

Federal Tax Credits for Installing Energy Efficient Windows and Doors

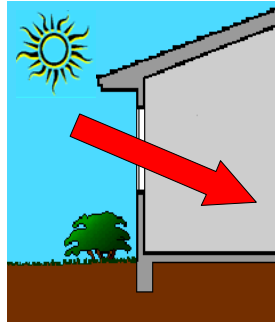
Presentation to SEEA
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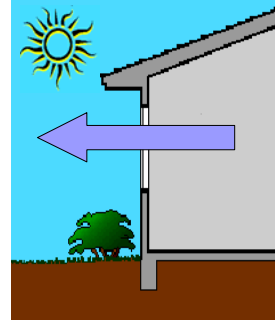
Energy Efficient Windows Are Critical to Energy Efficient Building

- Two Key Components to Energy Efficient Windows:
 - Solar control: Solar Heat Gain Coefficient (SHGC)
 - Insulating value: U-Factor
- High performance windows designed to perform nationwide reduce unwanted solar heat gain in the summer and provide better insulating value to the home in the winter

SHGC & U-Factor



A low SHGC is most important in warmer climates
SHGC \leq 0.40



A low U-factor is most important in cooler climates
U-Factor \leq 0.35

What Is An Energy Efficient Window – Two Simple Criteria:

- 0.40 SHGC or less
- 0.35 U-Factor or less

These values can be achieved with a double pane, low solar gain, low-e glass window in a good frame; these values satisfy both U.S. Energy Star and energy code requirements in ALL climates



Federal Tax Credit for Qualified Efficiency Improvements

- The Federal Energy Policy Act of 2005 enables homeowners to claim a total federal tax credit of up to \$500 for qualified improvements in existing homes during 2006-2007
 - Exterior Windows
 - 10% of the total cost, not to exceed \$200, for newly installed energy efficient windows & skylights
 - Exterior Doors
 - 10% of the total cost, not to exceed \$500, for newly installed energy efficient doors (glazed or opaque)

What Standards Must Be Met?

- The IRS has not yet issued regulations detailing these credits.
- EAct 2005 specifies that windows or doors must meet the requirements of the 2000 IECC & amendments to qualify.
- Depending on the edition of the IECC, the requirements vary (see below for windows, glazed doors and skylights).
- One unifying concept, however, is that the best SHGC is 0.40 and the best U-factor is 0.35 for these products (the product must also meet IECC air infiltration values). As a result, values equal to or less than these will satisfy requirements everywhere.

IECC 2000 replacement window table			IECC 2004		
Climate Zones (heating degree days in brackets)	U-factor	SHGC	Climate Zones	U-factor	SHGC
1-4 (0-1,999)	0.75	0.40	1	1.20	0.40
5-7 (2,000-3,499)	0.50	0.40	2	0.75	0.40
8 (3,500-3,999)	0.50	N.A.	3	0.65	0.40
9-12 (4,000-5,999)	0.40	N.A.	4	0.40	N.A.
13-17 (6,000-12,999)	0.35	N.A.	5-8	0.35	N.A.

Energy Star® Qualified In All 50 States Label – A Simple Solution

LOOK FOR THE ENERGY STAR® IN ALL 50 STATES LABEL!!



Official label for products qualified in all four U.S. Climate Zones (Northern, North/Central, South/Central, and Southern)

A window, glazed door or skylight that meets Energy Star® requirements in all U.S. climate zones must meet the SHGC of 0.40 and U-factor of 0.35 in the IECC. As a result, this product generally will satisfy nationwide energy/building code and tax credit requirements in all states and all climates and perform well during both summer and winter.

Energy Star® Qualified In All 50 States – A Simple Message

Promoting windows, skylights and glazed doors labeled as “Energy Star® Qualified In ALL 50 States” for tax credits:

- (1) Is an easy, understandable, simple consumer message.
- (2) Is an easy, simple compliance path -- a copy of the label or other evidence (invoice?) of this qualification should be sufficient (subject to IRS rulings).
- (3) Ensures high performance year-round by meeting or exceeding all national standards.
- (4) Will not preclude the use of other qualified products.



Official label for products qualified in all four U.S. Climate Zones (Northern, North/Central, South/Central, and Southern)



Final Thoughts

- See draft guide: *A Simple Guide to Federal Tax Credits for Installing Efficient Windows and Doors in Existing Homes*; electronic copy will be available on website: www.seea.us. It will be revised if necessary once IRS issues guidance.
- When the IRS Regulations, Instructions and Forms are issued, they should be carefully reviewed as they will govern compliance.
- This presentation is not intended as tax or legal advice; individuals should consult their own independent tax advisers.