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The Green Home Improvement Rebates are (Finally) Coming

Depending on where you live, you might be eligible to receive up to $14,000 back for making environmentally friendly improvements to your home.

By Beth Breeding | Edited by Barry Sewell | Reviewed by Teresa Lindenbach, CFP | Revd: 12, 2023, at 12:06 p.m.

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While the money for the rebates will come from the federal government, the states will choose how to administer payments. (iStock/Getty Images)

Homeowners may soon be able to receive up to $14,000 back for making environmentally friendly improvements to their homes – but the rebates may not be available in every state.

The rebates are part of the Inflation Reduction Act of 2022. While the money for the rebates will come from the federal government, the states will choose how to administer payments.

Application Window Is Open for States to Submit Proposals

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In July 2023, the United States Department of Energy released the guidelines that states must use to apply for funds and opened the application window for them to submit their proposals.

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While a handful of states may take advantage of a program to get their rebate plans up and running before the end of the year, most will likely submit their proposals in 2024. The DOE has set a deadline of January 2025 for applications.

"While we would love to see these rebates hitting the streets as soon as possible, it's more important to make sure the programs work well than to do this fast," says Sage Bronow, director of federal policy for the electrification nonprofit Rewiring America.

Many States Are Waiting to Submit Applications

Many of the states that will submit their applications closer to the deadline because they're working on getting state programs up and running first. State participation in this part of the IRA, although Florida is the only state so far that has signaled that it likely will not submit a proposal to the DOE, or offer rebates to homeowners.

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"The federal law sets some eligibility requirements that all states must follow, but states could be narrower if they want to," says Lowell Unger, director of the federal policy program at the American Council for an Energy-Efficient Economy. "But there's nothing that says the states have to offer this to everyone."

For example, some states might have more restrictive income requirements than those in the federal guidelines or could otherwise look for ways to target underserved markets.

If your state is participating, the details will vary but there are two ways that you might be able to access funds.

1. Home Efficiency Rebates

This program offers $2,000 to $8,000 per household for whole-house energy improvement projects, with the amount based on energy savings and household income.

2. Electric Home Rebates

This program provides $840 to $14,000 for specific electrification upgrades, with the amount based on the upgrade and the household income.

The rebates will be point-of-sale programs, meaning you'll get the money back when you make the purchase rather than having to wait for a check in the mail or file a tax form. They are not retroactive, so homeowners who make improvements to their home now, even if they would otherwise qualify for the rebates, will not receive them.

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Other Programs That Could Offset the Cost of Some Projects Now

Additional programs are available that could offset the cost of some projects right now. Those include state-run rebate programs, annual federal tax credits already available through the Inflation Reduction Act and incentives through some utility companies.

"Think through what you can take advantage of today or this year, and what might make sense to put off and use rebate funds for if you qualify," says Kara Saul Rinaldi, president and CEO of the energy and environmental strategy firm AmQip Policy Group.

One factor that might influence whether to wait for the rebate programs to roll out: your household income. The Electric Home Rebates are capped at 150% of the area median income. The Home Efficiency Rebates also provide additional funds to lower-income homeowners.

"If you have a higher income, there might not be much benefit to waiting," says Lauren Urbanek, director of clean buildings for the climate and clean energy program at the Natural Resources Defense Council in Baltimore.

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