

COMPARISON OF TAX CREDITS FOR HOMEOWNERS

Product Category	Product Type	Federal Tax Credit Specification	Montana Tax Credit Specification	Federal Tax Credit	Montana Tax Credit	Federal Notes	Montana Notes
			insulation of hot-water heaters and tanks				
Lighting	Fixtures	NO FEDERAL CREDIT	Replacement of incandescent light fixtures with light fixtures of a more efficient type such as those with electronic ballast and compact or linear fluorescent lamps and LED lights	NO FEDERAL CREDIT	25% of cost, up to \$500 <sup>5</sup>	NO FEDERAL CREDIT	
	Controls	NO FEDERAL CREDIT	Lighting controls with cutoff switches to permit selective use of lights	NO FEDERAL CREDIT	25% of cost, up to \$500 <sup>5</sup>	NO FEDERAL CREDIT	
HVAC	Central A/C	<p><i>Split Systems:</i> EER &gt;=13 SEER &gt;= 16</p> <p><i>Package systems:</i> EER &gt;= 12 SEER &gt;= 14</p>	<p><i>Replacement –</i> If a central air conditioning system is replaced with another central air conditioning system, the replacement must have a higher energy rating than the system being replaced. If window conditioners are being replaced with a central air conditioning system, the central air conditioning system must meet or exceed the new construction standards below. <i>New construction--</i> <i>Split Systems:</i> SEER &gt;=13 <i>Package systems:</i> SEER&gt;=12</p>	30% of cost, up to \$1,500 <sup>2</sup>	<p>25% of cost, up to \$500<sup>5</sup> If window conditioners are being replaced with a central air conditioning system, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.</p> <p>In new construction, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.</p>	For a list of qualified products, read this <a href="#">FAQ</a> . Note — not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria.	Unlike the federal credit, the Montana credit is not allowed for installation in dwellings that are not the taxpayer's principal residence.
	Air Source Heat Pumps	<p><i>Split Systems:</i> HSPF &gt;= 8.5 EER &gt;= 12.5 SEER &gt;= 15</p> <p><i>Package systems:</i> HSPF &gt;= 8 EER &gt;= 12 SEER &gt;= 14</p>	<p><i>Split Systems:</i> HSPF &gt;= 8.2 EER &gt;= 12 SEER &gt;= 14.5</p> <p><i>Package systems:</i> HSPF &gt;= 8 EER &gt;= 11 SEER &gt;= 14</p>	30% of cost, up to \$1,500 <sup>2</sup>	25% of cost, up to \$500 <sup>5</sup>	For a list of qualified products, read this <a href="#">FAQ</a> . Note — not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria.	Unlike the federal credit, the Montana credit is not allowed for installation in dwellings that are not the taxpayer's principal residence.
	Natural Gas or Propane Furnace	AFUE >= 95	<p><i>Replacement</i> The replacement must have a higher energy rating than the furnace being replaced. If the replacement furnace is of a different style or type, the replacement furnace must meet or exceed the new construction standards below.</p> <p><i>New construction</i> AFUE&gt;=90</p>	30% of cost, up to \$1,500 <sup>2</sup>	<p>25% of cost, up to \$500<sup>5</sup> If a replacement furnace is of a different style of type, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.</p> <p>In new construction, only the cost of exceeding current IECC construction standards adopted by the</p>	For a partial list of qualifying products go to: <a href="#">Air-Conditioning, Heating, Refrigeration Institute (AHRI)</a> .  Not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria for furnaces, boilers.	Unlike the federal credit, the Montana credit is not allowed for installation in dwellings that are not the taxpayer's principal residence.

