

**M**ore and more Wisconsin homeowners are turning to energy efficiency and renewable energy as a way to save energy and money. And now, purchasing and installing smart energy solutions is more affordable than ever when eligible homeowners combine financial incentives from Focus on Energy with residential tax credits from the federal government.



This fact sheet will continue to be updated online as new information becomes available.

For more information call 800.762.7077 or visit [focusonenergy.com](http://focusonenergy.com)

## NEW ACT EXTENDS RESIDENTIAL TAX CREDITS

The Emergency Economic Stabilization Act of 2008 extends the Energy Policy Act of 2005, which offered tax credits for energy efficiency improvements (expired December 31, 2007) and solar energy tax credits (expired December 31, 2008). The new Act extends the energy efficiency tax credits to home improvements made in 2009 and the solar tax credits through 2016, with additional tax credits for wind and geothermal installations as of January 1, 2009.

Focus on Energy encourages interested homeowners to discuss these tax credits with a trusted tax professional.

## TAX CREDITS FOR EXISTING HOME ENERGY EFFICIENCY IMPROVEMENTS

Tax credits are available to homeowners (including HUD-manufactured homes and condos) for improvements placed in service in **2009** on the following equipment:

### Windows and skylights

A 10 percent tax credit (up to \$200) is available for the purchase of ENERGY STAR® qualified exterior

windows and skylights. Products must meet federal minimum U-factors (a measure of how well windows prevent heat loss). Installation costs are not eligible for the credit.

### Insulation and exterior doors

A 10 percent tax credit is available for the material costs of insulation and ENERGY STAR qualified exterior doors. Products must meet federal minimum U-factors and R-values (insulation is rated in terms of thermal resistance, or R-value, which indicates its resistance to heat flow).

### Furnaces or boilers

A \$50 tax credit is available for a primary air handler (such as a furnace fan) with an electrically efficient motor, such as variable-speed motors and electronically commutated motors (ECMs).

A \$150 tax credit is available for the purchase of a natural gas, propane or oil furnace or boiler with an annual fuel utilization efficiency (AFUE) rating of 95 percent or higher.

### Central air conditioners, heat pumps and water heaters

A tax credit of up to \$300 is available for the purchase of certain high efficiency air conditioners and air-source heat pumps, open- and closed-system geothermal heat pumps, and water heaters that meet the following criteria:

Gas or propane water heaters with an energy factor (EF) of at least 0.8 or a thermal efficiency of at least 90 percent. The only models that currently meet this standard are tankless water heaters and some systems that combine both space and water heating.

Heat-pump water heaters with an energy factor of at least 2.0. In many cases, the qualifying equipment will meet or exceed ENERGY STAR requirements. Refer to the IRS tax code for details. Please work with your retailer or dealer to assist in your selections. Additional tax credits are not directly available to homeowners building a new home.

## TAX CREDIT LIMITS FOR HOMEOWNERS

Homeowners can claim a one-time tax credit limit for their home, up to \$500. Not more than \$200 can be for windows and skylights. The home-improvement tax credits for windows, skylights and exterior doors, furnaces and boilers, central air conditioners, heat pumps and water pumps apply to improvements installed from January 1, 2009 through December 31, 2009. All improvements must be installed in or on the taxpayer's principal residence in the United States.

## TAX CREDITS FOR RENEWABLE ENERGY SYSTEMS

### The residential solar tax credit

An eligible Wisconsin resident can claim the 30 percent tax credit on the installed price of qualifying solar electric and/or solar water heating systems. The total solar tax credit for each dwelling unit is capped at \$2,000 for solar water heating systems and beginning January 1, 2009 there will be no cap for solar electric systems. The basis for the tax credit is the installed cost of the qualifying solar system less the Focus on Energy incentive and any other utility-funded incentives. Taxpayers subject to the alternative minimum tax are eligible to use the 30 percent solar tax credit to reduce their taxes beginning January 1, 2009.

### The small wind tax credit

An eligible Wisconsin resident can claim the 30 percent tax credit on the installed price of qualifying small wind systems with a nameplate capacity of 100 kilowatts (kW) or less. The total tax credit for each dwelling unit is capped at \$4,000. The credit is available for equipment installed between January 1, 2009 and December 31, 2016. For turbines used for homes, the credit is additionally limited to the lesser of \$4,000 or \$500 per 0.5 kW of capacity.

### Geothermal tax credit

An eligible Wisconsin resident can claim the 30 percent tax credit on the installed price of a qualifying geothermal heat pump system installed in tax years 2008–2016. The total tax credit for each dwelling unit is capped at \$2,000. Focus on Energy also offers incentives for geothermal heat pump systems that use energy efficient motors.

### If you have a home business

If you claim a portion of your home as a business on your federal taxes, you can claim the same portion of your qualifying solar system as a business expense. Qualifying commercial solar electric and solar thermal property is eligible for a 30-percent tax credit without a cap, as well as five-year accelerated depreciation.

### Other incentives to lower the cost of a renewable energy system

In addition to the federal tax credit, a Wisconsin resident who is eligible for Focus on Energy incentives may receive a Cash-Back Reward for a renewable energy installation. Approval of your application is required before you install a renewable energy system. Please visit [focusonenergy.com/reincentives](http://focusonenergy.com/reincentives) or call our Info Center at 800.762.7077 for up-to-date information on available incentives.



## WHAT MUST A HOMEOWNER DO TO RECEIVE THE TAX CREDIT?

The IRS will establish rules on how to claim the new tax credit and will publish the necessary forms. At a minimum, you should plan to keep all receipts that prove you purchased the products or materials and completed the improvements. You will also need to have the Manufacturer's Certification Statement in most cases.

## LEARN MORE

### Focus on Energy

[focusonenergy.com](http://focusonenergy.com)

### Internal Revenue Service

[irs.gov](http://irs.gov)

### Alliance to Save Energy

[ase.org](http://ase.org)

### U.S. Environmental Protection Agency

[epa.gov](http://epa.gov)

### ENERGY STAR

[energystar.gov](http://energystar.gov)

### The Tax Incentives Assistance Project

[energytaxincentives.org](http://energytaxincentives.org)

### Solar Energy Industries Association

[seia.org](http://seia.org)

### Database of State Incentives for Renewables & Efficiency

[dsireusa.org](http://dsireusa.org)

Focus on Energy works with eligible Wisconsin residents and businesses to install cost effective energy efficiency and renewable energy projects. Focus information, resources and financial incentives help to implement projects that otherwise would not be completed, or to complete projects sooner than scheduled. Its efforts help Wisconsin residents and businesses manage rising energy costs, promote in-state economic development, protect our environment and control the state's growing demand for electricity and natural gas. For more information, call **800.762.7077** or visit [focusonenergy.com](http://focusonenergy.com).



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