



Heating & Cooling Systems

CAPITALIZING ON CAPITOL HILL: TURNING THE INFLATION REDUCTION ACT INTO SALES

The Inflation Reduction Act of 2022 includes incentives that reward homeowners and builders for installing high-efficiency HVAC equipment



THE IMMEDIATE AND LONGER-TERM IMPACT OF THE INFLATION REDUCTION ACT EXPLAINED

Bryant high-efficiency heating and cooling systems offer a number of consumer benefits. From energy savings to comfort-enhancing innovations to quieter operation, there's a lot to like. And now there's another benefit, thanks to Uncle Sam: The Inflation Reduction Act of 2022.

WHAT IS THE INFLATION REDUCTION ACT OF 2022?

The U.S. Government has passed the Inflation Reduction Act of 2022, a piece of legislation covering a broad spectrum of initiatives, including health care costs, clean energy, and the federal deficit among others.¹ Of particular interest to homeowners, home builders and HVAC contractors, this act includes a number of incentives for the installation of high-efficiency home heating and cooling products, including:



- \$4.3 billion in state-administered rebates on ENERGY STAR® certified equipment
- Extension and expansion of 25C, 25D, and 45L tax credits for CEE Highest Efficiency and ENERGY STAR® certified equipment

While these initiatives do support increased emphasis on selling high-efficiency Bryant comfort systems, we recommend taking a measured approach with your customers. Rebate programs will take time to develop and will be subject to availability, and 25C tax credits available for 2022 will increase starting in 2023.²

This guide will take a closer look at rebates and tax credits, then offer some recommendations on how to use the Inflation Reduction Act of 2022 to help sell Bryant high-efficiency systems.



THE REALITY ABOUT THE REBATES

While the \$4.3 billion rebate budget certainly catches your eye, it's best to be patient and attentive to details for now. Here's why:

- Funds will be allocated to state energy offices with a fair amount of discretion on how they will be used.
- Depending upon the state, rebate programs may take some time to get implemented.
- Funding allocations will vary from state-to-state.
- The rebate program will not be available to all households. Households earning less than 80% of the median local income can qualify for the full benefit. Those earning between 80 - 150% of the average local median may be eligible for a partial (50%) benefit.
- Rebates will be subject to availability - the funds are capped, so they may run out before the ten-year period is over.

In contrast, the tax credits are in place now, and will continue to be available for the next decade.

TAKING ADVANTAGE OF THE INFLATION REDUCTION ACT TAX CREDITS: PATIENCE PAYS OFF

The Inflation Reduction Act of 2022 both extends and expands existing 25C and 25D tax credits to homeowners and 45L tax credits to home builders for installing applicable high-efficiency HVAC equipment. Each of these credits has specific efficiency requirements to qualify as outlined in the chart below. The bill applies to systems installed in 2022, and some of these credits will increase in 2023.

Here is a summary of the tax credits as they stand now, and for the coming years:³