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	Oil Furnace	AFUE >= 90	<i>Replacement</i> The replacement must have a higher energy rating than the furnace being replaced. If the replacement furnace is of a different style or type, the replacement furnace must meet or exceed the new construction standards below. <i>New construction</i> AFUE>=90	30% of cost, up to \$1,500 <sup>2</sup>	25% of cost, up to \$500 <sup>5</sup> If a replacement furnace is of a different style of type, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.  In new construction, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.	For a partial list of qualifying products go to: <a href="#">Air-Conditioning, Heating, Refrigeration Institute (AHRI)</a> .  Not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria for <a href="#">furnaces, boilers</a> .	Unlike the federal credit, the Mo allowed for installation in dwellir the taxpayer's principal residen
	Gas, Propane, or Oil Hot Water Boiler	AFUE >= 90	<i>Replacement</i> The replacement must have a higher energy rating than the boiler being replaced. If the replacement boiler is of a different style or type, the replacement must meet or exceed the new construction standards below. <i>New construction</i> AFUE>=80	30% of cost, up to \$1,500 <sup>2</sup>	25% of cost, up to \$500 <sup>5</sup> If a replacement boiler is of a different style of type, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.  In new construction, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.	For a partial list of qualifying products go to: <a href="#">Air-Conditioning, Heating, Refrigeration Institute (AHRI)</a> .  Not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria for <a href="#">furnaces, boilers</a> .	Unlike the federal credit, the Mo allowed for installation in dwellir the taxpayer's principal residen
	Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use. <a href="#">Read this FAQ if the fan qualifies, but the furnace does not.</a>	<i>Improvements--</i> No Montana credit  <i>New Construction --</i> Exceed building code standard	30% of cost, up to \$1,500 <sup>2</sup>	25% of cost, up to \$500 <sup>5</sup>		
	Exhaust fans	NO FEDERAL CREDIT	Exhaust fans used to reduce air conditioning requirements	NO FEDERAL CREDIT	25% of cost, up to \$500 <sup>5</sup>	NO FEDERAL CREDIT	
	Thermostats	NO FEDERAL CREDIT	Programmable thermostats	NO FEDERAL CREDIT	25% of cost, up to \$500 <sup>5</sup>	NO FEDERAL CREDIT	

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	Heat Recovery Ventilators	NO FEDERAL CREDIT	CSA C439-00 standard HVI certified product	NO FEDERAL CREDIT	25% of cost, up to \$500 <sup>5</sup>	NO FEDERAL CREDIT	CSA C439-00 contains the standard laboratory method of tests for the performance of heat/energy recovery ventilators HVI means the Home Ventilating
	Glass Fireplace Doors	NO FEDERAL CREDIT	No minimum standards	NO FEDERAL CREDIT	25% of cost, up to \$500 <sup>5</sup>	NO FEDERAL CREDIT	
Water Heaters	Gas, Oil, Propane Water Heater	Energy Factor >= 0.82 or a thermal efficiency of at least 90%.	<i>Replacement</i> The replacement must have a higher energy rating than the water heater being replaced. If the replacement water heater is of a different style or type, the replacement must meet or exceed the new construction standards below. <i>New construction--</i> Indirect – high efficiency with a minimum of 2 inches of foam insulation Demand or instantaneous -- gas-fired - .82 or greater energy factor and electronic ignition	30% of cost, up to \$1,500 <sup>2</sup>	25% of cost, up to \$500 <sup>5</sup> If a replacement water heater is of a different style or type, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.  In new construction, only the cost of exceeding current IECC construction standards adopted by the Department of Labor and Industry qualify for the credit.	All ENERGY STAR gas tankless water heaters will qualify. There are currently no ENERGY STAR qualified gas storage tank or gas condensing water heaters that qualify. <u>View ENERGY STAR criteria for water heaters.</u> For a partial list of qualifying products go to the <u>Air Conditioning, Heating, and Refrigeration Institute (AHRI)</u>	Unlike the federal credit, the Montana credit is not allowed for installation in dwellings other than the taxpayer's principal residence
	Electric Heat Pump Water Heater	Same criteria as ENERGY STAR: Energy Factor >= 2.0	NO MONTANA CREDIT at this time	30% of cost, up to \$1,500 <sup>2</sup>	NO MONTANA CREDIT	All ENERGY STAR electric heat pump water heaters qualify for the tax credit.	NO MONTANA CREDIT
Biomass Stove	Biomass Stove	Stove which burns biomass fuel <sup>4</sup> to heat a home or heat water.  Thermal efficiency rating of at least 75% as measured using a lower heating value.	The following qualify for the Montana credit: 1. any appliance that uses wood pellets as its primary source of heat (no minimum standards) 2. a wood burning appliance that is certified by the EPA pursuant to 40 CFR 60.533 3. a wood burning appliance that is qualified for the phase 2 white tag under EPA method 28 OWHH for outdoor hydronic heaters 4. a masonry heater constructed or installed in compliance with the International Residential Code for One- and Two-Family Dwellings	30% of cost, up to \$1,500 <sup>2</sup>	Cost up to \$500 <sup>6</sup> per taxpayer		
Geo-Thermal Heat Pump	Geo-Thermal Heat Pump	Same criteria as ENERGY STAR: Closed Loop: EER >= 14.1 COP >= 3.3  Open Loop:	Montana has no minimum heat pump standards. The state provides a geothermal system credit for installation of a geothermal system, defined as a system that transfers energy either from the ground,	30% of the cost	Geothermal system credit for the cost up to \$1,500 for installation of a geothermal system that includes a heat pump.	All ENERGY STAR geo-thermal heat pumps qualify for the tax credit. Use <u>IRS Form 5695</u> Must be "placed into service" before December 31, 2016.	Montana provides a credit of up to \$2,000 for: (1) a taxpayer's installation of a geothermal system in their principal residence (2) a contractor's installation of a geothermal system when constructing a residential sale.

