

116TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide tax incentives
for increased investment in clean energy.

IN THE SENATE OF THE UNITED STATES

Mr. WYDEN (for himself, Mr. SCHUMER, Ms. STABENOW, Ms. CANTWELL, Mr. MENENDEZ, Mr. CARPER, Mr. CARDIN, Mr. BENNET, Mr. WHITEHOUSE, Ms. HASSAN, Ms. CORTEZ MASTO, Mrs. FEINSTEIN, Mr. DURBIN, Ms. KLOBUCHAR, Mrs. SHAHEEN, Mrs. GILLIBRAND, Mr. BLUMENTHAL, Mr. SCHATZ, Ms. HIRONO, Mr. HEINRICH, Mr. KING, Mr. KAINE, Mr. BOOKER, Mr. VAN HOLLEN, and Ms. SMITH) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to provide
tax incentives for increased investment in clean energy.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Clean Energy for America Act”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents of
 6 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—CLEAN ENERGY TAX CREDITS

Sec. 101. Clean energy production credit.

Sec. 102. Clean energy investment credit.

Sec. 103. Extensions, modifications, and terminations of various energy provi-
 sions.

TITLE II—CLEAN FUEL TAX CREDITS

Sec. 201. Clean fuel production credit.

Sec. 202. Temporary extension of existing fuel and transportation incentives.

TITLE III—ENERGY EFFICIENCY INCENTIVES

Sec. 301. Credit for new energy efficient residential buildings.

Sec. 302. Heating and air conditioning replacement credit.

Sec. 303. Energy efficiency credit for existing residential buildings.

Sec. 304. Deduction for new energy efficient commercial buildings.

Sec. 305. Energy efficiency deduction for existing commercial buildings.

Sec. 306. Temporary extension of existing energy efficiency incentives.

TITLE IV—CLEAN ELECTRICITY AND FUEL BONDS

Sec. 401. Clean energy bonds.

7 **TITLE I—CLEAN ENERGY TAX** 8 **CREDITS**

9 **SEC. 101. CLEAN ENERGY PRODUCTION CREDIT.**

10 (a) IN GENERAL.—Subpart D of part IV of sub-
 11 chapter A of chapter 1 is amended by adding at the end
 12 the following new section:

13 **“SEC. 45T. CLEAN ENERGY PRODUCTION CREDIT.**

14 “(a) AMOUNT OF CREDIT.—

1 “(1) IN GENERAL.—For purposes of section 38,
2 the clean energy production credit for any taxable
3 year is an amount equal to the sum of—

4 “(A) an amount equal to the product of—

5 “(i) the applicable credit rate (as de-
6 termined under paragraph (2)), multiplied
7 by

8 “(ii) the kilowatt hours of elec-
9 tricity—

10 “(I) produced by the taxpayer at
11 a qualified facility, and

12 “(II)(aa) sold by the taxpayer to
13 an unrelated person during the tax-
14 able year, or

15 “(bb) in the case of a qualified
16 facility which is equipped with a me-
17 tering device which is owned and op-
18 erated by an unrelated person, sold,
19 consumed, or stored by the taxpayer
20 during the taxable year, plus

21 “(B) the qualified carbon capture and se-
22 questration amount determined under sub-
23 section (c).

24 “(2) APPLICABLE CREDIT RATE.—

25 “(A) IN GENERAL.—

1 “(i) MAXIMUM CREDIT RATE.—Except
2 as provided in clause (ii), the applicable
3 credit rate is 1.5 cents.

4 “(ii) REDUCTION OF CREDIT BASED
5 ON GREENHOUSE GAS EMISSION RATE.—
6 The applicable credit rate shall be reduced
7 (but not below zero) by an amount which
8 bears the same ratio to the amount in ef-
9 fect under clause (i) as the greenhouse gas
10 emissions rate for the qualified facility
11 bears to 300 grams of CO₂e per KWh.

12 “(B) ROUNDING.—If any amount deter-
13 mined under subparagraph (A)(ii) is not a mul-
14 tiple of 0.1 cent, such amount shall be rounded
15 to the nearest multiple of 0.1 cent.

