Includes seals to limit air infiltration, such as caulk and weather stripping, as well as storm doors.

To be eligible insulation and exterior and storm doors must meet the IECC (either 2001 or 2004)

To be eligible pigmented metal roofs must meet Energy Star

Central air conditioner, heat pump, or water heater: up to \$300 (not based on a percentage of initial cost) towards the full purchase price, including installation costs.

Product eligibility varies, see www.energytaxincentives.org

Furnace or boiler: up to \$150 towards the full purchase price, and/or \$50 an efficient air-circulating fan in a furnace, including installation cost.

To be eligible a furnace or boiler must have an Annual Fuel Utilization Efficiency (AFUE) of >95

• Federal Energy Efficiency Tax Credit for New Homes

Available 2006-2007 (including homes “substantially completed” after August 8, 2005 and sold in 2006.)

Federal Tax Credit for New Site-Built Homes **\$2,000 to builder** for each home that

Achieves **50% energy savings for heating and cooling** over the 2004 IECC and supplements (Does not count water heating/renewable energy production)

Building envelope improvements alone account for a level of annual heating and cooling energy consumption that is at least 10% below that of a reference dwelling unit.

Not all ENERGY STAR homes are eligible for this new home tax credit

Requires RESNET procedures to show compliance (e.g. REM/Rate or Energy Gauge)

A Few Internet Resources

Consumer tax credits: www.ase.org/taxcredits

All efficiency incentives: www.energytaxincentives.org

Tax rules and forms: www.irs.gov

Federal and State, all incentives: www.dsireusa.org

Energy Efficiency Information (tax credits and more):

www.energystar.gov

North Carolina Solar Center: NC renewable tax credit forms:

www.ncsc.ncsu.edu

For more information about North Carolina Solar Center programs, go to

www.ncsc.ncsu.edu



NC COOPERATIVE EXTENSION

Federal Renewable Energy Tax Credits

A **30% tax credit up to \$2,000** for the purchase and installation of residential **photovoltaic** (solar electric), **solar water heating**, and **fuel cell** systems.

An individual can take full credits on both a photovoltaic system and a solar water heating system.

A 30% tax credit up to \$500 per 0.5 kW is also available for fuel cells.

Expenditures include labor costs for the onsite preparation, assembly, or original installation of the system and for piping or wiring to interconnect the system to the dwelling.

A full guide to the tax credit is available here:

www.seia.org/manualdownload.php

Solar Water Heating Specifics

System must be designed to provide at least 50% of annual hot water needs

Solar water heating property must be **certified for performance by the Solar Rating Certification Corporation** or a comparable entity endorsed by the government of the State in which the property is installed.

The tax credit does **not apply to solar water heating for swimming pools or hot tubs.**

Federal Renewable Energy Tax Credits

A system must be "placed in service" or activated between January 1, 2006, and December 31, 2007.

Expenditures are treated as made when the installation is completed.

The credit is calculated based on the individual's expenditures **excluding** subsidized energy financing, which is defined as "financing provided under a Federal, State, or local program a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy."

If the federal tax credit exceeds tax liability, the excess amount may be carried forward to future taxable years.

North Carolina Energy Efficiency Tax Credits

No statewide residential energy efficiency tax credits exist at this time.

Some Utilities do have incentive programs for energy efficiency. Learn more at www.dsireusa.org

North Carolina Renewable Energy Tax Credits

Tax credit equal to **35% of the cost of renewable energy property** constructed, purchased, or leased by a taxpayer.

Eligible costs include:

- Equipment and associated design
- Construction costs
- Installation costs

Less any discounts, rebates, advertising, etc

The allowable credit may not exceed 50% of a taxpayer's liability for the year, reduced by the sum of all other credits. If the credit is not used entirely in the first year, the remaining amount may be carried **over for the next 5 years.**

Passive Solar System:

Credit limit of \$3,500 per dwelling unit

Includes cost of windows, thermal mass, and controls

Domestic Solar Hot Water System (and pool heating):

Credit limit of \$1,400 per dwelling unit

Active Space Heating

Credit limit of \$3,500 per dwelling unit

Combined Active Space and Domestic Hot Water System:

Credit limit of \$3,500 per dwelling unit

Biomass, Hydroelectric, Solar Electric (PV) and Wind

Credit limit of \$10,500 per technology per dwelling unit

The needed forms and instructions are available at the North Carolina Solar Center Website: www.ncsc.ncsu.edu

Solar Hot Water Example

\$6,000 installed system

35% NC tax credit equals (\$2,100) \$1,400

30% Federal tax credit equals \$1,800

But you must pay federal taxes on NC tax credit so (assuming 30% tax bracket) you owe 30% times \$1,400 (= \$420) in taxes

Cost of system to you: \$6,000 - \$1,400 - \$1,800 + \$420 = \$3220

Consumers are advised to consult with a tax professional regarding special situations.

For more information about tax credits and residential building, visit: www.healthybuilthomes.org



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