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Energy Sense

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American life-styles use an exceptionally large amount of energy. In the past, energy was an inexpensive resource that was readily available to everyone. However, the cost of energy may now be the largest household expense next to the mortgage. This fact sheet is designed to make consumers aware of practices and resources that are available to improve the energy efficiency of a home.

Renewable Energy

Ninety-four million households in the United States consume more than one-fifth of the nation’s total energy budget for space heating, water heating, air conditioning, lighting, and operation of various appliances. Energy conservation practices are very important because they reduce the need to develop new energy sources and save the homeowner money. Numerous government and utility programs have been developed to assist homeowners in reducing the amount of energy wasted in the home.

Taxes

From 1978 until 1985, federal income tax guidelines allowed residential energy conservation and renewable energy tax credits. Although the federal tax credits are no longer available, many states continue to offer various incentives to encourage energy efficiency, including sales tax exemptions, property tax exemptions, loans, and grants. In Utah, the only incentive currently offered is a state income tax credit for the installation of energy saving systems. This credit is offered under Utah Tax Code 59-10-601-604, and is termed the Energy Saving Systems Tax Credit (ESSTC). The credit is allowed for systems completed and placed in service after January 1, 1986, but prior to December 31, 1995.

In Utah, tax credits of 25%, up to a maximum of $1500, are available for the installation of active, passive or photovoltaic solar systems, bio-mass systems, water powered systems, and wind powered systems. These are some of the technologies that may qualify. However, wood stoves are specifically excluded.

An individual owner of a primary residence may claim tax credits for the cost of the energy system, including architectural or engineering design costs, costs of easements required to ensure solar access, system simulation costs, system analysis costs, and installation costs, providing the costs are adequately documented. The energy system must comply with all applicable state, federal, and local rules, regulations, codes and standards. The energy saving system must meet certain requirements and must be certified by the Office of Energy Services. The tax credit is taken on Utah state income tax form TC40E, and is filed with regular income taxes.

In addition, property tax relief provisions are available in Utah. Widows, senior citizens, and those with low incomes or disabilities may qualify. Tax relief may make money available for investment into energy improvements, which may reduce living expenses even further. Specific guidelines and applications for tax relief are administered through county governments.