16 “(b) GREENHOUSE GAS EMISSIONS RATE.—

17 “(1) IN GENERAL.—For purposes of this sec-
18 tion, the term ‘greenhouse gas emissions rate’ means
19 the amount of greenhouse gases emitted into the at-
20 mosphere by a qualified facility in the production of
21 electricity, expressed as grams of CO₂e per KWh.

22 “(2) NON-FOSSIL FUEL COMBUSTION AND GAS-
23 IFICATION.—In the case of a qualified facility which
24 produces electricity through combustion or gasifi-
25 cation of a non-fossil fuel, the greenhouse gas emis-

1 sions rate for such facility shall be equal to the net
2 rate of greenhouse gases emitted into the atmos-
3 phere by such facility (taking into account the
4 amount of lifecycle greenhouse gas emissions, as de-
5 scribed in section 211(o)(1)(H) of the Clean Air Act
6 (42 U.S.C. 7545(o)(1)(H))) in the production of
7 electricity, expressed as grams of CO₂e per KWh.

8 “(3) ESTABLISHMENT OF SAFE HARBOR FOR
9 QUALIFIED FACILITIES.—

10 “(A) IN GENERAL.—The Secretary, in con-
11 sultation with the Administrator of the Envi-
12 ronmental Protection Agency, shall establish
13 safe-harbor greenhouse gas emissions rates for
14 types or categories of qualified facilities, which
15 a taxpayer may elect to use for purposes of this
16 section.

17 “(B) ROUNDING.—In establishing the safe-
18 harbor greenhouse gas emissions rates for
19 qualified facilities, the Secretary may round
20 such rates to the nearest multiple of 30 grams
21 of CO₂e per KWh (or, in the case of a green-
22 house gas emissions rate which is less than 15
23 grams of CO₂e per KWh, by rounding such rate
24 to zero).

1 “(C) PUBLISHING SAFE HARBOR EMIS-
2 SIONS RATES.—The Secretary, in consultation
3 with the Administrator of the Environmental
4 Protection Agency, shall publish a table that
5 sets forth the safe-harbor greenhouse gas emis-
6 sions rates for similar types or categories of
7 qualified facilities.

8 “(4) CARBON CAPTURE AND SEQUESTRATION
9 EQUIPMENT.—For purposes of this subsection, the
10 amount of greenhouse gases emitted into the atmos-
11 phere by a qualified facility in the production of
12 electricity shall not include any qualified carbon di-
13 oxide (as defined in section 48D(c)(3)(A)) that is
14 captured by the taxpayer and—

15 “(A) pursuant to any regulations estab-
16 lished under paragraph (2) of section 45Q(f),
17 disposed of by the taxpayer in secure geological
18 storage, or

19 “(B) utilized by the taxpayer in a manner
20 described in paragraph (5) of such section.

21 “(c) QUALIFIED CARBON CAPTURE AND SEQUESTRA-
22 TION AMOUNT.—

23 “(1) IN GENERAL.—For purposes of subsection
24 (a)(1)(B), the qualified carbon capture and seques-

1 posed of by the taxpayer in se-
2 cure geological storage, or

3 “(bb) utilized by the tax-
4 payer in a manner described in
5 paragraph (5) of such section, di-
6 vided by

7 “(II) an amount equal to the
8 sum of—

9 “(aa) the amount deter-
10 mined under subclause (I), plus

11 “(bb) the metric tons of car-
12 bon dioxide emitted into the at-
13 mosphere by such facility during
14 such taxable year.

15 “(2) DEFINITIONS.—In this subsection—

16 “(A) QUALIFIED CARBON CAPTURE AND
17 SEQUESTRATION EQUIPMENT.—The term
18 ‘qualified carbon capture and sequestration
19 equipment’ means property described under
20 paragraph (2) of section 48D(c) (without re-
21 gard to subparagraph (F) of such paragraph)
22 with respect to which no credit has been al-
23 lowed under section 45Q.

24 “(B) QUALIFIED CARBON DIOXIDE.—The
25 term ‘qualified carbon dioxide’ has the same

1 meaning given such term under paragraph (3)
2 of section 48D(c).

