

P.L. 110-343 | THE EMERGENCY ECONOMIC STABILIZATION ACT OF 2008: ENERGY TAX INCENTIVES

RENEWABLE ENERGY INCENTIVES	TRANSPORTATION & DOMESTIC FUEL SECURITY	ENERGY CONSERVATION & EFFICIENCY
<p>§§ 101-102 Extension & Modification of the Production Tax Credit (PTC)</p> <p>For wind and refined coal, the bill extends the placed in-service date for the production tax credit through January 1, 2010 (1 year), and through January 1, 2011 (2 years) for other sources (e.g. geothermal) by amending Section 45. Additionally, biomass facilities and facilities that generate electricity from marine renewables (e.g. wave and tidal) now qualify for the credit through January 1, 2011 (2 years).</p> <p>AUDIENCE: Public Utilities, Private Business - Energy Producers</p>	<p>§201 Expansion of Allowance for Cellulosic Biofuels Property</p> <p>Section 168 is amended to allow taxpayers immediately write off 50% of the cost of facilities that produce cellulosic biofuels ethanol if such facilities are placed in service before January 1, 2013. The bill makes this tax benefit available for the production of other cellulosic biofuels in addition to cellulosic ethanol.</p> <p>AUDIENCE: Private Business - Fuel Producers</p>	<p>§ 301 Qualified Energy Conservation Bonds</p> <p>The bill amends Section 54D to create a new category of tax credit bonds to finance State and local government initiatives designed to reduce greenhouse emissions by. There is a national limitation of \$800 million, allocated to states, municipalities and tribal governments</p> <p>AUDIENCE: Government – States, Municipal, Tribal</p>
<p>§§ 103-105 Long Term Extension of Energy Investment Tax Credits (ITC)</p> <p>The bill amends Section 48 to extend the 30% investment tax credit for solar energy property and qualified fuel cell property January 1, 2017. Public Utility Property now qualifies for the investment tax credit and is no longer statutorily excluded.</p> <p>Qualified small wind energy property is added as a category of qualified investment for the 30% tax credit. The 10% investment tax credit for microturbines is extended to December 31, 2016. The bill increases the cap for qualified fuel cells to \$1,500 per half kilowatt of capacity. The bill also provides a new 10% investment tax credit for combined heat and power systems, as well as geothermal heat pumps.</p> <p>AUDIENCE: Public Utilities, Private Business - Energy Producers, Financial Investors</p>	<p>§202 Extension of Biodiesel Production Tax Credit; Extension & Modification of Renewable Diesel Tax Credit</p> <p>The amends Section 40A to extend the \$1.00 per gallon production tax credit for biodiesel and the 10¢/gallon credit for small biodiesel producers through December 31, 2009. The bill also extends the \$1.00 per gallon production tax credit for diesel fuel created from biomass. The bill eliminates the current-law disparity in credit for biodiesel and agri-biodiesel, and eliminates the requirement that renewable diesel fuel must be produced using a thermal depolymerization process. Diesel fuel created by co-processing biomass with other feedstocks (e.g., petroleum) will be eligible for the 50¢/gallon tax credit for alternative fuels. Biodiesel imported and sold for export will not be eligible for the credit effective May 15, 2008.</p> <p>AUDIENCE: Private Business - Fuel Producers</p>	<p>§ 302 Extension & Modification of Credit for Energy-Efficiency Improvements to Existing Homes</p> <p>The bill extends the tax credit for energy-efficient existing homes for 2009 under Section 25C, and includes energy-efficient biomass fuel stoves as a new class of energy efficient property eligible for a consumer tax credit of \$300. The proposal also clarifies the efficiency standard for water heaters.</p> <p>AUDIENCE: Consumers – Residential Homeowners</p>

¹ Analysis based on [P.L. 110-343](#) (HR 1424) and the Senate Finance Committee's October 1, 2008 [Staff Summary](#) (Last Date Accessed: October 6, 2008).

² All Section references relate to Title 26 of the Internal Revenue Code.

§ 106 | Long-term Extension & Modification of Residential Energy-Efficient Property Credit

The bill extends the **30% individual tax credit** for **residential solar electric expenditures** through **December 31, 2016 (8 years)** pursuant to Section 25D. A previous residential solar electric tax credit cap of \$2,000 **has been eliminated**. The bill **adds residential small wind property** as a category of qualified expenditure for tax credits with a cap of **\$4,000**. Qualifying geothermal heat pumps expenditures are capped at a **\$2,000 tax credit**.

AUDIENCE: Consumers - Homeowners

§ 204 | Extension & Modification of Alternative Fuels Credit

The bill extends the **alternative fuel excise tax credit** by amending Section 6426(d) through **December 31, 2009** for all fuels except hydrogen. Beginning in **October 2009**, qualified fuel derived from coal through the **Fischer-Tropsch process** must be produced at a facility that **separates and sequesters at least 50% of its CO₂ emissions**. This sequestration requirement **increases to 75% on December 31, 2009**. The bill adds **biomass gas versions of liquefied petroleum gas, liquefied or compressed natural gas, and aviation fuels** as qualifying alternative fuels.

