



## Instructions

(Section references are to the Internal Revenue Code.)

### Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

### Changes You Should Note

In general, reporting on Form 6497 is now only required for nontaxable energy grants or subsidized energy financing made with respect to section 38 property (as defined in section 48 and the regulations under section 48). However, you must also report any such grants or financing made with respect to a dwelling unit located in the United States, but **only** for expenditures a taxpayer made before January 1, 1986.

### Purpose of Form

Use Form 6497 to report nontaxable energy grants or subsidized energy financing made in calendar years beginning after December 31, 1983, under programs a principal purpose of which is to conserve or produce energy.

Form 6497 lists the information to be furnished about the nontaxable energy grants or subsidized energy financing, and about the recipients. Only one program should be reported on each form. This form should also be used to report funds received from the proceeds of tax-exempt industrial development bonds (IDBs) that have been used to finance energy conservation or production property.

Grants are always taxable to recipients unless specifically exempted by the Federal statute authorizing the grants. The originator of the grant or subsidy program should advise all disbursing agents whether the program is taxable or nontaxable. Taxable grants are reported on **Form 1099-G**, Statement for Recipients of Certain Government Payments. See the **Instructions for Forms 1099, 1098, 5498, 1096, and W-2G** for more information.

### Who Must File

Every person who administers a government program for a Federal, state, or local governmental entity or agent of that entity that provides nontaxable energy grants or subsidized energy financing with respect to section 38 property to recipients under programs a principal purpose of which is energy production or conservation must file Form 6497. (Also file Form 6497 for such grants or financing made with respect to dwelling units located in the United States, but **only** for expenditures a taxpayer made before January 1, 1986.) If a Federal agency is providing the funds to a state agency, and the state turns the funds over to a bank or similar disburser to act as its agent in disbursing the money for the above purposes, only the bank, or disburser, must file Form 6497 to show the actual recipient information.

### When To File

File Form 6497 for the calendar year by the last day of February following the year of the payment.

## Where To File

If your legal residence, principal place of business, office, or agency is located in	Use the following Internal Revenue Service Center address
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 39901
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	Holtzville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, Minnesota, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255
Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
California (all other counties), Hawaii	Fresno, CA 93888
Arkansas, Indiana, North Carolina, Tennessee, Virginia	Memphis, TN 37501

If you have no legal residence, principal place of business, or principal office or agency in any Internal Revenue district, file your return with the Internal Revenue Service Center, Philadelphia, PA 19255.

## Definitions

**Energy grant.**—A payment given outright for property designed to conserve or produce energy, with no requirement to repay the money.

**Subsidized energy financing.**—Financing (e.g., a loan) made directly or indirectly under a Federal, state, or local program, a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy. Subsidized energy financing can also include financing under a Federal, state, or local program having two or more principal purposes, but only if one of the principal purposes is to provide subsidized financing for energy conservation or production projects, and only to the extent that the financing is to be used for energy production or conservation purposes (the "use test") or is provided out of funds designated specifically for energy production or conservation. Loan proceeds meet the use test only to the extent that any loan-related documents indicate that the funds are intended for that use.

Financing is made when funds that constitute subsidized energy financing are disbursed. (The source of the funds for a program is not a factor in determining whether the financing is subsidized.)

Financing is subsidized if the terms of the financing provided to the taxpayer in connection with the program or used to raise funds for the program are more favorable than the terms generally available commercially. In addition, financing is subsidized if the principal obligation of the financing provided to the taxpayer is reduced by funds provided under the program. For further information, see the Regulations under section 23.

**Payer.**—Any person who administers a Federal, state, or local government program that provides nontaxable grants or subsidized financing under programs a principal purpose of which is the production or conservation of energy. It includes agents (such as a bank) that administer Federal, state, or local government programs and actually make the payments to the recipient.

**Recipient.**—The person or business entity (including sole proprietors) that received the grant or financing.

## Line-by-Line Instructions

**Line 1.**—Ordinarily, this will be the name of the Federal, state, or local governmental entity that makes the nontaxable energy grants or provides the subsidized energy financing. If an entity (such as a bank) is administering a program as the designated agent of one of the above governmental entities, enter the name of the agent and be sure to fill in line 4.

**Lines 2a and 2b.**—Enter the address where any IRS inquiries concerning Form 6497 can be directed.

**Line 3.**—Use the employer identification number (EIN) for the payer shown on line 1. Do not use the social security number of an officer or employee.

**Line 4.**—If line 1 shows the name of an agent, use line 4 to show the Federal, state, or local governmental entity for which the agent is administering the program.

**Line 5.**—Enter the program name or number that authorizes the payment.

**Line 6.**—Make an entry in columns 6(a) through 6(e) for each recipient of a nontaxable energy grant or subsidized energy financing. If you need more space, attach additional Forms 6497.

**Column 6(a).**—If the payment is not to an individual, show the name and address of the entity that applied for the nontaxable energy grant or subsidized energy financing. Do not show the name of an officer, employee, etc.

**Column 6(b).**—Complete this column for individuals and sole proprietors without EINs.

**Column 6(c).**—Complete this column if no entry was made in column 6(b).

**Column 6(d).**—Enter the total amount of nontaxable energy grants provided to the recipient during the calendar year under the program identified on line 5.

**Column 6(e).**—Enter the total amount of subsidized energy financing provided to the recipient during the calendar year under the program identified on line 5. The amount of subsidized energy financing may be different from the actual amount of money expended. For example, if a governmental agency spent \$1,000 to permit a \$5,000 loan to be furnished with an interest rate lower than it would have been otherwise, the amount of subsidized energy financing is \$5,000.