

Tax Credits for Weatherizing Rentals

If you own rental housing -- a single house or a large apartment complex -- you can stretch your weatherization dollars by applying for a Business Energy Tax Credit.

What Is the Business Energy Tax Credit?

The state of Oregon offers the Business Energy Tax Credit to encourage investments in energy conservation, recycling, renewable energy resources and less-polluting transportation fuels. The tax credit is 35 percent of eligible project costs, taken over five years. For projects with an eligible cost of \$20,000 or less, the tax credit may be taken in one year.

Any business that pays Oregon income taxes is eligible for the tax credit. The energy project must be located in Oregon. Oregon non-profit organizations, public entities or businesses that don't pay state income tax may use the pass-through option to participate in the Business Energy Tax Credit program. A non-profit, public entity or business can transfer the tax credit project eligibility to a business or individual with Oregon tax liability in exchange for a cash payment.

The Oregon Department of Energy administers the tax credit program. Applicants must apply for the tax credit before starting the project.

How to Qualify for the Tax Credit for Rental Weatherization Projects

Some of the measures that qualify for a tax credit are projects such as:

- Thermal replacement windows or doors
- Attic, floor, and wall insulation
- Pipe and duct insulation
- Caulking and weatherstripping

To be eligible:

The project must save a minimum of 10 percent of the energy used by the systems in the dwelling. The Oregon Department of Energy will calculate this energy savings using an industry-accepted formula. To compute the amount of energy savings, you must provide the following information with your application:

- The total square footage of the rental unit(s)
- The year the unit was constructed
- The square footage of the energy efficiency measure (e.g. 575 square feet of insulation or 345 square feet of window replacement)
- The R value of the current insulation being replaced and the new insulation
- The U value of the current windows being replaced and the new windows
- The primary heating fuel cost per kWh, therm or gallon

A contractor may be able to assist you with gathering this information. It is also helpful to get a written bid from a contractor and include it with your application.

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How to Apply

1. Send a completed Application for Preliminary Certification for Rental Dwelling Weatherization Projects to the Oregon Department of Energy, 625 Marion St. NE, Salem, OR 97301-3737 **before** you begin your project. Forms are available from the Oregon Department of Energy: 1-800-221-8035 (toll-free in Oregon) or (503) 378-4040. Or visit the Web site: www.oregon.gov/energy. Staff can process your request quickly if your application is complete. Include payment to cover application review costs.
2. You'll receive a Preliminary Tax Credit Certificate in about 4 weeks if your application is approved. You'll also receive an Application for Final Certification. (If your application is denied, you'll receive a letter telling you why and what you can do to appeal.)
3. Once you've finished your project for the project period specified in your tax credit application, send the Oregon Department of Energy a completed Application for Final Certification and verification of project costs. Projects costing \$50,000 or more must be accompanied by a letter from a Certified Public Accountant (CPA) not in your employment. An example of a CPA letter is on our Web site (www.oregon.gov/energy). You'll receive a Final Tax Credit Certificate in about 2 weeks.
4. Claim the tax credit when you file your Oregon income tax return. Include a copy of your Final Tax Credit Certificate.

Things to Remember

- You must submit your application and receive approval for your project **before** you do any weatherization work.
- Call the Oregon Department of Energy if you have any questions or concerns. We'll answer any questions you have about the program.



625 Marion Street NE, Salem, OR 97301-3737, 1-800-221-8035 (Toll-Free), 503-378-4040 (Salem)
Web site: www.oregon.gov/energy