

## TAXES



# Performance-based Energy Tax Credit Proposed

The U.S. Senate has proposed an alternative to the expired home energy-efficiency improvement tax credit (25C) for qualifying products, such as windows, insulation and furnaces. The Cut Energy Bills at Home Act (S. 1914) instead would provide performance-based tax credits for overall energy-efficiency improvements to a home.

To receive a tax credit of \$2,000, homes would be required to reduce energy costs by 20 percent; each additional 5 percent savings would earn \$500, up to \$5,000, or 30 percent of the taxpayer's expenditures. The credit could not be claimed for improvements for which a homeowner also claimed the 25C retrofit credit, any other federal credit or any federal energy-efficiency rebate. The new credit would be Section 25E, Performance Based Energy Improvements, under the Internal Revenue Code.

The proposed legislation would require that improvements be installed by contractors accredited by organizations such as the Building Performance Institute, Residential Energy Services Network or others approved by the Treasury Department.

For more information, visit [EfficiencyFirst.org/25E](http://EfficiencyFirst.org/25E).