

State Tax Credits On Energy Efficiency and Renewable Energy Highlights from the Kentucky 2008 Legislative Session

This document is a summary of the tax credit provision of House Bill 2 from the 2008 Legislative Session. The full bill may be viewed at <http://www.lrc.ky.gov/record/08RS/HB2/SCS1.doc>. These credits are only available for taxable years beginning after Dec. 31, 2008 and beginning before Jan. 1, 2016, and apply only to properties located within the Commonwealth of Kentucky. Anyone wishing to take advantage of these tax credits is advised to save copies of invoices, purchase receipts, installation contracts, proof of solar installer's NABCEP certification, and any other information that may help to verify credits being taken. For specific questions on these state tax credits contact Regina Ritchey of the Kentucky Division of Corporation Tax at 502-564-7256 or regina.ritchey@ky.gov.

Product Category	Product Type	Tax Credit Specifications	Tax Credit	Notes
Residential energy efficiency (Total tax credits for this subsection may not exceed \$500 per taxpayer) (Sec. 12)	Upgraded insulation	- Attic: at least R-38 - Exterior walls, crawl space, and basement exterior wall: at least R-13 - Floor: at least R-19	30% of installed cost, not to exceed \$100	- Must be existing principal residence or a residential rental unit owned by taxpayer. - Eligible for tax year installed.
	Energy-efficiency windows and doors	ENERGY STAR labeled and NFRC certified for North-Central Climate Zone	30% of installed cost, not to exceed \$250	- Must be existing principal residence or a residential rental unit owned by taxpayer. - Eligible for tax year installed.
	Qualified heat pumps, water heaters, geothermal heat pumps, central AC, or furnaces	As eligible for federal tax credits under 26 USC Sec. 25C*	30% of installed cost, not to exceed \$250	- Must be existing principal residence or a residential rental unit owned by taxpayer. - Eligible for tax year installed.
Solar and wind (Total tax credits for this subsection may not exceed \$500 per dwelling; nor \$1000 per commercial or multi-family property) (Sec. 12)	Solar space or water heating, wind turbine or machine	- As defined in HB2 of 08 Regular Session, Section 11** - Installed by NABCEP installer	30% of installed cost, not to exceed \$500 per eligible system if a dwelling unit, nor \$1000 per commercial property	- Must be existing principal residence, or a residential rental unit, or commercial property owned by taxpayer. - Eligible for tax year installed.
	Solar photovoltaic system	- As defined in HB2 of 08 Regular Session, Section 11** - Installed by NABCEP installer	\$3 per watt direct current of rated capacity	- Must be existing principal residence, or a residential rental unit, or commercial property owned by taxpayer. - Eligible for tax year installed.
Commercial energy efficiency (Total tax credits for this subsection may not exceed \$1000) (Sec. 12)	Energy efficient interior lighting system or HVAC or hot water system	As eligible for federal tax credits under 26 USC Sec. 179D+	30% of installed costs, not to exceed \$500 per eligible system.	- Must be commercial. - Eligible for tax year installed.
New homes (Sec. 13)	New ENERGY STAR single-family, site-built or manufactured home	As defined by ENERGY STAR program administered by EPA++	\$800 for site-built home; \$400 for manufactured home	Credit goes to builder of new home for year completed or seller of manufactured home for year of sale, used as principal residence.

* For more information on qualified energy property specifications see <http://www.gpoaccess.gov/uscode/index.html>, then search on "26USC25C".

** For more information on solar and wind property specifications see <http://www.lrc.ky.gov/record/08RS/HB2/SCS1.doc> to view House Bill 2, 2008 Regular Session.

+ For more information on commercial energy efficiency property specifications see <http://www.gpoaccess.gov/uscode/index.html> then search on "26USC179D".

++ For more information on ENERGY STAR new home specifications see http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.homes_guidelns, to view

"Technical Resources: Guidelines for ENERGY STAR Qualified Homes."

Disclaimer: This document is for informational purposes and should not be used for tax preparation. See appropriate regulations or statutes, or consult with a qualified tax advisor or the Department of Revenue for actual tax benefits available.