NAIMA

North American Insulation Manufacturers Association

U.S. Plant Locations

American Rockwool
Nolanville, TX

CertainTeed, LLC
Athens, GA
Chowchilla, CA
Kansas City, KS

Johns Manville
Berlin, NJ
Cleburne, TX
Defiance, OH
Houston, TX
McPherson, KS
Phenix City, AL
Richmond, IN
Waterville, OH
Willows, CA
Winder, GA

Knauf Insulation
Albion, MI
Inwood, WV
Lanett, AL
McGregor, TX
Shasta Lake, CA
Shelbyville, IN

Owens Corning
Cleveland, TN
Delmar, NY
Fairburn, GA
Lakeland, FL
Joplin, MO
Kansas City, KS
Mount Vernon, OH
Newark, OH
Nephi, UT
Springfield, TN
Tiffin, OH
Waxahachie, TX

ROCKWOOL
Byhalia, Mississippi
Ranson, WV
Wallula, WA (under construction)

The 25C Energy Efficient Home Improvement Tax Credit

How Does the 25C Tax Credit Work?

The 25C tax credit is a nonrefundable personal tax credit. Homeowners must owe federal income tax to claim the credit for qualified improvements made to a homeowner's principal place of residence.

There is a $1,200 yearly tax credit maximum for insulation and air sealing. Electric or natural gas heat pump water heaters, electric or natural gas heat pumps, and biomass stoves and boilers have a separate yearly credit limit of $2,000.

The 25C tax credit was enacted in 2005 and signed into law by President Bush. The current tax credit is in effect through 2032.

25C and the Insulation Industry

25C tax credit is an impactful incentive that helps homeowners make the investment to improve their home's energy efficiency. Insulation contractors use this credit to market energy efficiency retrofits to homeowners, highlighting the benefit of lower utility bills and improved home comfort.

Insulation is made in America. Insulation is manufactured in the United States for the domestic market. In total, the insulation industry (manufacturing, distribution, and contractors) employs 1.8 million Americans and supports a $100 billion payroll.[i]

25C and Homeowners

Improves aging building stock. The median age of owner-occupied homes in the U.S. is 40 years. Older houses are less energy-efficient than new construction.[ii]

Most homes in the U.S. are under-insulated. An estimated 89% of homes in the U.S. are under insulated.[iii]

25C saves homeowners money. EPA's Energy Star estimates that homeowners can save an average of 15% on heating and cooling costs by air sealing and adding insulation in their homes.[iv]

Strong public utilization of the credit. Last year, 2.3 million tax filers took advantage of the credit and reduced their federal tax bill by an average of $882.[v]

Utility-Scale Benefits of the 25C Tax Credit

Electricity demand expected to rise in the U.S. U.S. electricity demand is projected to increase by an average of 9% by 2028 with peak demand for electricity increasing by an average of 5% over the same period. Among the factors spurring this demand are the growth in data centers and electric vehicle charging.[vi] According to Lawrence Berkeley National Laboratory, AI-driven data centers could account for 12 percent of U.S. electricity use by 2028.

Electric demand reduction. Insulation and air sealing can reduce peak electric load, which represent times of highest energy demand, by 7-10%.[vii]

Reduced capital costs for utilities. These demand reductions are important because high peak load drives the need for additional power plants, transmission lines, and distribution system upgrades. These are significant costs that utilities typically recover from customers through their electric bills.

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[i] *https://www.insulationadvocacy.org/_files/ugd/bb658f_8db5ca95e5b848c9829e3007265d426b.pdf*

[ii] *https://eyeonhousing.org/2023/02/age-of-housing-stock-by-state-4/*

[iii] *https://insulationinstitute.org/wp-content/uploads/2023/02/Under-Insulated-Single-Family-Detached-Homes-in-the-United-States-Final-20241008.pdf*

[iv] *https://www.energystar.gov/saveathome/seal_insulate/methodology*

[v] *https://www.irs.gov/statistics/soi-tax-stats-clean-energy-tax-credit-statistics*

[vi] *https://www.icf.com/insights/energy/impact-rapid-demand-growth-us*

[vii] *https://www.brattle.com/wp-content/uploads/2021/09/An-Assessment-of-Electrification-Impacts-on-the-Pepco-DC-System.pdf*