



Inflation Reduction Act and Residential Clean Energy

On August 16, 2022, President Biden signed the \$750 billion Inflation Reduction Act (IRA) into law. In addition to healthcare and tax law changes, the IRA includes significant funding for residential energy efficiency and renewable energy improvements to help lower utility consumption and address climate change. This document does not provide tax or legal advice.

Residential Energy Efficiency and Solar Tax Credits

30%

Energy Efficiency Home Improvement Tax Credit starting in 2023 through 2032

\$1,200

Annual credit limit, with an exemption of \$2,000 for heat pumps

Tax credits can now be claimed for home energy audits and electrical panel upgrades

30%

Investment Tax Credit for solar systems returning through 2032

Retroactive to solar systems installed in 2022

Battery storage credit is available starting in 2023

Residential Energy Efficiency Rebates

The IRA includes over **\$9 billion in funding for state energy offices to offer homeowners rebates for energy efficiency upgrades**. These rebates will focus on Michigan's low- and moderate-income (LMI) communities and funds will flow through the Michigan Department of Environment, Great Lakes, and Energy.

High-efficiency Electric Home Rebate Act Program

\$14,000

Up to \$14,000 in home rebates for households making less than 80 percent of area median income

100%

Rebates can cover 100 percent of project costs for certain measures, including up to \$8,000 for HVAC heat pumps

Home Owner Managing Energy Savings (HOMES) Performance Rebates

Whole-home retrofit rebates for LMI households

80%

Rebate increases up to \$8,000 per home, or 80 percent of project costs, depending on the amount of energy saved

Greenhouse Gas Reduction Fund and Michigan Saves

The IRA includes \$20 billion to create a national green bank and another \$7 billion for state energy offices, municipalities, and tribal governments to fund local green financing programs. **Michigan Saves is actively tracking these funds and plans to leverage them to create new financing products to ensure all Michiganders can access the clean energy economy**. Please reach out to Michigan Saves to share your thoughts about how Michigan Saves can use IRA funds to fill clean energy financing gaps to support your work.