

## INSTRUCTIONS FOR WIND ENERGY PRODUCERS CREDIT FORM

- The purpose of the Wind Energy Producers Act is to encourage the development of the wind energy industry in Montana without adversely affecting present revenues. The credit is allowed for individuals, partnerships, small business corporations and regular corporations.
  - In order to qualify the investment must be:
    - \$5,000 or more
    - depreciable under I.R.C. section 38
    - located in Montana
  - The credit is 35% (.35) of eligible costs. The eligible costs are those that are associated with the purchase, installation, or upgrading of:
    - generating equipment
    - safety devices and storage equipment
    - transmission lines necessary to connect with existing transmission facilities; and
    - transmission lines necessary to connect directly to the purchaser of the electricity when no other transmission facilities are available.
  - The credit is to be taken against taxes due as a consequence of taxable or net income produced by the following:
    - Montana manufacturing plant that produces wind energy generating equipment.
    - New business facility or expanded portion of business facility which uses wind energy as a basic energy source.
    - Wind energy generating equipment.
- All of the above are defined as "Wind Energy Related".
- In the case of a business, a portion of which qualifies for this credit and a portion of which does not qualify, taxes due from each portion must be separated by using the three-factor formula provided in section 15-31-305, MCA.
  - Limitation on credit. If the taxpayer claims a federal credit under I.R.C. section 48 (1) the state credit must be reduced so that the sum of the credit, federal and state does not exceed 60% (.60) of the eligible costs. If a state credit is claimed under this act no other state energy credit or state investment tax credit may be claimed for the investment. You also may not claim the property tax exemption for nonfossil energy property, allowed under 15-6-201(3) MCA, on property for which the wind energy generation credit is claimed.
  - Carryover of credits. The unused portion of the tax credit, which exceeds the tax liability generated by the asset, may be carried over up to seven years. The credit is first to be claimed in the year the asset was placed in service and the excess credit then carried forward.
  - The equipment must be placed in service after December 31, 1982 in order to be eligible.

Questions? Please call 1-406-444-3674 or TDD 1-406-444-2830 for hearing impaired. 📞