

Homes Tax Credit

An Overview of H.R. 6, The Energy Policy Act of 2005 (Sec. 1332) and Recent Updates



Overview

President George W. Bush made history on August 8, 2005 by signing into law H.R. 6, the “Energy Policy Act of 2005,” which includes precedent setting provisions for energy-efficient new home construction. The legislation has the potential to dramatically affect the home building industry, particularly given current concerns about rising energy costs.

Tax Credit

The tax credit available to home builders and manufacturers of manufactured homes applies to the energy-efficiency improvements installed in qualified new energy-efficient homes during construction.

Site-build Homes

With regard to site-built homes, the credit is \$2,000 for homes that are certified to have a level of annual heating and cooling energy consumption that is at least 50 percent below that of a comparable home constructed in accordance with the 2003 International Energy Conservation Code.

Site-build Manufactured Homes

Manufactured homes are eligible for the \$2,000 credit in the case of a 50 percent efficiency improvement and \$1,000 credit for either a 30 percent improvement or compliance with the ENERGY STAR® criteria for manufactured homes.

The Building Envelope

Of interest are specifics pertaining to the building envelope. With regard to manufactured homes that meet the 30 percent standard, one-third of the 30 percent savings must come from the building envelope, and with regard to homes and manufactured homes that meet the 50 percent standard, one-fifth of the 50 percent savings must come from the building envelope.

Certification

Under IRS guidance, a builder or manufacturer is required obtain certification from an independent third party that is accredited by the Residential Energy Services Network or an equivalent body. The IRS guidance regarding the certification requirements and other aspects of the credit can be reviewed by clicking on the following link: www.pima.org/advisories/IRS_Guidance.pdf (pdf format).

Polyiso and the Tax Credit

Inch for inch, polyiso insulation has the greatest energy efficiency performance of any rigid-foam board insulation product on the market. It has a high R-value, the measure of thermal resistance used to describe an

insulating material's effectiveness. In independent testing polyiso's thermal performance has proven to exceed other common insulating materials. Because of its high R-value per inch, polyiso can effectively be used to help building owners meet and exceed the requirement of the new law.

Effective Dates

As originally enacted, the credit was effective for new homes acquired from Jan. 1, 2006 through Dec. 31, 2007. Through the efforts of PIMA, along with many other industry and energy efficiency advocates, the credit has since been extended twice and is now effective to the end of 2009.

PIMA

For over 20 years, PIMA (Polyisocyanurate Insulation Manufacturers Association) has served as the unified voice of the rigid polyiso industry proactively advocating for safe, cost-effective, sustainable and energy efficient construction.

PIMA produces technical bulletins in an effort to address frequently asked questions about polyiso insulation. PIMA's technical bulletins are published to help expand the knowledge of specifiers and contractors and to build consensus on the performance characteristics of polyiso. Individual companies should be consulted for specifics about their respective products.

PIMA's membership consists of manufacturers of polyiso insulation and suppliers to the industry. Our members account for a majority of all of the polyiso produced in North America.

SAFETY

Polyiso insulation, like wood and other organic building materials is combustible. Therefore, it should not be exposed to an ignition source of sufficient heat and intensity (e.g., flames, fire, sparks, etc.) during transit, storage or product application. Consult the product label and/or the PIMA members' Material Safety Data Sheets (MSDS) for specific safety instructions. In the United States, follow all regulations from OSHA, NFPA and local fire authorities; in Canada, follow all regulations from Health Canada Occupational Health and Safety Act (WHMIS) and local fire authorities.

For more information on polyisocyanurate insulation, visit www.polyiso.org



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