

## ENERGY CONSERVATION CREDIT - GENERAL INSTRUCTIONS

A direct credit against tax liability is allowed for a portion of the cost of an investment in a building for energy conservation purposes. An investment for energy conservation purposes means the installed cost of materials and equipment which reduce the waste or dissipation of energy or reduce the amount of energy required to accomplish a given amount of work. The term "building" includes single or multiple dwellings (including mobile homes) and buildings used for commercial, industrial or agricultural purposes, enclosed with walls and a roof. In the case of a building under construction, no deduction is allowable with respect to the cost of materials and equipment installed for energy conservation purposes if compliance with established standards of construction necessitates the installation. However, when energy conservation materials and equipment exceeding established standards of construction are installed, the additional cost qualifies for the credit.

The energy conservation credit is allowed only for the year the installation is placed in service and is allowable only with respect to buildings located in Montana.

The Department of Revenue has determined that the following investments qualify for the credit.

- Insulation in existing buildings of floors, walls, ceilings and roofs.
- Insulation in new buildings of floors, walls, ceilings and roofs to the extent it produces an insulating factor in excess of established standards of construction.
  
- Insulation of pipes and ducts located in non-heated areas and of hot water heaters and tanks.
- Special insulating siding with a certified insulating factor substantially in excess of that of normal siding.
  
- Storm windows, storm doors (except with a wood entry door), and triple glazed windows (in existing buildings).
  
- Insulated exterior doors.
- Caulking and weather stripping.
- Devices which limit the flow of hot water from shower heads and lavatories.
- Waste heat recovery devices.
- Glass fireplace doors
- Exhaust fans used to reduce air conditioning requirements.
- Replacement of incandescent light fixtures with light fixtures of a more efficient type.
- Lighting controls with cut-off switches to permit selective use of lights.
- Clock regulated thermostats.

The above is not to be considered an exhaustive list of qualifying investments.

The energy conservation credit is allowed as a percentage of the installed cost of the materials and equipment.

***Note: Installation of a new furnace or water heater does not qualify for this credit.***