



MAKING THE MOST OF THE INFLATION REDUCTION ACT

Historic Incentives on Higher-Efficiency
Home Comfort Systems

LUXAIRE[®]
HEATING • AIR CONDITIONING

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HEATING ■ AIR CONDITIONING



HISTORIC
OPPORTUNITIES

WHAT IS THE INFLATION REDUCTION ACT?

On August 16, 2022, the federally funded Inflation Reduction Act (IRA) was signed into law. It consists of a record \$370 billion reserved spending for climate and energy initiatives and provides both a long-term opportunity for clean energy investment and **new incentives for homeowners** to consider higher-efficiency home comfort systems.

For homeowners, the Inflation Reduction Act provides an opportunity to save on the cost of replacing or upgrading their HVAC systems, to save money on their utility bills and to contribute toward the goal of reducing Americans' carbon footprint by 40% by 2030.

For contractors and our other partners, the Inflation Reduction Act will provide historic opportunities for you to grow your high-efficiency equipment business and, when combined with rebates, financing and other offers on qualifying products, will make high-efficiency home comfort more accessible than ever.

This is your guide to understanding and **maximizing the relevant programs** found within the Inflation Reduction Act. We're excited to help you make the most of this new opportunity!

WHAT PROGRAMS ARE AVAILABLE FOR HOMEOWNERS?

The Inflation Reduction Act extended the existing, 25C federal tax credit while establishing two, state-level energy-efficiency rebate programs that can be applied for by individuals. In summary, the three, primary programs considered part of the Inflation Reduction Act include:

- Energy Efficient Home Improvement Credit (formerly 25C) Tax Credit
- High-Efficiency Electric Home Rebate Program (HEEHRP)
- HOMES Rebate Program



Energy Efficient Home Improvement Credit (formerly 25C) Tax Credit Details: Beginning with products installed on January 1, 2023, and extending through the end of 2032, new energy tax credits have become available for qualifying equipment, including tax credits up to 30% of eligible expenses or up to \$600 per appliance and \$1,200 per year (up from 10% and \$500 lifetime) and up to \$2,000 per year for heat pumps.

PRODUCT TYPE BY ELIGIBLE REGIONS

25C Tax Credit Minimum Requirements: 2023-2032 (30% of Cost up to \$1,200 Annual Limit; HP Annual Limit of \$2,000)							
	SEER2	EER2	HSPF2	AFUE	Credit (Unit/Yr)**	Products w/ 25C Eligible Matches*	Total Annual Limit
Heat Pump, Split SOUTH	15.2	11.7	7.8	N/A	\$2,000	THF2, HL19, HL20	\$2,000
Heat Pump, Split NORTH	15.2	10.0	8.1	N/A	\$2,000	THF2, HMF7-34, HL19, HL20	
Heat Pump, Package SOUTH	15.2	10.6	7.2	N/A	\$2,000	PHE6, PHG6	
AC, Split	16.0	12.0	N/A	N/A	\$600	TCF2, AL19, AL21	\$1,200
AC, Package	15.2	11.5	N/A	N/A	\$600	PCE6, PCG6	
Furnace, Natural gas/Propane	N/A	N/A	N/A	97%	\$600***	LP9C	

*Products listed matched with coil/gas furnace or air handlers meet Energy Star/CEE Tier 1 efficiency requirements. Talk with your installer and/or confirm eligible matches that meet 25C efficiency thresholds by visiting www.ahridirectory.org.

**Requires a tax liability to redeem a credit. Credits administrated through the US Treasury / IRS and information is subject to changes through those agencies. Consult a licensed tax professional for more information.

***Furnace credit can stack with outdoor unit credit for maximum savings.

APPLICATION DETAILS

Contact **your state energy office** for the specifics of each program. More information can be found in the Additional Resources section at the end of this document.

HEAT PUMPS

Up to
\$2,000
in 25C Tax Credits



THF2 **HL19** **HL20**
SS SSSS

15.2 SEER2 (Better) 19+ SEER2 (Premium)

All US Regions



HMH7-34

16 SEER2 (Better)

Northern US Region Only



PHE6 (ELECTRIC HEAT)
PHG6 (GAS HEAT)

15.2 SEER2 (Better)

Southern US Region Only

AIR CONDITIONERS



TCF2 **AL19** **AL21**
SS SSSS

15.2 SEER2 (Better) 19+ SEER2 (Premium)

All US Regions



PCE6 (ELECTRIC HEAT)
PCG6 (GAS HEAT)

15.2 SEER2 (Better)

All US Regions

GAS FURNACES



LP9C

High-Efficiency
98% AFUE

All US Regions

\$600*
*up to \$1,200
Annually

BUNDLES

Up to
\$2,600
in 25C Tax Credits



HL20 **HL19**

High-Efficiency Heat Pumps

All US Regions

- or -



HMH7-34

Northern US Region Only

+



LP9C

High-Efficiency 98% AFUE Furnace

All US Regions



High-Efficiency Electric Home Rebate Program (HEEHRP): Designed specifically to support low- to moderate-income (LMI) households, \$4.5B in state grants is available for qualified home electrification projects. The grants will cover up to 100% of eligible expenses or up to \$8,000 in rebates for eligible households to install heat pumps. **Expected to start in mid-2023, funds will be administered through state energy offices and will run through September 30, 2031.**

ELIGIBLE PRODUCTS

- ENERGY STAR® qualified heat pumps.

