

Residential Energy Tax Credit

Last DSIRE Review: 11/03/2008

Incentive Type: Personal Tax Credit

Eligible Efficiency Technologies: Clothes Washers/Dryers, Dishwasher, Refrigerators/Freezers, Water Heaters, Furnaces, Boilers, Heat pumps, Air conditioners, Heat recovery, Duct/Air sealing

Eligible Renewable/Other Technologies: Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Photovoltaics, Wind, Biomass, Renewable Fuel Vehicles, Fuel Cells, Geothermal Heat Pumps, Refueling Stations

Applicable Sectors: Residential

Amount: PV and Fuel Cells: \$3.00/W
Wind Electric Systems: \$2/kWh produced in first year
Spa/pool heating: \$0.15/kWh saved
Residential Appliances, HVAC, Water Heating: \$0.40/kWh saved in first year, or 25% of net purchase price, whichever is less
Premium Efficiency Biomass Combustion Device: \$0.40/kWh saved in first year, \$300 or 25% of the cost, whichever is less
All other renewable technologies: \$0.60/kWh saved during the first year.

Maximum Incentive: Energy efficient appliances, heating and cooling systems: \$1,000 per calendar year.
Premium Efficiency Biomass Combustion Device: \$300 or 25%, whichever is less
For all others: \$1,500 except that the maximum for PV, Fuel Cells and Wind Turbines is \$6,000 (\$1,500 per year for 4 years), up to 50% of installed cost.

Carryover Provisions: Excess credit may be carried forward five years following the first tax year for which any credit was allowed (must be taken over no more than 6 years altogether).

Equipment/Installation Requirements: Must obtain certification from Oregon Dept. of Energy prior to installation or be installed by contractor certified by the Dept.; must carry manufacturer's warranty; must comply with general and specific standards in OAR 330, Division 70.

Project Review/Certification: Systems or energy consumption records may be inspected by Oregon Dept. of Energy to verify eligibility.

Website: <http://egov.oregon.gov/ENERGY/CONS/RES/RETC.shtml>

Authority 1: [ORS § 469.185 et seq.](#)

Date Enacted: 7/31/2007

Effective Date: 1/1/2007

Authority 2: [OAR 330-070-0010 to 330-070-0097](#)

Date Enacted: 1977 (original legislation)

Effective Date: 11/1/2008

Expiration Date: None

Authority 3: [ORS § 315.354](#)

Date Enacted: 9/2/2005

Effective Date: 1/1/2006

Expiration Date: 12/31/2015

Summary:

Homeowners and renters who pay Oregon income taxes are eligible for the Residential Energy Tax Credit if they purchase premium-efficiency appliances, heating and cooling systems, duct systems, closed-loop geothermal space or water heating systems, solar water and space heating systems, photovoltaics, wind, fuel cells, and alternative fuel vehicles and charging or fueling systems. New rules adopted in December 2007 added an incentive for premium efficiency biomass combustion devices, capped at \$300 or 25% of the cost.

Renewable Energy Incentives

Photovoltaic (PV) systems and fuel cells are eligible for \$3 per peak watt with a maximum limit of \$6,000, up to 50% of the installed cost. However, the amount claimed in any one tax year may not exceed \$1,500 or the taxpayer's tax liability, whichever is less. Unused credits may be carried forward for five years.

Solar space and water heating systems, and wind-powered mechanical systems are eligible for a credit of 60 cents per kWh saved during the first year, up to \$1,500.

Spa and pool heating systems are eligible for a tax credit of 15 cents per kWh saved, up to 50 percent of the cost, with a maximum tax credit of \$1,500.

Closed-loop geothermal systems for space or water heating are eligible for \$300 to \$900.

Wind Turbine Systems that produce electricity are eligible for a credit equal to the lesser of \$2 per kWh produced during its first year, or \$6,000.

Energy Efficiency Incentives

Only appliances recognized as premium efficiency by the Oregon Department of Energy are eligible for the tax credit. The Oregon Department of Energy keeps a list of qualifying appliances. The tax credit is the lesser of: (1) \$0.40 saved in the first year, or (2) 25% of the net cost of the appliance.

Performance-tested duct systems qualify for a tax credit of 25% of the cost of the work, not to exceed \$250. The testing must be performed by a contractor certified by the Oregon Department of Energy.

Qualifying air-source heat pump systems are eligible for a tax credit of \$300 to \$500 when installed by a contractor from the list of certified contractors available from the Oregon Department of Energy.

Qualifying condensing furnaces and boilers are eligible for tax credits of \$350 and \$225. If the heat pumps and furnaces are connected to a performance-tested duct system, they are eligible for an additional \$150 tax credit.

Alternative Fuel Vehicles Incentive

Vehicles that run on alternative type of fuels qualify for a tax credit. Examples are electricity, natural gas, methanol, propane and hydrogen. Vehicles must be registered in the state of Oregon to operate on public roadways. An additional tax credit is available for installing a home charging or fueling system. The tax credit is 25 percent of the cost of the vehicle or device, not to exceed \$750. The tax credit may be claimed for a vehicle and a charging or fueling system, for a total of \$1,500.

This tax credit sunsets on December 31, 2015.

Contact:**Suzanne Dillard**

Oregon Department of Energy

625 Marion Street, N.E.

Salem, OR 97301-3737

Phone: (503) 373-7565

Fax: (503) 373-7806

E-Mail: Suzanne.C.Dillard@state.or.us

Web site: <http://www.oregon.gov/ENERGY/>