



2009 Alternative Energy Production Credit

15-32-401 through 406, MCA

Name (as it appears on your tax return) _____

Your Social Security Number or Federal Employer Identification Number _____

If this credit was passed through to you from a partnership or S corporation, enter below the name and FEIN of the partnership or S corporation and your percentage of ownership in the partnership or S corporation.

Name _____ FEIN _____ Percent of Ownership _____ %

Location of your alternative energy producing assets _____

Credit Calculation

1. Enter the amount of your eligible alternative energy equipment investment.....	1.	
2. Enter your Montana taxable income (Individuals, Form 2, line 45; C corporations Form CLT-4, line 9).....	2.	
<p>▶ If the alternative energy production income is part of a business with both qualifying and non-qualifying income sources, the Income Allocation Schedule below must be used to calculate the amount on line 3.</p>		
3. Enter the net income attributable to eligible alternative energy equipment.....	3.	
4. Subtract the amount on line 3 from the amount on line 2 and enter the result here	4.	
5. Enter the total tax as shown on your return (Individuals, Form 2, line 46; C corporations, Form CLT-4, line 10.)	5.	
6. Calculate the tax due for the income reported on line 4 (Individuals use tax table; C corporations use 6.75%.)	6.	
7. Subtract line 6 from line 5 to calculate income tax attributable to alternative energy production and enter the result here. (The amount of credit applied may not exceed this amount.)	7.	
8. Enter 35% (0.35) of line 1 to calculate your Montana alternative energy production credit; include your carryforward amount \$ _____ from previous years in your line 8 total. See instructions for further carryforward information. This is your allowable alternative energy production credit. Enter here and on your Form 2, Schedule V, for individuals; Form PR-1, Schedule II, for partnerships; Form CLT-4S, Schedule II, for S corporations; Form CLT-4, Schedule C, for C corporations	8.	

Income Allocation Schedule

	a. Total Factors		b. Montana Factors		c. Factor (b) divided by (a) = (c)
9. Business property	\$	Alternative energy related property	\$	9.	%
10. Business payroll	\$	Alternative energy related payroll	\$	10.	%
11. Business sales	\$	Alternative energy related sales	\$	11.	%
12. Enter the sum of the factors from lines 9, 10 and 11				12.	%
13. Divide the amount from line 12 by 3 and enter the result here				13.	%
14. Enter the amount from line 2 above				14.	
15. Multiply the amount on line 14 by the amount on line 13. This is your allocated energy production income. Enter here and on line 3 above				15.	

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

Form AEPC Instructions

What is the purpose of the Alternative Energy Production Credit?

The purpose of the Alternative Energy Production Credit is to encourage the development of the alternative energy industry in Montana without adversely affecting tax revenues. Because of the alternative energy potential in Montana, it is desirable to encourage alternative energy generation for the purpose of attracting alternative energy manufacturing industries to Montana. It is also desirable for a new or expanded industry to secure alternatively generated electricity on a direct contract sales basis without adversely affecting rates charged to other electricity users.

How do I qualify for this credit?

To qualify for the alternative energy production credit, your investment in a commercial system or a net metering system has to be:

- \$5,000 or more,
- property depreciable under the Internal Revenue Code for a commercial system or net metering system,
- located in Montana, and
- generating energy by means of an alternative renewable energy source; as defined in 15-6-225(2)(a), MCA.

How much is my credit?

Your alternative energy production credit is equal to 35% (0.35) of your eligible costs.

Your credit is applied only against taxes due as a consequence of taxable or net income produced by one of the following:

- a manufacturing plant that is located in Montana and that produces alternative energy generating equipment;
- a new business facility or the expanded portion of an existing business facility for which the alternative energy generating equipment supplies, on a direct contract sales basis, the basic energy needed; or
- the alternative energy generating equipment in which the investment was made, for the credit being claimed.

If your business has a portion of its taxable or net income that qualifies for this credit and a portion that does not qualify, you must pro-rate that portion of your income and associated taxes that qualify for this credit by using the three-factor formula provided in 15-31-305, MCA.

What are my eligible costs?

Your eligible costs include only those costs that are associated with the purchase, installation, or upgrade of:

- generating equipment,
- safety devices and storage components,
- transmission lines that are necessary to connect with existing transmission facilities, and
- transmission lines that are necessary to connect directly to the purchaser of the electricity when no other transmission facilities are available.

Eligible costs must be reduced by the amount of any grants provided by the state or federal government for the system.

Am I eligible for other state energy incentives on my investment if I am claiming this credit?

If you claim this credit, you cannot claim any other state energy credit or state investment tax credit for this investment. In addition, you cannot claim the property tax exemption for nonfossil energy property, allowed under 15-6-224, MCA, on the same property used to generate this credit.

Can I carry my unused credit forward to another tax year?

Yes you can, but you have to first claim this credit in the year you place the asset in service. You can carry forward the unused portion of your tax credit up to seven years. If you have an agreement and contract, as described below, you can carryover your unused portion of this credit up to fifteen years.

- You invest in a 5 megawatt or larger commercial system located within the exterior boundaries of a Montana Indian reservation, and
- You sign an employment agreement with the tribal government of the reservation where the commercial system would be constructed regarding the training and employment of tribal members in the construction, operation and maintenance of the commercial system.

What information do I have to include with my return when I claim this credit?

When you claim this credit, please attach a copy of Montana Form AEPC to your income tax or corporate license tax return. If you are an S corporation or a partnership and are claiming this credit, attach Montana Form AEPC to your Montana information return Form CLT-4S or PR-1 and include a separate statement identifying each owner and their proportionate share of this credit.

How do I claim my alternative energy production credit when I am a partner or shareholder in a partnership or S corporation?

When the partnership or S corporation invests in a commercial system or a net metering system, the entity will report the credit on its information tax return and provide you with information about your share of the credit on a Montana Schedule K-1 or similar form.

Your share of the alternative energy production credit that is passed through to you by the S corporation or partnership is based on the same proportion used by you to report your income and loss for Montana purposes.

Remember to complete the information above that identifies the entity's name, federal employer identification number and your percentage of ownership.

Questions? Please call us toll free at (866) 859-2254 (in Helena, 444-6900).