

Many homeowners are interested in taking advantage of the federal tax credits and incentives that are available for tax years 2006 through 2008. Focus on Energy can assist in providing information and education so residents can make use of these tax advantages.



To learn more about Focus on Energy,SM call 800.762.7077 or visit focusonenergy.com

WHAT IS THE ENERGY BILL OF 2005?

The Energy Policy Act of 2005 is the first comprehensive federal energy legislation in the United States in more than a decade. It includes important provisions that can help consumers reduce their energy costs. This is especially timely given the recent concerns about rising energy prices.

The Energy Policy Act offers tax credits for homeowners who install energy efficient equipment. The bill also offers tax credits for those who install qualified renewable energy systems.

Focus on Energy has long been educating Wisconsin residents about energy efficiency and renewable energy choices. Focus on Energy also offers a variety of technical assistance and Cash-Back Rewards for installation of energy efficient or renewable energy systems. Wisconsin homeowners who qualify can combine Focus on Energy financial incentives with federal tax credits to find that reducing energy costs is more affordable than ever.

ARE TAX CREDITS AVAILABLE FOR HOMEOWNERS WHO WANT TO MAKE ENERGY EFFICIENCY IMPROVEMENTS IN THEIR EXISTING HOMES?

Tax credits are available to homeowners (including HUD manufactured homes and condos) for installations completed in **2006 and 2007** on the following products:

Windows and skylights

- A 10 percent tax credit is available for the cost of ENERGY STAR[®] qualified exterior windows and skylights, up to \$200. Minimum U-Factors apply. 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. Minimum U-Factors and R-Values apply for our climate.

Tax credits are available to homeowners (including HUD manufactured homes and condos) for installations completed during **2006 – 2008** on the following products:

Furnaces or boilers

- A \$50 tax credit is available for a furnace with an efficient fan motor (electronically commutated motor).
- A \$150 tax credit is available for a natural gas, propane or oil furnace or boiler with an AFUE of 95 percent or higher.

Central air conditioners, heat pumps and water heaters

- Up to a \$300 tax credit for the purchase of one of the following products: certain high efficiency air conditioners, electric heat pumps, open and closed system geothermal heat pumps and natural gas, propane or oil water heaters.

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.

ARE THERE LIMITS FOR HOMEOWNERS?

Yes, 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 apply to improvements installed from January 1, 2006 through December 31, 2007. The home improvement tax credits for furnaces or boilers, central air conditioners, heat pumps and water pumps apply to improvements installed from January 1, 2006 through December 31, 2008

All improvements must be installed in or on the taxpayer's principal residence in the United States.

HOW DOES THE ENERGY BILL OF 2005 LOWER THE COST OF A RENEWABLE ENERGY SYSTEM INSTALLATION ON A HOME?

Before the Energy Bill of 2005 was signed, there were no federal incentives available for residents who were interested in installing a renewable energy system on their home. Between January 1, 2006 and December 31, 2008, the federal government is encouraging residents to explore renewable energy by offering tax credits on qualifying solar hot water or solar electric systems activated during this time.



PHOTO COURTESY OF CHRIS COLLINS, H & H ELECTRIC

Staff from H & H Electric, a Focus on Energy Solar Electric Market Provider, put the finishing touches on a 1.3KW Solar Electric installation on the roof of a Madison, WI area home.

In addition to the federal tax bill credits, a Wisconsin resident who qualifies for Focus on Energy incentives may receive a Cash-Back Reward for a solar energy installation. A qualifying Wisconsin resident can claim a Cash-Back Reward from Focus on Energy for their solar installation and a 30 percent tax credit (up to \$2,000 maximum) from the government on the cost of their installation. Please visit focusonenergy.com or call our Info Center at 800.762.7077 for current information on available solar incentives.

DO THESE NEW TAX CREDITS REALLY MAKE A RESIDENTIAL SOLAR ELECTRIC OR SOLAR HOT WATER SYSTEM MORE AFFORDABLE?

Wisconsin residents who qualify for Focus on Energy incentives and are able to utilize new Energy Bill tax credits will be able to install renewable energy systems with fewer up-front costs. As a result,

Wisconsin homeowners will be able to reduce the amount of time it takes to generate enough energy for the system to pay for itself – or reduce the payback period for the system. Renewable energy is becoming a more cost effective option in Wisconsin.

WHERE DO HOMEOWNERS GO TO LEARN MORE ABOUT SOLAR AND OTHER TYPES OF RENEWABLE ENERGY?

The first step in considering whether or not renewable energy will work at a particular location is to learn all about it. The Focus on Energy Web site is a good resource to use in order to learn more about solar energy. After learning about solar, the next step is to request a site assessment at the desired location. This will provide the assurance that a solar energy system would work well on the property and meet the owner's energy needs. More information about the site assessment process or a list of experts who conduct site assessments can be found at focusonenergy.com.

WHAT IF SOLAR IS NOT RIGHT FOR A RESIDENCE AND A HOMEOWNER IS INTERESTED IN WIND ENERGY? ARE THERE FEDERAL TAX CREDITS FOR A WIND TURBINE AT A RESIDENCE?

The Energy Bill only offers tax credits for solar installations on homes.

Commercial incentives are available for solar energy and other renewable energy technologies such as wind and biogas. To learn more about these particular renewable energy credits available through the 2005 Energy Bill, please visit some of the Web sites included as references at the bottom of this sheet.

WHAT DOES A HOMEOWNER NEED TO DO TO GET THE TAX CREDIT?

The IRS will write rules on how to claim the tax credit and publish any necessary forms. At a minimum, plan to keep all receipts proving that you purchased the products or materials and made the improvements.

HOW DOES A HOMEOWNER CLAIM FEDERAL TAX CREDITS?

As with any tax changes from year to year, it is best to consult a trusted tax professional in order to maximize tax credits for which you may qualify.

LEARN MORE

focusonenergy.com

Focus on Energy offers general facts about how its customers might combine tax credits with Focus on Energy help. More information about the tax credits is available online.

There are several Web sites that provide helpful information regarding the tax incentives:

Alliance to Save Energy

ase.org

The Tax Incentives Assistance Project

energytaxincentives.org

Solar Energy Industries Association

seia.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 get 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.

