

The Day

Imminent Horizons

Monday, April 14, 2025



Homeowners Erica Pelish-Sundstrom and her husband Ryan Sundstrom pose for a portrait outside their home on Danika Way in Griswold Wednesday, April 9, 2025. Theirs is one of three homes in a row on their street with solar panels. (Sarah Gordon/The Day)

Home energy-efficiency tax credits: secure or fleeting?

[By Theresa Sullivan Barger, Special to The Day](#)

For the past few weeks, the owner of Suntastic Solutions of Griswold said he and his peers have been inundated with calls from customers wanting to get solar panels before tax incentives disappear and tariffs cause prices to rise.

“I haven’t had a day off in 20 days, and I’ve been working 12-hour days,” said David Mansulla. Homeowners are concerned about what will happen to energy prices in Connecticut, which already has the third-highest electricity rates in the country, he said.

As of today, homeowners who make energy-saving home improvements can deduct up to \$3,200 of the cost of their project on their tax return under the Inflation Reduction Act passed by Congress in 2022. But the uncertainty in the economy due to President Donald Trump’s tariffs and a slew of executive orders has caused some homeowners to pause before spending money.

If you have the funds, given the projected rising cost of energy and the risk that Trump could try to wipe out the tax credits with an executive order, homeowners should proceed with plans to make their homes more energy-efficient, advised Paul Lavoie, the state’s chief manufacturing officer. While tariffs will likely cause price increases, an economic slowdown and consumers’ reluctance to spend money could cause contractors to lower their prices, Lavoie said.

Nobody really knows for sure whether the clean-energy tax credits approved by Congress under the Inflation Reduction Act (IRA) will remain until they are set to expire in 2032 or later.

“There are many plans to entirely roll back the consumer tax credits from the IRA for home energy-saving improvements,” said Kenneth Gillingham, professor of environmental and energy economics at Yale. “But none has been implemented yet since Congress would have to pass a bill into law.”

Republican representatives have been lobbying to keep the energy tax credits. On March 9, 21 Republican representatives sent a letter to Rep. Jason Smith, of Missouri, chairman of the House Ways & Means Committee, asking him to preserve the energy tax credits.

“The big thing, they can’t touch the tax credits without Congress. So far, so good,” said Kirt Mayland, Energy Legal Fellow, at Connecticut Institute for Resilience and Climate Adaptation (CIRCA). “We think we’re going to be OK. Whether or not the tariffs stick, as long as they don’t eliminate the tax credits, the industry should be able to figure it out and they always have.”

But could Trump sign an executive order undoing the tax credits? Executive action has its limits, wrote Zara Ahmed, chief operating officer at [Carbon Direct](#), a science-based carbon management firm. Legal constraints prohibit the Trump administration from unilaterally halting clean-energy tax credits or congressionally mandated funding, she wrote.

What is covered by clean energy tax credits?

The clean energy tax credits for existing homes cover some of the cost of energy-saving improvements, including heat pumps, heat pump water heaters, insulation and energy-efficient windows and doors. The maximum annual credit available is 30% of the project cost, up to \$3,200. Home energy audits that meet the criteria are eligible for up to a \$150 tax deduction.

If you need to upgrade your electrical panel, that work is also eligible for up to \$600 in tax credits if it meets the National Electric Code and has a capacity of 200 amps or more.

More details about what is eligible for tax credits can be found at the [Internal Revenue Service website](#) under "Energy Efficient Home Improvement Credit." There are a host of caveats. For example, heat pumps have to meet the highest efficiency tier that's in effect at the beginning of the year when they're installed.

If you use your home for business, such as a home office, you can still qualify for tax credits, according to the [IRS website](#). You would be eligible for full credit if you use up to 20% of your home for business, and if more than 20% of your home is used for business, the eligible tax credits would be prorated.

Tax credits up to 30% are offered to homeowners who buy their solar panels outright. If they lease their solar panels, the tax incentives go to the solar panel installer.

Consumers beware

If you were planning on getting a heat pump system, solar panels or energy-efficient windows, there are arguments on both sides as to whether to move forward or wait. It all depends on each individual's personal finances, job security and plans for their home.

Gillingham, the Yale professor who said he loves his home's new heat pump system, said, "There is a good chance that you will get a better deal now than you will a year from now. So, if you are considering investing in new and efficient energy technologies, now would be a great time to do it."

When Erica Pelish-Sundstrom's monthly electric bills hit \$400 last summer, despite limiting her air-conditioner use to try to save money, she and her husband, Ryan Sundstrom, decided it was time to look into solar energy. Since having their solar panels installed last summer, the Griswold resident said, they've had two electric bills for \$50 each, but otherwise didn't owe any money. The \$130 per month lease fee is a lot better than their electric bill, and it's predictable, she said.

"This is the first time I haven't dreaded the summer with the hot weather," Pelish-Sundstrom said. "My husband and I used to argue over whether to turn the AC on because I didn't want to pay the bill."

The uncertainty in the marketplace leads to risk aversion, Lavoie said. When people are unsure about the future, that increases inaction with “a lot of people sitting and waiting,” he said. “I hear all kinds of things from all kinds of people. What I do is operate under (the premise), ‘This is the way business is today.’ It all could change tomorrow. Today the tax incentives are in place. Tomorrow it could all go away. Nobody can predict behavior.”

If homeowners had planned to make energy-saving home improvements, he said, “I would go with the bird in the hand.”

In volatile times, people don’t make investments. They hunker down and save their money.

“That’s when we see the economy starting to crash,” Lavoie said.

Lavoie, Mansulla and others warned homeowners to use caution with contractors who push them to decide quickly. Watch out for people overcharging and blaming the tariffs, said Catherine Lane, a home solar expert at [SolarReviews.com](https://www.solarreviews.com), a website for consumers about solar panels.

If a contractor pressures you to act fast and sign a contract because the tax incentives could go away, that’s a red flag, she said. “It’s not an entire lie to say these incentives could go away,” she said. “But I wouldn’t be too concerned about it happening in a split second.”

Solar panels have 25-year guarantees and will likely last at least 30 years, so Mansulla recommends getting multiple quotes, researching options and being wary of people who offer advice on tax incentives and rebates since that’s not their area of expertise.

Solar panels manufactured in the United States will be impacted by tariffs because a lot of them use components imported from countries hit with tariffs, she said. The price of solar panels had come down in recent years, she said, but prices are expected to revert to where they were three years ago. Mansulla said he learned April 7 that solar panel prices will rise in May.

Even so, Lane said, the majority of the cost of having a home solar system installed involves design, labor and permitting, so the increase in materials’ cost shouldn’t cause a drastic price spike.

There will be companies that use the uncertainty in the market “to try to close sales,” Mansulla said. While it is a good time to reduce energy costs through solar panels or other energy-saving home improvements, he said, don’t let the concern about tax incentives possibly going away push you into making a hasty decision.

“There’s nothing wrong with waiting or getting another quote,” Lane said. “These are thousands of dollars you’re going to spend. You shouldn’t rush it. You want to feel, ‘Yes, this person can help me’ and ‘Yes, this person can support me.’ ”

