



United States Inflation Reduction Act

On August 16, 2022, the U.S. government signed into law the Inflation Reduction Act (IRA) in an effort to reduce greenhouse gas emissions. The new law offers you and your dealers exciting opportunities to help provide homeowners more sustainable, and more affordable solutions to help reduce their carbon footprint.

What does this mean for homeowners?

Through the IRA, homeowners will have access to cost-saving options for purchasing energy-efficient and electric appliances or for making home improvements to electrify their home or increase its energy efficiency. Benefits include rebates to low and moderate-income households, as well as the contractor, for installing heat pumps. They also include energy-efficiency improvement tax credits for installing Consortium for Energy Efficiency (CEE) highest efficiency tier HVAC equipment.

High-Efficiency Electric Home Rebate Program

The High-Efficiency Electric Home Rebate Program provides rebates up to \$14,000 per household, including up to \$8,000 for installing Energy Star qualified heat pumps, up to \$4,000 for electrical panel upgrades, up to \$1,600 for home insulation and sealing, and up to \$2,500 for home electrical wiring improvements. Eligibility and the amount of the rebate depends on household income. For households below 80% of area median income, 100% of the

system purchase price qualifies for the rebate. For households that fall within 80% to 150% of area median income, 50% of the system purchase price qualifies for the rebate. Households above 150% of area median income are not eligible to receive the rebate but could qualify for the 25C tax credit. The U.S. government appropriated \$4.5B of funds for this program and will distribute the funds to state energy offices to administer the rebate program. The duration of the program will depend on the amount of funds available within each state and the number of rebates distributed.

Energy Efficient Home Improvement Tax Credit (25C)

The renewed Energy Efficient Home Improvement Tax Credit (25C) has extended the 2021 program into 2022, and starting in 2023, increases the tax credit limit for installing CEE Top-Tier high-efficiency equipment, such as heat pumps, central air conditioning systems, furnaces, hot water boilers and more, and extends the tax credits through 2032. The new 25C credit has an annual cap of \$1,200 – including up to \$600 for qualified air conditioner or gas furnace – or up to \$2,000 with a qualified heat pump, heat pump water heater or boiler. There are no income requirements for this tax credit, and it cannot be combined with other federal programs such as the High-Efficiency Electric Home Rebate Program. However, the 25C Tax Credit may be eligible to combine with local or utility rebates.

Stay tuned for more information and resources for your dealers to help drive the conversation at the kitchen table.

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