3 “(d) INFLATION ADJUSTMENT.—

4 “(1) IN GENERAL.—In the case of a calendar
5 year beginning after 2020, the 1.5 cent amount in
6 clause (i) of subsection (a)(2)(A) shall be adjusted
7 by multiplying such amount by the inflation adjust-
8 ment factor for the calendar year in which the sale
9 or use of the electricity occurs. If any amount as in-
10 creased under the preceding sentence is not a mul-
11 tiple of 0.1 cent, such amount shall be rounded to
12 the nearest multiple of 0.1 cent.

13 “(2) ANNUAL COMPUTATION.—The Secretary
14 shall, not later than April 1 of each calendar year,
15 determine and publish in the Federal Register the
16 inflation adjustment factor for such calendar year in
17 accordance with this subsection.

18 “(3) INFLATION ADJUSTMENT FACTOR.—The
19 term ‘inflation adjustment factor’ means, with re-
20 spect to a calendar year, a fraction the numerator
21 of which is the GDP implicit price deflator for the
22 preceding calendar year and the denominator of
23 which is the GDP implicit price deflator for the cal-
24 endar year 1992. The term ‘GDP implicit price
25 deflator’ means the most recent revision of the im-

1 plicit price deflator for the gross domestic product
2 as computed and published by the Department of
3 Commerce before March 15 of the calendar year.

4 “(e) CREDIT PHASE-OUT.—

5 “(1) IN GENERAL.—If the Secretary, in con-
6 sultation with the Secretary of Energy and the Ad-
7 ministrators of the Environmental Protection Agency,
8 determines that the annual greenhouse gas emis-
9 sions from electrical production in the United States
10 are equal to or less than 50 percent of the annual
11 greenhouse gas emissions from electrical production
12 in the United States for calendar year 2019, the
13 amount of the clean energy production credit under
14 subsection (a) for any qualified facility placed in
15 service during a calendar year described in para-
16 graph (2) shall be equal to the product of—

17 “(A) the amount of the credit determined
18 under subsection (a) without regard to this sub-
19 section, multiplied by

20 “(B) the phase-out percentage under para-
21 graph (2).

22 “(2) PHASE-OUT PERCENTAGE.—The phase-out
23 percentage under this paragraph is equal to—

24 “(A) for a facility placed in service during
25 the first calendar year following the calendar

1 year in which the determination described in
2 paragraph (1) is made, 75 percent,

3 “(B) for a facility placed in service during
4 the second calendar year following such deter-
5 mination year, 50 percent,

6 “(C) for a facility placed in service during
7 the third calendar year following such deter-
8 mination year, 25 percent, and

9 “(D) for a facility placed in service during
10 any calendar year subsequent to the year de-
11 scribed in subparagraph (C), 0 percent.

12 “(f) DEFINITIONS.—In this section:

13 “(1) CO₂e PER KWh.—The term ‘CO₂e per
14 KWh’ means, with respect to any greenhouse gas,
15 the equivalent carbon dioxide (as determined based
16 on relative global warming potential) per kilowatt
17 hour of electricity produced.

18 “(2) GREENHOUSE GAS.—The term ‘greenhouse
19 gas’ has the same meaning given such term under
20 section 211(o)(1)(G) of the Clean Air Act (42
21 U.S.C. 7545(o)(1)(G)), as in effect on the date of
22 the enactment of this section.

23 “(3) QUALIFIED FACILITY.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graphs (B) and (C), the term ‘qualified facility’
3 means a facility which is—

4 “(i) used for the generation of elec-
5 tricity, and

6 “(ii) originally placed in service after
7 December 31, 2020.

8 “(B) 10-YEAR PRODUCTION CREDIT.—For
9 purposes of this section, a facility shall only be
10 treated as a qualified facility during the 10-year
11 period beginning on the date the facility was
12 originally placed in service.

13 “(C) EXPANSION OF FACILITY; INCRE-
14 MENTAL PRODUCTION.—A qualified facility
15 shall include either of the following in connec-
16 tion with a facility described in subparagraph
17 (A)(i) that was placed in service before January
18 1, 2021, but only to the extent of the increased
19 amount of electricity produced at the facility by
20 reason of the following:

21 “(i) A new unit placed in service after
22 December 31, 2020.

