

	House: GREEN Act¹	Senate: Clean Energy for America Act²	Treasury Green Book
General Approach	Renews and expands dozens of existing policies, while creating some new energy tax incentives.	Consolidates existing energy-related tax incentives into just a few that reward zero emissions or reduced energy usage. Generally, provides a 5-year MACRS life for property that gives rise to the new tax credits.	Similar to the previously released House: Green Act. Renews and expands existing policies, while creating some new energy tax incentives.
Clean Energy Credits	<p>Current production tax credit (PTC) and investment tax credit (ITC) for electricity produced from renewable energy resources are extended in most cases for facilities the construction of which begins before 2027. The credits are enhanced if certain labor requirements are met, including Davis-Bacon prevailing wages, project labor agreements, participation in registered apprenticeship programs, limits on hiring from temporary staffing agencies, limits on consideration of criminal history, a neutrality policy on collective bargaining, and disclosure of administrative merits determinations and similar judgments (hereinafter “House Labor Requirements”).</p> <p>Generally applies to construction after 2021 for PTCs and periods after 2021 for ITCs.</p> <p>Taxpayers generally may elect to receive 85 percent of the credits available under sections 45, 45Q and 48 as direct payments, rather than claiming a credit. The 15-percent haircut does not apply to Indian tribal governments. Public power utilities may elect to receive a direct payment.</p>	<p>Any facility using any technology to generate electricity can qualify for tax credits, so long as the facility’s lifecycle carbon emissions are at or below zero. Taxpayer may elect either the PTC or the ITC. To be eligible, Taxpayers with facilities with certain capacities (generally, at least 1 MW) must pay wages at not less than local prevailing rates and utilize registered apprenticeship programs in the construction of the facility.</p> <p>Generally applies to property placed in service, or expanded, after 2022. Taxpayer may choose either current law or the proposal for facilities that qualify under both.</p> <p>Credits phase out over three years for facilities that begin construction after the year that DOE and EPA certify that U.S. greenhouse gas emissions from electricity production are at least 75 percent below 2021 emissions. Credit value after emission reduction target met: year one – 100 percent; year two – 75 percent; year three – 50 percent; year four – 0 percent.</p> <p>Taxpayers may elect to receive direct payments in lieu of tax credits with notice to the IRS before the facility is placed in service. Public power utilities and electric cooperatives may elect to receive a direct payment, subject to certain limitations. REITs may elect to</p>	<p>The proposal would extend the full production tax credit (PTC) for qualified facilities commencing construction after December 31, 2021 and before January 1, 2027. The credit rate would be phased out by reducing the credit by 20 percentage points for each year after 2026.</p> <p>The proposal would extend the investment tax credit (ITC) for in solar and geothermal electric energy property, qualified fuel cell power plants, geothermal heat pumps, small wind property, offshore wind property, waste energy recovery property, and combined heat and power property. Starting in 2022, the ITC would be expanded to include stand-alone energy storage technology with a capacity of not less than five kilowatt hours. The credit would be restored to the full 30 percent rate for eligible property that begins construction after December 31, 2021. The credit rate would be phased out by reducing the credit by 20 percentage points for each year after 2026.</p> <p>Taxpayers would have the option to elect a cash payment in lieu of tax credits. The proposal is silent as to whether public power utilities and electric cooperatives may elect to receive the credits.</p> <p>The proposal also indicates the Administration will work</p>

¹ H.R. 848, Introduced February 4, 2021 by House Ways and Means Select Revenue Measures Subcommittee Chair Mike Thompson (D-CA).

² The Senate Finance Committee conducted a “conceptual” markup of the Clean Energy for America Act on May 26. The bill was processed on a party-line vote; 14 Democrats supported the bill and 14 Republicans opposed it. This column represents the bill as processed by the Committee, unless otherwise noted.

