



# PENNSYLVANIA IRA CONSUMER GUIDE

*IRA Consumer Guide = \$369 Billion for Climate and Energy Programs*

*One thing all the benefits have in common: Each one runs through at least 2032.*

# 30D Clean Vehicle Credit - Electric Vehicles

<https://www.electrificationcoalition.org/work/federal-ev-policy/inflation-reduction-act/>

## IF YOU ARE BUYING A NEW EV

### CREDIT

- Light-duty electric vehicle tax credit of up to \$7,500/vehicle extended to 2032
- Don't need to claim as tax credit anymore, can directly apply to purchase (starts 2024)

### RESTRICTIONS

- Before there was a cap of 200,000 vehicles per automaker as many had reached like Tesla and GM (but this ends in 2023)
- All Electric Vehicles need to be assembled in North America (new immediate rule)
  - » Find here: <https://www.irs.gov/credits-deductions/manufacturers-and-models-for-new-qualified-clean-vehicles-purchased-in-2023-or-after>
  - » If you entered into a written binding contract to purchase a new qualifying electric vehicle before August 16, 2022, but do not take possession of the vehicle until on or after August 16, 2022 (for example, because the vehicle has not been delivered), you may claim the EV credit based on the rules that were in effect before August 16, 2022. The final assembly requirement does not apply before August 16, 2022.
- As of April 18, 2023 caps value of new sedans eligible for the credit at \$55,000 and trucks/SUVs at \$80,000 (starting in 2023)
- EVs will also need to meet both the critical mineral and battery component requirements to qualify for the maximum available credit (as soon as IRS guidance is complete, and no later than December 31, 2022)
  - » EVs meeting the critical mineral requirement eligible for a \$3,750 tax credit.
  - » EVs meeting the battery component requirement eligible for additional \$3,750 tax credit.
- Qualifying EVs must meet the foreign entities of concern requirement:
  - » Starting in 2024, vehicles cannot have any battery components sourced from a foreign entity of concern, which includes China.
  - » Starting in 2025, EV batteries cannot have any critical minerals sourced from a foreign entity of concern, which includes China.
  - » Percentage of the minerals that go into that battery to be mined domestically or in countries with a free-trade agreement with the U.S.

### ELIGIBILITY- DON'T QUALIFY IF ... (STARTING IN 2023)

Individuals making more than <b>\$150,000 A YEAR</b>	Head of household is capped at <b>\$225,000 A YEAR</b>	Couples making more than <b>\$300,000 ANNUALLY</b>
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### SUMMARY OF 30D PROVISION

YEAR	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
200,000 per man. cap	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
MSRP cap	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income cap	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tax credit as rebate	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Assembly in North America	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Critical mineral % of value requirement (\$3,750 tax credit)	40%	50%	60%	70%	80%	80%	80%	80%	80%	80%
Critical minerals foreign entities of concern rule	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Battery component % of value requirement (\$3,750 tax credit)	50%	60%	60%	70%	80%	90%	100%	100%	100%	100%
Battery component foreign entities of concern rule	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Maximum tax credit	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500

## IF YOU'RE BUYING A USED EV

*Previously: Never before were able to get federal tax credits*

### CREDIT

- Now can get a tax credit of \$4,000 or 30% of the vehicle's value (whichever is lower)
- You don't need to claim the credit on taxes anymore, you can directly apply to purchase (starts 2024)

### RESTRICTIONS

- Sale price must be less than \$25,000
- Must be at least two years old
- Can only qualify once for the subsidy
- Qualifying vehicle must also be propelled to a significant extent by an electric motor that draws electricity from a battery, which has a capacity of not less than 7 kWh, and is capable of being recharged from an external source of electricity

## IF BUYING CHARGING SUPPLIES OR EQUIPMENT

*Previously: Same law but since expired December 31, 2021, now expiring in 2032*

### CREDIT

- Essentially, if you install a home EV charging station, the tax credit is 30% of the cost of hardware and installation, up to \$1,000
- Can also apply to other EV charging equipment like bidirectional (i.e., two-way) chargers (starting in 2023)
- Businesses that install new EV chargers or EV charging equipment can also benefit from a tax incentive of up to 30% of the total cost of equipment and installation. But they will have to meet certain labor and construction requirements to be eligible to claim the full incentive (before the limit was 30,000 but after 2022 will be 100,000)