Tax Section	Tax Credit Description	2022 Tax Credit Details	2023-2032 Tax Credit Details
25C	<p>Non-Business Energy Property Credits</p> <ul style="list-style-type: none"> - Products must be in the highest efficiency CEE Tier - Must be placed in service in an existing home which is your principal residence by December 31 of each tax year - New construction and rentals do not apply 	<p>10% of cost up to \$500</p> <p>Air Conditioners</p> <ul style="list-style-type: none"> - ENERGY STAR® Most Efficient products qualify, up to \$300 tax credit <p>Heat Pumps</p> <ul style="list-style-type: none"> - ENERGY STAR® certified products qualify, up to \$300 tax credit <p>Gas Furnaces and Boilers</p> <ul style="list-style-type: none"> - ENERGY STAR® certified products qualify (excluding those for US South only), up to \$150 tax credit <p>Advanced Main Air Circulating Fan</p> <ul style="list-style-type: none"> - Must use no more than 2% of furnace's total energy, up to \$50 tax credit 	<p>30% of cost up to \$1,200 (\$2,000 for Heat Pump)</p> <p>Air Conditioners</p> <ul style="list-style-type: none"> - ENERGY STAR® Most Efficient products qualify, up to \$600 tax credit <p>Heat Pumps</p> <ul style="list-style-type: none"> - ENERGY STAR® certified products qualify, up to \$2,000 tax credit <p>Gas Furnaces and Boilers</p> <ul style="list-style-type: none"> - ENERGY STAR® certified products qualify (excluding those for US South only), up to \$600 tax credit <p>Advanced Main Air Circulating Fan</p> <ul style="list-style-type: none"> - Must use no more than 2% of furnace's total energy, up to \$50 tax credit
Tax Section	Tax Credit Description	2022-2034 Tax Credit Details	
25D	<p>Residential Energy Efficient Property Credit (Renewable Energy)</p> <ul style="list-style-type: none"> - Existing homes and new construction qualify, rentals do not qualify - Must meet requirements of ENERGY STAR® program in effect at time of expenditure - Tax credits include installation costs 	<p>Geothermal Heat Pumps</p> <ul style="list-style-type: none"> - 30% for systems placed in service during calendar year 2022 through calendar year 2032 - 26% for systems placed in service during calendar year 2033 - 22% for systems placed in service during calendar year 2034 	
Tax Section	Tax Credit Description	2022-2032 Tax Credit Details	
45L	<p>Energy Efficient New Home Credits</p> <p>Single Family</p> <p>ENERGY STAR® Single-Family New Home National Version 3.1 (for years 2022-2024) or Version 3.2 (for years 2025-2032) - or the regional program requirements applicable to the home</p> <p>Multifamily</p> <p>ENERGY STAR® Multifamily New Construction National program requirements (or the regional program requirements) applicable to the dwelling unit, as specified in Section 13304</p>	<p>Single Family</p> <ul style="list-style-type: none"> - Single Family New homes - \$2,500 tax credit - Zero-energy Single Family New Homes - \$5,000 tax credit <p>Multifamily</p> <ul style="list-style-type: none"> - Multifamily Units - \$500 tax credit - Zero-energy Multifamily Units - \$1,000 tax credit 	

WHEN DOES THIS NEW LEGISLATION TAKE EFFECT?

The Inflation Reduction Act of 2022 was passed by both the Senate and the House of Representatives and signed into law by President Biden in August of 2022. The current 25C, 25D and 45L tax credits apply retroactively to products installed beginning on January 1, 2022. As noted in the chart above, these tax credits will change again as of January 1, 2023.

HOW DOES THIS LEGISLATION AFFECT BRYANT DEALERS?

Dealers already versed in selling our highest efficiency products now have another benefit to sell – savings through tax credits and rebates. For those currently more focused on volume sales of our entry tier models, this represents an opportunity to gain traction with selling our qualifying mid-tier and deluxe models to homeowners looking for the most value for their money. Either way, Bryant dealers should benefit with more sales of higher-end systems.

HOW DOES THIS LEGISLATION AFFECT HOMEOWNERS?

For homeowners, this legislation makes stepping up to a higher efficiency home comfort system more affordable. And when they do, it can lead to higher satisfaction with systems that provide the additional comfort benefits of our premium products, including:

- Potentially reduced monthly heating and cooling costs with highest efficiency models
- Evolution™ system communicating capabilities
- Multi-poise technology adaptable capacity comfort
- Perfect Humidity™ technology advanced moisture control
- Smooth, even variable-speed comfort

CURRENT PRODUCT ELIGIBLE FOR 25C, 25D AND 45L TAX CREDITS

Bryant offers a comprehensive family of high-efficiency products that can help homeowners enjoy exceptional comfort, savings on their energy bills, and even receive some money back on their investment through tax credits and rebates. Here's a look at products that meet the current efficiency requirements:

