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Opportunities Provided by the 2009 American Recovery and Reinvestment Act (ARRA)

We encourage Montana taxpayers – both individuals and businesses – to make the most of ARRA's significant tax credits and incentives. Many of these benefits occur automatically while some require you to act in order to take advantage of them. ARRA's tax credits and incentives for energy conservation and alternative energy sources are the place to start if you want to improve the energy conservation and efficiency of your home and to make a positive impact on your own and Montana's energy future.

ARRA provides a unique window of opportunity for Montana residents to reduce the cost of making energy saving home improvements and investing in alternative energy sources. While some purchases qualify only for a federal credit or only for a Montana state credit, during 2009 and 2010 many purchases qualify for both a federal tax credit and a Montana tax credit. The following information summarizing the federal and Montana energy tax credits and showing where they overlap is intended to help you make informed energy choices and decisions. Making smart energy investments not only helps you, it supports Montana's economy and advances the state's clean energy strategy.

Are You Interested in Making Energy Home Improvements for Which you May Receive a Tax Credit?

Generally, for both federal and state purposes, investments qualifying for energy tax credits fall into one of two general categories.

Energy conservation

Purchases that qualify for energy conservation tax credits include materials and appliances that act to improve a home's ability to conserve energy and include items such as insulation, energy efficient windows and doors, water heaters, and heating and cooling systems.

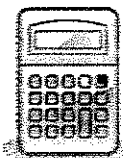
Alternative energy systems

Purchases that qualify for alternative energy systems tax credits include solar, geothermal heat pumps, wind systems and fuel cells.

Information about the qualifications and tax credits associated with each of these two groups of investments can be found under the following two links:

[Energy Conservation](#)

[Alternative Energy Systems](#)



Go to an [Interactive Calculator and Details](#) for home improvement product types like windows, heating and cooling and more.

The Department of Revenue is accelerating its 2009 review of the state energy tax credit rules. This may result in updated Montana credit standards that conform even more closely to the federal credit standards. However, there is no reason for taxpayers to delay the purchase of items that already qualify for state energy credits. Taxpayers can be confident that any purchases made now that qualify for the state tax credit under current 2009 rules will continue to qualify after the update of these rules. Please check this site for updates.

If you would like to receive rule-making notices, please contact Cleo Anderson,

Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-5828; fax (406) 444-3696; or email canderson@mt.gov.

Montana taxpayers potentially will benefit from an estimated \$575.7 million in federal tax cuts in fiscal years 2010 and 2011—with individuals receiving \$485.2 million of this amount.

The Impact of ARRA on Montana Taxes

Summary of All Tax Cuts and Incentives Provided by ARRA

Additional Resources

- [Energy Star Federal Tax Credits for Energy Efficiency](#)
- [Montana Dept of Revenue Frequently Asked Questions on Energy Tax Credits](#)
- [Montana Dept of Environmental Quality on Energy Conservation](#)

This website is intended to provide taxpayers with general information about federal and state tax credits. No attempt has been made to comment on all tax credits or all qualifications for any tax credit. Moreover, the information focuses on energy-related purchases by individuals for installation in their homes and has limited application to businesses or nonresidential installations. Also, minimum qualifying energy efficiency standards may change. Accordingly, you should consult and depend on your own tax advisors in analyzing the federal and state tax consequences of making any expenditure or purchasing any particular item of property or service.