

Oregon Residential Energy Tax Credit

Tax credits for...

- Premium efficiency appliances
- Heating, ventilation, air conditioning systems
- Premium efficiency water heaters
- Hybrid vehicles
- Ground-source heat pumps
- Making electricity from the sun and wind



OREGON
DEPARTMENT OF
ENERGY

Install a new premium efficiency appliance or furnace...

Seal your heating ducts...

Buy a new hybrid car...

Install a premium efficiency heat pump or air conditioning system...

Heat with a ground-source heat pump...

Make electricity from the sun...

*...and get a **credit**
on your state income taxes.*

WHO CAN GET THE TAX CREDIT?

- Homeowners
- Renters (If you own the appliance or system.)
- Landlords (For solar and other renewable energy systems only. Use the Business Energy Tax Credit for other systems, equipment you plan to purchase for a rental property.)

You must be an Oregon resident who owes Oregon income taxes. (See section on “Pass-through Option” at the end of this brochure if you do not have an Oregon tax liability.)

Look at the Oregon Department of Energy’s list of qualifying equipment, systems, and services. Only

items eligible at the time of purchase qualify. You must be the owner of the eligible equipment and the equipment must be new (the original use must begin with you).

The qualifying equipment must be used in the home you live in (your primary residence) or in your secondary (vacation) home. The home must be in Oregon. Vehicles must be registered for use in Oregon to qualify for a tax credit.

HOW MUCH IS THE TAX CREDIT?

The tax credit amount for a qualifying appliance or system is based on the energy saved. The maximum tax credit is the amount listed on the Oregon Department of Energy qualifying list or 25 percent of the eligible net purchase cost, whichever is less.

WHAT QUALIFIES FOR A TAX CREDIT?

The following items qualify for Oregon's Residential Energy Tax Credit. (Please note: Appliances and equipment labeled as energy efficient by the federal Energy Star™ program are not always eligible for the state Residential Energy Tax Credit program. In most cases, the state program has higher standards than Energy Star™ or incentive programs offered by the Energy Trust of Oregon and utilities.)



Vehicles



Hybrid and Alternative Fuel Vehicles

New hybrid electric-gasoline vehicles qualify for a tax credit. The original use must begin with you. An electric motor provides additional power while you drive. A gasoline engine provides energy and helps recharge the battery. Most hybrid electric vehicles qualify for both a \$750 vehicle tax credit and a \$750 on-board charging system credit (for a total of \$1,500). Please note: Some hybrid vehicles do not meet the minimum standards established for both tax credits and some vehicles labeled as “hybrid” by the manufacturer do not meet minimum standards of either tax credit. Check the Oregon Department of Energy Web site at www.oregon.gov/energy.

New alternative fuel vehicles that use electricity, natural gas, E-85 (or higher) blend, methanol, propane, hydrogen and other fuels approved by the Oregon Department of Energy qualify for a tax credit. The tax credit for new alternative-fuel vehicles is based on the incremental difference between the base price of the alternative-fuel vehicle and the base price of the gasoline-only version of the same make and model vehicle. The tax credit is 25 percent of the incremental difference or \$750, whichever is less. New “flex-fuel” vehicles that run on either E-85 or gasoline are not eligible for a tax credit.

You can get a tax credit for converting a vehicle to use any of the qualified alternative fuels and get 25 percent of the conversion cost up to \$750.

Appliances

New major household appliances certified by the Oregon Department of Energy are eligible for a tax credit:

- Qualifying clothes washers, dishwashers and refrigerators.
- Qualifying water heaters such as tankless natural gas or propane water heaters (also called instantaneous, on-demand or point-of-use) and electric heat pump water heaters. Conventional tank-type water heaters are not efficient enough to qualify for a tax credit.
- Qualifying wastewater heat recovery systems that use the waste heat from showers and other uses.
- Qualifying heat recovery and energy recovery whole-house ventilation systems that provide balanced ventilation.

The tax credit for appliances is the amount listed for qualifying models or 25 percent of the net purchase price, whichever is less. (Please note: shipping and delivery charges, installation and space modification costs are not included in the net purchase price.)

The list of eligible appliances changes as manufacturers add new products and the Oregon Department of Energy raises eligibility standards. A current list by manufacturer and model is available from appliance retailers or on the Oregon Department of Energy Web site (www.oregon.gov/energy) or call (toll-free in Oregon) 1-800-221-8035.



Heating & Cooling



Photo courtesy of The Energy Conservatory

Premium Efficiency Duct Systems

Gaps, leaks and holes in heating and cooling ductwork account for as much as 25 percent of home heat (or cooling) loss. You can get a tax credit for a

well-designed and sealed duct system in your new home or for sealing ductwork in your existing home. The tax credit is 25 percent of the eligible cost, up to \$250. The technician performing the work must be tax-credit certified by the Oregon Department of Energy. The list of tax-credit certified duct technicians is available on the Department of Energy Web site (www.oregon.gov/energy) or by calling 1-800-221-8035.

Heat Pumps and Air Conditioning Systems

Purchasing a premium efficiency heat pump or air conditioning system and having it installed by a diagnostic technician tax-credit certified by the



Oregon Department of Energy can earn you a tax credit. The amount of the tax credit depends upon the efficiency of the system you install. You may earn an additional \$150 tax credit for having your ducts sealed by a tax-credit certified duct technician at the same time you have a new heating system installed.

