



Tax Credits: No Tax Liability Needed

What is a tax credit? Generally, to benefit from a \$7,500 tax credit, you would have to owe at least \$7,500 on your taxes. When you file your taxes, you would get the \$7,500 deducted from what you owe, and you'd pay \$7,500 less in taxes.

What's new? The Inflation Reduction Act created a new **transferability** option that allows more people to utilize clean energy tax credits. Transferability allows eligible taxpayers to **transfer** the value of certain tax credits to an unrelated party. For example, a buyer of a new electric vehicle could transfer the \$7,500 value of their tax credit to the seller at the time of sale in exchange for a \$7,500 discount on their purchase. This is particularly helpful for those that may not have adequate tax burden to otherwise benefit from the full value of the credit.

Federal Incentives Summary

Topic	Incentive Name	Incentive Amount	Transferability
Renewable Energy	Residential Clean Energy Credit	30% off renewable energy systems costs	No
Building Energy Efficiency	Energy Efficiency Home Improvement Credit	Up to \$3,200 for home energy efficiency upgrade per year	No
	New Energy Efficient Homes Credit	More than \$2,500 for new homes that meet certain energy efficiency standards	No
	Home Energy Performance-Based, Whole-House Rebates (HOMES)	Up to \$8,000 for home energy performance improvements	N/A
	High-Efficiency Electric Home Rebate Program (HEEHRA)	Up to \$14,000 for highly efficient home appliances	N/A
Clean Vehicles, Charging Infrastructure, Alternative Fuels	Previously-Owned Clean Vehicles Credit	Up to \$4,000 for used clean vehicles	Yes
	New Clean Vehicle Credit	Up to \$7,500 for new clean vehicles	Yes
	Alternative Fuel Vehicle Refueling Property Credit	Up to \$1,000 for residential refueling/charging property	Yes

Explore how these incentives can stack together, and with local incentives, at [ElectrifyMissoula.org](https://www.ElectrifyMissoula.org).



Residential Clean Energy Credit

Availability: January 1, 2023 through December 31, 2032, with phasedown over 2033-2034.

Description and Eligibility: Provides a tax credit to homeowners and renters for the purchase of residential clean energy equipment, including solar photovoltaic/electric, solar water heating, fuel cell, small wind energy, geothermal heat pump, and battery storage with capacity of at least 3 kWh.

Base Credit Amount: 30% off the project cost through 2032; 26% off in 2033; 22% off in 2034. If tax liability is less than full credit value, the remaining credit can be carried forward to apply to liability in future tax years.

Bonus Credit Amount: None

Transferability: No

Stackability: No rules – you can combine this incentive with other incentives.

Tax Code: 26 U.S. Code § 25D

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Energy Efficiency Home Improvement Credit

Availability: January 1, 2023 through December 31, 2032.

Description and Eligibility: Consumer tax credit for energy improvements to home or residence. Eligible recipients include homeowners as well as renters for certain improvements.

Base Credit Amount: 30% off the equipment cost, with limits for each type of improvement and total limits per year:

- Credit capped at \$600 for energy property such as efficient heating and cooling equipment;
- \$600 for windows;
- \$250 per door, \$500 total for doors;
- \$2,000 for qualified heat pumps, biomass stoves, and boilers;
- \$1,200 for qualified energy efficiency improvements to the building envelope, including insulation and air sealing.
- \$150 credit for home energy audits.

Total annual credit capped at \$1,200, with a separate annual credit limit of \$2,000 for heat pumps, biomass stoves, and boilers.

Bonus Credit Amount: None

Transferability: No

Stackability: No rules – you can combine this incentive with other incentives.

Tax Code: 26 U.S. Code § 25C

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New Energy Efficient Homes Credit

Availability: January 1, 2023 through December 31, 2032.

Description and Eligibility: Tax credit to homebuilders for homes built to specific energy efficiency standards.

Base Credit Amount:

- \$2,500 for new homes meeting Energy Star standards;
- \$5,000 for certified zero-energy ready homes.
- For multifamily, base amounts are \$500 per unit for Energy Star and \$1000 per unit for zero-energy ready.

Bonus Credit Amount: For multifamily homes, 5 times the base amount if prevailing wage requirements are met.

Ask your contractor or tax professional for the latest guidance on prevailing wage and apprenticeship requirements.

Transferability: No

Stackability: No rules - Taxpayers claiming the Low-Income Housing Tax Credit do not have to reduce their tax basis when claiming the New Energy Efficient Homes Credit.

Tax Code: 26 U.S. Code § 45L

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Home Energy Performance-Based, Whole-House Rebates (HOMES)

Availability: Program expected to launch in early 2024 and remain available through September 30, 2031.

Description and Eligibility: State administered rebate to homeowners for whole house energy savings retrofits. Rebate amounts are based on the income of the recipient compared to the area median income (AMI).