		<p>receive direct payments. Direct payments are phased out beginning in 2024 (zeroed out beginning 2026) for facilities not meeting certain domestic content requirements.</p> <p>Unused credits may be carried forward for 25 years, rather than 20 years as under current law.</p>	<p>with Congress to implement “strong labor standards.”</p>
	<p>PTC for the following types of facilities is extended for facilities the construction of which begins before 2027: landfill gas (municipal solid waste), trash (municipal solid waste), qualified hydropower, marine and hydrokinetic renewable energy facilities, and wind energy (at the current phaseout level of 60%). The PTC for geothermal energy is allowed to expire for facilities the construction of which begins after 2021.</p> <p>Geothermal is then made eligible for a higher ITC under section 48 (see below).</p>	<p><i>PTC</i>: credit equal to 2.5 cents per kilowatt hour (KWh) (adjusted annually for inflation) of electricity produced and sold in the 10- year period after a qualifying facility is placed in service. Allows taxpayers to self-consume or store electricity that it generates if the electricity is metered by an unrelated person.</p> <p>The credit is increased by 10 percent for nascent clean energy technologies with less than three percent market penetration. Subject to same limitations as base credit and direct pay.</p> <p>The credit is increased by 10 percent with respect to facilities located in an “energy community.” An “energy community” includes a census tract (or immediately adjacent tract) where 5 percent of employment is within the oil and gas sector, a coal mine or coal plant has recently closed, or an industrial facility is located that is mandated to report CO2e emissions under the EPA’s Greenhouse Gas Reporting Program.</p> <p>The credit is increased by 10 percent with respect to facilities which certify that the steel, iron, and manufactured products used in the facility were produced in the U.S.</p>	

The 30 percent ITC for the cost of qualified energy property is generally extended for property for which construction begins by the end of 2026, and then phases down to 26 percent and 22 percent, respectively, over the next two years. This would apply to solar, geothermal, fiber-optic solar equipment, fuel cell property, microturbine property, combined heat and power property, small wind energy property, biogas property, and waste energy recovery property. In addition, the property must be placed in service before 2031; otherwise, the ITC drops to 10 percent. The ITC is expanded to include energy storage technology and linear generators, subject to the rules described above. The ITC for offshore wind property does not have a phase down; construction must begin before 2027 to qualify for any ITC. The credits are enhanced if House Labor Requirements are met.

ITC: a credit equal to 30 percent of the investment in the year the facility is placed in service. Credit increases to 40 percent for qualified facilities and storage placed in service in certain disadvantaged communities (as defined in section 45D(e)(1)). Qualified interconnection expenses are qualifying property for purposes of the ITC. Qualified interconnection expenses include fees and costs related to labor and equipment related to the installation or connection of the underlying qualifying property as part of a transmission or distribution network upgrade; limited to projects with a maximum output of no more than five MW.

The credit is increased by 10 percent for nascent clean energy technologies with less than three percent market penetration. Subject to the same limitations as the base credit and direct pay.

The credit is increased by 10 percent with respect to facilities located in an “energy community.” An “energy community” includes a census tract (or immediately adjacent tract) where 5 percent of employment is within the oil and gas sector, a coal mine or coal plant has recently closed, or an industrial facility is located that is mandated to report CO₂e emissions under the EPA’s Greenhouse Gas Reporting Program.

The credit is increased by 10 percent with respect to facilities which certify that the steel, iron, and manufactured products used in the facility were produced in the U.S.

The total value of the credit cannot exceed 50 percent, regardless if the facility meets the nascent, energy community, and domestic content requirements.

		<p>Qualifying grid improvements are also eligible for the full 30 percent ITC. Qualifying grid improvements includes standalone energy storage property of at least 5 KWh (placed in service after 2021) and transmission property of at least 275 KV.</p>	<p>The proposal would provide a 30-percent an ITC for qualifying electric power transmission. Qualifying electric power transmission property would include overhead, submarine, and underground transmission facilities meeting certain criteria, including a minimum voltage of 275 kilovolts and a minimum transmission capacity of 500 megawatts. Qualifying property would also include any ancillary facilities and equipment necessary for the proper operation of the transmission facility. The proposal would be effective for property placed in service after December 31, 2021, and before January 1, 2032.</p> <p>Taxpayers would have the option to elect a cash payment in lieu of tax credits. The proposal also indicates the Administration will work with Congress to implement “strong labor standards.”</p>
	<p>The section 45Q credit for carbon oxide sequestration is extended for facilities that begin construction before the end of 2026 (a 1-year extension).</p>	<p>The section 45Q carbon capture tax credit is modified for facilities that begin construction after date of enactment.</p> <p>For carbon is stored in a secure geological storage the amount of credit is increased to \$175 or \$150 per ton (adjusted for inflation beginning 2027). If the carbon is utilized rather than stored, the credit rate is \$150 per ton.</p> <p>The qualification for electricity generating and industrial facilities is changed to a percentage, rather the amount, of emissions captured. Must capture 75 percent in the case of electricity generating facilities and 50 percent in the case of industrial facilities.</p> <ul style="list-style-type: none"> -- Eliminates EOR as qualified carbon capture. -- Eliminates requirement that a minimum number of tons must be directly captured from the air to qualify. -- A qualified facility does not include an entity that qualifies for the proposed clean electricity production credit or investment credit. -- Prevailing wage requirement apply. -- Phase outs based on DOE/EPA emission reduction determination, 	<p>The proposal would extend the 45Q “commence construction” date by 5 years. The proposal would provide an enhanced credit for carbon oxide captured from hard-to-abate industrial carbon oxide capture sectors such as cement production, steelmaking, hydrogen production, and petroleum refining. The enhanced credit for industrial capture would not apply to ethanol, natural gas processing, or ammonia production facilities. An additional \$35 per metric ton of qualified carbon oxide is available for qualified carbon oxide that is captured from such sources and is disposed of in secure geological storage. The total per-ton credit for these projects would be \$85 in 2026.</p> <p>The proposal would also provide an enhanced credit for direct air capture projects. An additional \$70 per metric ton of qualified carbon oxide is available for qualified carbon oxide that is disposed of in secure geological storage. The total per-ton credit for direct air capture projects with secure geological storage would be \$120 in 2026.</p> <p>Taxpayers would have the option to elect a cash payment in lieu of tax credits.. The proposal also indicates the Administration will work with Congress to implement</p>

