

# RESNET Highlights Changes to 45L Tax Credit and ENERGY STAR for Single Family Homes in Inflation Reduction Act

*Legislation Extends Tax Credit for 10 Years and Sets Trigger Dates for Versions of ENERGY STAR for Single Family Homes*

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"After years of advocacy by [RESNET](#) and its allies on extending and reforming the 45L federal tax credit for energy-efficient homes, Congress passed, and President Biden has signed into law the Inflation Reduction Act", said Steve Baden, RESNET Executive Director.



This important legislative action includes provisions regarding the 45L tax credit, which expired on December 31, 2021.

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*RESNET Executive Director  
Steve Baden*

However, there may still be some issues with the interpretation of effective dates of changes to the 45L tax credit. RESNET will seek further clarification from the U.S. Department of Energy (DOE), IRS, and the congressional tax-writing committees to better understand their intent.

The changes to the 45L tax credit can be found in:

Section 13340 – Extension, Increase, and Modification of the New Energy Efficient Homes Tax Credit (45L). This section begins on page 375 of the legislative draft. A link to

that draft can be found here – [ERN22410 \(senate.gov\)](#).

The key 45L provisions of the law include:

- Extension of the tax credit for ten years with a new expiration date of December 31, 2032.

- Increasing the tax credit amount according to the following criteria:
- \$2,500 per home, if the home meets the eligibility standards of the EPA's ENERGY STAR Single Family New Homes Program.
- Homes that are certified to meet the DOE's Zero Energy Ready Home program will qualify for a \$5,000 tax credit.

The law sets a series of trigger dates in terms of the versions of ENERGY STAR for Single Family Homes that must be followed:

- Dwelling units acquired after January 1, 2023, and before January 1, 2025, will be subject to EPA national program requirements version 3.1.
- Dwelling units acquired after January 1, 2025, will be subject to EPA program requirements version 3.2.
- The legislation states that "... the most recent Energy Star Single-Family New Homes Program Requirements applicable to the location of such dwelling unit (as in effect on the later of January 1, 2023, or January 1 of two calendar years prior to the date the dwelling unit was acquired)."

Meanwhile, there are sections of the law where clearer guidance would be helpful:

- This section on the most recent Energy Star Single-Family New Homes Program Requirements applicable to the location can be open to interpretation and could need further clarification. RESNET will be seeking this clarification from EPA, DOE, and Congress. It is clear, however, that once a home is acquired it will be eligible for the tax credit, under existing program requirements, for a period of two years from the date it was acquired. • Subsection (2) of the effective date of the tax credit states, "The amendments made by subsection (a) shall apply to dwelling units acquired after December 31, 2021."
- The National Association of Home Builders interprets this as the old version of the 45L credit is extended through 2022. This could be further defined for clarity. If the National Association of Home Builders is correct in the interpretation there is a question of what version of software programs can be used. DOE has been requested to provide clarification on this.

RESNET has been in communication with DOE on the above issues and DOE has responded that they will address all of these issues in guidance that will be posted on the DOE website.

Stay tuned to [www.resnet.us](http://www.resnet.us) for updates on the areas that could be subject to interpretation, as RESNET receives guidance.

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