

Federal & Louisiana Energy Tax Credits for 2009



Your Opportunity

For tax years 2006-2008, Uncle Sam has encouraged taxpayers to invest in home improvements and systems that use renewable sources of energy (such as the sun) and make the home more energy efficient. The U.S. House of Representatives recently passed legislation to extend and, in some cases, amend the Federal Energy Act. These one-time tax credits still only apply to improvements to the taxpayer's primary residence (not rental property).

If you're building a new home, your builder can achieve a \$2,000 tax credit for making it a high-performance home. Tax credits also are available for improvements to commercial buildings, for manufactured homes and condos and for hybrid (gasoline-electric) vehicles.

There also are separate State of Louisiana tax credits for solar- or wind- energy systems. These apply to Louisiana homeowners or owners of residential rental apartment projects located in the state.

It's a "win-win" investment to maximize your tax savings, as well as your energy savings with the right home improvement options!

The Process Is Easy

You just save the receipt or invoice for your records in case you're audited, use IRS Form 5695 and subtract the appropriate amount from what you owe. There are no refunds if your credit is greater than your tax amount, but for the solar incentives, the credit can carry over to the next year. This applies to Federal Tax credits.

Choosing Your Credits

Always look for the Energy Star label as you shop. Although the initial price of an energy-efficient product may be a little higher, such investments can quickly pay back in utility bill savings, especially as energy costs rise, while improving the comfort and durability of your home and ultimately helping our nation reduce its reliance on foreign energy sources.

Home improvement tax credits are available for home improvements "placed in service" from 1/1/2009 - 12/31/2010. Any qualified improvement made in 2008 is not eligible for tax credit.

Your local LSU AgCenter office has information to help guide your decision making on these energy efficiency purchases.

Tax Credits Maximum – \$500

Energy Efficiency Improvements

Building Envelope

insulation, windows,
doors and roof

Heating and Air Conditioning

Water Heaters



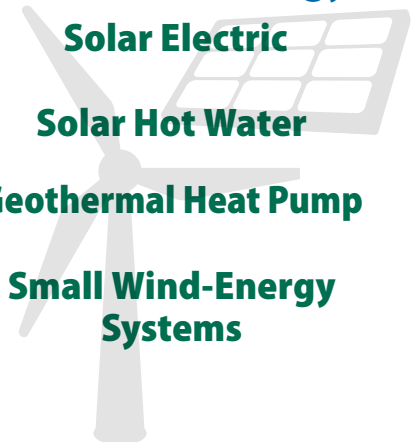
Residential Renewable Energy

Solar Electric

Solar Hot Water

Geothermal Heat Pump

Small Wind-Energy Systems



Home Improvements & Renewable Energy Tax Credits

Blue Section: Tax Credits in this section have a \$1500 maximum

Building Envelope

The term “building envelope” refers to the outer “shell” of a building. This includes walls, windows, doors, roof and floor. Every part of the house that is in contact with the outside environment falls under this category. For a home to be energy efficient, the building envelope must be insulated, sealed and protected at all penetration points. Windows, doors, walls, raised floors and roofs require special attention.

Air Sealing Products. The correction of leakage points in the exterior shell of air-conditioned homes is first priority, even before insulation. Weather strip, caulk and other similar products stop airflow through attic access doors, pipe and electrical penetrations, fireplaces, recessed lights, windows, doors and other vulnerable areas. 30% of materials cost, up to \$1500. Installation cost can not be included.

Insulation. For insulation to qualify, its primary purpose must be to insulate. 30% of material cost, up to \$1500. Installation cost can **NOT** be included. Meets 2009 IECC & Amendments

Energy Star Metal & Asphalt Shingle Roofs. White and new high-tech “cool color” pigments in metal roofs help reduce solar heat gains. Some asphalt shingle roofs have “cooling granules” that reduce solar heat gains as well. Roof must be expected to last five years or have a two year warranty. 30% of the material cost, up to \$1500. Installation cost can not be included.

Energy Star windows and skylights and IECC storm windows. Including these products in new homes is highly cost-effective, but the question of whether to replace windows in existing homes is harder, because the “payback” can be long in comparison to other energy efficiency. Weigh your options carefully. 30% of the cost, up to \$1500.

