

# Federal Tax Credits for Energy Efficient Homes: 2001 Update

Bill Prindle  
Deputy Director  
ACEEE  
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# Background

- 1997--Climate Change Technology Initiative
- 1999--Initial homes tax credit bill--Rep. Thomas
- 2000--New tax credit bill--Senator Smith
- 2001--Multiple bills
  - Senate: Smith, Murkowski, Bingaman
  - House: Cunningham, Inslee, Weller, Matsui
  - House passes HR 4 based on Weller
- 2002--Senate Finance bill become S 1979

# Key Issues for New Homes Credits

- Who gets the credit: builder or buyer
- Qualifying level: 30% or 50% beyond IECC
- Amount of credit: \$750-2000 for 30%;  
\$2000-\$2500 for 50%
- Certification: detailed rules for  
qualification, and for who can perform  
certification; emphasis on HERS guidelines  
and providers key issues

# 2001 House Bills

## Cunningham

\$750 for 30%  
\$2000 for 50%

Credit to buyer

DOE rules for cert  
based on CA code  
manual and HERS  
plus prescriptive  
packages

## Matsui

\$1500 for 30%  
\$2500 for 50%

Credit to builder

Similar to  
Cunningham, but  
less specific on key  
details

## Weller

\$2000 for 30%

Credit to builder

Least specific on  
rules, but does  
include HERS  
guidelines and  
HERS providers

# 2001 House Bills

- HR 2511 introduced July 17 by Ways and Means Chairman Bill Thomas
- Covers efficiency and renewables, reliability and production
- Efficiency covers vehicles, appliances, new homes, existing homes, CHP, and utility smart meter devices
- New homes credits based on Weller bill

# HR 2511:

## Recommended Changes

- Include an IECC + 50% credit
- Reduce 30% credit amount--half or less of 50% credit
- Include Cunningham language on certification
- HR 4 did not include these changes

# Senate-House Bill Comparisons

- Smith bill similar to
- Cunningham
- Bingaman bill similar to
- Matsui
- Murkowski bill similar to
- Weller

# Senate 2002: New Homes

- Bingaman bill starting point for Finance Committee
- \$1250 for 30% improvement over IECC
- \$2000 for 50% improvement over IECC
- Credit to builder
- Certification includes many elements of Smith: CA ACM, HERS guidelines, DOE rule, generation of IRS form
- Requires permanent label



# Existing Homes

## HR 4

- 20% of cost up to \$2000 for envelope improvements based on IECC criteria
- No performance-based option, no mention of HERS guidelines
- Limited certification requirements

## S 1979

- 10% of cost up to \$300 for envelope improvements or 30% reductions based on HERS methods
- Certification will be based on HERS methods for performance option

# Recommended Improvements to S. 1979

## New Homes

- Include air sealing and duct sealing in envelope definitions
- Fixed credit amount
- Higher ratio of 50% to 30% credit

## Existing Homes

- Include air sealing and duct sealing in envelope definitions
- Fixed credit amount
- Increased credit for performance/HERS path