



Incentives for Energy Efficient New Construction

There are several ways developers, owners, contractors, and builders can take advantage of federal and state funding for sustainability features in new construction – from energy efficiency to renewable energy. This fact sheet breaks down notable incentives for residential and commercial construction.

RESIDENTIAL DEVELOPMENT

45L New Energy Efficient Home Tax Credit for Home Builders

Available until 2032 for new and renovated single and multifamily homes.

- **ENERGY STAR Certified Homes**
 - \$2,500 for meeting ENERGY STAR Single-Family New Home requirements
 - \$2,500 for meeting ENERGY STAR Manufactured Home requirements
 - \$500 per unit for meeting Multifamily New Construction requirements, increases to \$2,500 per unit with prevailing wages
- **Zero Energy Ready Certified Homes**
 - \$1,000 per home or unit meeting Zero Energy Ready Home requirements, increases to \$5,000 per unit with prevailing wages
 - Up to \$400,000 per building

Both credits can be claimed the year the units are leased or sold.

Both credits are transferable and can be sold to interested parties at a negotiated price agreed to by both parties.



ENERGY STAR
Homes



Zero Energy
Ready Homes

Focus on Energy Rebates

As Wisconsin's statewide energy program, Focus provides design assistance and rebates to help improve energy efficiency of commercial and residential buildings. Focus offers a variety of new construction services and incentives.

- **Energy Design Assistance (EDA)** – free customized, whole-building energy analysis AND \$0.075/kWh and \$0.87/Therm saved from implementing energy efficiency measures
- **Prescriptive incentives** – available for a catalogue of products when purchased and installed
- **Custom Incentives** – provide \$0.05/kWh saved, \$0.95/therm saved, and \$100 per kW reduction in peak demand from implementing energy efficiency measures
- Up to \$25,000 for **renewable energy** on businesses

Reach out to an Energy Advisor from Focus on Energy to help identify what is best for your project.

RESIDENTIAL & COMMERCIAL DEVELOPMENT

179D – Energy Efficient Commercial Buildings Tax Deduction

Taxable business income deduction for buildings with 3+ stories.

- Deduction starts at \$0.54 per square foot for buildings that achieve 25% energy savings
- Deduction of up to \$5.65 per square foot with greater energy savings, contractors paid prevailing wages, and meeting apprenticeship requirements.
- Covers energy efficient building envelopes; heating, ventilating, and air conditioning (HVAC) systems; hot water systems; and interior lighting.

RENEWABLE ENERGY

Investment Tax Credits – applies to solar, geothermal and more

- Base credit of 30% of the cost of the clean energy system (<1MW), including installation
- + 10% if system components are made in America
- + 10% if the system is located in an energy community (downtown Madison qualifies)
- Example: If the system costs \$35,000, you would get \$17,500 in transferable tax credits!



New
Construction
Assistance



Summary of
Focus Incentives
for Businesses



179D Deduction



Investment Tax
Credit

Questions? Contact Gabriel Saiz, Sustainability Coordinator, at gsaiz@cityofmadison.com