

Go Green: Energy Tax Credits

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by Carla Hill, Managing Editor

There are many reasons that homeowners search out green living. Energy-efficient and renewable products can help a homeowner save both energy and the environment.

Many shy away, however, from these upgrades. They fear that higher initial costs are out of their reach. Recent studies have shown, though, that green options are many times only a fraction higher in initial costs. And with the energy savings that many homeowners see, the upfront cost quickly is erased by the long term savings.

Numerous tax credits and rebates are available, causing green to gain in popularity. Homeowners currently may take advantage of up to \$1,500 in tax credits. These credits are set to expire on December 31st, but they could be extended. "We think it would be a great benefit to both the environment and to our economy to extend these tax benefits, but they are scheduled to expire at the end of the year," Shirey noted. "For that reason, NAHB suggests that home owners get the work done before Dec. 31, while the tax credits are still available."

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Additionally, some energy star rated appliances are gaining steam. According to energystar.gov, "If you purchase an energy-efficient product or renewable energy system for your home, you may be eligible for a federal tax credit." How much can an energy star appliance save you? A washer can cut your energy costs by one third and cut your water costs by half!

There's also a tax credit with no upper limit -- that for geothermal heat pumps, small wind turbines (residential), and solar energy systems. Geothermal heat pumps use the earth's natural heat, from the ground, to provide heating, hot water, and air conditioning. Small wind turbines use energy from the wind to make electricity, while solar systems harness the energy of the sun. This credit is good until December 31, 2016, and can be used for existing homes and new construction. Both principal residences and second homes qualify, but rentals do not.

You can read more details on the kinds of products that qualify and instructions for obtaining the credit at nahb.org and energystar.gov.

