

THE INFLATION REDUCTION ACT:



Tax Credits to Cut Carbon

Sept. 20, 2023



**Whidbey Climate
ACTION**

Whidbey Climate Action

Mission:

Work with local jurisdictions
and our Whidbey Island
neighbors,

to promote rapid, just and
measurable actions &
advocacy,

that meet the scale and
urgency of the climate crisis.



Tonight's Presenters



Linda Irvine

- Whidbey Climate Action
- Island Community Solar
- Kicking Gas Advisor
- Big Island to Whidbey Island



Paul Reinken

- All electric, solar-powered, heat-pump heated, battery backed-up homeowner
- Hoosier-at-Large
- NABCEP Certified, Tesla & Mitsubishi Trained



Paul Dickerson

- Owner of Whidbey Sun & Wind
- WWU's solar car racing team
- Engineer at Boeing, Starbucks
- NABCEP Certified PV Installation Professional



Inflation Reduction Act of 2022

- \$369 Billion in Energy and Climate programs
- **Tax Credits** available NOW!
 - Efficiency
 - Electrification
 - Clean Energy
- **Rebates** early 2024 for low-income households

IRA will cut carbon emissions by 40% by 2030!*

Wait, Tax Credit?

What is a tax credit?

- A dollar-for-dollar reduction in the amount of income tax you would otherwise owe.
- Different from a tax deduction – and better!
- You must have tax liability in order to use an income tax credit. (IRA “Direct Pay” for non-profits/govt is another webinar!)

Consult a tax professional when filing your income taxes.

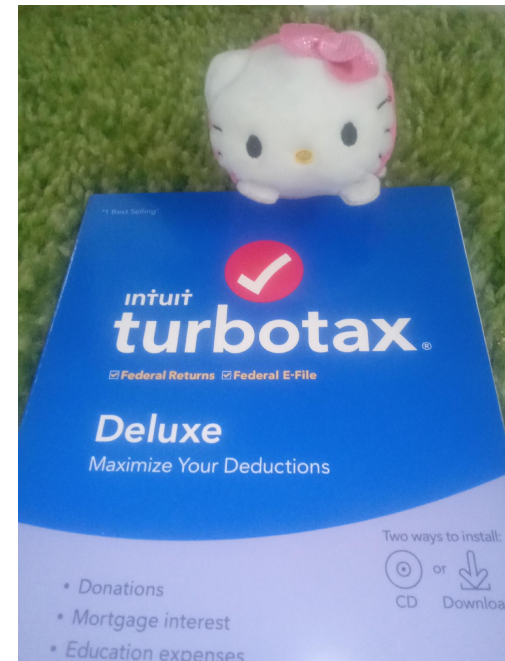
The Three Questions

1) Is the **PRODUCT** eligible?



2) Am I eligible?

3) Do I OWE enough taxes to use the credit?



Give Yourself (Tax) Credit!

[English](#) [Español](#)

YOUR SAVINGS CALCULATOR

How much money can you get with the Inflation Reduction Act?

Enter your household information to find out.

[Reset calculator](#)

Rent or Own [?]

Tax Filing [?]

Household Size [?]

Household Income [?]

Zip Code [?]

Email address [?]

Calculate! 

Get updates on incentives, rebates, and more from Rewiring America.

Rewiringamerica.org

Give Yourself (Tax) Credit!



Household Electrification Incentives

All the savings you may be eligible for!

Tax Credits [?]

ITEM	AMOUNT	TIMELINE	
Battery Storage Installation	30%	Available Now!	More Info >
Geothermal Heating Installation	30%	Available Now!	More Info >
New Electric Vehicle	\$7,500	Available Now!	More Info >
Rooftop Solar Installation	30%	Available Now!	More Info >
Used Electric Vehicle	\$4,000	Available Now!	More Info >
Heat Pump Air Conditioner/Heater	\$2,000	Available Now!	More Info >
Heat Pump Water Heater	\$2,000	Available Now!	More Info >
Weatherization	\$1,200	Available Now!	More Info >
Electric Vehicle Charger	\$1,000	Available Now!	More Info >
Electric Panel	\$600	Available Now!	More Info >

Credits to Electrify Your Home

- Energy Efficient home Improvement Credit (25C)
- 30% up to \$1,200/year
- 30% up to \$2,000 for heat pump
- No lifetime limit
- IRS Form 5695



Heat pump, water heater, weatherization, electric panel upgrade, and more!