		<p>other than for direct air capture. -- Direct pay available for post-2021 construction.</p> <p>The credit phases out when annual greenhouse emissions from the production of electricity are less than 25 percent of the annual U.S. emissions in 2021. Afterwards, the credit is reduced by 25 percent in the 2nd year, 50 percent in the 3rd year, and by 100 percent in the 4th year.</p> <p>The phaseout does not apply to direct air capture facilities.</p> <p>The credits for enhanced oil recovery are terminated.</p>	<p>“strong labor standards.”</p>
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		<p><i>Hydrogen PTC:</i> Implements a clean hydrogen PTC equal to the applicable amount multiplied by kilograms of H₂ produced at a qualified facility during the ten-year period and sold to an unrelated person or used by the taxpayer. The facility must meet prevailing wage requirements. The applicable amount is \$3 multiplied by the applicable percentage. For facilities achieving at least a 50 percent reduction in lifecycle greenhouse gas emissions but less than 75 percent, the applicable percentage is 20 percent; 25 percent for reduction of 75-less than 85; 34 percent for reduction of 85-less than 95; 100 percentage for reduction at least 95 percent.</p> <p><i>Hydrogen ITC:</i> The proposal adds property used in a qualified clean hydrogen production facility to the Section 48 credit in lieu of the PTC. The credit rate is 30 percent for facilities achieving at least a 95 percent reduction in lifecycle greenhouse gas emissions compared with hydrogen produced by steam methane reforming; 10.2 percent for reduction of 85-less than 95 percent; 7.5 percent for reduction of 75-less than 85 percent; and 6 percent for reduction of 50-less than 75 percent. The credit is effective for facilities placed in service after December 31, 2020.</p>	<p><i>Hydrogen PTC:</i> The proposal would implement a low-carbon hydrogen PTC. For the purposes of the proposal, “low-carbon” refers to hydrogen produced using zero-carbon emissions electricity (renewables or nuclear) and water as a feedstock, or hydrogen produced using natural gas as a feedstock and with all carbon emitted in the production process captured and sequestered. The credit would apply to each kilogram of qualified low-carbon hydrogen: (1) produced by the taxpayer, (2) for an end use application in the energy, industrial, chemicals, or transportation sector; and (3) from a qualified low-carbon hydrogen production facility during the 6-year period beginning on the date the facility was originally placed in service. The credit would \$3.00 per kilogram of hydrogen between 2022 and 2024 and \$2.00 per kilogram between 2025 and 2027 and indexed for inflation. Construction of a qualified facility must have begun before the end of 2026.</p> <p>The proposal also indicates the Administration will work with Congress to implement “strong labor standards.”</p>
		<p>Unallocated nuclear PTCs under section 45J(b)(5) are eliminated.</p>	<p><i>Nuclear PTC:</i> The proposal would provide up to \$1 billion of allocated PTCs for electricity generated from eligible existing nuclear power facilities. Eligibility to bid for these credits would depend on, among other potential requirements, demonstration of a good</p>

