

Call, Act, Save: PSC Energy Conservation Awareness: How Conservation Can Reduce Your Montana Tax Liability

The State of Montana offers three home energy-related tax credits for individuals. For more information, call the Department of Revenue at 1.866.859.2254 or click on their "Energy Related Tax Relief" information page at: <http://mt.gov/revenue/FAQs-energycredits.asp#selected>



The **Energy Conservation Installation Credit** is a tax credit applied against a taxpayer's income tax liability. Montana residents can claim the credit for energy conservation investments made to a home or other building. The credit is equal to 25% of expenses, up to a maximum credit of \$500. To qualify for this credit, a taxpayer will have to show that the investment will reduce the waste or dissipation of energy or reduce the amount of energy required to accomplish a given amount of work.

The **Geothermal Systems Credit** is also a tax credit applied against a taxpayer's income tax liability. Montana residents who complete the installation of a geothermal system in their home can claim the credit. A geothermal system is a system that transfers energy either from the ground, by way of a closed loop, or from ground water, by way of an open loop, for the purpose of heating or cooling a residential building. This credit is a nonrefundable carryover credit in which you can carry forward any unused portion for seven succeeding years.



The **Alternative Energy Systems Credit** is a tax credit against income tax liability for the cost of purchasing and installing an energy system in a Montana resident's home that uses (1) a recognized nonfossil form of energy such as, but not limited to, solar energy, wind energy, solid waste, and organic waste or (2) a low emission wood or biomass combustion device such as a pallet or wood stove. The credit cannot exceed \$500. Any unused balance of the credit can be carried forward and applied to future income tax liabilities for a period of four succeeding tax years.