

Combined Incentives

In many cases, multiple tax incentives may be claimed. In the case of a new home for example, the builder may claim credit for the high efficiency home and the homeowner may claim tax credits for solar hot water and photovoltaic and fuel cell systems. Other financial incentives, such as utility or [SunBuilt](#) rebates, further reduce the cost of building or owning a solar and energy efficient home.

Solar Photovoltaic and Hot Water Systems

This provision offers tax credits to individuals for residential solar energy systems.

- For solar hot water systems, the allowable tax credit is 30% of the qualified solar system expenditures up to a maximum tax credit limitation of \$2,000.
- For solar photovoltaic (PV) systems, the allowable tax credit is 30% of the qualified PV system expenditures up to a maximum tax credit limitation of \$2,000.

To be eligible for the solar hot water system tax credit, the system must be certified by the [Solar Rating and Certification Corporation \(SRCC\)](#) and produce 50% or more of the hot water needed by the residence. There is no qualification provided for PV systems. Individuals may claim tax credits for either or both types of solar systems. The incentives apply to equipment placed in service during 2006-2007.

New Homes

This provision offers homebuilders a tax credit of \$2,000 for homes that reduce energy use for heating and cooling only (not hot water) by 50% compared to the national model code — the 2004 IECC Supplement (assuming an SEER-13 air conditioner). Producers of manufactured homes can also choose to qualify for a tax credit of \$1,000 for homes that save 30%. This \$1,000 credit for reaching 30% savings is not available for site built homes, which must reach the 50% savings tier to qualify for the \$2,000 credit.

Eligible homes must demonstrate savings using software that has been approved by DOE and builders must demonstrate compliance by the use of third-party inspectors certified according to DOE rules. While no interim rules have yet been promulgated to meet these requirements, similar standards exist in Florida and elsewhere under the auspices of [Florida's Building Energy Rating System](#) and under the national standards of the national [Residential Energy Services Network \(RESNET\)](#). Additionally, the Florida Solar Energy Center has released a free 60-day trial version of software that makes the calculations that are expected to be used for tax credit qualification. To download this free 60-day trial software [click here](#).

The incentives apply to homes placed in service during 2006-2007, although extenders increasing the eligibility through 2009 are a possibility.

Existing Homes

These provisions offer cost-based incentives of 10% of the amount expended by the taxpayer for "Qualified Energy Efficiency Improvements" and up to \$300 for "Qualified Energy Property" up to a maximum credit limit of \$500.

"Qualified Energy Efficiency Improvements" are specifically defined as:

- Any insulation material or system specifically designed to reduce heat loss or gain
- Exterior windows (including skylights)
- Exterior doors
- Any metal roof having pigmented coatings specifically designed to reduce heat gain which meet Energy Star program requirements.

"Qualified Energy Property" is defined as:

- Electric heat pump water heater with EF of 2.0 or greater
- Electric air source heat pumps with HSPF of 9.0 or greater
- Geothermal heat pumps:
- Closed loop products with EER of 16.2 and COP of 3.3 or greater
- Open loop products with EER of 14.1 and COP of 3.3 or greater
- Direct expansion (DX) products with EER of 15 and COP of 3.5 or greater
- Central air conditioner that receives the highest efficiency tier established by the Consortium of Energy Efficiency as of January 1, 2006
- Natural gas, propane or oil water heater with EF of 0.80 or greater
- Natural gas, propane or oil furnace or hot water boiler with AFUE of 95% or greater
- Advanced main air circulating fan used in natural gas, propane or oil furnace that uses no more than 2% of the total annual energy use of the furnace.

Credit limitations on qualified energy property are as follows:

- \$50 for any advanced main air circulating fan
- \$150 for any qualified natural gas, propane, or oil furnace or hot water boiler
- \$300 for any item of qualified energy property.

The incentives apply to improvements and equipment placed in service during 2006-2007.