			<p>operation and safety record, demonstration that the facility is facing financial operating losses and that future projections include continued losses, and demonstration that emissions of various air pollutants would increase if the facility ceased operations. Eligible facilities would bid to receive credits that would be sufficient for them to maintain operations during a two-year window. Credits would be allocated based on the goal of maximizing the preservation of existing nuclear electricity generation. The first two-year crediting window would commence on January 1, 2022, and the last crediting window would commence on January 1, 2030.</p> <p>Taxpayers would have the option to elect a cash payment in lieu of tax credits. The proposal also indicates the Administration will work with Congress to implement “strong labor standards.”</p>
<p>Energy Efficient Homes</p>	<p>The section 45L maximum credit is extended thru 2026 and expanded for eligible new energy efficient homes from \$2,000 to \$2,500. Units with energy expenditures at least 15 percent below the expenditures of a comparable unit based on the 2018 International Energy Conservation Code standards are made eligible. The bill also replaces the eligibility requirements for units eligible for the \$1,000 credit to correspond with the Energy Star Labeled Homes program.</p> <p>The provision extends the section 25D 30 percent credit for the cost of qualified residential energy efficient property expenditures, including solar electric, solar water heating, fuel cell, small wind energy, and geothermal heat pumps through the end of 2026. The credit then phases down to 26 percent in 2027 and 22 percent in 2028. The credit expires after the end of 2028. The provision also expands the definition of eligible property to include battery storage technology and energy efficient biomass fuel property and excludes biomass stoves to prevent a double benefit.</p>	<p>This provision replaces Section 25D whose sunset date is changed to December 31, 2023 and restores the credit rate to 30 percent. The changes apply to property placed in service after December 31, 2020 and before January 1, 2024.</p> <p>Home onsite eligible generation and storage qualifies for an ITC worth 30 percent as a personal credit. To qualify, anticipated greenhouse gas emission rates cannot exceed zero.</p> <p>Unused credits may be carried forward for up to three years. The new credit phases out when annual greenhouse emissions from the production of electricity are less than 25 percent of the annual U.S. emissions in 2021. Afterwards, the credit is reduced by 25 percent in the 2nd year, 50 percent in the 3rd year, and by 100 percent in the 4th year.</p> <p>Property must be placed in service after December 31, 2022.</p> <p>Current incentives for energy efficient new homes under section 45L would be modified to require homes</p>	<p>The proposal would also extend the section 25D credit and expands residential energy efficient property to include qualified battery storage technology of at least three kilowatt hours of capacity installed in a residence. Starting in 2022, the credit would return to the full 30-percent rate for property placed in service after December 31, 2021. The credit rate would be phased out by reducing the credit by 20 percentage points for each year after 2026.</p> <p>The proposal would extend the section 25C tax credit five years and increase the lifetime limit to \$1,200 for property placed in service after December 31, 2021 and before January 1, 2027. For qualified energy efficiency improvements, the credit rate would be increased to 15 percent and the credit amounts for certain types of residential energy property expenditures would also be increased. The proposal would modify the definitions of eligible qualified energy efficiency improvements and residential energy property expenditures and update the required energy efficiency standards for such property. Roofs, advanced circulating fans, and certain equipment, such</p>