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		EER $\geq$ 16.2 COP $\geq$ 3.6  Direct Expansion: EER $\geq$ 15 COP $\geq$ 3.5	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.		Alternative energy system credit for the cost up to \$500 <sup>6</sup> per taxpayer for installation of geothermal system in the taxpayer's principal residence		The state also provides an alternative energy system credit of up to \$500 per installation of an alternative energy system at the principal residence, which is in addition to the geothermal system. The alternative energy system credit is allowed for an investment for geothermal system credit is c
Solar Energy Systems	Solar Water Heating	At least half of the energy generated by the "qualifying property" must come from the sun. Homeowners may only claim spending on the solar water heating system property, not the entire water heating system of the household. The credit is not available for expenses for swimming pools or hot tubs. The water must be used in the dwelling. The system must be certified by the Solar Rating and Certification Corporation (SRCC).	Montana has no minimum solar energy system standards.	30% of cost	Cost up to \$500 <sup>6</sup> per taxpayer	All ENERGY STAR solar water heaters qualify for the tax credit. Use IRS Form 5695. Must be placed in service before December 31, 2016.	The solar energy system must be installed in the taxpayer's principal residence.
	Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirements.	Montana has no minimum photovoltaic system standards.	30% of cost	Cost up to \$500 <sup>6</sup> per taxpayer	Use IRS Form 5695. Must be placed in service before December 31, 2016.	The photovoltaic system must be installed in the taxpayer's principal residence.
Small Wind Energy Systems	Residential Small Wind Energy Systems	Has nameplate capacity of not more than 100 kilowatts	Montana has no minimum small wind energy system standards	30% of cost	Cost up to \$500 <sup>6</sup> per taxpayer	Use IRS Form 5695. Must be placed in service before December 31, 2016.	The small wind energy system must be installed in the taxpayer's principal residence.
Fuel Cells	Residential Fuel Cell and Microturbine System	Efficiency of at least 30% and must have a capacity of at least 0.5 kW.	Montana has no minimum fuel cell standards	30% of the cost, up to \$500 per 0.5 kW of power capacity	Cost up to \$500 <sup>6</sup> per taxpayer	Use IRS Form 5695. Must be placed in service before December 31, 2016.	The fuel cell and microturbine system must be installed in the taxpayer's principal residence.

<sup>1</sup> Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code.

<sup>2</sup> Subject to a \$1,500 maximum per homeowner for all improvements combined.

<sup>3</sup> A Manufacturer's Certification is a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit. The IRS encourages manufacturers to provide these Certifications on their website for identification of qualified products. Taxpayers must keep a copy of the certification statement for their records, but do not have to submit a copy with their tax return.

<sup>4</sup> Biomass Fuel means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grass fibers.

The IRS defines "placed in service" as when the property is ready and available for use.

<sup>5</sup> Subject to a \$500 annual maximum per taxpayer per building for all improvements combined.

<sup>6</sup> The alternative energy credits are allowed only for initial installations. No credit is allowed for repair, maintenance, or upgrades.

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