

# Energy Conservation Installation Credit

The Department of Revenue encourages citizens to weatherize their homes and take advantage of the Energy Conservation Installation Credit when individual income tax returns are filed.

The credit is applied against a taxpayer's income tax liability. Montana resident individuals 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. Two or more people may each qualify for the credit, as long as the building in which the investment is made is owned by all of the people claiming the credit. For example, a married couple who jointly own their home may each claim a credit up to \$500 each or \$1,000 for the couple.

The following investments qualify for the energy conservation credit:

- Heat recovery ventilators (HRV) \*\*(See note below)
- Glass fireplace doors on existing conventional fireplaces
- Exhaust fans to reduce air conditioning requirements
- Replacement of incandescent light fixtures with fixtures of a more efficient type such as those with electronic ballast and compact or linear fluorescent lamps and LED lights
- Lighting controls with cutoff switches to permit the selective use of lights
- Programmable thermostats
- Installation of new domestic water heaters, heating or cooling systems, so long as the new system uses energy more efficiently than the prior system \*\*(See note below)
- Insulation of floors, walls, ceilings and roofs in existing buildings
- Insulation in the floors, walls, ceilings and roofs of a new building, to the extent that it exceeds the current International Energy Conservation Code with Montana amendments as adopted by the Montana Department of Labor and Industry
- Insulation of heating and air conditioning pipes, insulation and sealing of heating, ventilation and air conditioning (HVAC) ducts, and insulation of hot water heaters and tanks
- Windows that result in a reduction of energy consumption \*\*(See note below)
- Storm doors and insulated exterior doors \*\*(See note below)
- Caulking and weather stripping of an existing structure (except when it is a standard component in the construction or maintenance of the structure such as the chinking and caulking in a log home)
- Devices which limit the flow of hot water from shower heads and lavatories

**\*\*Please note - If any of the indicated items were installed after June 30, 2010 either in an existing building or while constructing a new building, the following applicable specification must be met or exceeded in order for the investment to qualify for the credit:**

Type of Investment	Specification to qualify for the credit
Exterior windows and skylights	U-factor and SHGC less than or equal to 0.30
Storm windows	U-factor and SHGC less than or equal to 0.30 when measured in combination with the exterior window over which it is installed
Exterior doors	U-factor and SHGC less than or equal to 0.30
Storm doors	U-factor and SHGC less than or equal to 0.30 when measured in combination with the wood door over which it is installed
Split system central air conditioning	EER greater than or equal to 13 and SEER greater than or equal to 16
Package system central air conditioning	EER greater than or equal to 12 and SEER greater than or equal to 14
Split system air source heat pumps	HSPF greater than or equal to 8.5, EER greater than or equal to 12.5 and SEER greater than or equal to 15
Package system air source heat pumps	HSPF greater than or equal to 8, EER greater than or equal to 12.5 and SEER greater than or equal to 14
Natural gas or propane furnace	AFUE greater than or equal to 95
Oil furnace	AFUE greater than or equal to 90
Hot water boiler	AFUE greater than or equal to 90
Advanced main air circulating fan	no more than 2% of total energy use
Heat recovery ventilators	CSA C439-00 standard
Gas, oil, or propane water heater	energy factor greater than or equal to 0.82 or thermal efficiency of at least 90%
Electric heat pump water heater	energy factor greater than or equal to 2.0

## Examples of investments that will NOT qualify for the energy conservation credit

In general, any investment for repairs or maintenance to a building or residence will not qualify. The following are examples of expenditures that will NOT qualify for the energy conservation installation credit. This list is not intended to be an all inclusive list, but a guideline to assist you in determining if your investment qualifies.

- Installing carpet
- Reshingling or repairing a roof
- Paint
- Replacing or repairing a failing foundation
- Siding with little or no insulation
- Portable air conditioners
- Space heaters
- Household appliances such as ENERGY STAR stoves, washers, dryers and refrigerators