		<p>to be certified under the Energy Star program or the Zero Energy Ready Home program. The credit for new homes is increased to \$2,500 for homes meeting Energy Star requirements, and \$5,000 for homes meeting the Zero Energy Ready requirements. The credit is adjusted for inflation. The credit is effective for homes substantially completed after 2021. The prevailing wage requirements only apply to the construction of multifamily unit dwellings for purposes of section 45L.</p> <p>An Energy Efficient Home Improvement credit, replacing section 25C, would provide homeowners with a tax credit equal to the lesser of 30 percent of the cost or \$600 per improvement, with an overall annual limit of \$1,500 for all home improvements (adjusted for inflation). The credit is available for furnaces, boilers, water heaters, heat pumps, condensing water heater, central-air conditioning, and building envelope improvements that meets certain requirements.</p> <p>Homeowners installing heat pumps are provided an increased credit of \$800 for air-source heat pumps or \$10,000 for ground- source geothermal heat pumps. In the case of any building envelope improvement that qualifies, the \$600 amount does not apply.</p>	<p>as water heaters and furnaces, powered by fossil fuels, would no longer be eligible for the tax credit; however, certain geothermal and load center equipment would be eligible for the tax credit.</p> <p>The proposal also indicates the Administration will work with Congress to pair these credits with “strong labor standards.”</p>
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	<p>The section 25C nonbusiness energy property credit would be extended to property placed in service by the end of 2025, and modified to: increase the credit for installing qualified energy efficiency improvements from 10 percent of the cost to 15 percent; increase the lifetime cap on credits allowed from \$500 to \$1,200 and restarting the lifetime limit beginning in 2022; update various standards and associated limits to reflect advances in energy efficiency; remove eligibility of roofs and advanced main air circulating fans; and expand the credit to cover the costs of home energy audits, up to a maximum credit of \$150.</p>		<p>The proposal would increase the section 45L tax credit for an energy efficient home from \$2,000 to \$2,500 and extend the tax credit five years to December 31, 2026. The proposal would also modify and expand the dwelling units eligible for the credit. For new energy efficient homes, the required energy savings percentage would increase from 50 percent to 60 percent under the 2006 IECC standards. In addition, certified Energy Star homes would also be eligible for the 45L tax credit.</p>
<p>Energy Efficient Commercial Buildings</p>	<p>The section 179D energy-efficient commercial buildings maximum deduction would be increased from \$1.80 per square foot to \$3.00 per square foot (with corresponding increases for the partial deduction). It also changes this maximum from a lifetime cap to a three- year cap. The eligibility requirements are modified so that property must reduce associated energy costs by 30 percent or more in comparison to a building that meets the ASHRAE standards as of two years prior to the date of construction. Under present law, property must reduce energy costs by 50 percent. The credits are enhanced if House Labor Requirements are met.</p>	<p>For property placed in service after 2021, the section 179D deduction would be adjusted to operate on a sliding scale, with taxpayers qualifying for an incentive so long as they make at least a 25 percent improvement over the required baseline, with the deduction limitation increasing for larger efficiency gains. The maximum value of the deduction ranges from \$2.50 per square foot up to \$5.00 per square foot for efficiency upgrades that result in efficiency gains of 25 to 50 percent over the required baseline, for each percentage point improvement between 25 and 50 percent the credit increases by \$.10. To be eligible, taxpayers must comply with prevailing wage requirements and utilize registered apprenticeship programs.</p> <p>The proposal expands Section 179D to allow all multifamily housing structures to qualify.</p> <p>The proposal modifies the allocation rules for a building owned by a tax-exempt entity. Specifically, allowing the owner to allocate the deduction to the designer.</p> <p>The credit for geothermal heat pump systems in commercial buildings is also increased to 30 percent and made permanent.</p>	<p>The proposal would increase the maximum section 179D deduction per square foot from \$1.80 to \$3.00 for qualifying property placed in service after December 31, 2021. The partial deduction rate would be increased from \$0.60 to \$1.00 per square foot for qualifying property placed in service after December 31, 2021. The required efficiency standard in relation to the reference building’s total annual energy reduction would be adjusted from 50 percent to 30 percent.</p>

