

15. Financial Support for Geothermal Development

Montana has a variety of financial tools to help defray the cost of geothermal systems. A few of these are listed below. In addition, local utilities often have their own rebate programs for heat pump installations. Contact the Montana Department of Environmental Quality and your local utility for more information on the most current financial credits available for geothermal and other renewable energy systems.

Geothermal System Credit

15-32-115, MCA

Eligibility:

Resident individuals

Qualifying Expenditures:

Installation cost including such cost, but not limited to, trenching, well drilling, casing, ground source pumps, ductwork, and design and labor.

Benefits:

The maximum credit for the installation of a geothermal system in a taxpayer's principal dwelling cannot exceed \$1,500. The unused amount may be carried forward for seven succeeding tax years.

Alternative Energy Production Credit

15-32-401 through 15-32-407, MCA

Eligibility:

Individual, corporation, partnership, or small business corporation

Qualifying Expenditures:

Investment of \$5,000 or more in depreciable property under the Internal Revenue Code for a commercial system or a net metering system located in Montana that generates energy by means of an alternative renewable energy source.

Benefit:

The credit is 35 percent of the eligible costs. The credit must first be claimed in the year in which the asset was placed in service; any excess credit may be carried over up to seven years. For wind energy investments 5 megawatts or larger, which are located within the exterior boundaries of a Montana Indian reservation, the credit may be carried over up to 15 years. (Please refer to MCA 15-32-402 and 404 for additional qualifications necessary regarding investments located on a Montana Indian reservation).

15. Financial Support for Geothermal Development - *continued*

Alternative Energy System Credit

15-32-201 through 15-32-203, MCA

Eligibility:

Resident individuals

Qualifying Expenditures:

- Nonfossil form of energy generation system such as wind energy, solar energy, solid waste, and decomposed organic waste in your principal home.
- Low emission wood or biomass combustion device, such as a pellet or wood stove in your principal home.
- Certain outdoor hydronic heaters or masonry heaters.

Benefits:

The credit for the installation of a recognized nonfossil form of energy generation system in the taxpayer's principal dwelling is the cost of the system, including installation costs, less grants received, not to exceed \$500 per taxpayer against the income tax liability imposed. Any excess credit not claimed in the year of installation may be carried forward for four succeeding tax years.