

# Want to take a BIG step on climate? #ElectrifyEverything!

RewiringAmerica.org

Here is some **GREAT** news — a solution to the climate crisis is at hand, we just need to hurry up and implement it! The three things we need to do:

1. Clean the electric grid.
2. Electrify all vehicles.
3. Electrify all fossil fuel uses in our buildings — from space heating to cooking.



## Who should be interested? Anyone who...

- ...Wants cleaner air inside the house
- ....Would like to lower their utility bills
- .....Wants to take action on climate change

## What's in the Inflation Reduction Act? Tax credits and additional incentives on...

- New high efficiency heat pumps that replace gas furnace and AC units
- Upgraded doors, windows, and insulation
- Electrical panel upgrades
- Solar panel systems, electric vehicles, and more

- Tax credits are already available for many energy and electrification upgrades. For low- to medium-income homes (under ~\$150,000 for a family of four in STL), there is an additional boost in the form of up-front credits at point of purchase, but implementation is expected in 2024.
- Tax credits are available to everyone who pays taxes. See example on the following page.

## The details on 25C: heat pumps, heat pump water heaters, and more

- Available now
- 30 percent capped tax credit for residential efficiency and electrification upgrades, up to \$3,200 per year (see chart)
- Annual total credit for heat pumps and heat pump water heaters capped at \$2,000
- Annual total credit for other upgrades capped at \$1,200; limits per upgrade may apply
- Covers purchase and installation costs for heat pumps, HPWHs, and panel upgrades; covers just purchase costs for other listed upgrades
- Upgrades subject to efficiency requirements
- Up to \$600 for electrical panel upgrades if they are installed in conjunction with and enable a heat pump or HPWH
- Credit limit is annual (not lifetime), so it resets each year and can be used again
- Nonrefundable, so households must have adequate tax liability to offset

<b>25C Tax Credit</b> For Qualified Electrification Upgrades	
<b>Total Annual Credit</b>	<b>\$3,200</b>
Heat pumps and HPWHs	\$2,000
Other upgrades	\$1,200
<b>Annual Credit for Heat Pumps and HPWHs</b>	<b>\$2,000</b>
Heat Pump	\$2,000
HPWH	\$2,000
<b>Annual Credit for Other Upgrades</b>	<b>\$1,200</b>
Insulation	\$1,200
Doors	\$500
Windows	\$600
Electrical panel	\$600
Energy Audit	\$150

**The details on 25D: rooftop solar, battery storage, and geothermal heating**

- Available now (new version of 25D also retroactive to all of 2022)
- 30 percent uncapped tax credit for rooftop solar, battery storage, and geothermal heating
- Should include electrical panels if they are installed

in conjunction with and enable any of the above installations

- Covers purchase and installation costs
- Nonrefundable, so households must have adequate tax liability to offset
- Carry-forward ability applies, so households may roll over unused tax credits year over year

Electrification Rebate Levels For Qualified Electrification Projects	
<b>Income Eligibility and % Costs Covered</b>	
<b>Low-income:</b> <80% Area Median Income (AMI) % costs covered (including installation)	<b>100%</b>
<b>Moderate-income:</b> 80-150% AMI % costs covered (including installation)	<b>50%</b>
<b>Overall Incentives</b>	
Max consumer rebate	<b>\$14,000</b>
Max contractor rebate	<b>\$500</b>
<b>Rebates for Qualified Electrification Projects</b>	
Heat pump HVAC	<b>\$8,000</b>
Heat pump water heater	<b>\$1,750</b>
Electric stove/cooktop	<b>\$840</b>
Heat pump clothes dryer	<b>\$840</b>
Breaker box	<b>\$4,000</b>
Electric wiring	<b>\$2,500</b>
Weatherization insulation, air sealing, ventilation	<b>\$1,600</b>

**We could do more as a city to support electrification!**  
 E.g. Arlington MA has a website to connect volunteers who help homeowners and renters navigate the transition:

**Want to ask questions or get connected?**

Electrify Arlington's volunteer heat pump coaches can help you choose a good heat pump system for your home. Our Energy Advocate can answer questions via email, phone, or Zoom. Our email list will let you know about future events and opportunities. To get connected, [fill out our online form](#) or email [electrifyarlington@town.arlington.ma.us](mailto:electrifyarlington@town.arlington.ma.us).

**Looking for quick information?**

1. Check out this 4-page document on [resources, rebates, and tax credits](#) for heat pumps and other energy-efficient technologies
2. Use this 2-page checklist to make a [plan to go all-electric](#) and get your home off fossil fuels
3. Learn how to opt up to [100% renewable electricity](#) through Arlington Community Electricity

Questions about this brochure?  
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**What is a “non-refundable tax credit”?**

A nonrefundable tax credit is a reduction in the income taxes that you owe. Taxes can be reduced to zero, but no further. The IRA tax credits are *directly subtracted* from your tax liability, which can be found on line 24 of your form 1040:

<b>24</b>	Add lines 22 and 23. This is your <b>total tax</b>	<b>24</b>	<b>\$21,000</b>
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*Example*

A homeowner with a tax liability (line 24) of \$21,000 adds solar panels to the house and also invests in some efficiency upgrades. The solar panel system costs \$30,000 up front. 30% of this cost, or \$9,000, can be subtracted directly from his tax liability. He also upgrades his electrical panel from 100A to 200A, which costs \$1500. 30% of this cost (up to a maximum of \$600) can also be subtracted from his tax liability. In this case, that’s \$450. Finally, he gets a new heat pump to replace his 20-year-old gas furnace and AC unit. The heat pump costs \$10,000, of which 30% (up to a maximum of \$2000) can be subtracted from taxes. In this case, that hits the cap of \$2,000.

**Total tax credits:** \$9,000 + \$450 + \$2,000 = **\$11,450.**

New total tax: \$9,550

Remember, even if you usually get a refund on your taxes, that doesn’t mean you have zero tax liability—that’s the net difference after your withholdings are subtracted from your tax liability.