<p>48C Advanced Manufacturing Incentives</p>	<p>The bill reinstates (and authorizes an annual allocation of \$2.5 billion for years 2022 through 2026) a 30 percent allocable ITC to foster investment and job creation in clean energy manufacturing. The tax credits will be allocated on a competitive basis, based on various specified criteria. To be eligible, taxpayers must pay wages at not less than local prevailing rates.</p>	<p>The proposal would restore an additional \$8 billion of allocable ITCs to section 48C. The definition of a qualifying advanced energy project would be revised to include investments establishing, re-equipping or expanding manufacturing or industrial facilities producing certain products related to clean energy production. The proposal would allocate at least \$4 billion to projects in census tracts with recently closed coal mines or coal-fired electric facility.</p> <p>Treasury will take into consideration various factors, including whether the project has a reasonable expectation of commercial viability and whether the applicant will ensure workers are paid prevailing wages.</p> <p>Applications for the additional 48C tax credits would be made during the three-year period beginning on the date on which the additional authorization is enacted. Applicants who are allocated the additional credits must provide evidence that program requirements have been met within 18 months of the date of acceptance of the application and must place the property in service within three years of the date of the issuance of the certification.</p> <p>Taxpayers may elect to receive direct payments in lieu of tax credits. The election must be made at the time of application.</p>	<p>The proposal would restore an additional \$10 billion of allocable ITCs to section 48C. The definition of a qualifying advanced energy project would be revised to include: industrial facilities; recycling in addition to production; and expanded eligible technologies, including but not limited to energy storage and components, electric grid modernization equipment, carbon oxide sequestration, and energy conservation technologies. Selection criteria would be revised to include evaluating wages for laborers and additional consideration for projects that create jobs in communities impacted by the closure of coal mines or coal power plants. The proposal would allocate \$5 billion of ITCs to projects in coal communities.</p> <p>Applications for the additional 48C tax credits would be made during the three-year period beginning on the date on which the additional authorization is enacted. Applicants who are allocated the additional credits must provide evidence that program requirements have been met within 18 months of the date of acceptance of the application and must place the property in service within three years of the date of the issuance of the certification.</p> <p>Taxpayers would have the option to elect a cash payment in lieu of tax credits. The proposal also indicates the Administration will work with Congress to implement “strong labor standards.”</p>
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<p>Mechanical Insulation Property</p>	<p>A new credit is provided until 2026 for up to 10 percent of the labor costs incurred by a taxpayer in installing mechanical insulation property into a mechanical system which was originally placed in service not less than 1 year before.</p>		<p>The proposal would provide a 10-percent ITC for qualifying mechanical insulation labor costs, paid or incurred by the taxpayer during such taxable year. Mechanical insulation labor costs would include the labor cost of installing mechanical insulation property, including insulation materials, and facings and accessory products, for a depreciable mechanical system that is placed in service in the United States and that satisfies certain energy loss reductions. The credit would be available for labor costs incurred after 2021 through 2026.</p> <p>The proposal also indicates the Administration will work with Congress to implement “strong labor standards.”</p>
<p>Clean Fuel Incentives</p>	<p>The bill would extend the income and excise tax credits for biodiesel and biodiesel mixtures at \$1.00 per gallon through 2022 and phases the credit down to \$0.75 in 2023, \$0.50 in 2024, and \$0.33 in 2025. The credit expires at the end of 2025. It also extends the \$0.10-per-gallon small agri-biodiesel producer credit through the end of 2025. The excise tax credits for alternative fuels and alternative fuel mixtures are extended at the pre-expiration level of \$0.50 per gallon through 2022 and phased down to \$0.38 in 2023, \$0.25 in 2024, and \$0.17 in 2025. The credit expires at the end of 2025. Finally, the second-generation biofuel income tax credit is extended through 2026.</p>	<p>The bill provides a tech-neutral credit worth up to \$1.00 per gallon for the domestic production of clean transportation-grade fuels (adjusted for inflation in years beginning after 2023). The base credit is \$2.00 for sustainable aviation fuel produced after 2022.</p> <p>The amount of the credit depends on the “well to wheel” carbon emissions profile, from production of the feedstock for the fuel through to its use in a vehicle. A fuel initially qualifies for the credit if the fuel’s lifecycle emissions are less than a baseline rate of 75 kilograms of carbon dioxide equivalents per million British thermal units (“kg CO₂e per mmBtu”). Zero and net-negative emission fuels qualify for the maximum credit. Fuels with emissions between the baseline rate and zero emissions qualify for pro rata credits. The fuel must be produced in the U.S. To be eligible, taxpayers must pay wages at not less than local prevailing rates and utilize registered apprenticeship programs</p>	
		<p>Qualifying fuels must become increasingly cleaner in order to qualify for the tech-neutral credit. The qualifications for fuels produced before 2030 are:</p> <ul style="list-style-type: none"> • 50 kg CO₂e per mmBtu for 2026 and 2027, • 25 kg CO₂e per mmBtu for years 2028 and 2029, and 	

		<ul style="list-style-type: none"> starting in 2030, only fuels with lifecycle emissions at or below zero may qualify for any incentive. <p>The fuel credit is indexed for inflation, and after 2029 is increased if a fuel’s emission rate is less than zero.</p> <p>The credits phase out over three years for fuels produced after the year that DOE and EPA certify that U.S. greenhouse gas emissions from the transportation sector are at least 75% below 2021 emissions. The year after meeting the phaseout threshold the credit is worth 100 percent, the 2nd year 75 percent, the 3rd year, 50 percent and the 4th year 0 percent.</p> <p>The biofuel, biodiesel and the alternative fuel mixtures credits are extended through 2022 and modified to include additional fuels.</p>	
		<p>The proposal creates a sustainable aviation fuel credit, for qualifying fuels produced before 2023 that meet at least a 50 percent lifecycle greenhouse gas reduction in comparison with petroleum-based jet fuel.</p> <p>The base credit is worth \$1.50 per gallon, but for every percentage point above the 50-percent threshold the credit increases by \$0.1 up to \$2.00 per gallon.</p> <p>The credit expires on December 31, 2022.</p>	<p><i>Sustainable aviation fuel PTC</i>: the proposal would provide a PTC of \$1.50 per gallon for sustainable aviation fuel that achieves at least a 50 percent reduction in emissions relative to conventional jet fuel and produced after 2021 and before 2028. A supplementary credit of up to \$0.25 per gallon would be available on a sliding scale depending on the emissions reduction above the 50 percent floor. The proposal would be effective after December 31, 2021.</p> <p>The proposal also indicates the Administration will work with Congress to implement “strong labor standards.”</p>

