

Heat pumps offer energy efficient heating solutions for Sitka that provide significant savings for home heating, heating your hot water, and even drying your clothes. The new federal tax credits and rebates will significantly reduce the financial burden to purchase a heat pump and install it.

The Home Energy Assessment

As a first step, work with a home energy rater to assess your home for the correct heat pump and electrical needs. They should evaluate the need for upgrading one's home electrical panel and circuitry. For example, heat pumps generally require a 240-volt, 30-amp or greater dedicated electrical circuit, may need to be upgraded to 200-amp service, and should have a surge protector installed, preferably a whole-house protector. Obtaining financial assistance through some assistance programs may require a licensed energy rater.

LEARN MORE: <https://akheatsmart.org>

Federal Heat Pump-Related Tax Credits

- From 2023-2032, the federal Inflation Reduction Act provides a tax credit of up to 30% of the cost up to \$2,000 per year for buying a new heat pump or a heat pump hot water heater. Because the tax credit is available annually, spreading the purchases over multiple years may be advantageous.
- There is additional federal Inflation Reduction Act tax credit of 30% of cost, up to \$600 per year for electric panel or circuit upgrades if required for new heat pump installation.

LEARN MORE: <https://www.energy.gov/policy/articles/making-our-homes-more-efficient-clean-energy-tax-credits-consumers>

Federal Heat Pump-Related Rebates

The federal *High-Efficiency Electric Home Rebate Act* (HEEHRA) will provide point-of-sale rebates for low to moderate income families completing qualified electrification projects.

- Households at or below 80% of area median income may receive rebates of up to a total of \$14,000.
 - Rebates may include up to \$8,000 for heat pumps, \$1,750 for heat pump hot water heaters, \$840 for heat pump clothes dryers, \$4,000 for electrical panel upgrades, and \$2,500 for electric wiring.
- Households with incomes between 80% to 150% of the area median income will be eligible of up to half of the lower-income rebate caps.
- The rebate programs will be handled by the Alaska Housing Finance Corporation which has not yet designed its program or received federal monies; rebates are unlikely to be available until the end of 2024 or in 2025.

LEARN MORE: <https://www.energy.gov/scep/home-energy-rebate-programs-frequently-asked-questions> and <https://www.rewiringamerica.org/app/ira-calculator/information/high-efficiency-electric-home-rebate-heehra>

Heat Pump Assistance

- Alaska Heat Smart expects to subsidize about 40 heat pumps in Sitka with a Department of Energy grant. It will be providing energy assessments to determine if your home is ready for a heat pump. Assessments are free or at a reasonable cost based on your home value. For income-qualified households, Alaska Heat Smart will subsidize \$1,500 to \$3,000 to help purchase a heat pump.
- The Sitka Carbon Offset Fund, administered through the Sitka Conservation Society, also helps to subsidize heat pumps. For households earning up to 80% of area median income, up to \$4,500 is available and for households earning up to 120% of area median income, up to \$1,000 is available.
- Tongass Federal Credit Union has low interest loans for heat pumps.

LEARN MORE: <https://akheatsmart.org> and <https://www.sitkacarbonoffset.com>

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