23 “(ii) Any efficiency improvements or
24 additions of capacity placed in service after
25 December 31, 2020.

1 “(D) COORDINATION WITH OTHER CRED-
2 ITS.—The term ‘qualified facility’ shall not in-
3 clude any facility for which—

4 “(i) a renewable electricity production
5 credit determined under section 45 is al-
6 lowed under section 38 for the taxable year
7 or any prior taxable year,

8 “(ii) an advanced nuclear power facil-
9 ity production credit under section 45J is
10 allowed under section 38 for the taxable
11 year or any prior taxable year,

12 “(iii) an energy credit determined
13 under section 48 is allowed under section
14 38 for the taxable year or any prior tax-
15 able year, or

16 “(iv) a clean energy investment credit
17 determined under section 48D is allowed
18 under section 38 for the taxable year or
19 any prior taxable year.

20 “(g) FINAL GUIDANCE.—Not later than January 1,
21 2020, the Secretary, in consultation with the Adminis-
22 trator of the Environmental Protection Agency, shall issue
23 final guidance regarding implementation of this section,
24 including calculation of greenhouse gas emission rates for

1 qualified facilities and determination of clean energy pro-
2 duction credits under this section.

3 “(h) SPECIAL RULES.—

4 “(1) ONLY PRODUCTION IN THE UNITED
5 STATES TAKEN INTO ACCOUNT.—Consumption or
6 sales shall be taken into account under this section
7 only with respect to electricity the production of
8 which is within—

9 “(A) the United States (within the mean-
10 ing of section 638(1)), or

11 “(B) a possession of the United States
12 (within the meaning of section 638(2)).

13 “(2) COMBINED HEAT AND POWER SYSTEM
14 PROPERTY.—

15 “(A) IN GENERAL.—For purposes of sub-
16 section (a)(1)(B), the kilowatt hours of elec-
17 tricity produced by a taxpayer at a qualified fa-
18 cility shall include any production in the form
19 of useful thermal energy by any combined heat
20 and power system property within such facility.

21 “(B) COMBINED HEAT AND POWER SYS-
22 TEM PROPERTY.—For purposes of this para-
23 graph, the term ‘combined heat and power sys-
24 tem property’ has the same meaning given such

1 term by section 48(c)(3) (without regard to
2 subparagraphs (A)(iv), (B), and (D) thereof).

3 “(C) CONVERSION FROM BTU TO KWH.—

4 “(i) IN GENERAL.—For purposes of
5 subparagraph (A), the amount of kilowatt
6 hours of electricity produced in the form of
7 useful thermal energy shall be equal to the
8 quotient of—

9 “(I) the total useful thermal en-
10 ergy produced by the combined heat
11 and power system property within the
12 qualified facility, divided by

13 “(II) the heat rate for such facil-
14 ity.

15 “(ii) HEAT RATE.—For purposes of
16 this subparagraph, the term ‘heat rate’
17 means the amount of energy used by the
18 qualified facility to generate 1 kilowatt
19 hour of electricity, expressed as British
20 thermal units per net kilowatt hour gen-
21 erated.

22 “(3) PRODUCTION ATTRIBUTABLE TO THE TAX-
23 PAYER.—In the case of a qualified facility in which
24 more than 1 person has an ownership interest, ex-
25 cept to the extent provided in regulations prescribed

1 by the Secretary, production from the facility shall
2 be allocated among such persons in proportion to
3 their respective ownership interests in the gross
4 sales from such facility.

5 “(4) RELATED PERSONS.—Persons shall be
6 treated as related to each other if such persons
7 would be treated as a single employer under the reg-
8 ulations prescribed under section 52(b). In the case
9 of a corporation which is a member of an affiliated
10 group of corporations filing a consolidated return,
11 such corporation shall be treated as selling electricity
12 to an unrelated person if such electricity is sold to
13 such a person by another member of such group.

14 “(5) PASS-THRU IN THE CASE OF ESTATES AND
15 TRUSTS.—Under regulations prescribed by the Sec-
16 retary, rules similar to the rules of subsection (d) of
17 section 52 shall apply.