AUDIENCE: Private Business - Fuel Producers

§ 303 | Extension of Energy-Efficient Buildings Deduction

Current law allows taxpayers to deduct the cost of energy-efficient property installed in commercial buildings. The **amount deductible is up to \$1.80 per square foot of building floor area for buildings achieving a 50% energy savings target**. The energy savings must be accomplished through **energy and power cost reductions for the building's heating, cooling, ventilation, hot water, and interior lighting systems**. This bill extends the energy efficient commercial buildings deduction through **December 31, 2013 (5 Years)** by amending Section 179D.

AUDIENCE: Private Business – Real Estate Developers

RENEWABLE ENERGY INCENTIVES

TRANSPORTATION & DOMESTIC FUEL SECURITY

ENERGY CONSERVATION & EFFICIENCY

§ 107 | New Clean Renewable Energy Bonds (“CREBs”)

The bill, by amending Section 54, authorizes **\$800 million** of new clean renewable energy bonds to finance facilities that generate electricity from **wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, qualified hydropower, landfill gas, marine renewables, and trash combustion facilities**. The new bond authorization is allocated into **thirds** among qualifying: projects of **State, local, tribal governments; public power providers, and electric cooperatives**. The bill extends the termination date for existing CREBs to **December 31, 2009**.

AUDIENCE: Government – States, Municipal, Tribal

§ 205 | Plug-in Electric Drive Vehicle Credit

The bill establishes a **new credit for plug-in electric drive vehicles** by amending Section 30D. The credit for **passenger vehicles and light trucks** ranges from **\$2,500 to \$7,500** based on the tax code formula. Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter after the quarter in which the total number of qualified plug-in electric drive vehicles sold in the U.S. **exceeds 250,000**.

Audience: Consumers - Passenger Drivers

§ 304 | Extension of Credit for Energy-Efficiency Improvements to New Homes

Pursuant to current law, **contractors receive a credit for the construction of energy-efficient new homes that achieve a 30% or 50% reduction in heating and cooling energy consumption relative to a comparable dwelling**. The credit equals **\$1,000 for homes meeting a 30% efficiency standard, and \$2,000 for homes meeting a 50% standard**. The bill extends the new energy efficient home tax credit through **December 31, 2009** by amending Section 45L.

Audience: Private Business – Residential Home Builders

§ 206 | Incentives for Idling Reduction Units and Advanced Insulation for Heavy Trucks

The bill provides an **exemption from the heavy vehicle excise tax** for the cost of **idling reduction units**, such as **auxiliary power units (APUs)**, which are designed to eliminate the need for truck engine idling (e.g., to provide heating, air conditioning, or electricity) at vehicle rest stops or other temporary parking locations by amending Section 4053. The bill also **exempts the installation of advanced insulation**, which can reduce the need for energy consumption by transportation vehicles carrying refrigerated cargo.

AUDIENCE: Manufacturers – Vehicles, Consumers – Truck Drivers

§305 | Modification & Extension of Energy-Efficient Appliance Credit

Manufacturers receive a **tax credit for the production of energy-efficient dishwashers, clothes washers, and refrigerators**. Credit is provided only for appliances that are **U.S.-produced**. The bill **increases the credit's standards and amounts**, and extends the credit for appliances manufactured by amending Section 45M.

AUDIENCE: Manufacturers - Appliances

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§ 207 | Extension and Expansion of the Alternative Refueling Stations Credit.

The bill extends the 30% tax credit for alternative refueling property, such as natural gas or E85 pumps, through **December 31, 2010** by amending Section 30C. The bill also **adds electric vehicle recharging property** to the types of property eligible for the credit. The credit for hydrogen refueling property is unchanged.

AUDIENCE: Private Business – Independent Retailers and Energy Producers

§ 306 | Accelerated Depreciation for SmartMeters & Smart Grid Systems.

The bill provides **accelerated depreciation for smart electric meters and smart electric grid equipment** by amending Section 168. Pursuant to current law, taxpayers are generally able to recover the cost of this property over a 20-year period. **The bill allows taxpayers to recover the cost of this property over a 10-year period**, unless the property already qualifies pursuant to a shorter recovery schedule.

AUDIENCE: Private Business Owners

§ 208 | Publicly Traded Partnership Income Treatment of Alternative Fuels.

The bill permits publicly traded partnerships to treat **income derived from the transportation or storage of certain alternative fuels**, as well as **anthropogenic CO₂** as **qualifying income** for purposes of the publicly traded partnership rules by amending Section 7704(d).

AUDIENCE: Public Companies, Financial Investors

§307 | Extension & Modification of Qualified Green Building & Sustainable Design Project Bond.

The bill extends the authority to **issue qualified green building and sustainable design project bonds** through the **October 1, 2012** by amending Section 142(l).

AUDIENCE: Private Business – Real Estate Developers

¹ Analysis based on [P.L. 110-343](#) (HR 1424) and the Senate Finance Committee’s October 1, 2008 [Staff Summary](#) (Last Date Accessed: October 6, 2008).

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