

Q&A

Oregon Residential Energy Tax Credit For Premium Efficiency Appliances

ELIGIBLE PURCHASES

Q. Which appliances qualify for the tax credit?

A. Only models on the Oregon Department of Energy's lists of qualifying appliances at the time of purchase are eligible. The lists are available from your appliance dealer, on our Web site (www.Oregon.gov/energy), or call the Department of Energy 1-800-221-8035.

Q. Do all Energy Star appliances qualify for the Oregon energy tax credit?

A. No. Energy Star is a federal program that identifies appliances that are more energy efficient than the federal minimum energy standards. Oregon has more stringent specifications for its tax credit program than Energy Star. The tax credit is an incentive for residents to purchase **premium** efficiency appliances. Bottom line: Not all Energy Star appliances qualify for an Oregon tax credit, but all appliances that qualify for a tax credit have an Energy Star label.

Q. Can I get the tax credit if I purchase a used premium efficiency appliance?

A. No. Used or reconditioned appliances are not eligible. Oregon Administrative Rules mandate that there is only one tax credit issued per qualifying appliance. The Oregon Department of Energy can only ensure this if the appliance is new to the resident who claims the tax credit.

Appliances that are sold at substantial discount because they are floor models or are dented items are still considered "new"

and will qualify if the dealer notes the reason for the discount (floor model or dented merchandise) directly on the sales invoice. If there is no dealer notation, the tax credit will be denied.

Q. I bought a qualifying appliance two years ago and did not apply for a tax credit. Can I apply for my tax credit now?

A. Yes. If your appliance qualified for the tax credit when you purchased it, you will need to amend your tax filing for that year to use your tax credit. Contact the Oregon Department of Revenue for additional information on amending your taxes.

CALCULATING THE TAX CREDIT

Q. How much is the tax credit?

A. The tax credit amount is 1) the tax credit amount on the list of qualifying appliances or 2) 25 percent of the net purchase price of the appliance, whichever is *less*. The tax credit amount is based on the estimated energy savings.

Q. What is the net purchase price of the appliance?

A. It's the price on your receipt after you deduct any in-store discounts. You do not need to deduct any mail-in rebates, including any rebate your utility offers.

Q. Can I include installation and delivery costs in the net purchase price eligible for a tax credit?

A. No. Installation and delivery costs are not qualifying costs.

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WHO CAN GET A TAX CREDIT

Q. Who is eligible for the Residential Energy Tax Credit for appliances?

A. Homeowners and renters are eligible for the tax credit. Landlords, builders and developers are not. You can get a tax credit only if the appliance is installed in the home you live in or in your secondary (vacation) home. The home must be in Oregon. Motor homes and recreational vehicles do not qualify. (Landlords can get a Business Energy Tax Credit for premium efficiency appliance in rental housing. Call the Department of Energy for information.)

Q. I don't have a tax liability. Can I get cash instead of a tax credit?

A. Yes. If you are an Oregon resident, you may complete the application and check the field for "Pass-through Option." If your purchase is eligible, you may find a business or individual with an Oregon tax liability to accept your tax credit in exchange for a cash payment.

Q. Can I get a tax credit if I give the appliance as a gift?

A. No. But the person receiving the gift can apply for the tax credit if you give the person the receipt and he or she qualifies. (The tax credit must not exceed the person's Oregon income tax liability, the person must own or rent and occupy the home where the appliance is installed and the home must be in Oregon.)

Q. I'm a builder. Can I get a tax credit for installing qualifying appliances in the homes I build?

A. No. Builders cannot take the tax credit unless they are building the home for themselves. The homebuyer can apply for the tax credit if you pass on the receipts for the appliances when the home is purchased.

HOW THE TAX CREDIT WORKS

Q. How do I apply for the tax credit?

A. Complete a Tax Credit Application and Verification Form for Premium Efficiency

Appliances. It's available from your dealer or the Oregon Department of Energy. You can use one form to apply for a tax credit for all the qualifying appliances you purchased. Fill out the form completely, sign it, and attach receipt(s). Send the application to the Oregon Department of Energy. You'll receive a Certification with the tax credit amount you qualify for.

Q. When do I apply for the tax credit?

A. Don't wait to apply. It usually takes four to six weeks to receive the Certification you'll need to claim the tax credit on your income tax return. You can apply for and claim the credit for the tax year in which the appliance is purchased as long as the appliance is placed in service by April 1 of the following year. For example, you can apply for and claim the tax credit on your 2005 income tax return if you buy the appliance in 2005 but don't install it until March 2006.

Q. Can I carry over the tax credit for future years.

A. Yes, if you do not have a tax liability for the year of your purchase, you may carry over the credit until you do for up to five years.

Q. Can I get a tax credit if I don't have the receipt?

A. No. Your tax credit application must include a legible copy of your receipt of purchase indicating the model number of each qualifying appliance and the price paid for each item. Most appliance dealers retain records of their sales. Call your dealer.

ENERGY AND WATER SAVINGS

Q. How much energy and water do premium efficiency clothes washers save?

A. Clothes washers that qualify for the tax credit use about 60 percent less energy per year and up to 40 percent less water than standard models, saving 5,000 to 7,000 gallons per year. Dishwashers that qualify for the tax credit use about 20 percent less energy per year than standard models and save up to 1,000 gallons of water a year.

