



Energy Star Roofing Products and the Homeowner Tax Credit

ISSUE

The American Recovery and Reinvestment Act must be clarified as to which EPA Energy Star-rated roofing products qualify for the homeowner energy-efficiency tax credit.

BACKGROUND

The Energy Policy Act of 2005's list of eligible building envelope components for the homeowner's energy-efficiency improvement tax credit included any metal roof that has appropriate pigmented coatings that are specifically and primarily designed to reduce the heat gain of a dwelling unit and meets or exceeds Energy Star program requirements. The Emergency Economic Stabilization Act of 2008 (EESA) expanded eligibility for the credit to include metal or asphalt roofs with appropriate pigmented coatings or cooling granules. And, finally, the American Recovery and Reinvestment Act of 2009 (ARRA) raised the homeowner's credit from 10 to 30 percent with an aggregate cap of \$1,500 for all property qualifying for the credit.

Regrettably, the Internal Revenue Service's (IRS) interpretation of this language limits application of the tax credit to very few roofing products on the Energy Star list, because the IRS has a more restrictive definition of the term "pigmented" than is used in the roof coatings industry. The IRS has adopted the mistaken position that pigmented coatings are only applied to metal roofs, arbitrarily limiting the usage of pigmented coatings and consumer choice in the marketplace. Furthermore, the IRS and EPA have come to the erroneous conclusion that only asphalt shingles are used on homes, when, in fact, many homes that do not have pitched (steep-slope) roofs use other asphalt roofing products.

Roof coatings, or what has been referred to by the metal industry as pigmented coatings, are defined in the **EPA Energy Star ® Program Requirements for Roofing Products, Partner Commitments** as:

A material typically applied in the liquid state to the roof surface at the time of construction or at a later time as a retrofit measure. Roof Coatings may include bituminous, polymeric, polymer modified, epoxy based, or other formulations. Bituminous roof coatings are formulated using bitumen. Polymeric roof coatings are formulated using a variety of synthetic resins such as acrylic, neoprene, styrene butadiene, urethane, polyvinyl acetate, and other. Polymer modified roof coatings are manufactured by combining a portion of the polymeric technology with bitumen technology.

According to industry standards, white or aluminum coatings, to name two, can be considered pigmented or Energy Star coatings, because they can be applied to metal, asphaltic, or other roof surfaces. However, when asphalt roofing was added to the list of eligible components for the homeowner credit in EESA, the IRS tied it exclusively to reflective granules and did not take into account the ability to use reflective coatings that meet or exceed Energy Star requirements on asphaltic roof surfaces. Per the **EPA Energy Star ® Program Requirements for Roofing Products, Partner Commitments**, these surfaces can be interpreted to include all asphalt roofing systems including Built-Up-Roofing (BUR); Modified Bitumen; and Asphalt Shingles.

SOLUTION

Congress should direct the IRS to acknowledge that asphaltic roofs coated with reflective (pigmented) coatings that meet or exceed Energy Star program requirements qualify for the homeowner tax credit.

BENEFITS

This will act as an incentive to expand the number of cool roofs installed via coating technology and support Energy Secretary Chu's goal of improving building energy efficiency and curbing climate change by increasing the albedo (reflectivity) of roofing. Also, this policy goal would be attained through the marketplace by adding substantially more products to the list of eligible components for the homeowner tax credit (including white, pigmented and aluminum coatings), giving consumers a much broader and more accurate selection list of qualified products for their homes.

CONTACT

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