village view

by Andrea Leonard

How would you like to subtract a couple of hundred dollars from your federal income taxes next April? If you could save even $10, it'd be worth it, wouldn't it?

According to the Massachusetts Energy Office, the new Energy Tax Act of 1978 may help make you eligible for this deduction. You'll have to spend some money between now and the end of December to qualify this year, however. All the money you spend can't be deducted from your tax bill, of course, but 15% of it could be; you'll also reap savings in heating costs that would eventually pay you back the money you've laid out.

There's a minimum credit of $10; that means you'll have to spend a minimum of $66 for increased insulation in the ceilings and/or walls of your house, for storm windows or doors, for weather-stripping, for a new oil burner which is more efficient than your old one, or for other qualifying energy-saving equipment such as solar heating of space or hot water.

The maximum credit permitted is $2,000. To qualify for the entire amount, you'd have to spend $13,333.33. By fully insulating your older home at a cost of around $1,000, installing storm windows and doors at a cost of approximately $500, weatherstripping for about $60, you'd spend $1560. If you had a new oil or gas burner, you'd bring your total up by another $350 to $1910. Fifteen percent of that is $286.50.

That's the amount you could reduce your taxes by after all other deductions and credits are calculated. Add to that the difference between what you're now paying for heat and what you'd spend once the additional weatherproofing of your home was accomplished, and it might almost be worth it.

There are a few restrictions;there always are in connection with anything the federal government gets mixed up in. For instance, the energy saving item must be installed in your principal residence on or after April 20, 1977. If you had the work done in March of last year, you won't qualify. Nor does the credit apply to insulation or other conservation items installed in new homes constructed since April 20,1977.

The minimum amount, $66, must be spent in one year; the maximum $2,000 credit, if you qualify for it or any part of it, can be carried over from one year to the next whould the amount of the credit exceed the amount you'd otherwise pay in taxes. That is, you may apply for a credit the next year to the extent of the excess.

It should be borne in mind that improvements such as insulation and storm windows and doors will increase the value of your house, as will a new heating unit, should you wish to sell the house. Even if you have no plans now to market your residence, the increased value is there. In the case of the oil or gas burner, of course, it depreciates as it ages, just as your car does. As the years pass there are fewer years of "life" left in that equipment; since this is the case, you can't expect it ot last indefinitely, nor can you expect the value of it to remain the same for an indefinite period of time.

Should you decide it would be worth it to invest $2,000 in weatherizing your present principal residence, be sure to save your sales receipts when purchasing eligible energy-saving equipment. The figures will be required when you will out your tax forms. For you 1978 tax returns there'll be available a separate form on which to figure the credit. Although you should retain the sales slips and bills in your own files, the receipts themselves need not be submitted unless the IRS specifically requests to see them.

The aim of this tax credit, of course, is to encourage home-owners to reduce the quantity of heating oil or natural gas they are now consuming. A comprehensive study made by the Massachusetts Energy Office reveals ther'll be adequate supplies of both heating oil and natural gas for the winter of 1978-79.

At the same time the study shows the average price for fuel oil has risen about four per cent in the past twelve months.

Prices range from 43.9 cents a gallon to 53.9 cents, depending where you live in the Commonwealth. In the Fitchburg area, fuel oil customers are paying the lowest prices; on Cape od some oil dealers are charing the highest rate while others are billing as low as 46.9 cents a gallon.

Nowhere have I found any explanation for the wide disparity in fuel oil prices. If weather condition are normal, an average three-bedroom single family dwelling consumes approximately 1600 gallons of oil a year. That's $702.40 for the family paying 43.9 cents, while the customer that's charged 53.9 cents will receive bills totalling $862.40. The $160 difference per single family dwelling will mean a big difference in profit margins for the oil suppliers.

It will mean a big hole in the wallet of the consumer paying 53.9 cents a gallon for oil too. Maybe consumers should do a bit of shopping around.

The Massacusetts Energy Office study indicates no expected shortage of natural gas this winter although it predicts a continued tight natural gas market well into the 1980s.

Residential customers comprise more than 90 per cent of the total gas consumers in the state. According to the two gas pipeline companies which serve this part of the country, residential customers are given the highest priority for receipt of gas should there be any shortage. The Energy Office has supplied no information regarding projected price-rises in natural gas.

A final persuader to invest in energy-saving equipment could well be our well-known ever-present univited guest, inflation. It's not going to move out for some time to come. And when it does move out, it's very apt to leave behind an unwelcome replacement, hard times.

While we're still in the inflation spiral spending on essentials makes sense. What we bought a year ago for ten dollars, we have to pay $11 for today. What we spend ten dollars for this year, we'll probably have to spend $11 for, next year.