18 “(6) ALLOCATION OF CREDIT TO PATRONS OF
19 AGRICULTURAL COOPERATIVE.—

20 “(A) ELECTION TO ALLOCATE.—

21 “(i) IN GENERAL.—In the case of an
22 eligible cooperative organization, any por-
23 tion of the credit determined under sub-
24 section (a) for the taxable year may, at the
25 election of the organization, be apportioned

1 among patrons of the organization on the
2 basis of the amount of business done by
3 the patrons during the taxable year.

4 “(ii) FORM AND EFFECT OF ELEC-
5 TION.—An election under clause (i) for any
6 taxable year shall be made on a timely
7 filed return for such year. Such election,
8 once made, shall be irrevocable for such
9 taxable year. Such election shall not take
10 effect unless the organization designates
11 the apportionment as such in a written no-
12 tice mailed to its patrons during the pay-
13 ment period described in section 1382(d).

14 “(B) TREATMENT OF ORGANIZATIONS AND
15 PATRONS.—The amount of the credit appor-
16 tioned to any patrons under subparagraph
17 (A)—

18 “(i) shall not be included in the
19 amount determined under subsection (a)
20 with respect to the organization for the
21 taxable year, and

22 “(ii) shall be included in the amount
23 determined under subsection (a) for the
24 first taxable year of each patron ending on
25 or after the last day of the payment period

1 (as defined in section 1382(d)) for the tax-
2 able year of the organization or, if earlier,
3 for the taxable year of each patron ending
4 on or after the date on which the patron
5 receives notice from the cooperative of the
6 apportionment.

7 “(C) SPECIAL RULES FOR DECREASE IN
8 CREDITS FOR TAXABLE YEAR.—If the amount
9 of the credit of a cooperative organization de-
10 termined under subsection (a) for a taxable
11 year is less than the amount of such credit
12 shown on the return of the cooperative organi-
13 zation for such year, an amount equal to the
14 excess of—

15 “(i) such reduction, over

16 “(ii) the amount not apportioned to
17 such patrons under subparagraph (A) for
18 the taxable year,

19 shall be treated as an increase in tax imposed
20 by this chapter on the organization. Such in-
21 crease shall not be treated as tax imposed by
22 this chapter for purposes of determining the
23 amount of any credit under this chapter.

24 “(D) ELIGIBLE COOPERATIVE DEFINED.—
25 For purposes of this section, the term ‘eligible

1 cooperative’ means a cooperative organization
2 described in section 1381(a) which is owned
3 more than 50 percent by agricultural producers
4 or by entities owned by agricultural producers.
5 For this purpose an entity owned by an agricul-
6 tural producer is one that is more than 50 per-
7 cent owned by agricultural producers.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 38(b) is amended—

10 (A) in paragraph (31), by striking “plus”
11 at the end,

12 (B) in paragraph (32), by striking the pe-
13 riod at the end and inserting “, plus”, and

14 (C) by adding at the end the following new
15 paragraph:

16 “(33) the clean energy production credit deter-
17 mined under section 45T(a).”.

18 (2) The table of sections for subpart D of part
19 IV of subchapter A of chapter 1 is amended by add-
20 ing at the end the following new item:

“Sec. 45T. Clean energy production credit.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to facilities placed in service after
23 December 31, 2020.

24 **SEC. 102. CLEAN ENERGY INVESTMENT CREDIT.**

25 (a) BUSINESS CREDIT.—

1 (1) IN GENERAL.—Subpart E of part IV of
2 subchapter A of chapter 1 is amended by inserting
3 after section 48C the following new section:

4 **“SEC. 48D. CLEAN ENERGY INVESTMENT CREDIT.**

5 “(a) INVESTMENT CREDIT FOR QUALIFIED PROP-
6 ERTY.—

7 “(1) IN GENERAL.—For purposes of section 46,
8 the clean energy investment credit for any taxable
9 year is an amount equal to the sum of—

10 “(A) the clean energy percentage of the
11 qualified investment for such taxable year with
12 respect to any qualified facility, plus

13 “(B) 30 percent of the qualified invest-
14 ment for such taxable year with respect to—

15 “(i) qualified carbon capture and se-
16 questration equipment, and

17 “(ii) energy storage property.

