

Energy perks: Tax credits for your home

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Taxes — the word evokes feelings of unease in many of us. The definitions found at Dictionary.com include “a burdensome charge, obligation, duty or demand.”

As we enter the throes of tax season it seems appropriate for me to tackle this challenging topic and explain how owning an energy-efficient home can reduce your tax burden.

There are many benefits to having an energy-efficient home. These dwellings are designed to be more comfortable, have improved air quality, cost less to operate and maintain, use fewer valuable natural resources and emit far less pollution into our environment. Both federal and state governments recognize these benefits and reward homeowners for making these choices.

There are many excellent tax incentives for homeowners to buy energy-efficient homes, or retrofit their existing homes for reduced energy use. I will attempt to explain some of these programs.

The federal government offers a Home Energy Efficiency Improvement Tax Credit. According to the Department of Energy Web site (www.energy.gov): “Consumers who purchase and install specific products, such as energy-efficient windows, insulation, doors, roofs, and heating and cooling equipment in existing homes can receive a tax credit for 30 percent of the cost, up to \$1,500, for improvements ‘placed in service’ starting Jan. 1, 2009, through Dec. 31, 2010.”

Keep in mind there are specific criteria for accepted products and that labor is not included in many of these tax credits. They offer even more lucrative credits for purchasing solar hot water, photovoltaic systems, geothermal heat pumps and wind turbines. The tax credit for these purchases is 30 percent with no upper limit. This incentive includes new home purchases as well.

North Carolina also offers a renewable energy tax credit. While it does not cover many of the weatherizing opportunities that the federal credit offers, it is still quite beneficial. Some of the items included are solar electric (photovoltaics), solar hot water, solar heat, wind, geothermal, daylighting, biodiesel and even solar swimming pool heating. The amount of the credit is 35 percent with varying upper limits for each product.

The North Carolina Appliance Rebates Program, though not a tax credit, offers incentive for homeowners to replace their older inefficient appliances with Energy Star appliances April 22-25. Eligible products for the plan’s 15 percent limited-time rebate include refrigerators, freezers, clothes washers and dishwashers. This has been a somewhat underpublicized program that could provide significant motivation to replace those old matching avocado green kitchen appliances for some new high-tech, low-energy-use ones. Depending on the funds available, according to www.energync.net, a second phase in June would extend rebates on Energy Star residential gas storage water heaters, tankless gas water heaters, central air conditioners, heat pumps and gas furnaces that replace older items.

Lastly, I would like to mention that both Duke Energy (www.duke-energy.com) and Progress Energy (www.progress-energy.com) offer a 5 percent rate discount for homes built to Energy Star certification standards.

There are many other helpful Web sites that can guide you through the details of these programs. I recommend www.energy.gov, www.dsireusa.org and www.energystar.gov.

I was very fortunate to have guidance from Tracy Valentine, a “green” tax specialist with the accounting firm of Davenport, Marvin, Joyce & Co. LLP, in putting together this article. Keep in mind that I am not a tax professional. I am just another taxpaying homeowner who is navigating the tax code and trying to lessen the burden on my pocketbook and the environment.