

# Summary of the American Recovery and Reinvestment Act of 2009

February 26, 2009

The highlights of the Stimulus Package include:

- Extension of federal tax credits for energy efficient technologies in existing homes. This includes extending the timeframe for these credits through the end of 2010, increasing the credit cap to 30% of the cost of energy efficient equipment ("cost" also includes labor included for heating, cooling, and water-heating systems), and changing the qualifying requirements.
- \$300 million into the states' energy efficient appliances programs, which allows states to offer rebates/incentive for ENERGY STAR rated residential products. The availability of state-level rebates for specific products can be reviewed at the Database of State Incentives for Efficiency and Renewables ([www.dsireusa.org](http://www.dsireusa.org)).
- Federal \$ into general construction efforts: weatherization, low-income projects, and military housing.
- Consumers should take advantage of the federal tax credits available for efficient propane space- and water-heating systems. Benefits include: federal tax CREDIT on equipment change-outs, plus other applicable state-, propane organization, and utility-based incentives (see [www.dsireusa.org](http://www.dsireusa.org)), significant energy savings, greater comfort, and reduced emissions. The new Stimulus Package raises the cap available on the credit to \$1500, and the 30% federal tax credit can be applied to labor and material costs for new high efficiency propane heating and water heating equipment.
- First-time home buyers using the \$8000 tax credit will be able to afford more house. When the purchase is for a new home, buyers should use this extra buying power to choose high efficiency propane heating and water heating systems to make these homes efficient and affordable over the long run.
- When evaluating improvements to existing homes – states, weatherization organizations, and home owners should carefully weigh their options. Changing out HVAC equipment will often save much more energy than other more costly upgrades like new windows. Plus the 30% tax credit for efficient propane heating systems can also be applied to labor and material costs, which isn't the case for building envelope improvements like windows.

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The table below reviews Federal Tax Credits for Energy Efficiency available to homeowners. The base table shown below is from DOE, and is based on the requirements and specifications set forth in the October 2008 Emergency Economic Stabilization Act of 2008. These were essentially the rules for these tax credits up until the Stimulus Package was passed. The highlighted sections below point out key differences in the tax credits established by the American Recovery and Reinvestment Act of 2009 (the Stimulus Package) relative to the terms that were already in place. Changes include different ceilings on tax credits, different rules on applicability, and different minimum requirements for energy efficient equipment.

## SUMMARY OF FEDERAL TAX CREDITS FOR HOMEOWNERS

Product Category	Product Type	Tax Credit Specification	Tax Credit
Windows & Doors	<a href="#">Exterior Windows and Skylights</a>	ENERGY STAR qualified OR meets IECC <sup>1</sup>  Window specs of $U \leq 0.30$ and $SHGC \leq 0.30$	<del>10% of cost, up to \$200<sup>2</sup> for all windows, skylights and storm windows</del>  30% of cost (materials only) up to the \$1500 overall cap
	Storm Windows	Meets IECC <sup>1</sup> in combination with the exterior window over which it is installed, for the applicable climate zone	<del>10% of cost, up to \$200<sup>2</sup> for all windows, skylights and storm windows</del>  30% of cost (materials only) up to the \$1500 overall cap
	<a href="#">Exterior Doors</a>	Meets IECC <sup>1</sup>	10% of cost, up to \$500 <sup>2</sup>  30% of cost (materials only) up to the \$1500 overall cap
	Storm Doors	In combination with a wood door assigned a default U-factor by the IECC <sup>1</sup> , and does not exceed the default U-factor requirement assigned to such combination by the IECC	10% of cost, up to \$500 <sup>2</sup>  30% of cost (materials only) up to the \$1500 overall cap
Roofing	Metal Roofs, Asphalt Roofs	ENERGY STAR qualified	10% of cost, up to \$500 <sup>2</sup>  30% of cost (materials only) up to the \$1500 overall cap
Insulation	Insulation	<del>Meets 2000 IECC &amp; Amendments</del>  Meets 2009 IECC and Supplements	10% of cost, up to \$500 <sup>2</sup>  30% of cost (materials only) up to the \$1500 overall cap

Heaters	Gas, Oil, Propane Furnace or Hot Water Boiler	<p>Furnaces: AFUE <math>\geq</math> 95</p> <p>Boiler: AFUE <math>\geq</math> 95</p> <p>NG and propane furnaces – no change, still AFUE <math>\geq</math> 95</p> <p>Oil-fired furnaces now eligible <math>\geq</math> 90 AFUE</p> <p>NG, propane, and oil boilers <math>\geq</math> 90 AFUE</p>	<p>\$150<sup>2</sup></p> <p>30% of cost (including labor and materials) up to the \$1500 overall cap</p>
Water Heaters	Gas, Oil, Propane Water Heater	<p>Energy Factor <math>\geq</math> 0.80 or a thermal efficiency of at least 90%.</p> <p>EF <math>\geq</math> 0.82 or Thermal Efficiency <math>\geq</math> 90% is new threshold</p>	<p>\$300<sup>2</sup></p> <p>30% of cost (including labor and materials) up to the \$1500 overall cap</p>
Cars	Hybrid gasoline-electric, diesel, battery-electric, alternative fuel, and fuel cell vehicles		Based on a formula determined by vehicle weight, technology, and fuel economy compared to base year models
	Plug-in hybrid electric vehicles		<p>\$2,500–\$7,500</p> <p>Note: This is effective 1/1/09. The first 250,000 vehicles sold get the full tax credit (then it phases out like the hybrid vehicle tax credits).</p>

<sup>1</sup>Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code.

<sup>2</sup>Subject to a \$500 maximum per homeowner for all improvements combined.

<sup>3</sup>A Manufacturer's Certification is a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit. The IRS encourages manufacturers to provide these Certifications on their website to facilitate identification of qualified products. Taxpayers must keep a copy of the certification statement for their records, but do not have to submit a copy with their tax return.

<sup>4</sup>Additional information on exterior window features may be viewed at [Anatomy of an Energy Efficient Window](#).