

Tax Credits and Geothermal

Sec. 1333: Credit for certain non-business energy property

One of the highlights of the new bill addresses homeowners, who are granted up to \$300 in tax credits for the cost of new Geoexchange systems. To be eligible, the standards that must be met are 14.1 EER & 3.3 COP for closed loop, 16.2 EER and 3.6 COP for open loop and 15 EER and 3.5 COP for DX. However, the system must include a desuperheater or integrated water heating to meet the credit's criteria.

Sec. 1332: Credit for construction of new energy efficient homes

Provisions also offer credit for construction of new energy efficient homes, up to \$2,000, for homes that cut energy use for heating and cooling only (no hot water) by 50 percent compared to the national model code - the 2004 International Energy Conservation Code Supplement (assuming an SEER-13 air conditioner). Producers of manufactured homes can also qualify for a tax credit of \$1,000 for homes that save 30 percent.

Sec. 206: Renewable Energy Security

It is also important to note that the section covering renewable energy security offers a 25 percent rebate, up to \$3,000, for renewable energy systems. Although this section's language now includes geothermal heat pumps as an eligible system, this rebate has not been funded yet and until such appropriations are made, no financial incentives are available through this section. Please keep checking back on this web page for updates, as we will post any news once it comes available.

The Geothermal Heat Pump Consortium works hard to represent our industry, making sure our voices are heard and that we are included in policies that direct the future of our country's energy market. We applaud both Congress and the Bush administration for passing a comprehensive energy plan that encourages conservation and energy efficiency, and that specifically addresses our industry's future when we need it most.

United States Department of Agriculture Assistance Programs

The Farm Security and Rural Investment Act (Farm Bill)

The [Farm Security and Rural Investment Act of 2002](#) (the Farm Bill) established the Renewable Energy Systems and Energy Efficiency Improvements Program under Title IX, Section 9006. This program currently funds grants and loan guarantees to agricultural producers and rural small business for assistance with purchasing renewable energy systems and making energy efficiency improvements, including the installation of geothermal heat pumps.

New for 2006, the program offers both grants and guaranteed loans for eligible projects. In addition, projects with total eligible costs under \$200,000 can apply under a Simplified Application Process designed to streamline the application process for small projects.

Some key provisions of the program are:

- Applicants may qualify for a grant, a guaranteed loan, or a combination of both.
- Grant request must not exceed 25% of the eligible project costs. Renewable energy grants can range from \$2,500 to \$500,000. Energy efficiency grants can range from \$1,500 to \$250,000.
- Projects under \$200,000 total project costs qualify for a simplified application process.
- Loan guarantees can be for up to 50% of total eligible project costs. Guarantees can range from \$5,000 to \$10,000,000 per project.
- Projects can qualify for combined grant and loan guarantee, but the grant portion is still subject to the above limits and combined funding assistance cannot exceed 50% of total eligible project costs.