18 “(2) CLEAN ENERGY PERCENTAGE.—

19 “(A) MAXIMUM PERCENTAGE.—Except as
20 provided in subparagraphs (B) and (C), the
21 clean energy percentage is 30 percent.

22 “(B) REDUCTION OF PERCENTAGE BASED
23 ON GREENHOUSE GAS EMISSIONS RATE.—The
24 clean energy percentage shall be reduced (but
25 not below zero) by an amount which bears the

1 same ratio to 30 percent as the anticipated
2 greenhouse gas emissions rate for the qualified
3 facility bears to 300 grams of CO₂e per KWh.

4 “(C) MICROGRIDS.—

5 “(i) IN GENERAL.—In the case of a
6 microgrid, the clean energy percentage
7 shall be the amount, expressed as a per-
8 centage, equal to 30 percent of the relative
9 avoided emissions rate for the microgrid.

10 “(ii) RELATIVE AVOIDED EMISSIONS
11 RATE.—For purposes of clause (i), the rel-
12 ative avoided emissions rate shall be the
13 amount equal to the quotient of—

14 “(I) the amount equal to the
15 non-baseload output emissions rate
16 for the applicable grid region minus
17 the greenhouse gas emissions rate for
18 the microgrid, divided by

19 “(II) the non-baseload output
20 emissions rate for the applicable grid
21 region.

22 “(iii) NON-BASELOAD OUTPUT EMIS-
23 SIONS RATE.—

24 “(I) IN GENERAL.—The term
25 ‘non-baseload output emissions rate’

1 means the amount of greenhouse
2 gases emitted into the atmosphere by
3 the applicable grid region for the pro-
4 duction of electricity (expressed as
5 grams of CO₂e per KWh) above base-
6 load.

7 “(II) DETERMINATION.—The
8 non-baseload output emissions rate
9 for any applicable grid region shall be
10 determined by the Administrator of
11 the Environmental Protection Agency,
12 in consultation with the Secretary.

13 “(iv) MICROGRID.—The term
14 ‘microgrid’ means an interconnected sys-
15 tem of loads and energy resources (includ-
16 ing distributed energy resources, energy
17 storage, demand response tools, and other
18 management, forecasting, and analytical
19 tools) which—

20 “(I) is appropriately sized to
21 meet the needs of its customers,

22 “(II) is contained within a clearly
23 defined electrical boundary and has
24 the ability to operate as a single and
25 controllable entity,

1 “(III) has the ability to—

2 “(aa) connect to, disconnect
3 from, or run in parallel with the
4 applicable grid region, or

5 “(bb) be managed and iso-
6 lated from the applicable grid re-
7 gion in order to withstand larger
8 disturbances and maintain the
9 supply of electricity to connected
10 critical infrastructure, and

11 “(IV) has no point of inter-
12 connection to the applicable grid re-
13 gion with a throughput capacity in ex-
14 cess of 20 megawatts.

15 “(v) APPLICABLE GRID REGION.—The
16 term ‘applicable grid region’ means a set
17 of power plants and transmission lines
18 which are—

19 “(I) under the control of a single
20 grid operator, and

21 “(II) interconnected to the
22 microgrid.

23 “(D) ROUNDING.—If any amount deter-
24 mined under subparagraph (B) or subpara-
25 graph (C) is not a multiple of 1 percent, such

1 amount shall be rounded to the nearest multiple
2 of 1 percent.

3 “(b) QUALIFIED INVESTMENT WITH RESPECT TO
4 ANY QUALIFIED FACILITY.—

5 “(1) IN GENERAL.—For purposes of subsection
6 (a)(1)(A), the qualified investment with respect to
7 any qualified facility for any taxable year is the
8 basis of any qualified property placed in service by
9 the taxpayer during such taxable year which is part
10 of a qualified facility.

11 “(2) QUALIFIED PROPERTY.—The term ‘quali-
12 fied property’ means property—

13 “(A) which is—

14 “(i) tangible personal property, or

15 “(ii) other tangible property (not in-
16 cluding a building or its structural compo-
17 nents), but only if such property is used as
18 an integral part of the qualified facility,

19 “(B) with respect to which depreciation (or
20 amortization in lieu of depreciation) is allow-
21 able,

22 “(C) which is constructed, reconstructed,
23 erected, or acquired by the taxpayer, and

24 “(D) the original use of which commences
25 with the taxpayer.