<p>Transportation Incentives</p>	<p><i>EV Credits:</i> The qualified plug-in electric drive motor vehicle credit under Section 30D is extended to apply a new transition period for vehicle sales of a manufacturer between 200,000 and 600,000 electric vehicles (EVs), under which the credit is reduced by \$500. A new phaseout period applies beginning during the second calendar quarter after the 600,000-vehicle threshold is reached. At the start of the new phaseout period, the credit is reduced by 50 percent for one quarter and terminates thereafter. For manufacturers that pass the 200,000- vehicle threshold before the enactment of this bill, the number of vehicles sold in between 200,000 and those sold on the date of enactment are excluded to determine when the 600,000-vehicle threshold is reached.</p> <p>The provision extends the 2-wheeled plug-in electric vehicle credit and the 3-wheeled plug-in electric vehicle credit through 2026.</p> <p><i>Used EV credit:</i> A new \$1,250 refundable credit for buyers of used plug-in electric cars would apply through 2026, with additional incentives for battery capacity. The credit is capped at the lesser of \$2,500 credit or 30 percent of the sale price.</p> <p><i>Zero Emission Heavy Vehicles:</i> Eligible manufacturers may claim a credit of 10% of the sale price of a zero-emission heavy vehicle, capped at \$100,000 per sale. To be eligible, vehicles must be for domestic use, must weigh no less than 14,000 pounds, must not include an internal combustion engine, and must be propelled solely by an electric motor drawing electricity from a battery or fuel cell. The credit sunsets after 2026.</p>	<p><i>EV Credits:</i> The per-manufacturer cap limiting access to the plug-in electric vehicle tax credit (EV tax credit) is repealed, the credit is made applicable only to individuals, and is made refundable. The credit applies to vehicles purchased after 2021.</p> <p>The proposal provides an additional \$2,500 credit for EVs is built by union workers. The proposal provides an additional \$2,500 new vehicles assembled in the U.S. before 2026. For vehicles sold after 2025, the base amount of the credit is increased to \$5,000 and the vehicle must be assembled in the U.S. Qualified vehicles must have an MSRP of \$80,000 or less.</p> <p>The EV credit will be made available until the Treasury Department and Department of Transportation (DOT) determine that electric and other alternative vehicles represent more than 50 percent of annual vehicle sales, at which point the credits will phase-out over three years. The phaseout schedule is 25 percent the 2nd year following the determination, 50 percent for the 3rd and 100 percent for the 4th.</p> <p><i>Sec. 30D(g):</i> The 2- and 3-wheeled plug-in electric vehicle credit is made permanent.</p>	

