

**Question?**

**"What are examples of remodeling projects with the most beneficial tax credits for North Carolina residents?"**

The largest individual tax credits are for renewable energy sources such as geothermal heat pumps or solar water heaters, which qualify for a federal credit of 30% of the cost, including labor, with no maximum cap. NC tax credits may be available as well, but strict definitions apply. These systems offer significant operating savings, however the initial investment is substantial.

For more traditional home maintenance categories, the federal tax credits are 30% of the cost with a \$1,500.00 maximum cap for the 2009/2010 tax years combined. Currently, we are not aware of any NC individual state tax credits relating to traditional home maintenance.

Replacement of HVAC systems, including air conditioners, heat pumps, furnaces, hot water boilers and hot water heaters provide more significant tax credits and rebates. The 30% federal credit is calculated on both materials and labor. Many NC utility companies provide rebates for upgrades of HVAC systems and information is available on their websites. Beginning June 1, NC will offer a rebate program for replacement with Energy Star qualified HVAC systems and some appliances, for which consumers will need to apply by mail.

For building envelope replacements, such as windows, doors, insulation, and roofing, the 30% credit applies to material cost only. Don't, however, overlook the fact that, according to the Department of Energy, heat loss through windows alone accounts for 10% - 25% of a home's heating bill. We frequently visit homes that have inadequate insulation or doors and windows that perform very poorly. Savings from reduced utility bills coupled with the tax credit can be significant.

To maximize tax credits and rebates, do your homework. Numerous websites address tax credits and rebates, but they can be very confusing. Specific requirements apply to each category and not all Energy Star products qualify. Before purchasing, consult tax and construction professionals regarding your particular situation. A professional contractor can assist you and should supply the required manufacturer's certification and a breakdown of material versus labor cost, where needed.

The Homestar program (known as "cash for caulkers") proposed by President Obama will enhance incentives via additional rebates. This legislation should move through Congress this summer.

To assist consumers, Brickwood Builders provides links to tax credit and rebate sources on its website [www.brickwood-builders.com](http://www.brickwood-builders.com).

*Brickwood Builders, Inc.*  
*Renovating Homes for Today's Lifestyles*  
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**Links to tax credit and rebate websites**

<http://www.energystar.gov/>

NC Guidelines on Tax Credits for Renewable Energy -  
<http://www.dorn.com/practitioner/individual/directives/renewableenergyguidelines.html>  
[http://healthybuihthomes.org/docs/Residential\\_tax\\_credit\\_fact\\_sheet.pdf](http://healthybuihthomes.org/docs/Residential_tax_credit_fact_sheet.pdf)

NC Energy Rebate Program beginning June 1, 2010 -  
[http://www.energysavers.gov/financial/rebates/pdfs/rebate\\_summary\\_NC.pdf](http://www.energysavers.gov/financial/rebates/pdfs/rebate_summary_NC.pdf)

Listing of Rebates and Incentives from Utility Companies in NC -  
<http://www.dsireusa.org/incentives/index.cfm?State=NC>