1 “(3) QUALIFIED FACILITY.—

2 “(A) IN GENERAL.—For purposes of this
3 section, the term ‘qualified facility’ has the
4 same meaning given such term under section
5 45T(f)(3) (without regard to subparagraphs
6 (B) and (D) thereof).

7 “(B) MICROGRIDS.—For purposes of this
8 section, the term ‘qualified facility’ shall include
9 any microgrid (as defined in subsection
10 (a)(2)(C)(iv)).

11 “(C) EXCLUSION.—The term ‘qualified fa-
12 cility’ shall not include any facility for which a
13 renewable electricity production credit under
14 section 45, an advanced nuclear power facility
15 production credit under section 45J, or an en-
16 ergy credit determined under section 48 is al-
17 lowed under section 38 for the taxable year or
18 any prior taxable year.

19 “(4) COORDINATION WITH REHABILITATION
20 CREDIT.—The qualified investment with respect to
21 any qualified facility for any taxable year shall not
22 include that portion of the basis of any property
23 which is attributable to qualified rehabilitation ex-
24 penditures (as defined in section 47(c)(2)).

1 “(c) QUALIFIED INVESTMENT WITH RESPECT TO
2 QUALIFIED CARBON CAPTURE AND SEQUESTRATION
3 EQUIPMENT.—

4 “(1) IN GENERAL.—For purposes of subsection
5 (a)(1)(B)(i), the qualified investment with respect to
6 qualified carbon capture and sequestration equip-
7 ment for any taxable year is the basis of any quali-
8 fied carbon capture and sequestration equipment
9 placed in service by the taxpayer during such taxable
10 year.

11 “(2) QUALIFIED CARBON CAPTURE AND SE-
12 QUESTRATION EQUIPMENT.—The term ‘qualified
13 carbon capture and sequestration equipment’ means
14 property—

15 “(A) installed at a facility placed in service
16 before January 1, 2021, which produces elec-
17 tricity,

18 “(B) which results in at least a 50 percent
19 reduction in the carbon dioxide emissions rate
20 at the facility, as compared to such rate before
21 installation of such equipment, through the cap-
22 ture and disposal or utilization of qualified car-
23 bon dioxide (as defined in paragraph (3)(A)),

24 “(C) with respect to which depreciation is
25 allowable,

1 “(D) which is constructed, reconstructed,
2 erected, or acquired by the taxpayer,

3 “(E) the original use of which commences
4 with the taxpayer, and

5 “(F) with respect to which—

6 “(i) no credit has been allowed under
7 section 45Q or section 45T, and

8 “(ii) the taxpayer makes an irrev-
9 ocable election to have this subsection
10 apply.

11 “(3) QUALIFIED CARBON DIOXIDE.—The term
12 ‘qualified carbon dioxide’ means carbon dioxide cap-
13 tured from an industrial source which—

14 “(A) would otherwise be released into the
15 atmosphere as industrial emission of green-
16 house gas,

17 “(B) is measured at the source of capture
18 and verified at the point of disposal or utiliza-
19 tion,

20 “(C)(i) is disposed of by the taxpayer in
21 secure geological storage (as such term is de-
22 fined under section 45Q(f)(2)), or

23 “(ii) utilized by the taxpayer in a manner
24 described in section 45Q(f)(5), and

1 “(D) is captured and disposed or utilized
2 within the United States (within the meaning of
3 section 638(1)) or a possession of the United
4 States (within the meaning of section 638(2)).

5 “(4) COORDINATION WITH OTHER CREDITS.—
6 No credit shall be allowed under section 45Q or sec-
7 tion 45T for any taxable year with respect to any
8 qualified carbon capture and sequestration equip-
9 ment for which an election described in paragraph
10 (2)(F)(ii) has been made.

11 “(d) QUALIFIED INVESTMENT WITH RESPECT TO
12 ENERGY STORAGE PROPERTY.—

13 “(1) IN GENERAL.—For purposes of subsection
14 (a)(1)(B)(ii), the qualified investment with respect
15 to energy storage property for any taxable year is
16 the basis of any energy storage property placed in
17 service by the taxpayer during such taxable year.