Energy Savings	REBATE AMOUNT BASED ON INCOME			
	Single Family Home	Single Family Home	Multifamily Homes	Multifamily Homes
	<i>Above 80% AMI</i>	<i>Below 80% AMI</i>	<i>50% of Occupants Above 80% AMI</i>	<i>50% of Occupants Below 80% AMI</i>
20% - 35%	MODELED SAVINGS METHOD			
	Lesser of \$2,000 or 50% of project costs	Lesser of \$4,000 or 80% of project costs	\$2,000 per dwelling unit, maximum \$200,000 per building	Lesser of \$4,000 per dwelling unit or 80% of project costs
35% or more	MODELED SAVINGS METHOD			
	Lesser of \$4,000 or 50% of project costs	Lesser of \$8,000 or 80% of project costs	\$4,000 per dwelling unit, maximum \$400,000 per building	Lesser of \$8,000 per dwelling unit or 80% of project costs
15% or more	MEASURED SAVINGS METHOD			
	50% of project cost or \$100 per 1% reduction from average single family home energy use	80% of project cost or \$200 per 1% reduction from average single family home energy use	50% of project cost or \$100 per 1% reduction from average multi-family home energy use	80% of project cost or \$200 per 1% reduction from average multi-family home energy use

Contact the Department of Environmental Quality for current guidance on rebate program qualification.

Stackability: No rules – you can combine this incentive with other incentives.

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High-Efficiency Electric Home Rebate Program (HEEHRA)

Availability: Program expected to launch in early 2024 and to remain available through December, 2031.

Description and Eligibility: State administered rebate to homeowners for the purchase of high-efficiency electric home appliances.

Rebate Amounts:

Maximum rebate amounts for individual measures based on income qualification:

- Heat pump water heater: Up to \$1,750
- Heat pump for space heating and cooling: Up to \$8,000
- Electric stove, cooktop, range, or oven: Up to \$840
- Heat pump clothes dryer: Up to \$840
- Electrical load service center upgrade: Up to \$4,000
- Insulation, air sealing, and ventilation: Up to \$1,600
- Electric wiring: Up to \$2,500

Maximum rebate per building is \$14,000 with percentage caps varying by income and building type.

- Single family at 80-150% area median income: 50% of project costs or 50% of maximum
- Single family at less than 80% area median income: 100% of project costs or 100% of maximum
- Multifamily with 50% of occupants at 80-150% area median income: 50% of project costs or 50% of maximum
- Multifamily with 50% of occupants at less than 80% area median income: 100% of project costs or 100% of maximum

Contact the Department of Environmental Quality for current guidance on rebate program qualification.

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Previously-Owned Clean Vehicles Credit

Availability: January 1, 2023 through December 31, 2032.

Description and Eligibility: To provide a tax credit for purchasers of pre-owned clean vehicles. Tax credit is not available for consumers who have adjusted gross incomes for the current or preceding year above \$150,000 (couples), \$112,500 (heads of household), or \$75,000 (singles).

Individuals can claim only once per three years. Vehicles must be sold by a dealer; the sale price must be \$25,000 or less; and it can only be claimed once per vehicle.

Base Credit Amount: The lesser of \$4,000 or 30% of sale price

Bonus Credit Amount: None

Transferability: Yes. Starting in 2024, transferable only to the dealer at point of sale.

Stackability: No rules – you can combine this incentive with other incentives.

Tax Code: 26 U.S. Code § 25E

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Clean Vehicle Credit

Availability: January 1, 2023 through December 31, 2032.

Description and Eligibility: Provides a tax credit for purchasers of clean vehicles. The tax credit is not available for consumers who have adjusted gross incomes for the current or preceding year above \$300,000 (couples), \$225,000 (heads of household), or \$150,000 (singles).

Credit amount for vehicles placed in service January 1 to April 17, 2023:

- \$2,500 base amount
- Plus \$417 for a vehicle with at least 7 kilowatt hours of battery capacity
- Plus \$417 for each kilowatt hour of battery capacity beyond 5 kilowatt hours
- Up to \$7,500 total

Credit amount for vehicles placed in service April 18, 2023 and after:

Vehicles will have to meet all of the same criteria listed above, plus meet new critical mineral and battery component requirements for a credit up to:

- \$3,750 if the vehicle meets the critical minerals requirement only
- \$3,750 if the vehicle meets the battery components requirement only
- \$7,500 if the vehicle meets both

A vehicle that doesn't meet either requirement will not be eligible for a credit.

Transferability: Yes. Starting in 2024, transferable only to the dealer at point of sale.

Stackability: Cannot claim both the Residential (30D) and Commercial (45W) clean vehicle credits.

Tax Code: 26 U.S. Code § 30D

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Alternative Fuel Vehicle Refueling Property Credit (*residential*)

Availability: January 1, 2023 through December 31, 2032

Description and Eligibility: Provides a tax credit for consumers who purchase qualified residential alternative fuel vehicle refueling and charging property. Alternative fuels include electricity, ethanol, natural gas, hydrogen, biodiesel, and others.

Base Credit Amount: 30% off the cost of the refueling/charging property, limited to a \$1,000 credit per item of property.

Transferability: Not for residential, only for property used in a trade or business.

Stackability: No rules

Tax code: 26 U.S. Code § 30C

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