

## Last Year for Certain Energy-Related Credits

The following energy-related credits expire at the end of 2016. If you think you may be eligible to take any of these credits, we should discuss that when we meet.

*Nonbusiness Energy Property Tax Credit.* You are entitled to an energy property tax credit if you made certain energy efficiency improvements during the year. The credit is equal to 10 percent of the amounts you paid for residential energy property expenditures (such as electric heat pumps, central air conditioners, and certain water heaters that achieve specified efficiency ratings), and is equal to the amounts you paid for qualified energy efficiency improvements (such as insulation, exterior windows and skylights, exterior doors, and certain types of roofs) installed during the tax year. There are various limitations, based on the type of property purchased, with a total \$500 lifetime limitation on this credit.

*Residential Energy Efficient Property Credit.* You may be entitled to claim a credit for expenditures made in 2016 on residential energy efficient property. The credit is equal to the sum of 30 percent of what you paid for certain solar electric property, solar water heating property, fuel cell property, small wind energy property, and geothermal heat pump property. While the credit for expenditures made for qualified fuel cell property is limited to \$500 for each one-half kilowatt of capacity of the property, the amounts of the other qualified expenditures eligible for the credit are not limited.

*Credits for Certain Motor Vehicles and Vehicle-Related Property.* Various credits are available for certain energy efficient vehicles. A credit is available through 2016 for vehicles propelled by chemically combining oxygen with hydrogen and creating electricity (i.e., fuel cell vehicles). This credit potentially applies to four separate categories of vehicles: (1) fuel cell vehicles, (2) advanced lean burn technology vehicles, (3) hybrid vehicles and (4) alternative fuel vehicles.

The base credit is \$4,000 for vehicles weighing 8,500 pounds or less. Heavier vehicles can get up to a \$40,000 credit, depending on their weight. An additional \$1,000 to \$4,000 credit is available to the extent a vehicle's fuel economy exceeds certain fuel economy standards.

Additionally, the purchase of certain refueling property for alternative fuel vehicles may be eligible for a credit of 30 percent of the cost of such property. The credit is limited to \$1,000.

Finally, if you acquired a qualified plug-in electric drive motor vehicle during the year, you may be eligible for a credit of up to \$7,500. This generally applies to large four-wheel electric vehicles. A separate credit applies to qualified two- or three-wheeled plug-in electric vehicles.