IECC Exterior door and storm doors. 30% of the cost, up to \$1500. Installation cost can not be included.

Building Envelope Products	Tax Credit Specifications	Tax Credit
Insulation	Meets 2009 IECC & Amendments.	30% of materials cost up to \$1500
Painted Metal & Asphalt Shingle Roofs	The Energy Star label on painted metal roofing materials. Asphalt shingle roofs have “cooling granules.”	
Exterior Windows and Skylights	U factor ≥ 0.30 SHGC ≥ 0.30	
Storm Windows	Meets IECC in combination with the exterior window over which it is installed, for the applicable climate zone.	
Exterior Doors	U factor ≥ 0.30 SHGC ≥ 0.30	
Storm Doors	In combination with a wood door assigned a default U-factor by the IECC, and does not exceed the default U-factor requirement assigned to such combination by the IECC	

Heating and Air Conditioning

Be sure to work with a contractor who performs a detailed Manual J load calculation to size your new system properly, especially when you make energy-efficiency upgrades. Moisture concerns are crucial in warm, humid climates, and oversized systems make humidity problems worse.

Heating and Air Conditioning Products	Tax Credit Specifications	Tax Credit
Central Air Condition Split systems (systems with separate indoor and outdoor units)	Rated EER ≥ 3 or SEER ≥ 16 and	30% of cost up to \$1500 tax credits for this section also apply to the labor costs to assemble and install
	Package Systems Rated EER ≥ 12 or SEER ≥ 14	
Air-source heat pumps	Split Systems: HSPF ≥ 8.5 EER ≥ 12.5 SEER ≥ 15	
	Package Systems: HSPF ≥ 8 EER ≥ 12 SEER ≥ 14	
Gas, propane or oil hot water boilers	AFUE ≥ 90	
Advanced air handlers	No more than 2% of furnace total energy usage	
Biomass stoves	Thermal Efficiency Rating of at least 75%	
Natural gas or propane furnace	AFUE ≥ 95	
Oil Furnace	AFUE ≥ 90	

More information available at [www.energystar.gov](#)

Maximum per homeowner for all home improvements combined

Water Heaters

Most qualified units are “on-demand” or tankless systems, which save the energy used to keep a tank heated all the time and save space normally used for a tank. “Storage” (tank) water heaters are less expensive and are becoming more energy efficient. The payback on a tankless water heater might be considerably longer than a highly efficient storage model. The Energy Star Web site (www.energystar.gov) has valuable information to help you decide which type of water heater to select.

Electric Heat Pump Water Heater:

Energy Factor (EF) \geq 2.

Gas, Electric and Propane Water Heaters:

Energy Factor \geq 0.82 or a Thermal Efficiency of at least 90 percent. Includes: whole-house tankless water heaters.

Water Heater Type	Tax Credit Specifications	Tax Credit
Natural Gas-, Propane- or Oil-Fueled Water Heaters	Energy factor \geq 0.82 or a thermal efficiency of at least 90%	30% of cost up to \$1500
Electric Heat Pump Water Heaters	Rated Energy Factor \geq 2.0	

Green Section

Renewable energy improvements are NOT subject to the \$1500 cap.

Renewable Energy — no maximum

Solar Electric (Photovoltaic). To minimize the size and cost of PV panels or other renewable energy systems to produce electricity for your home, it is wise to first maximize the overall energy efficiency of the home. Check on net-metering in your area, which allows you to benefit when your PVs produce more energy than needed. PV systems can include batteries if desired and can be a good solution for remote areas and backup power in emergencies. Rooftop panels and pole-mounted systems are increasingly available, affordable and wind-resistant. **30% of the cost. Must be placed in service by 12/31/2016.**

Solar Hot Water. This is the most cost-effective first step toward active solar energy use in a home. 30% of the cost. Must be placed in service by 12/31/2016.

Geothermal Heat Pump. Ground-source heat pumps must meet the Energy Star criteria. Closed-loop systems are preferred because they conserve water. The wells for these systems make them more expensive initially, but their very high efficiency, long life and low maintenance make them highly cost-effective over the life of the system.

Applies to:

Geothermal Heat Pump: 30% of the cost. Place in service 12/31/2016.