AVAILABLE INCENTIVES

- Rebates of 100% of project costs up to \$8,000 on heat pump installations for households at less than 80% **Area Median Income (AMI)**.
- Households 80% AMI - 150% AMI are eligible for 50%. Households above 150% AMI are not eligible.

APPLICATION DETAILS

- Cannot be combined with other federal or state incentives on the same project.
- Contact your state energy office for the specifics of each program.** More information can be found in the Additional Resources section at the end of this document.



HOMES Rebate Program: Also part of the IRA, this \$4.3B program isn't restricted by income level and is based on the actual performance of a homeowner's whole-home energy efficiency and electrification improvements. The HOMES rebate program cannot be combined with the HEEHRP.

AVAILABLE INCENTIVES

- Rebates of 50% of project costs up to \$2,000 on retrofits that achieve modeled energy savings of 20-35%.
- Up to \$4,000 on retrofits that achieve modeled savings more than 35%.
- The rebates increase to 80% of costs up to \$4,000 and \$8,000 for households at less than 80% AMI.

APPLICATION DETAILS

- Energy savings are determined by modeled energy savings (in kWh or equivalent) for both single and multifamily homes.
- Contact your state energy office for the specifics of each program.** More information can be found in the Additional Resources section at the end of this document.

WHAT ELSE SHOULD YOU KNOW?

TIME FRAMES

Tax credits and deductions under 25C began on January 1, 2023. Rebate programs for HEEHRP and HOMES are expected to be available by mid-2023. Depending on the state, program implementation may not be immediate.

ALLOCATIONS

For rebate-based programs like HEEHRP, the Department of Energy (DOE) will provide funding to state energy offices through grants. The DOE will deliver and monitor these funds within the allocation limits.

CAVEATS

While federally funded, each state will have some discretion regarding how specific funds are used.

Contact [your state energy office](#) for the specifics of each program. More information can be found in the Additional Resources section at the end of this document.

TERMS

Rebate and tax credits will not be available to every homeowner. For example, households with earnings equal to less than 80% of the median income may qualify for the full benefit, while households that earn 80-150% of the median may still be eligible for as much as 50%.

COMBINATIONS

Depending on the circumstances (household income, for example), it may be possible for a homeowner to qualify for 25C credits along with rebates from either the HEEHRP or HOMES program. Guidance from a tax specialist is recommended.

HOW CAN YOU GET STARTED?

Since most programs within the Inflation Reduction Act will run through 2032, we will continue to provide you with guidance as these programs evolve and new information becomes available. We also encourage you to stay in contact with your territory manager about new details around incentive timeframes, allocations, terms, limitations and application processes. In the meantime, be sure to:

- Know your regional efficiency requirements.
- Find IRA-qualifying products in the [AHRI database](#).
- Familiarize yourself with the [Area Median Income Lookup](#).
- Know your system matches (old to new, etc.).
- Contact [your state energy office](#) for program specifics.
- Have a solid “phase-in, phase-out” plan.

With Luxaire® high-efficiency equipment rebates, more than 30 consumer financing options through Synchrony Financial, factory-backed warranties and these new Inflation Reduction Act incentives, **there’s simply never been a better time to connect with homeowners** about opportunities to upgrade to a Luxaire® home comfort system.

For more information on opportunities presented by the Inflation Reduction Act, visit:
luxaire.com/residential-equipment/inflation-reduction-act-homeowner-hub

To find out how to become a Luxaire® dealer, visit: luxaire.com/dealers

ADDITIONAL RESOURCES

STATE ENERGY OFFICES AND ORGANIZATIONS



energy.gov/femp/state-energy-offices-and-organizations

CONSORTIUM FOR ENERGY EFFICIENCY TIERS



cee1.org/content/cee-tiers-and-energy-star

AHRI PRODUCT DATABASE



ahridirectory.org/Search/SearchHome

ENERGY STAR® PRODUCT FINDER



energystar.gov/productfinder

FANNIE MAE® AREA MEDIAN INCOME LOOKUP TOOL



ami-lookup-tool.fanniemae.com/amilookuptool

LUXAIRE® INFLATION REDUCTION ACT HOMEOWNER HUB



luxaire.com/residential-equipment/inflation-reduction-act-homeowner-hub