

Home Energy Savings Act and New Home Energy Efficiency Act

Senators Maggie Hassan and Susan Collins
Representatives Jimmy Gomez and Mike Kelly

The problem: As middle class families struggle with rising energy costs (the average household spends [almost \\$2,000 per year](#) on energy and [over 30% of households](#) struggle to pay their energy bills), residential building emissions also make up [more than 20% of the total energy](#) consumed in the U.S.

Despite the economic and environmental importance of residential energy efficiency, two key energy efficiency incentives in the U.S. tax code expired at the end of 2017:

1. **Incentive for homeowners:** This incentive, in section 25C of the tax code, provided a tax credit to homeowners that covered part of the cost of upgrades that improve the energy efficiency of their homes, such as homeowners' investments in energy efficient windows, air conditioners, furnaces, boilers, electric heat pumps, and water heaters.
2. **Incentive for new homes:** This incentive, in section 45L of the tax code, provided a tax credit to home builders that construct new homes meeting high energy efficiency standards.

The solution: Two bills – the Home Energy Savings Act and New Home Energy Efficiency Act – would help lower consumers' energy bills and reduce carbon emissions by restoring and strengthening these vital tax credits, while simultaneously creating jobs. In 2018, the energy efficiency sector employed [2.3 million Americans](#), with roughly 70% of these jobs in construction and manufacturing.

The bipartisan **Home Energy Savings Act** ([S.2486](#)) would:

- Reinstate and extend the energy efficiency tax credit in section 25C of the tax code through 2026
- Establish higher goals for energy efficient home upgrades by modernizing the product-specific efficiency standards in section 25C of the tax code
- Increase homeowners' incentives to make energy efficiency upgrades by:
 1. Increasing the credit from covering 10% to 15% of the cost of efficiency upgrades
 2. Raising the lifetime cap on the credit from \$500 to \$1,200 to encourage multiple efficiency projects
 3. Increasing incentive caps for individual product categories, e.g. raising the credit for a high-efficiency air conditioner investment from \$300 to \$600

The bipartisan **New Home Energy Efficiency Act** ([S.2595](#)) would:

- Reinstate and extend the new home energy efficiency tax credit in section 45L of the tax code through 2022
- Establish higher goals for new energy efficient homes by modernizing the efficiency standards in section 45L of the tax code
- Increase home builders' incentives to increase the energy efficiency of new homes by expanding the credit from \$2,000 to \$2,500 for new homes meeting modern energy efficiency standards

The Home Energy Savings Act and the New Home Energy Efficiency Act are supported by:

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Air-Conditioning, Heating & Refrigeration Institute
Alliance for Green Heat
Alliance to Save Energy
American Council for an Energy-Efficient Economy
American Institute of Architects
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