



Home Tips



• CHRISTIAN BUILDING INSPECTORS, INC., 3697 HABERSHAM LANE, DULUTH, GEORGIA 30096, 770-849-0920 • MARCH 2010 •

Q & A

Consumer Energy Tax Incentives

What the American Recovery and Reinvestment Act Means to You

The American Recovery and Reinvestment Act of 2009 extended many consumer tax incentives originally introduced in the Energy Policy Act of 2005 and amended in the Emergency Economic Stabilization Act of 2008. See the summary of the energy tax incentives included at the website: http://www.energy.gov/media/HR_1424.pdf.

ABOUT TAX CREDITS

A tax credit is generally more valuable than an equivalent tax deduction because a tax credit reduces tax dollar-for-dollar while a deduction only removes a percentage of the tax that is owed. Consumers can itemize purchases on their federal income tax form, which will lower the total amount of tax they owe the government.

Below is a summary of many of the tax credits available to consumers. Please see the ENERGY STAR® page on Federal Tax Credits for Energy Efficiency for more details on federal incentives and the Database of State Incentives for Renewables and Efficiency (DSIRE) for information on federal, state, local, and utility incentives.

HOME ENERGY EFFICIENCY IMPROVEMENT TAX CREDITS

Consumers who purchase and install specific products, such as energy-efficient windows, insulation, doors, roofs, and heating and cooling equipment in existing homes can receive a tax credit for 30% of the cost, up to \$1,500, for improvements "placed in service" starting January 1, 2009, through December 31, 2010. It must be an existing home & your principal residence. New construction and rentals **do not** qualify. See EnergyStar.gov's Federal Tax Credits for Energy Efficiency for a complete summary of energy efficiency tax credits available to consumers.

WHAT IS INCLUDED IN THE TAX CREDIT:

Solar Energy Systems

Consumers who install solar energy systems (including solar water heating and solar electric systems), small wind systems, geothermal heat pumps, and residential fuel cell and microturbine systems can receive a 30% tax credit for systems placed in service before December 31, 2016; the previous tax credit cap no longer applies.

Hybrid Gas-Electric and Alternative Fuel Vehicles

Individuals and businesses who buy or lease a new hybrid gas-electric car or truck are eligible for an income tax credit for vehicles placed in service starting January 1, 2006, and

purchased on or before December 31, 2010. The amount of the credit depends on the fuel economy, the weight of the vehicle, and whether the tax credit has been or is being phased out. Hybrid vehicles that use less gasoline than the average vehicle of similar weight and that meet an emissions standard qualify for the credit.

This tax credit will be phased out for each manufacturer once that company has sold 60,000 eligible vehicles. At that point, the tax credit for each company's vehicles will be gradually reduced over the course of 15 months. See the IRS's Summary of the Credit for Qualified Hybrid Vehicles for information on the status of specific vehicle eligibility.

Alternative-fuel vehicles, diesel vehicles with advanced lean-burn technologies, and fuel-cell vehicles are also eligible for tax credits. See the IRS summary of credits available for Alternative Motor Vehicles.

Biomass stoves burn biomass fuel to heat a home or heat water. Biomass fuel includes agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.



Air Source Heat Pumps offer an energy



efficient alternative to furnaces and air conditioners in moderate climates. Like your refrigerator, heat pumps use electricity to move heat from a cool space into a warm, making the cool space cooler and the warm space warmer.

Central Air Conditioning: To verify tax credit eligibility when buying CACs, you should ask your heating, ventilation and air conditioning contractor to provide the Manufacturer Certification Statement for the equipment you plan to purchase.



Gas, Propane, or Oil Hot Water Boiler are heating units that use water circulated throughout the home in a system of baseboard heating units, radiators, and/or in-floor radiant tubing.



Natural Gas or Propane Furnace and Oil Furnaces use the combustion of fuel and air to create heat.

Solar Panels (Photovoltaic Systems) are solar cells that capture the heat from the sun and convert it directly into electricity.

Solar water heaters come in a wide variety of designs, all including a collector and storage tank, and all using the sun's thermal energy to heat water. Solar water

heaters are typically described according to the type of collector and the circulation system.

Geothermal heat pumps are similar to ordinary heat pumps, but use the ground instead of outside air to provide heating, air conditioning and, in most cases, hot water. Because they use the earth's natural heat, they are among the most efficient and comfortable heating and cooling technologies currently available.

Insulation: Adding adequate insulation is one of the most cost-effective home improvements that you can do. Requirements: Typical bulk insulation products can qualify, such as batts, rolls, blow-in fibers, rigid boards, expanding spray, and pour-in-place. Products that air seal (reduce air leaks) can also qualify, as long as they come



with a Manufacturers Certification Statement, including:

- Weather stripping
- Caulk designed to air seal
- House wrap
- Spray foam in a can, designed to air seal

Tax Credit does NOT include installation costs. But, you can install the insulation/home sealing yourself and get the credit.

Roofing: Qualified roof products reflect more of the sun's rays, which can lower roof surface temperature by up to 100F, decreasing the amount of heat transferred into your home. "Metal roofs with appropriate pigmented coatings" and "asphalt roofs with appropriate cooling granules" will meet ENERGY STAR requirements. Tax Credit does NOT include installation costs.



Gas, Oil, Propane and Electric Heat Pump Water Heaters:

Water heating can account for 14% 25% of the energy consumed in your home. Tax Credit includes installation costs.

Windows, Doors, Skylights: Energy efficient windows, doors and skylights can reduce energy bills. Tax Credit does NOT include installation costs.



Storm Windows & Doors: A less expensive approach to replacing old windows and doors is to use storm windows to improve energy efficiency. When installed in combination with older, less efficient windows & doors, storm windows & doors can enhance efficiency by creating another barrier between the interior of your home and the weather outside. Tax Credit does NOT include installation costs.

Source: <http://www.energy.gov/taxbreaks.htm>

Quote Of The Month

"Middle age is the awkward period when Father Time starts catching up with Mother Nature."

Harold Coffin

A Tip Of The Hat To:



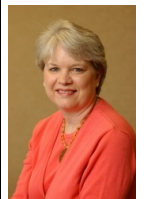
Donna & Terry Irwin

Coldwell Banker Residential Brokerage

1441 Dunwoody Village Parkway

Dunwoody, Georgia 30338

770-855-3332



Thank You

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· Office: 1-888-257-0365 or 770-849-0920, Fax 770-849-0540, Cell 404-697-4129 ·

· Web Page: <http://www.christianbuildinginspectors.com>, Email: rodharrison@christianbuildinginspectors.com ·



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