



**Cut Energy Bills at Home Act:  
25E Residential Performance Tax Credit  
Efficiency First Fact Sheet**

**What would the bill do?**

This legislation will provide the first performance-based tax credit for people to make whole house energy improvements. The bill would add a new section to the Internal Revenue Code, referred to as "Section 25E: Performance Based Energy Improvements."

**What need is being met by the 25E Tax Credit?**

This enhances consumer choice and allows the taxpayer to pursue energy efficiency improvement options that links energy savings to the tax credit amount. Further, this offers policymakers an opportunity to link tax payer funds to actual performance.

**How would the 25E Tax Credit be structured?**

Individuals who qualify for the 25E Tax Credit would be given a credit for work done in the taxable year, as follows:

Projected reduction in Heating, Cooling and Hot Water energy use.	Maximum 25E tax credit
At least 20%	\$2,000
25%	\$2,500
30%	\$3,000
35%	\$3,500
40%	\$4,000
45%	\$4,500
50% or more	\$5,000

The tax credit would be capped at 30% of the total job cost for the installed measures.

**How would energy use reduction be calculated?**

A contractor will establish baseline energy use of the home by using BPI-2400-S-2011 or an equivalent standard. They would then provide estimated energy savings by modeling the retrofit using software certified by RESNET, or other software approved by the Secretary.

**Which companies would qualify to do work?**

In order for their customers to qualify for the tax credit, companies would need to be either:

- BPI accredited company
- A RESNET certified Energy Smart Home Performance Team
- A company accredited by an equivalent certification program approved by the Secretary.



**What would a customer have to do in order to claim the 25E Tax Credit?**

Customers would apply for their tax credit when they submit their annual tax return, as they do with other tax credits. The IRS will provide guidelines for what must be retained as proof of the retrofit, though the legislation includes photographic evidence as well as signed contractor documents. As with 25C and other tax credits, homeowners will be required to retain these documents as proof if asked.

**Would energy savings resulting from renewable energy systems or appliances be taken into account when calculating percentage energy use reductions for the 25E Tax Credit?**

No, reduction in energy use from renewable energy systems or appliances would not be eligible for tax credits under 25E.

**Can the taxpayer take the 25C and 25E tax credits in the same year?**

No. No 25E tax credit will be allowed in the same taxable year in which the taxpayer claims a credit under section 25C.

**Could customers receive the 25E Tax Credit through work performed on a vacation house or a rental?**

To qualify for the 25E Tax Credit, customers would need to have home performance work done on their principle residence (as defined by Section 121 of the Internal Revenue Code).

**When would the 25E Tax Credit expire?**

December 31, 2014

**When would the 25E Tax Credit go into effect?**

If the bill is passed in its current form, the 25E Tax Credit would go into effect after December 31, 2011. However, the bill has not yet been passed so this date could change.

**Who is supporting the bill?**

The legislation has a broad array of support from across the industry, including from:

- Efficiency First
- RESNET
- Natural Resources Defense Council
- Alliance to Save Energy
- American Council for an Energy Efficient Economy (ACEEE)
- Many others to be named.

For more information or to support this legislation, please visit [www.energycfirst.org/25E](http://www.energycfirst.org/25E).