



SALES & SUPPLY CO., INC.

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MEMPHIS – JONESBORO

3/20/09

Re: 2009 Federal Income Tax Credit – Overview & Warnings

To all dealers:

As part of the *"American Recovery and Investment Act of 2009"*, signed into law in February, the income tax credit for energy improvements for homes has increased. Prior to this law homeowners could get up to \$500.00 in income tax credit for improvements that improved the energy efficiency of their home – this included installing high efficiency air conditioning equipment. The new law has increased the possible credit to \$1500.00. Homeowners can get 30% of the installed cost of listed improvements up to the maximum \$1500. (For detailed information on what improvements qualify and for details on the tax credit please see the websites listed on page 2 under "References".)

In addition to an increase in available credits, the efficiency requirements have increased.

Product	Tax Credit Minimum Requirement
Split System Air Conditioner	16 SEER and 13 EER
Split System Electric Heat Pump	15 SEER and 12.5 EER and 8.5 HSPF
Packaged Air Conditioner	14 SEER and 12 EER
Packaged Electric Heat Pump	14 SEER and 12 EER and 8 HSPF
Gas Furnace	95% AFUE
Advanced Main Air Circ. Fan	≤ 2% of furnace total energy usage

An explanation:

Air Conditioner: Must meet the SEER & EER ratings.

Heat Pump: Must meet the SEER, EER, & HSPF ratings.

Gas Furnace: 95% AFUE – It is not required that a 95% furnace be installed in order to qualify. The 95% furnace can qualify separately for a portion of the credit.

Advanced Main Air Circ. Fan: basically this refers to variable speed blowers.

The ratings are high and require very specific system match-ups; these matches specify not just the outside unit and coil but also the blower (furnace, fan coil or modular blower). The GoTempstar (www.gotempstar.com) website has a 15 page document titled "**UPDATE: Federal Income Tax Credits**" that lists the specific (Tempstar) matches required to obtain the required ratings. More information and the *"Manufacturer's Certification Statements"* are available on

the site as well. (The certificates are required for the homeowner to claim the credit and list the only products that are certified as eligible.)

Warning: Only certain system matches meet the requirements. For instance in split A/C the requirements are “16SEER **and** 13EER” and in certain sizes and applications the requirements can’t be met by Tempstar (and probably most other manufacturers).

Warning: SEER ratings only take the temperature (sensible) side of air conditioning into account and not the dehumidification (latent) side. Consequently some of the certified matches (in A/C) require the use of grossly oversized indoor coils. The problem with the oversized coils is that they don’t do as good a job at dehumidification (warmer coils) and in our area that could create humidity and mold issues.

Warning: Many matches using gas furnaces require oversized furnaces (in order to meet certain airflow requirements in the rating process). The good news is that these furnaces are two-stage and will run on low fire almost all the time.

Suggestion: It seems that there are better match-ups available on split heat pumps so the tax credit may be a useful incentive to sell dual fuel heat pumps. That gives the homeowner better efficiency, better comfort and the tax credit.

This tax credit can help with sells, but it is important that you make sure you understand how it works and what qualifies. Take some time to familiarize yourself with it and remember we’re here to help.

Good Selling,

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References:

<http://www.gotempstar.com>

http://www.energystar.gov/index.cfm?c=products.pr_tax_credits#chart

<http://www.energy.gov/taxbreaks.htm>