

# How will the Inflation Reduction Act help Electrification?

The Inflation Reduction Act contains incentives that can help Michiganders electrify their homes and businesses and convert to renewable energy, including both tax credits and direct rebates that offset these technologies' costs. If a household installs a modern electric heat pump to replace their furnace, a heat pump for water heating, combined with rooftop solar they could [save \\$1,800 per year on energy bills.](#)

## High Efficiency Electric Home Rebate Act

The IRA funds rebates of **\$14,000 per income qualified home** to decarbonize affordable housing. Direct rebate at point of purchase!

**\$1,750**

for a heat pump water heater

**\$8,000**

for a heat pump for space heating or cooling

**\$840**

for an electric stove, cooktop, range, oven or electric heat pump clothes dryer.

**\$4,000**

for an electric load service center upgrade

**\$1,600**

for insulation, air sealing, and ventilation

**\$2,500**

for electric wiring

## Tax Deductions for Energy Efficiency and Electric Upgrades

### Energy Efficient Home Improvement Credit.

Heat pumps and heat pump water heaters are eligible for a 30 percent tax credit at \$2,000. Building envelope and other efficiency improvements are cumulatively capped at \$1,200. These credits can now be used year after year, which means owners can do energy upgrades over a period of time.

### HOMES Rebate Program.

Homeowners and multifamily owners and aggregators (entities that may receive rebates on behalf of homeowners and multifamily building owners) who undertake whole-house energy efficiency retrofit projects that achieve modeled or measured reductions in energy usage.

### Commercial Buildings Energy Efficient Credit,

Offers \$2.50 to \$5.00 per square foot for businesses achieving 25 to 50 percent reductions in energy use over existing building performance standards.



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