Equipment	2022 Tax Credit	Minimum Efficiency	Bryant Product Families that meet requirements†
Split Central Air Conditioner	\$300	13.0 EER 16.0 SEER	186CNV, 189BNV, 180BNA, 127ANA, 186BNA, 187BN, 126CNA, 126BNA, 123ANA, 124ANS, 116BNA, 105ANA, 114CN, 113A, BA17NA, BA16NW, BA16NA, BA15NA, BA14NA, BA13NA, 127TAN, 126SAN, 315SAN, 115SAN, 114SAN, GA7TAN, GA5SAN, GA4SAN
Split Air Source Heat Pump	\$300	8.5 HSPF 12.5 EER 15.0 SEER	Unitary: 215BNA, 226ANA, 225BNA, 214D, 224ANS, 286BNA, 226CNA, 227TA, 280/4ANV, 288BNV, 38MURA, BH14NB, BH16NA, BH17NA, GH7TA Ductless: 38MPRB, 38MARB, 38MG*B, 38MHRCQ
Package Air Conditioner	\$300	12.0 EER 14.0 SEER	577E, 707E, PA4Z
Package Heat Pump	\$300	8.0 HSPF 12.0 EER 14.0 SEER	677E, 607E, 677C (24,48), 607C (24,48)
Natural Gas, Propane or Oil Furnace	\$150	95% AFUE	987M, 986T, 935C, 926T, 926S, 915S, 935S

† Qualification depends on the specific model and system combination installed, consult the AHRI directory and/or www.cbpeaq.com/Bryantratings.aspx to search for a list of applicable combinations.



WHAT YOU CAN DO IN THE SHORT TERM...

Because this legislation is so new, there are many details to be worked out. Your best strategy will be a multi-layered approach:

- Continue to ramp up your efforts in selling high-efficiency Bryant systems
- Continue to learn all you can about the details of this legislation
- Pay close attention to rebates in your area – those programs will vary from state-to-state and will take time to develop
- Reach out to customers who purchased qualifying systems earlier in 2022 to let them know about potential tax credits*
- Be prepared to be patient – some homeowners may choose to wait on installing a new system until 2023 when the higher tax credits kick in

* NOTE: Be sure to remind your customers that they must consult with a qualified tax professional to determine how these credits may apply in their circumstance.

WHAT YOU CAN EXPECT IN 2023 AND BEYOND...



This is a 10-year program with ongoing implications for sales of high-efficiency systems. For the longer term, you should:

- Be prepared for an increase in sales of high-efficiency systems
- Be prepared for increased interest in and sales of heat pumps with the \$2,000 tax credit
- Reach out to your state energy offices to gather details on local rebate programs
- Be prepared for a potential need for increased staffing and training
- Be prepared for increased need for inventory and storage of higher efficiency systems

A FINAL WORD

As a Bryant dealer you already have an advantage with products and support from the world's innovative leader in comfort and the inventor of modern air conditioning. And now, you have renewed consumer interest in high-efficiency indoor comfort, thanks to the Inflation Reduction Act of 2022.

To fully leverage this opportunity, we encourage you to bolster your efforts in selling the comfort and energy-saving benefits of Bryant higher efficiency systems. Be prepared to discuss the potential tax credits available, the efficiency requirements needed to earn the credit, and the Bryant products that meet those criteria. Then, communicate those potential incentives in every sales presentation.

As a Bryant dealer, the time to capitalize on Capitol Hill's action is now. We look forward to working with you to accelerate sales of our highest efficiency systems!

¹ <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/15/by-the-numbers-the-inflation-reduction-act/>

² <https://www.kiplinger.com/taxes/605069/inflation-reduction-act-tax-credits-energy-efficient-home-improvements>

³ https://www.energystar.gov/about/federal_tax_credits



For further information, please contact:

Bryant.com

©2022 Carrier. All Rights Reserved.
01-8110-1714-01 9/2022

A Carrier Company