You can also get a tax credit for having your current heat pump or air conditioning system serviced and tested for optimal performance by a tax-credit certified diagnostic technician. The tax credit is 25 percent of the cost or \$250, whichever is less. The list of tax-credit certified diagnostic technicians is available on the Oregon Department of Energy Web site (www.oregon.gov/energy) or by calling 1-800-221-8035.

Condensing Furnaces, Boilers and Air Handlers

Purchasing a premium efficiency furnace, boiler or air handler can qualify for a tax credit. You do not need to use a technician tax-credit certified by the Oregon Department of Energy to qualify for the tax credit. The list of qualifying models is available on the Oregon Department of Energy Web site (www.oregon.gov/energy) or by calling 1-800-221-8035.



Solar & Wind

Solar Water Heating

Solar water heating systems with OG-300 certification are eligible for a tax credit of 60 cents per equivalent kWh saved in the first year, up to \$1,500. Solar water heating systems must be verified by a tax-credit certified solar thermal technician. The tax credit for qualifying solar pool or spa heating systems is 15 cents per kWh saved. Pools and spas do not require verification of a tax-credit certified technician.

Solar Space Heating

Homes designed to heat with sun from south-facing windows or solar collectors used for space heating are eligible for a tax credit of up to \$1,500. The tax credit is based on estimated system savings. Contact the Oregon Department of Energy for minimum design standards.

Photovoltaic Systems

Photovoltaic (PV) systems make electricity from the sun and get a tax credit of up to \$6,000 to be taken over a four-year period (\$1,500 per year). A tax-credit certified solar PV technician must verify the system for a resident to qualify for a tax credit. For a list of Oregon Department of Energy tax-credit certified solar technicians, visit our Web site www.oregon.gov/energy or call 1-800-221-8035.



Wind Systems

Wind systems are eligible for a tax credit of 60 cents per estimated kWh saved in the first year, up to \$1,500. Qualifying costs include wind measuring equipment, turbines, towers, associated components, engineering costs, utility interconnection equipment and installation.

Ground-Source Heat Pumps

Closed-loop ground-source heat pumps for space heating are eligible for a tax credit. Earth-coupled heat pumps and systems that use a secondary heat exchanger submerged in a well, lake, pond or stream also qualify. (Systems that pump water directly out of a well, lake, pond or stream are not eligible.) Systems must be installed by a tax-credit certified geothermal technician. (See the Oregon Department of Energy Web site at www.oregon.gov/energy or call 1-800-221-8035.) The credit is 60 cents per equivalent kWh saved in the first year, up to \$900.

Fuel Cells

Fuel cells take hydrogen from a fuel and combine it with oxygen producing electricity, space heat and hot water. Fuel cells are not yet available, but are expected to enter the residential market soon. You can use fuel cells to make electricity and heat your home and water. Fuel cells qualify for a tax credit of 60 cent per equivalent kWh saved during the first year, up to \$1,500.

TAX CREDITS

A Residential Energy Tax Credit allows an Oregon resident to deduct that amount dollar-for-dollar against taxes owed on the Oregon income tax filings. Any unused portion can be carried forward for up to five years. (It is not a rebate and you will not receive cash back if your tax credit is more than your tax liability. See Pass-through Option below for more information.)

Oregon residents are allowed a maximum of :

- \$1,000 in tax credits for qualifying appliances and heating and cooling equipment and services installed per residence per year;
- \$1,500 for qualifying solar photovoltaic (solar electric) systems per residence per year;
- \$1,500 for qualifying renewable resource installations per residence per year; and
- \$1,500 for qualifying hybrid and alternative fuel vehicles per vehicle.

HOW DO I APPLY FOR THE TAX CREDIT?

Complete and sign the appropriate tax credit application for the system, equipment or service you buy. Forms and instructions are available from your retailer, contractor or technician or the Oregon Department of Energy. If you buy or have your heat pump or air conditioning system serviced, buy or have your ducts sealed, or buy a solar system, your technician provides the forms and can help you complete them.

Send the application to the Oregon Department of Energy with your receipt or other proof of payment. You'll receive a certificate with the tax credit amount you qualify for. Don't wait to apply until tax season as your request may be delayed for several weeks due to the volume of applications.

Claim the tax credit when you file your Oregon income tax return. Keep your certificate, a copy of your application, proof of payment and any other supporting documentation. Do not attach this documentation to your tax return. If your return is audited, the Oregon Department of Revenue will request copies of the information from you. If you have questions concerning claiming the credit on your

Oregon tax return, contact the Oregon Department of Revenue at 1-800-356-4222 or 503-378-4988.

WHAT IS THE PASS-THROUGH OPTION?

The Pass-through Option will allow an Oregon resident to transfer an energy tax credit to an individual or business with an Oregon tax liability in exchange for a lump-sum payment based on a percentage of the certified tax credit amount. To use this option, complete the appropriate tax credit application form first. Your application will be reviewed for eligibility.

A Pass-through Option Application will be sent to you in return. You and your pass-through partner (the tax credit recipient) will complete and sign the Pass-through Option application and mail it to the Oregon Department of Energy. You are responsible for finding your own pass-through partner (must be a full-time Oregon resident or business with Oregon tax liability).

The Oregon Department of Energy will then issue the tax credit certificate to the pass-through partner and the partner will pay you the amount specified. For tax credits up to \$1,500, the payment amount is 95 percent of the tax credit amount. For photovoltaic (solar electric) tax credits that are more than \$1,500, the payment amount will be 80 percent if the partner is a business and 86 percent if a resident. There may be tax implications for the pass-through partner. We advise you to consult with your tax preparer.



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