# High-Efficiency Electric Home Rebate (HEEHR) Program = New \$4.275 Billion Program

<https://www.edf.org/article/8-ways-inflation-reduction-act-can-save-you-money>

## ELECTRIFICATION REBATES

### THIS IS A NEW PROGRAM

- **General Info:** \$4.5 billion over 10 years for state and tribal programs that are intended to deeply discount or fully fund electrification and efficiency projects or electrical appliances for low- and moderate-income households.
- **Who manages it:** The State Energy Office will be responsible for setting up your state's HEEHR program
- **When will it start:** Incentives apply to equipment installed on January 1, 2023, or later
- **When will it become available:** It's expected to take between 12 and 24 months for this funding to be available through your state

### ELIGIBILITY

- **Qualifying households:** Individuals or families whose annual incomes are less than 80 percent of the area median or not greater than 150 percent of the median.
- **Coverage:** The lowest-income households are eligible for point-of-sale rebates covering the full cost of certain electrical appliances or efficiency projects. Moderate-income individuals and families can get rebates for up to 50% of costs.
- **Cumulative rebates available to each household total \$14,000.**
- <https://www.rewiringamerica.org/applira-calculator>

### UP TO

<b>\$8,000</b> available for purchasing space heating and cooling electric heat pumps	<b>\$1,750</b> for electric heat pump water heaters	<b>\$840</b> for electric stoves, cooktops, ranges, or ovens
<b>\$840</b> for electric heat pump dryers (energy-efficient alternative to traditional dryers)	Cover half or all the cost of upgrading electric panels up to a <b>\$4,000 LIMIT</b>	<b>\$2,500</b> for electrical work/ upgraded electrical wiring
<b>\$1,600</b> for insulation projects that improve insulation/seal energy leaks	Rebate for households with moderate incomes covers <b>50% OF THESE COSTS</b>	<b>\$4,000</b> for an upgraded breaker box aka an electric panel upgrade (to help prepare for an all-electric home)

# The HOMES Rebate Program = Brand-New \$4.3 Billion Program

*\*You cannot participate in both the HEEHR and HOMES programs.*

- **General Info:** Homeowners that make changes that cut their energy usage by at least 35% can get up to \$4,000 in rebates. That amount is doubled for low- and middle-income households, who can get up to \$8,000 in rebates.
- **Who manages it:** Like HEEHR, will be overseen by your state's State Energy Office.
- **Eligibility:** Unlike the HEEHR program, the incentives available through the HOMES program aren't restricted by income and are based on the actual performance of your whole-home energy efficiency and electrification improvements.
- **Who does it go to:** paid to contractors, installers, or home performance companies.
- **When will it become available:** takes between 12 to 24 months for this funding to be available through your state.

*Tax credits are different from rebates because consumers receive them when they file their taxes. Rebates, on the other hand, are often applied when someone buys an item.*

## 25c Energy Efficiency Home Improvement Tax Credit = Around For A While, But Changed Now

*Previously: Originally, limited to 10% of your project costs but IRA increased it to up to 30%*

### CREDIT

- Your tax credit will cap at \$2,000 annually.
- Only available to offset your tax liability. That means you'll only be able to claim it if you owe some money back in taxes.
- Previously available but it was a lifetime credit, meaning you could claim it only once. But the IRA makes the credit an annual incentive.

### TIMELINE

- Will go into effect in 2023. If you install a home energy efficiency project in 2023, you may be eligible to claim the credit when you file your taxes in 2024.
- If already installed a home upgrade in 2022 there are still tax incentives available, up to \$500.



## TWO TYPES

### WEATHERIZATION INSTALLS

#### \$1,200 for weatherization installs and qualified energy-efficiency upgrades

- **General Info:** Each year for the next decade, consumers can claim a tax credit that makes their home less drafty or improves the energy efficiency of the devices within it. Sets tax credit for 30% of the cost of qualified projects up to \$1,200.
- **Limits:**

**\$150**  
for a home energy audit

**\$500**  
for exterior doors

**\$600**  
for new energy-efficient exterior windows or skylights

**UP TO \$600**  
for highly efficient central air conditioners; electric panel upgrades; and water heaters, furnaces, and water boilers that run on natural gas, propane, or oil.

- **Eligibility:** The law says they have to “meet or exceed the highest efficiency tier” of the Consortium for Energy Efficiency, a nonprofit standard-setting group. That means the appliances generally must be more efficient than Energy Star-certified products.