Example: Heat Pumps

The single **BIGGEST** decarbonization impact for your home

Huge tax, utility & manufacturer/distributor incentives for residential heat pumps, especially ductless heat pumps



Credits & Rebates for Heat Pumps

30% of cost, up to \$2,000 for high-efficiency units

\$300-\$600 PSE Instant Rebate for high-efficiency units

\$800-\$2,400 PSE Instant Rebate for Electric-heated homes

\$2,500-\$5,000 Federal Incentive for Builders in new homes

\$150-\$600 Instant Rebates from Manufacturers/Distributors

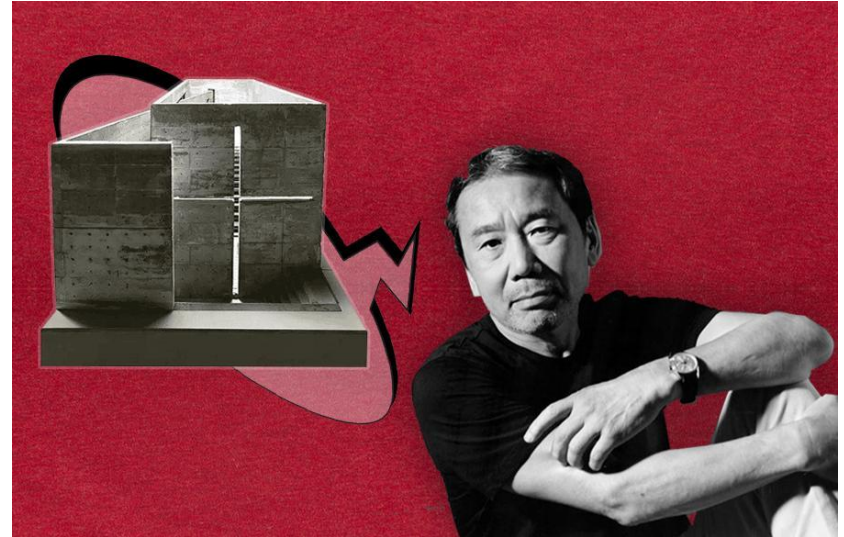
Heat Pump Scenario

Meet Haruki

He loves his highly efficient home, but wants to get away from burning things to stay warm.

Solution: Replace a Whole-Home Heating System

- Typical Price: \$7,500 - \$14,000
- Instant Incentives: \$600 Rebate from PSE, \$500 Rebate from Manufacturer
- Inflation Reduction Act Tax Credit: \$2,000
- Total Out-of-Pocket Costs: \$4,400 - \$10,900



Credits to Clean Up Your Energy Supply

- Residential Clean Energy Credit (25D)
- 30% of installed cost
- No annual cap
- No lifetime limit
- IRS Form 5695



Photo credit: Jennifer Grove for Spark Northwest

For: Battery storage, geothermal heat pumps, solar

Example: Go Solar

The 33 solar panels on the roof of this local home generate 15,000 kWh per year, which offsets their entire annual usage (including an EV)!



A system like this costs about \$22,000 after the 30% federal tax credit.

Solar Tax Credit Details

Federal Tax Credit for Solar Installations

- 30% through 2032, 26% in 2033, 22% in 2034
- Applies to the entire installed cost including labor
- Includes solar panels and batteries
- No limit to the credit
- Taken in the year the system is placed into service
- Unused portion can be applied to future year tax returns
- Non-refundable (IRS won't write you a check for the credit)
- IRS Form 5695

WA State Sales Tax Exemption

- No sales tax on solar installations in WA State

Consult your tax professional

<https://www.energy.gov/eere/solar/homeowners-guide-federal-tax-credit-solar-photovoltaics>

Example: Add Battery Backup System

Adding battery backup is the pollution-free way to back up part or all of your home during a power outage.

Battery function has come a long way in the past 10 years and pairs very well with high-efficiency ductless heat pumps.

Battery costs are not falling, however, generator costs are on the rise.



Battery Backup System Tax Benefits

30% Tax Credit for
installation and labor!

For solar-connected OR
stand-alone battery systems

Sales Tax? When connected
to a power-production source
like solar or wind, battery
systems in Washington have
no sales tax.



