

Energy upgrades can yield tax credits

If you've been putting off energy-efficient home upgrades, now may be the time to take on some home improvement projects. Thanks to the American Recovery and Reinvestment Act of 2009, signed by President Barack Obama on Feb. 17, there are new incentives for consumers to eliminate outdated, inefficient building systems that affect residents' comfort and pocketbooks.

The stimulus bill expanded and extended the tax credits for the home improvements that had expired in 2007. That means through 2010, consumers can claim a 30 percent tax credit for costs of buying things like new windows, furnaces and insulation. The lifetime cap is \$1,500. Before, consumers only could claim 10 percent of the costs and the cap was \$500.

Among the common home projects covered are:

- Exterior windows, including skylights and storm windows;
- Insulation, exterior doors and roofs, including sealants to minimize air infiltration (caulk, weather stripping and sealants), and storm doors; and
- Central air conditioning; heat pumps; furnaces and boilers; and water heaters.

Because there are certain quirks and deadlines associated with what does and doesn't meet the guidelines. You have to be careful looking at what exactly qualifies. You have to have the right windows, for example. Similarly, for roofs and insulation projects, those placed in service between January 1 and Feb. 17, 2009, must meet certain requirements and those placed in service between Feb.18, 2009, and Dec. 31, 2010, must meet slightly different criteria.

Homeowners able to make more significant investments may want to consider some longer-term energy solutions, such as geothermal heat pumps, solar photovoltaic cells, solar water heaters, and fuel cells, because the tax credits also were changed for such systems. They're eligible for the 30 percent tax credit and there's no maximum cost. Again, it's important to understand all the criteria to receive full tax benefits.

Resources:

- Alliance to Save Energy (www.ase.org/taxcredits) offers an easy-to-follow guide on the available tax credits.
- Energy Star: http://www.energystar.gov/index.cfm?c=products.pr_tax_credits#c6 offers information and a Q&A about the Federal tax credits.
- Flex Your Power— <http://www.fypower.org/res/tools/rgl.html> lets you search by zip code for energy-efficient rebates and incentives in California.
- The Database of State Incentives for Renewables & Efficiency is another source for information on California-specific financial incentives for energy upgrades.
<http://www.dsireusa.org/library/includes/map2.cfm?CurrentPageID=1&State=CA&RE=1&EE=1>