AN ACT CONCERNING INCENTIVES FOR ENERGY-EFFICIENT CONSTRUCTION.

SUMMARY

This bill establishes a personal income tax credit for taxpayers who purchase an energy-efficient home during the 2019 through 2022 tax years. To qualify, a taxpayer must (1) purchase a home with a Home Energy Rating System (HERS) Index score of 60 or less (see BACKGROUND), (2) occupy the home as his or her principal residence for at least three years, and (3) not have purchased the home from a family member.

The credit equals $2,500 for single filers and $5,000 for joint filers. Taxpayers must claim the credit in the tax year in which they purchase the home and may carry forward unused credits for five years. They must repay a prorated amount of the credit if the home ceases to be their principal residence during the three years after they purchase it.

EFFECTIVE DATE: Upon passage

ELIGIBILITY CRITERIA

For the 2019 through 2022 tax years, taxpayers who purchase a home with a HERS Index score of 60 or less, as measured and certified by a qualified and licensed third-party professional, may claim a one-time income tax credit of $2,500 ($5,000 for joint filers). The credit is available only for qualifying homes that taxpayers occupy as their primary residence (i.e., not a vacation or rental property) for at least three years, provided they did not purchase the home from a family member (i.e., a sibling, parent, child, grandparent, grandchild, aunt, uncle, niece, nephew, cousin, or spouse thereof).

CLAIMING AND REPAYING CREDITS
To claim the credit, taxpayers must request a certificate from the Office of Policy and Management secretary and include it with their tax return. The certificate must identify the taxpayer or taxpayers and certify that they meet the credit’s eligibility requirements.

If the credit amount is more than the taxes owed, the taxpayer may apply the difference to future taxes for up to the next five years until the full credit is used.

If the home ceases to be the taxpayer’s principal residence within three years after its purchase, the taxpayer forfeits his or her right to the full credit and must repay a prorated amount of the credit to the revenue services commissioner. The commissioner must determine the required repayment amount based on the length of time for which the taxpayer resided in the home.

BACKGROUND

HERS Index

The HERS Index is a nationally recognized scoring system for measuring a home’s energy efficiency. To calculate a home’s HERS Index score, a certified rater assesses the home’s energy efficiency performance and assigns it a relative performance score. The lower the score, the more efficient the home. A typical resale home scores around 130 on the HERS Index, while a standard new home scores around 100. In Connecticut, new homes built to current building code standards are expected to score around 85. However, it is possible for new homes to achieve a HERS Index score below 60.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 21  Nay 0  (03/29/2019)