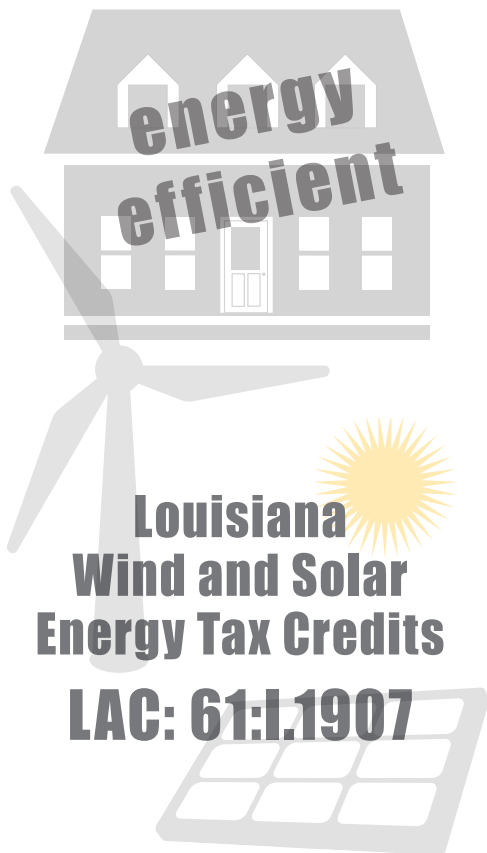
Closed Loop: EER \geq 14.1 COP \geq 3.3

Open Loop: EER \geq 16.2 COP \geq 3.6

Direct Expansion: EER \geq 15 COP \geq 3.5

Small Wind Energy Systems. 30% of the cost. Place in service 12/31/2016.

Renewable Energy Type	Tax Credit Specifications	Tax Credit
Solar Electric (Photovoltaics or PV)	The system must be certified by the Solar Rating and Certification Corporation (SRCC). Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirement.	30% of expense to purchase and install during the calendar year it is installed.
Solar Hot Water	The system must be certified by the Solar Rating and Certification Corporation (SRCC), produce at least half of the home's hot water usage, and not be connected to swimming pools or hot tubs. Credit only applies during the calendar year it is installed.	30% of expense to purchase and install.
Geo-Thermal Heat Pump	Must meet criteria of ENERGY STAR. (see above) Credit only applies during the calendar year it is installed.	30% of expense to purchase and install.
Wind Systems	Credit only applies during the calendar year it is installed.	30% of expense to purchase and install
Fuel Cells & Microturbines	Fuel Cells must have an efficiency of at least 30% and must have a capacity of at least 0.5 kW.	30% of expense to purchase and install up to \$1500 for each .5 kW of power capacity



New Home Tax Credit for the Builder

A tax credit of \$2,000 is available to builders on their taxes (under the Energy Policy Act of 2005) if the home achieves 50% energy saving for heating and cooling over the 2004 International Energy Code and supplements. At least one-fifth of the energy saving must come from the building envelope improvements.

Louisiana State Tax Credits

Wind and Solar Energy Tax Credits. LAC: 61:I.1907

Renewable energy income tax credit: 50% of the first \$25,000 spent on wind or solar energy system

The State of Louisiana has enacted a renewable energy income tax credit toward the purchase and installation of solar and wind energy systems purchased and installed on or after January 1, 2008 the credit is for 50% of the first \$25,000 spent on the purchase and installation of a wind or solar energy system. Any excess credit which exceeds the tax payer's liabilities for that year shall be treated as an overpayment and the Louisiana Department of Revenue will issue a refund for the remaining amount within one year of receiving the claim. Important information can be found at the Louisiana Department of Revenue's web site: www.revenue.louisiana.gov concerning qualification for the State of Louisiana Tax Credits. Under the heading Declaration of Emergency. Department of Revenue, Wind and Solar Energy Tax Credits. LAC: 61:I.1907

This publication and the Home Rebuilding and Restoration project are supported with funds from The Road Home program, under BOA 27DB00011

Visit our Web site: www.lsuagcenter.com/rebuilding

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Pub. 2957 (online) 02/09

Issued in furtherance of Cooperative Extension work, Acts of Congress of May 8 and June 30, 1914, in cooperation with the United States Department of Agriculture. The Louisiana Cooperative Extension Service provides equal opportunities in programs and employment.