

New tax credits: What's out there?

Energy efficiency upgrades can be pricey, but incentives may cover 40 to 60 percent

By Kate Ramsayer / *The Bulletin*

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After a winter of paying high heating bills but still living in a chilly house, Tania Piper and Colin Mahood, of Bend, decided to see what they could do to make their house less drafty.

"I want our house to be efficient; I don't want to be wasting our money or wasting resources," Piper said. "So for me, it was obvious that it was something that needed to be a priority."

They hired a company to do a series of tests to find the home's problem spots and received a list of improvements that would help make the house more airtight, like adding insulation in the floors and sealing leaks around ducts — work that came with a price tag of more than \$2,000. But with federal and state tax credits and power company incentives, that cost was cut by more than half.

And this year, under the federal economic stimulus plan, more federal tax credits are available to homeowners who want to make energy-efficient upgrades.

Piper and Mahood wouldn't have hired businesses to make the improvements if they didn't have tax credits or rebates, Piper said.

"It was huge for us to get the tax credits and incentives," she said.

With the increase in federal tax credits available, as well as the continuing state tax credits and incentive programs from local utilities, it's a good time for people to consider energy conservation and renewable energy projects, said Lou Torres, a spokesman for the Oregon Department of Energy.

"It becomes very cost-effective all of a sudden," he said, noting that even with the declining economy, people are still making improvements and applying for the tax credits.

The stimulus bill removed the cap on federal tax credits for installations like solar panels and geothermal heat pumps, so people who put in those systems can get 30 percent of the cost back when they do their federal taxes, Torres said.



Pete Erickson / The Bulletin

Ponderosa Heating & Cooling employees, from left, Cliff Landers, 33, Chris Gulick, 30, and Vance Taylor, 30, move a new heat pump into place Wednesday at the home of Zane Mason in rural Sisters. Under the federal economic stimulus plan, homeowners can now get a bigger tax break for installing certain energy-saving devices, including some types of insulation, windows, roofing and heat pumps.

And the cap for tax credits for other improvements — like energy-efficient windows and doors, heating, ventilating and air conditioning systems, insulation and more — was set at 30 percent of the cost, up to \$1,500.

That's triple what it previously was, said Kendra Van Note, with GreenSavers USA, a Bend business that conducts home energy audits and helps people determine what they can do to make their homes more efficient.

"This gives people money back in their pocket to do those weatherization upgrades and become more energy efficient," Van Note said. "The first step to reducing dependence on foreign oil is for all of us to become a little more efficient in our daily lives."

And when people upgrade their insulation, seal off leaks or install new windows, it not only uses less energy but also can lower the homeowner's bill.

"If your ducts are severely leaking, 30 percent of your home's heating and cooling can be lost," Van Note said. "That's money literally spewing out of your ducts every month."

Her company will test a house, using tools like a blower door test to see where the air leaks out of a building or a thermal imaging scan to determine where heat is escaping, she said, adding that the tests cost about \$300, on average.

The Energy Trust of Oregon has a list of companies that can perform an energy audit at www.energytrust.org.

Energy officials can then present a homeowner like Piper with a prioritized list of what work should be done, how much it would cost and what incentives or tax credits are available for the work.

Many times, people can get rebates and tax credits worth between 40 and 60 percent of the cost of the improvements, Van Note added.

There are many incentives out there for people, said Randall Marchington, mechanical estimator with Ponderosa Heating & Cooling in Sisters, which also does home performance energy audits.

Pacific Power and Cascade Natural Gas Corp. customers can get incentives from the Energy Trust of Oregon, while Midstate Electric and Central Electric Cooperative have rebates for things like heat pumps.

Efficiency tax breaks: Do you qualify?

New federal tax credits are available this year under the federal stimulus law for energy-efficient housing products that make the grade. Only those that attain the highest efficiency levels — those that typically cost much more than standard products — qualify. Here's what's available for products used in existing homes and in new construction.

■ 30% tax credit, up to \$1,500, 2009 and 2010, existing homes:

<ul style="list-style-type: none"> • Windows and doors 	<ul style="list-style-type: none"> • Insulation 	<ul style="list-style-type: none"> • Roofs (metal and asphalt) 
<ul style="list-style-type: none"> • Heating, ventilating and air conditioning 	<ul style="list-style-type: none"> • Water heaters (non-solar) 	<ul style="list-style-type: none"> • Biomass stoves 

■ 30% tax credit, no limit, through 2016, existing and new homes:

<ul style="list-style-type: none"> • Geothermal heat pumps 	<ul style="list-style-type: none"> • Solar panels 	<ul style="list-style-type: none"> • Solar water heaters 
<ul style="list-style-type: none"> • Small wind energy systems 	<ul style="list-style-type: none"> • Fuel cells (Residential fuel cell and microturbine system) 	

The Bulletin and New York Times News Service file photos

Source: energystar.gov

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Ponderosa Heating provided a quote for one homeowner for around \$8,000, which was reduced to \$3,100 once all incentives and credits were included, Marchington said.

Some homeowners could qualify for financing, he said, and if the rates are good enough, the monthly payments people make for the improvements are offset by the amount of money they now save on energy costs.

"That exact same money you were throwing away is going to pay for your investment," he said.

The federal stimulus package also set aside funds to improve the energy efficiency and weather-resistance of low-income residents' homes.

In Central Oregon, NeighborImpact expects to receive about \$1.4 million in July for the program, said Colleen Neel, who runs the organization's weatherization program.

And the threshold for what qualifies as low income has shifted from 150 percent of the federal poverty level to 200 percent, so more people could be eligible for funds, she said.

Neel recommends homeowners call the organization to fill out an application to find out whether they're eligible for the program.

For Bruce Sullivan, a green building consultant with Earth Advantage in Bend, the stimulus also provides a boost by informing homeowners about some of the different ways they can improve the way their homes consume energy.

"Every little bit will help," Sullivan said. "It simply attracts people's attention so they begin to think of these things as viable options."

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- Fuel cells (Residential fuel cell and microturbine system)
- Water heaters (non-solar)

- Biomass stoves
- Geothermal heat pumps
- Solar water heaters
- Small wind energy systems

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* 30% tax credit, no limit, through 2016, existing and new homes:

- Windows and doors
- Insulation
- Roofs (metal and asphalt)
- Heating, ventilating and air conditioning
- Solar panels

Source: energystar.gov

Oregon home energy contest

The Energy Trust of Oregon is sponsoring a "Home Energy Makeover" contest, in which four homeowners across Oregon will win an energy audit of their home and up to \$25,000 of energy-efficient products that would help them consume less energy.

"The real goal is to demonstrate to Oregonians exactly how much opportunity there is," said Lizzie Rubado with the Energy Trust.

To apply, visit www.homeenergymakeoveroregon.org. Applications are due May 5.

Federal projects

To find out what energy efficient projects are eligible for federal tax credits, visit www.energystar.gov/index.cfm?c=products.pr_tax_credits. Other information for Pacific Power or Cascade Natural Gas customers on making a home more energy efficient is at www.energytrust.org.

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