Credits to Electrify Your Ride

- Complex and changing:
- New & Used Electric Vehicle (EV)
- Manufacturing Location
- Leasing or Buying
- Price caps for eligible EVs
- Income Caps for Eligibility



Learn more: PlugInAmerica.org and fueleconomy.gov

Credits to Charge EV at Home

Federal Tax credit for installing an EV charging station

- 30% through 2032
- Applies to the entire installed cost including labor
- Includes bi-directional chargers
- One-time tax credit, cannot be taken again in subsequent years
- Non-refundable
- Taken in the year the EV charger is placed into service
- Unused portion can be applied to future year tax returns
- IRS form 8911

WA State Sales Tax Exemption

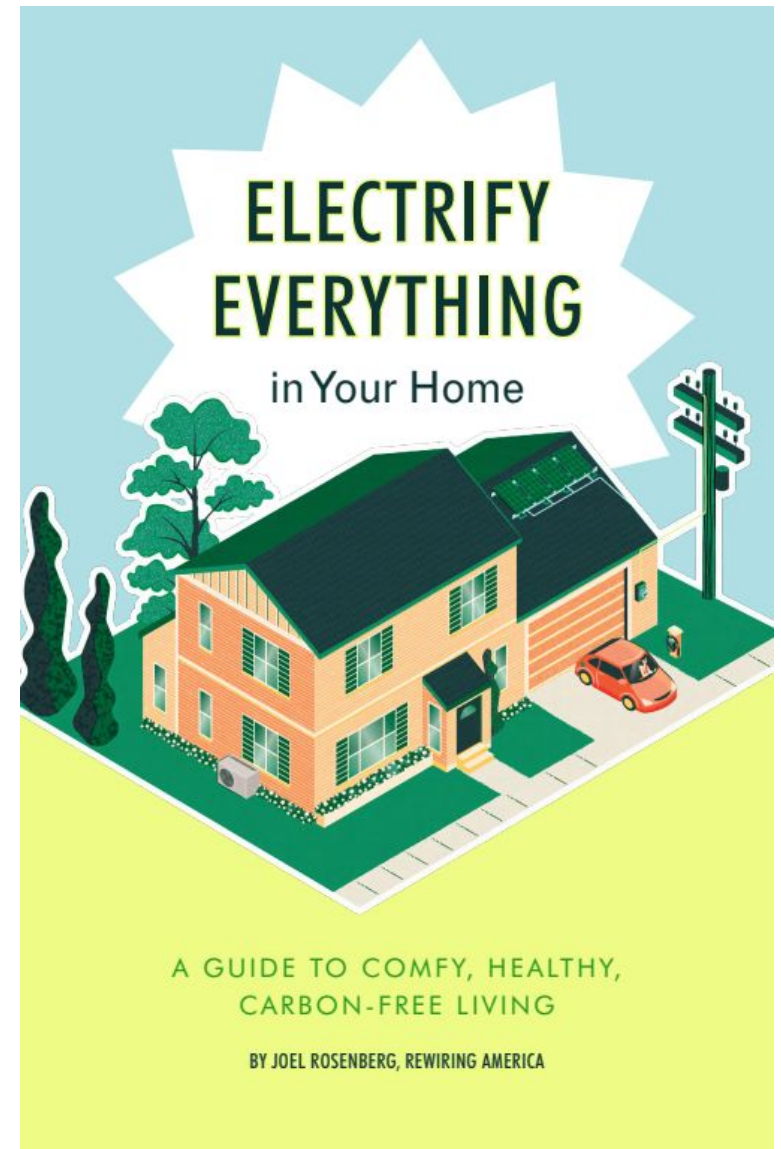
- No sales tax on EV charger installations in WA State

Consult your tax professional

<https://www.irs.gov/credits-deductions/alternative-fuel-vehicle-refueling-property-credit>

Tips to Maximize Credits

- Plan ahead for the next ten years
- Max out your annual credits by staging your home improvements
- Coordinate electric panel upgrade with other eligible work
- Get your PLANNER from [RewiringAmerica.org](https://www.RewiringAmerica.org)



CYA: We are not tax advisors! Consult a tax advisor to use the credits discussed here.

Q&A

Rewiring America: rewiringamerica.org

White House IRA site: whitehouse.gov/cleanenergy/

EVs Eligible for tax credit: fueleconomy.gov

Linda Irvine: Lirvine@Whidbey.com

Paul Reinken: paul@a-rsolar.com

Paul Dickerson: paul@whidbeysunwind.com

Copy of this webinar: WhidbeyClimate.org

Other Climate Week Events:

<https://www.whidbeyclimate.org/events>



Thank you!