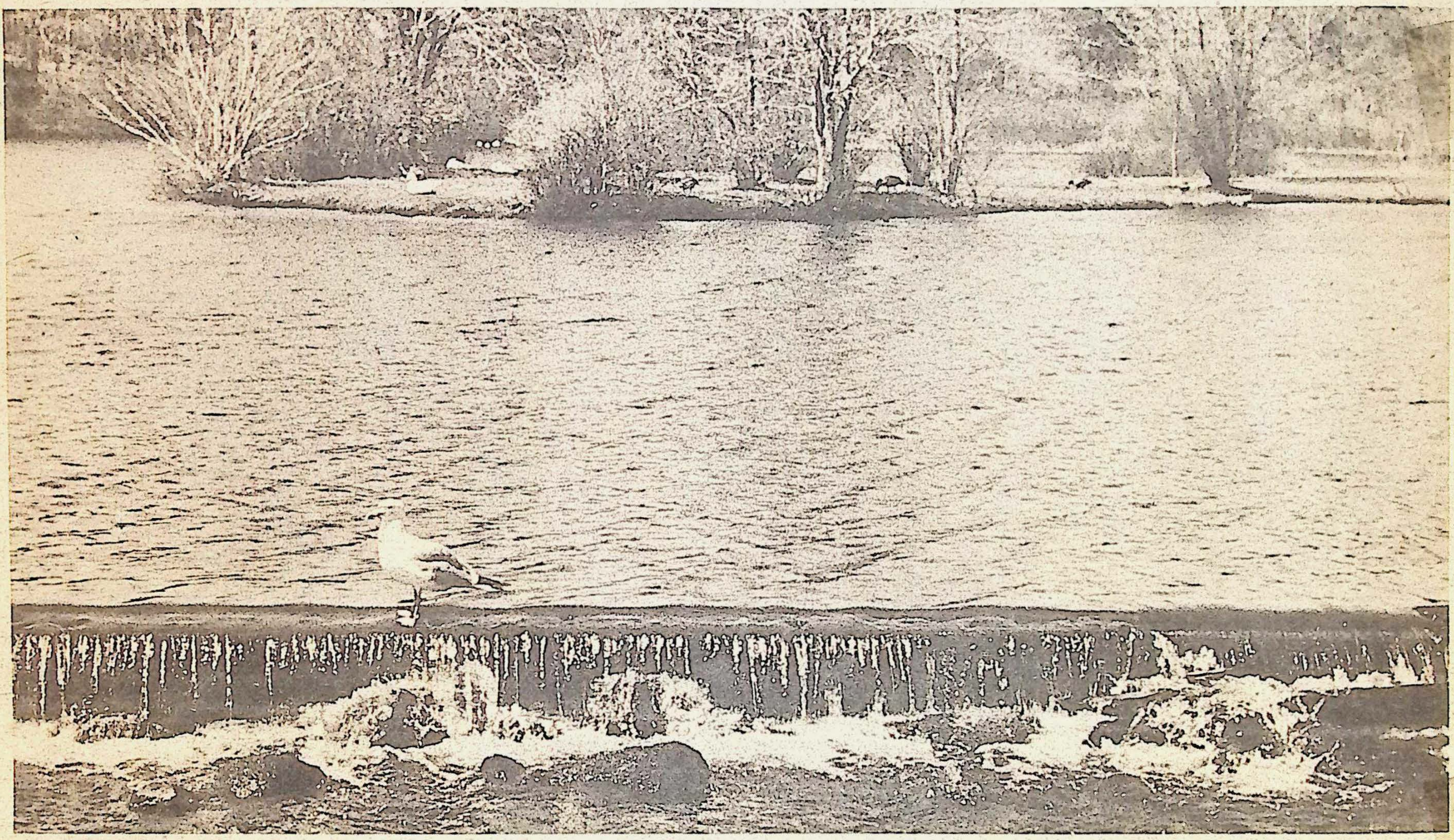
With that kind of reality facing us, we could do worse than spend today's dollar to save expenses we know are coming, and coming at higher prices, a year from now.

Suppose you borrow to make improvements. You can then deduct from income taxes interest paid on the loan, spend less to heat your home and hot water, receive the 15% credit on your taxes, increase the value of your home, and have more spendable dollars over the coming five or ten years to help overcome the effects of continuing inflation.

It's almost impossible to conceive that what each of us does, singly, effects the value of the dollar on the world money markets, yet it's obvious that if the energy supplies we collectively demand were to decrease, the value of our dollar would rise on world money markets.

If we hope to keep our contry viable, there's but one starting place, and that's at the point of consumption, our individual usages.

At the very least, it'd be worth a try, wouldn't it?



Seagull on the Mills River Dam in Marstons Mills. (Village Advertiser Photo by Mark Cote)