

Preliminary Data/IRA Energy Efficient Home Improvement Credits: Congressional Research Service Report



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The Congressional Research Service (“CRS”) issued a September 16th report titled:

Preliminary Data on the IRA Energy Efficient Home Improvement Credit (“Report”).

CRS serves as shared staff to Congressional Committees and Member of Congress providing policy experts at various stages of the legislative process.

The Report focuses on the Energy Efficient Home Improvement Credit (“EEHIC”). It addresses:

- Fiscal costs.
- Uptake among high-income taxpayers.
- Geographic distribution of credit recipients.
- Technologies used for EEHIC claims.

The EEHIC was scheduled to expire at the end of 2021 but was reinstated and expanded by the Inflation Reduction Act of 2022.

Certain energy efficient home improvements are eligible for the EEHIC (see § 25C of the Internal Revenue Code) which include:

- Building envelope components satisfying the energy efficiency requirements.
- Exterior doors, windows, and skylights.
- Insulation materials or systems in air sealing materials or systems.

Electric or natural gas heat pump water heaters, electric or natural gas heat pumps, and biomass stoves and biomass boilers have a separate aggregate yearly credit.

The CRS Report indicates that the EEHIC disproportionately benefitted higher-income households in 2023. For example, it states nearly 3/5 of tax filers receiving the EEHIC had incomes of \$100,000.00 or more. It also notes that taxpayers in the northeast were the most likely to claim the EEHIC credit, while those in the southern states were the least likely to claim the credit.

Not counting late filers, more than 2.3 million taxpayers are stated to have received the EEHIC in 2023.

The Report also addresses the appliances most commonly claimed by EEHIC recipients which include:

- Insulation upgrades (claimed by 30%).
- Exterior windows and skylights (30%).
- Central air conditioners (21%).
- Taxpayers most expensive door (17%).

The State of Arkansas was listed in the 5 states with the lowest share of taxpayers benefitting from the EEHIC at 1.1%.

A copy of the Report can be downloaded [here](#).