

June 1, 2009

**RE: Current Events Memorandum
Tax Credit for Energy Efficient Products**

If you are planning a home-improvement project, a tax credit is available through the ARRA (American Recovery and Reinvestment Act) for purchasing energy efficient products. Everyone qualifies for this credit as it is not added back for AMT (Alternative Minimum Tax), and high income taxpayers also qualify.

Products that qualify:

Electric Heat Pumps: Qualifying pumps must have highest efficiency tier as established by the Consortium for Energy Efficiency (CEE).

Central AC Units: Qualifying units must have achieved the highest efficiency tier.

Water Heaters: Natural gas and propane, with an energy factor of at least .82 or a thermal efficiency of at least 90% are the ones that qualify for this tax credit.

Exterior windows, doors and skylights: Any of these items that have a "U-Factor" of .30 or below and an SHGC of .30 or below are the ones that qualify. Note: (A U-factor measures heat IN and SHGC measures heat OUT).

Insulation material: Materials that keep heat out or in qualify including caulking and weather-stripping. Siding is not included in this credit.

Furnaces: Natural gas, propane and oil qualify if the gas and propane have efficiency rating of 95 or higher and oil qualifies if it is 90 or higher.

The above items' tax credit is equal to 30% multiplied by the purchase price and a maximum credit of \$1,500 and applies to principle residence only.

If you have any questions about these credits or any other related to the ARRA, please contact us.