ENERGY EFFICIENT HOME UPGRADES
2023 THROUGH 2032: THE OVERALL TOTAL LIMIT FOR AN EFFICIENCY TAX CREDIT IN ONE YEAR IS $3,200.
• THIS BREAKS DOWN TO AN ANNUAL LIMIT OF $1,200 FOR ANY COMBINATION OF HOME ENVELOPE IMPROVEMENTS (WINDOWS/DOORS/SKYLIGHTS, INSULATION, ELECTRICAL) PLUS ELIGIBLE FURNACES, BOILERS AND CENTRAL AIR CONDITIONERS.
• ANY COMBINATION OF HEAT PUMPS, HEAT PUMP WATER HEATERS, AND BIOMASS STOVES/BOILERS ARE SUBJECT TO AN ANNUAL TOTAL LIMIT OF $2,000.

SOLAR
• 30% TAX CREDIT FOR ANY PROJECT STARTED IN 2022 AND WILL APPLY TO PROJECTS THROUGH 2032. PROJECTS WITH BATTERY STORAGE CONNECTED TO AND POWERED BY SOLAR ALSO QUALIFY.
• AS OF 2023: STANDALONE RESIDENTIAL ENERGY STORAGE SYSTEMS >3KW IN CAPACITY WILL ALSO QUALIFY FOR A 30% TAX CREDIT (THEY DO NOT NEED TO BE CONNECTED TO/POWERED BY SOLAR).

HEAT PUMPS
TAX CREDIT OF UP TO 30% OF THE COST FOR PURCHASE (BETWEEN JAN. 1, 2023 AND DEC. 31, 2032) AND INSTALLATION OF A HEAT PUMP, UP TO $2,000.

VISIT ENERGY.GOV FOR MORE INFORMATION.
My heater has been finicky.

Oh no! You should get a tune-up to see if it needs to be fixed or replaced. You don’t want to freeze this winter.

I know, I know. It’s just really expensive if it needs to be replaced.

I get that, but you could save some money with the new IRA bill.

IRA Bill?

IRA: Community Member

Know what you qualify for!

New Vehicle Tax Credit: You may qualify for a credit up to $7,500 if you buy a new, qualified plug-in EV or fuel cell electric vehicle. Your modified adjusted gross income may not exceed:
- $300,000 for married couples filing jointly
- $225,000 for heads of households

Used Vehicle Tax Credit: You may qualify for the used clean vehicle credit, a tax credit up to $4,000 for qualified, previously-owned clean vehicles purchased on or after January 1, 2023.

Tax Credits for Electric Vehicles and Home Improvements

Home Energy Audits: Households can claim a 30% tax credit of up to $500 for a home energy audit. A home energy audit is when an auditor examines your home’s past energy bills, researches your personal energy use and does a room-by-room examination of the house looking for air leaks, energy savings and checks walls for insulation and attic door insulation.

Depending upon your local utility, Minnesotans can access a few different energy assessments. CenterPoint Energy and Xcel Energy customers can work with home energy squad for an assessment. Income-eligible households can get these assessments for free.
Wow, I'm so glad you told me about this. It's a great resource.

Of course! More people should know about this bill because everyone deserves to live a healthy and sustainable life.

You're right. It's a good incentive to be more environmentally conscious.

Exactly, I hope you find a heating system that is energy efficient.

Thanks, I'll definitely be mindful of that.

Yeah, it's the Inflation Reduction Act. The law makes important investments to create safe, family-sustaining jobs, lower energy costs, and make our neighborhoods safer.

In addition to transforming communities to be greener, these are also critical investments to advance the Administration's Justice40 initiative, which aims to direct 40% of climate investment benefits to disadvantaged communities. This a step towards ensuring environmental justice for all.

I see, so it's funding for us to live a more sustainable future.

Exactly.

Thank you.
Okay, what is the process?

Great question.

Wait, is there enough funding for everyone?

Yes and no...

There is a limited amount of funds for rebates but there is no limit on tax credits. While states have allocated federal funding for these programs, we have to hold our government accountable and advocate for our community.

There are two ways: the IRA allocates rebates and tax credits as incentives for covering costs of energy-saving upgrades. Your household income and tax situation will determine what incentives are available to you.

As part of the application process for the Home Energy Rebates Program funding, states must submit a Community Benefit Plan (CBP) that describes their community engagement and outreach strategies. As part of this CBP, states are required to host at least one public input session to gather community feedback on their program deployment plans, to inform the design of their program, and describe how the state will continue to gather and respond to community feedback throughout the duration of the rebate programs to ensure an accessible and relevant program for community members.
WELL, REBATES ARE OFTEN MORE READILY ACCESSIBLE THAN A TAX CREDIT. WHEN YOU FIRST MAKE A PURCHASE, A POINT-OF-SALE REBATE GIVES YOU THAT CASH BACK, WHICH EFFECTIVELY REDUCES THE COST OF THE ITEM PURCHASED.

THAT MAKES SENSE.

REBATES:

THE HOME ENERGY REBATE PROGRAMS ARE INTENDED TO HELP HOMEOWNERS AND RENTERS LOWER THEIR ENERGY BILLS AND REDUCE INDOOR AND OUTDOOR AIR POLLUTION BY PROVIDING REBATES TO INCREASE THE ENERGY EFFICIENCY OF THEIR HOME (E.G. INSULATION, WINDOWS) AND INSTALLING ELECTRIC/Energy EFFICIENT APPLIANCES.

TAX CREDIT:

• A TAX CREDIT IS A DOLLAR FOR DOLLAR REDUCTION IN THE AMOUNT OF INCOME TAX YOU WOULD OTHERWISE OWE.
• YOU CLAIM A TAX CREDIT AS PART OF YOUR ANNUAL INCOME TAX RETURN.
• TO BE ABLE TO ACCESS TAX CREDITS YOU NEED TO HAVE A “TAX APPETITE”.
• YOU WOULD NEED TO HAVE ENOUGH “TAXABLE INCOME” TO CLAIM CREDITS.
• TO RECEIVE RESIDENTIAL ENERGY TAX CREDITS YOU’LL SUBMIT IRS FORM 5695 WHEN FILLING YOUR 2023-2032 TAXES, IF YOU MEET THE REQUIREMENTS DETAILED ON IRS.GOV.
The ability to fully use the entire tax credit in one year.

**Example:**

If you receive a $3,000 tax credit, and you typically owe $3,000 to the IRS every year, this number would reduce to $0. However, if you typically owe $1,000 to the IRS you will owe $0 for the next three years—which is less valuable than getting full credit in one year.

The lower your income is, the less likely you may be eligible for tax credits. If this is you, rebates will be the best option.

GOTCHA. I THINK I QUALIFY FOR TAX CREDITS. WHAT IS A TAXABLE INCOME?

**Taxable income is the portion of your earnings subject to taxes in a given year. To calculate your taxable income, take your gross income and subtract all available deductions and exemptions. What's left is your taxable income.**

Hmm. How does that differ from rebates?