

HOUSE BILL NO. 540

INTRODUCED BY F. WILMER

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE INDIVIDUAL INCOME TAX CREDIT FOR ALTERNATIVE ENERGY SYSTEMS AND ENERGY-CONSERVING EXPENDITURES; CLARIFYING THAT CERTAIN ALTERNATIVE ENERGY SYSTEMS MUST MEET CERTAIN SAFETY AND RELIABILITY REQUIREMENTS TO QUALIFY FOR THE CREDIT; PROVIDING A 3-YEAR CARRYFORWARD FOR UNUSED ENERGY-CONSERVING EXPENDITURE TAX CREDITS; AMENDING SECTIONS 15-32-109 AND 15-32-201, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-32-109, MCA, is amended to read:

"15-32-109. Credit for energy-conserving expenditures. (1) Subject to the restrictions of subsection (2), a resident individual taxpayer may take a credit against the taxpayer's tax liability under chapter 30 for 25% of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of a water, heating, or cooling system in the building, so long as either type of investment is for an energy conservation purpose, in an amount not to exceed ~~\$500~~ \$1,000.

(2) The credit under subsection (1):

~~(a) may not exceed the taxpayer's tax liability; and~~

~~(b) is subject to the provisions of 15-32-104.~~

(3) If the amount of the tax credit exceeds the taxpayer's income tax liability for the tax year, the amount that exceeds the tax liability may be carried forward for taxes imposed in the next 3 succeeding tax years."

Section 2. Section 15-32-201, MCA, is amended to read:

"15-32-201. Amount of credit -- to whom available. (1) ~~(a) A~~ Subject to subsection (1)(b), a resident individual taxpayer who completes installation of an energy system using a recognized nonfossil form of energy generation, as defined in 15-32-102, in the taxpayer's principal dwelling ~~after December 31, 2001,~~ is entitled to claim a tax credit in an amount equal to the cost of the system, including installation costs, less grants received, not to exceed ~~\$500~~ \$1,000, against the income tax liability imposed against the taxpayer pursuant to chapter 30.



1 **(b) If the taxpayer's energy system is a net metering system, the system must comply with the provisions**
2 **of 69-8-604 to qualify for the credit under subsection (1)(a) of this section.**

3 (2) A resident individual taxpayer who completes installation of an energy system using a low-emission
4 wood or biomass combustion device, as defined in 15-32-102, in the taxpayer's principal dwelling ~~after December~~
5 ~~31, 2004~~, is entitled to claim a tax credit in an amount equal to the cost of the system, including the installation
6 costs, not to exceed \$500, against the income tax liability imposed against the taxpayer pursuant to Title 15,
7 chapter 30."

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9 **NEW SECTION. Section 3. Effective date.** [This act] is effective on passage and approval.

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11 **NEW SECTION. Section 4. Retroactive applicability.** [This act] applies retroactively, within the
12 meaning of 1-2-109, to tax years beginning after December 31, 2008.

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