### HEAT PUMPS AND WOOD BURNING STOVES

#### \$2,000 for electric and gas heat pumps and heat pump water heaters, biomass stoves, and boilers

- **General Info:** To purchase an energy-efficient electric or gas-powered heat pump for space heating and cooling, heat pump water heater, high-rated stoves, and boilers (generate heat from burning wood or other biomass feedstocks). Sets 30% tax credits up to \$2,000.
  - » FYI: Credits for heat pumps or biomass stoves and boilers don't count against the \$1,200 annual limit for the home energy efficiency tax credit detailed in the previous section.
- **Example:** Electric heat pumps for heating and cooling can cost more than \$20,000 to purchase and install. Electric heat pump water heaters generally cost less than \$4,000.



# 25D Residential Clean Energy Tax Credit

## SOLAR, BATTERIES, AND GEOTHERMAL

- **General Info:** The tax credit for solar power and geothermal heating projects that came online this year was limited to 26% of their cost. That benefit was also set to fall to 22% in the next few years. But the new law immediately bumped the tax credit to 30%, where it will stay over the next decade before ramping down (also it's retroactive to the beginning of 2022).
  - **Qualifications:** Home battery units with more than 3 kilowatt-hours of storage capacity.
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## Other

### FUNDS FOR FARMERS

Farmers interested in the money can go to their local Natural Resource Conservation Service office to apply, just as they would for existing federal programs.

The Inflation Reduction Act pumps that money into preexisting agricultural programs that aim to promote environmental stewardship and conservation. \$20 billion made available to farmers.

- EQIP will receive \$8.5 billion under the Inflation Reduction Act, the most of any agricultural program. Farmers can receive federal funding to plant cover crops, add trees that form windbreaks along their fields, and restore wetlands and riparian areas. All these things could help reduce emissions,
- The Regional Conservation Partnership Program got \$4.95 billion to support its efforts to provide money to groups of farmers working together on conservation projects.
- The Conservation Stewardship Program received \$3 billion for its initiatives to provide financial incentives for everything from habitat restoration to water management.
- Agricultural Conservation Easement Program got \$1.4 billion to protect farmland threatened by sprawl.

### PENNSYLVANIA SPECIFICS

- **Electric Vehicles:** More electric vehicles on the road mean improving air quality and better health for Pennsylvania residents. Vehicles generate 47% of nitrogen oxides in the air statewide, which affects the health of children, older people, people with lung diseases including asthma, and people who work outdoors. In Pennsylvania, asthma rates are on the rise in adults and in children.
- According to the U. S. Energy Information Administration, **the average PA family consumes more than 10,000 kWh of electricity and spends more than \$2,000 per year on energy bills.**
- **Solar tax credit:** Pennsylvania law requires all investor-owned utilities to offer net metering to all residential customers with solar power systems up to 50kW in capacity. So Pennsylvanians with solar panels could get a percentage off their next energy bill off, if they produce more energy than they consume.
- **Weatherization:** Pennsylvania will receive \$186 million through this program. Between 2010 and 2021, PA weatherized an average of 1,344 homes per year with funding partially from the Weatherization Assistance Program. Now the money has been increased 10-fold, substantially increasing the number of homes that can be helped. Weatherization can provide average energy savings of \$413 or more per year per household and reduce a household's annual gas heating consumption by 32%.
- **Electrification over gas:** There are health concerns surrounding the use of gas appliances, which result in a mix of nitrogen dioxide, fine particulates, formaldehyde, and other pollutants and can lead to childhood asthma, cancer, and diabetes.
- **Farmers:** Agriculture is the single largest contributor of nutrient pollution to the Chesapeake Bay. The addition of cover crops not only protects soil from erosion and creates more nutrient rich soil for farmers, but it also eliminates the need for as many fertilizers and pesticides that would otherwise become runoff.



## CONSERVATION VOTERS OF PENNSYLVANIA

*Conservation Voters of PA is the statewide political voice for the environment. We work to elect environmentally responsible candidates to state and local offices. Working with our allies in the community, we advocate for strong environmental policies and hold our elected officials accountable during the legislative session. Through our political work, we are strengthening laws that safeguard the health of our communities, the beauty of our state, and our economic future.*



## NEW YORK LEAGUE OF CONSERVATION VOTERS

*NYLCV is the only statewide environmental organization in New York that fights for clean water, clean air, renewable energy and open space through political action. We're non-partisan, pragmatic and effective.*