



COLD CLIMATE HOUSING RESEARCH CENTER

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ENERGY FOCUS

Wealth of Federal, State Energy Incentives Available to Homeowners

By Adam Wasch, Energy Outreach Consultant at CCHRC

Did you spend your \$1,200 state energy assistance check on gas and groceries? Don't despair! There is still money available to help make your home more energy efficient or take the leap to solar energy. And, from a tax perspective, you're actually better off waiting until 2009 to make certain energy-related improvements.

Several tax credits were allowed to lapse in 2008, but were resurrected for 2009 as part of the recently enacted Emergency Economic Stabilization Act. Unfortunately, this means that your efforts during the past 11 months to better insulate your house, update to modern energy-efficient appliances, or upgrade your windows won't be rewarded like improvements that are made in 2009. The good news is that tax credits for solar energy systems, enacted in 2005, did not lapse and can be claimed for the current tax year or subsequent years until 2016.

A tax credit is generally considered more valuable than a tax deduction – credits are a dollar-for-dollar match against what you owe the IRS in April. If you qualify for more tax credits than you owe in taxes, the credits can be carried over to next year's tax bill. Be sure to keep records of all your purchases and installations. Credits only count for the systems and products themselves, not the labor costs to install them.

Solar Credits. Tax credits are available for qualified solar water heating and photovoltaic systems placed in service January 1, 2006 through December 31, 2016. The tax credit is worth 30 percent of the cost of the system.

Wind Credits. Residential small wind turbine systems placed in service from January 1, 2008 to December 31, 2016 can qualify for a credit of 30 percent of the cost of the system, with no upper limit.

Miscellaneous Improvements. Home improvement tax credits are available for 30% of the cost, up to \$1,500, for the following: insulation, replacement windows, non-solar water heaters, roofs, biomass stoves, and HVAC systems placed in service from January 1, 2009 through December 31, 2010.

In an odd twist, most of these credits are not available when you're building a new home, with the notable exception of credits for solar and wind energy systems. However, a \$2,000 credit exists for building a new energy efficient home if (and this is a big "if" in Fairbanks) "licensed eligible" contractors do the work and the home meets a high efficiency standard. I'm not a tax lawyer, so you have some

homework to do on this one. To ensure that the products you buy qualify for credit and for other detailed information, visit Energy Star's website at http://www.energystar.gov/index.cfm?c=products.pr_tax_credits.

State Assistance. Alaska has a wealth of incentives available to residents seeking to improve the energy efficiency of their homes or build efficient new homes. The Alaska Housing Finance Corporation (AHFC) will weatherize a home at no cost to income-qualifying homeowners and provide up to \$10,000 in rebates to homeowners who pay to make improvements recommended by approved energy raters. Also, AHFC administers a low-cost second mortgage loan program to help borrowers make up to \$30,000 in recommended improvements. Finally, if you're building a new home, there is a \$7,500 state rebate for qualified new "5-Star Plus" homes.

Well, my head is spinning. Clearly, help is available to improve your home's energy efficiency or build a new efficient home. Getting all the credit you can will take a bit of research and planning. So be mindful of the small print. In Fairbanks, CCHRC has been funded by AHFC and the Fairbanks North Star Borough to create the PORTAL (Portal On Retrofits Training And Loans) to help make the statewide weatherization and rebate programs more accessible to the public. The PORTAL is located at 326 Driveway Street Suite 100 and can be reached by phone at 455-4328. Or, visit online at: <http://www.cchrc.org/portal>.

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