

## Energy Tax Credits Fact Sheet – Home Energy Efficiency Upgrades

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Did you make an energy conservation upgrade to your home in 2018? If so, you may be eligible for certain tax credits that come right off the bottom line of taxes owed.

### State Credits

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The Montana Energy Conservation tax credit offers 25 percent of the costs (material and labor) to improve insulation levels, air tightness, windows, doors, and heating equipment for existing homes. Restrictions do apply. For example, an eligible furnace must be rated at an Annual Fuel Utilization Efficiency (AFUE) rating of 95 – meaning it is 95 percent efficient or better. The cap on the credit is \$500 per taxpayer, \$1,000 per couple.

To qualify for the credit window and door improvements to existing homes must feature efficiency ratings of at least U-.30. Window U-value is a measurement of heat loss; therefore, the lower the U- value the better. If the combined costs for eligible windows, doors, extra insulation and/or an eligible furnace amounts to \$4,000 or more, a couple could claim the \$1,000 Montana maximum tax credit.

The Montana tax credits can be used every year new energy efficiency investments are made. For houses built in recent decades, the home's base efficiency level, including window U-value and heating system efficiency, should be listed on the blue energy component label installed by the builder in or on the main electrical panel box. Homeowners should note additional investments in energy efficiency there as well.

Many new home buyers may be eligible for the maximum credit of \$500 per taxpayer, or \$1,000 for a couple. This is because new homes today often feature highly efficient windows, doors, and furnaces and have high levels of insulation. For example, certified Energy Star or Montana Green Building homes (above Bronze level with an Energy Star-rated heating system) receive a \$500 Montana tax credit. A couple is eligible for \$1,000 if the qualifying heating (and ventilation and air conditioning) equipment and the extra cost above code are documented.

### Federal Credits

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The federal tax credit for home energy efficiency upgrades for qualifying windows, doors, insulation, roofs, and equipment was reinstated for 2017. For additional information please visit [energystar.gov/about/federal\\_tax\\_credits](http://energystar.gov/about/federal_tax_credits). The Federal tax credit for solar water heating and solar electric (PV) are available at 30 percent through 2019 (material and labor with no upper limit. The credit decreases to 26 percent for tax year 2020; drops to 22 percent for tax year 2021, and expires on December 31, 2021.

### Resources

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For additional information go to <http://deq.mt.gov/energy> or call Paul Tschida at the Department of Environmental Quality at 406-444-6464.

For a full listing of investments that qualify for the Montana Energy Conservation Tax Credit, go to <http://revenue.mt.gov/>