	<p><i>Qualified fuel cell motor vehicles (§30B):</i> the credit for the purchase of a qualified fuel cell motor vehicle is extended through 2026.</p> <p><i>Alternative fuel refueling property credit (§30C):</i> the alternative fuel vehicle refueling property credit is extended through 2026. The credit for zero-emissions charging infrastructure is expanded to allow a 20 percent credit for expenses in excess of \$100,000 (i.e., it allows a credit for expenses beyond the current limit if certain requirements are met). The credits are enhanced if House Labor Requirements are met.</p> <p><i>Modification of employer-provided fringe benefit for bicycle commuting (§132):</i> The bill restores thru 2025, and improves the tax exclusion for, employer-provided fringe benefits for bicycle commuting. It includes bikeshare and low-speed electric bicycle within the definition of bicycle for purposes of the exclusion and provides for a specified monthly limitation amount (i.e., 30 percent of the parking fringe benefit amount).</p>	<p>The qualified fuel cell motor vehicle is permanently extended subject to the phaseout applicable to the DOT and Treasury determination of alternative vehicle sales.</p> <p><i>Sec. 30C:</i> The alternative fuel vehicle refueling property credit is increased to \$200,000 for each piece of business property placed in service after 2021 and is made available with respect to hydrogen and fuels that qualify for the tech neutral credit.</p> <p>Prevailing wage and apprenticeship requirements and the fuel credit phase out apply.</p>	<p><i>Electric vehicle charging station ITC:</i> The proposal modifies and expands the tax credit for electric vehicle charging stations. The proposal allows taxpayers to claim the tax credits on a per-device basis (i.e., electric vehicle supply equipment, or ESVE, also called a port or a charger), increases the tax credit limit on individual devices to \$200,000, and extends the tax credit for five years through December 31, 2026.</p> <p>The \$1,000 tax credit for refueling property installed at a taxpayer’s residence would not increase but would also be extended for five years.</p> <p>The proposal would be effective for taxable years beginning after December 31, 2021.</p> <p>The proposal also indicates the Administration will work with Congress to implement “strong labor standards.”</p>
		<p>Commercial operators will be allowed a non-refundable credit equal to the lesser of 30 percent of the basis of the qualified vehicle or the incremental cost of the vehicle. Government entities may transfer the credit to the seller of the commercial vehicle.</p> <p>The proposal also expands the credit to include “qualified electric transportation options.” This definition includes vehicles that are capable of moving passengers, with no more than 2 seats, and is primarily used for delivering commercial cargo. Additionally, a qualifying vehicle can use an electric propulsion system or any fuel that is 85 percent ethanol, biodiesel, advanced biofuel, renewable natural gas, or hydrogen.</p>	<p><i>Medium- and heavy-duty vehicle ITCs:</i> the proposal would provide a business tax credit for new medium- and heavy-duty zero- emission vehicles, including battery electric vehicles and fuel cell electric vehicles, to promote consumer choice and vehicle adoption. These vehicles would be in Classes 3 through 8, as defined by the Federal Highway Administration’s vehicle classification system. The value of the credits would range from \$10,000 to \$120,000.</p> <p>Taxpayers would have the option to elect a cash payment in lieu of tax credits. The proposal also indicates the Administration will work with Congress to implement “strong labor standards.” “strong labor standards.”</p>
		<p><i>Private activity bonds:</i> The proposal adds additional categories of private activity bonds for carbon capture and direct air capture projects. The State volume cap does not apply to 75 percent of exempt facility bonds issued for the above purposes (100 percent if the facility is owned by a governmental unit).</p>	

<p>Repeal of Tax Incentives for Fossil Fuels</p>		<p>Preferential incentives for fossil fuel companies would be repealed, including special recovery periods for natural gas pipelines; special deductions related to geological and geophysical expenditures, intangible drilling costs, and tertiary injectants; percentage depletion for oil, gas and coal; the capital gain treatment for certain coal production; tax credits for enhanced oil recovery, marginal oil wells, coal gasification, and advanced coal projects; and the foreign tax and GILTI treatment of foreign oil and gas production.</p>	<p>Preferential incentives for fossil fuel companies would be repealed, including special recovery periods for natural gas pipelines; special deductions related to geological and geophysical expenditures, intangible drilling costs, and tertiary injectants; percentage depletion for oil, gas and coal; the capital gain treatment for certain coal production; tax credits for enhanced oil recovery, marginal oil wells, coal gasification, and advanced coal projects; and the foreign tax and GILTI treatment of foreign oil and gas production.</p>
<p>Conservation Subsidies</p>	<p>The provision excludes from gross income water conservation, storm water management, and wastewater management subsidies provided by public utilities, state or local governments, or storm water management providers.</p>		
<p>Publicly Traded Partnerships (PTPs)</p>	<p>“Qualified income” for PTPs from certain income derived from minerals and natural resources would be expanded to include income derived from green and renewable energy.</p>	<p>“Qualified income” for PTPs would no longer include income related to oil, gas and coal.</p>	<p>“Qualified income” for PTPs would no longer include income related to oil, gas and coal.</p>
<p>Oil Spill Liability Trust Fund</p>			<p>The proposal would reinstate the three Superfund excise taxes at double the previous rates for periods beginning after December 31, 2021 and through December 31, 2031. The proposal would extend the Superfund excise tax on domestic crude oil and imported petroleum products to other crudes such as those produced from bituminous deposits as well as kerogen- rich rock. To support the OSLTF, the proposal would also extend the tax to include crudes such as those produced from bituminous deposits as well as kerogen-rich rock. Finally, the eligibility of the OSLTF for drawback would be eliminated.</p>