

More 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.

NEW ACT EXTENDS RESIDENTIAL TAX CREDITS

The Emergency Economic Stabilization Act of 2008 and the American Recovery and Reinvestment Act of 2009 extended the Energy Policy Act of 2005. These new acts extend and expand the federal tax credits available for energy efficiency and renewable energy improvements made in 2009 and beyond.

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 a homeowner's principal residence (including HUD-manufactured homes and condos) for improvements placed in service in 2009 and 2010. ***The combined amount of the credits allowed for the taxable years beginning in 2009 and 2010 with respect to any taxpayer cannot exceed \$1,500 for qualified energy efficiency improvements and residential energy property expenditures combined.***

QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS:

Installation costs are not included

Windows and skylights

A 30 percent tax credit 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 30 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).

Metal roof or asphalt roof

Such a roof qualifies only if it has appropriate pigmented coatings or cooling granules which are specifically and primarily designed to reduce the heat gain of the dwelling unit.

RESIDENTIAL ENERGY PROPERTY EXPENDITURES:

Installation costs are included

Furnaces and boilers

A 30 percent tax credit is available for the purchase of a natural gas, propane or oil furnace with an annual fuel utilization efficiency (AFUE) rating of 95 percent or higher (90 for an oil furnace). It also applies to a natural gas, propane or oil hot water boiler that achieves an AFUE of 90 percent or higher.

Central air conditioners, heat pumps and water heaters, stoves

The typical central air conditioning or heat pump found in Wisconsin is a split system, with an outdoor unit located outside the home and an indoor coil installed in the duct above the furnace. To qualify for the 30 percent tax credit a split system air conditioner must have an energy efficiency rating (EER) of 13 or higher or a seasonal energy efficiency rating (SEER) of 16 or higher. A split system air source heat pump must have a 12.5 EER or higher, 15 SEER or higher or a Heating Season Performance Factor (HSPF) of 8.5 or higher.

Another type of air conditioner can be installed as a package unit but is not very common for residential applications in Wisconsin.

A 30 percent tax credit is available for the purchase of certain high efficiency air conditioners and water heaters that meet the following criteria:

Gas or propane water heaters with an energy factor (EF) of at least 0.82 or a thermal efficiency of at least 90 percent. The only models that currently meet this standard are tankless water heaters and some

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For more information, call 800.762.7077 or visit focusonenergy.com.

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.

Stoves that burn biomass fuel to heat a primary residence or to heat water and that have a thermal efficiency rating of at least 75 percent as measured using a lower heating value qualify for the credit.

Advanced main air-circulating fan

A 30 percent tax credit is available for the purchase of an advanced main air-circulating fan. This is a fan used in a forced-air heating and/or cooling system's air handler (the typical furnace type in Wisconsin homes) that has an annual electricity use of no more than 2 percent of the total annual energy use of the furnace.

Limits on the tax credit

Homeowners can claim a one-time tax credit of up to \$1,500 for the years 2009 and 2010 combined. The home improvement tax credits for windows, skylights, insulation and exterior doors, metal and asphalt roofs, furnaces and boilers, central air conditioners, heat pumps and water pumps, and air-circulating fans apply to improvements installed from January 1, 2009 through December 31, 2010. All improvements must be installed in or on the taxpayer's principal residence in the United States.

RENEWABLE ENERGY TAX CREDITS

The solar tax credit

An eligible Wisconsin resident can claim a 30 percent tax credit on the installed price of qualifying solar electric and/or solar water heating systems. There is no maximum credit limit for systems placed in service after December 31, 2008, and taxpayers subject to the alternative minimum tax may claim the credit.

Geothermal tax credits

An eligible Wisconsin resident can claim a 30 percent tax credit in the installed price of a qualifying ground-source (geothermal) heat pump system installed in tax years between January 1, 2009 and December 31, 2016. Beginning January 1, 2009 there will be no maximum credit limit.

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. There is no maximum credit limit for systems placed in service after December 31, 2008, and taxpayers subject to the alternative minimum tax may claim the credit.

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 or small wind energy system as a business expense. Qualifying commercial solar electric and solar thermal property is eligible for

a 30 percent tax credit or U.S. Treasury Grant, five-year accelerated depreciation, as well as a 50 percent bonus depreciation if the system is put into service in 2009.

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 an eligible renewable energy installation. Approval of your application is required before you order, purchase or install a renewable energy system. Please visit focusonenergy.com/reincentives or call our Information 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. Contact a trusted tax professional to determine your eligibility for any tax credit.

LEARN MORE

Focus on Energy

Learn about financial incentives for installing energy efficiency and renewable energy projects.
focusonenergy.com/incentives

American Recovery and Reinvestment Act

recovery.gov

Wisconsin's Office of Recovery and Reinvestment

recovery.wisconsin.gov

Internal Revenue Service

irs.gov

Alliance to Save Energy

ase.org

U.S. Environmental Protection Agency

epa.gov

ENERGY STAR

energystar.gov

The Tax Incentives Assistance Project

energytaxincentives.org

Solar Energy Industries Association

seia.org

Database of State Incentives for Renewables & Efficiency

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.