18 “(2) ENERGY STORAGE PROPERTY.—The term
19 ‘energy storage property’ means property—

20 “(A) which receives, stores, and delivers
21 electricity, or energy for conversion to elec-
22 tricity, provided that such electricity is—

23 “(i) sold by the taxpayer to an unre-
24 lated person, or

1 “(ii) in the case of a facility which is
2 equipped with a metering device which is
3 owned and operated by an unrelated per-
4 son, sold or consumed by the taxpayer,

5 “(B) with respect to which depreciation is
6 allowable,

7 “(C) which is constructed, reconstructed,
8 erected, or acquired by the taxpayer,

9 “(D) the original use of which commences
10 with the taxpayer, and

11 “(E) which is placed in service after De-
12 cember 31, 2020.

13 “(e) GREENHOUSE GAS EMISSIONS RATE.—

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, the term ‘greenhouse gas emissions rate’ has
16 the same meaning given such term under subsection
17 (b) of section 45T.

18 “(2) ESTABLISHMENT OF SAFE HARBOR FOR
19 QUALIFIED PROPERTY.—

20 “(A) IN GENERAL.—The Secretary, in con-
21 sultation with the Administrator of the Envi-
22 ronmental Protection Agency, shall establish
23 safe-harbor greenhouse gas emissions rates for
24 types or categories of qualified property which

1 are part of a qualified facility, which a taxpayer
2 may elect to use for purposes of this section.

3 “(B) ROUNDING.—In establishing the safe-
4 harbor greenhouse gas emissions rates for
5 qualified property, the Secretary may round
6 such rates to the nearest multiple of 30 grams
7 of CO₂e per kWh (or, in the case of a green-
8 house gas emissions rate which is less than 15
9 grams of CO₂e per kWh, by rounding such rate
10 to zero).

11 “(C) PUBLISHING SAFE-HARBOR EMIS-
12 SIONS RATES.—The Secretary, in consultation
13 with the Administrator of the Environmental
14 Protection Agency, shall publish a table that
15 sets forth the safe-harbor greenhouse gas emis-
16 sions rates for similar types or categories of
17 qualified property.

18 “(f) CERTAIN PROGRESS EXPENDITURE RULES
19 MADE APPLICABLE.—Rules similar to the rules of sub-
20 sections (c)(4) and (d) of section 46 (as in effect on the
21 day before the date of the enactment of the Revenue Rec-
22 onciliation Act of 1990) shall apply for purposes of sub-
23 section (a).

24 “(g) CREDIT PHASE-OUT.—

1 “(1) IN GENERAL.—If the Secretary, in con-
2 sultation with the Secretary of Energy and the Ad-
3 ministrator of the Environmental Protection Agency,
4 determines that the annual greenhouse gas emis-
5 sions from electrical production in the United States
6 are equal to or less than 50 percent of the annual
7 greenhouse gas emissions from electrical production
8 in the United States for calendar year 2019, the
9 amount of the clean energy investment credit under
10 subsection (a) for any qualified facility, qualified
11 carbon capture and sequestration equipment, or en-
12 ergy storage property placed in service during a cal-
13 endar year described in paragraph (2) shall be equal
14 to the product of—

15 “(A) the amount of the credit determined
16 under subsection (a) without regard to this sub-
17 section, multiplied by

18 “(B) the phase-out percentage under para-
19 graph (2).

20 “(2) PHASE-OUT PERCENTAGE.—The phase-out
21 percentage under this paragraph is equal to—

22 “(A) for a facility or property placed in
23 service during the first calendar year following
24 the calendar year in which the determination
25 described in paragraph (1) is made, 75 percent,

1 “(B) for a facility or property placed in
2 service during the second calendar year fol-
3 lowing such determination year, 50 percent,

4 “(C) for a facility or property placed in
5 service during the third calendar year following
6 such determination year, 25 percent, and

7 “(D) for a facility or property placed in
8 service during any calendar year subsequent to
9 the year described in subparagraph (C), 0 per-
10 cent.

11 “(h) DEFINITIONS.—In this section:

12 “(1) CO₂e PER KWh.—The term ‘CO₂e per
13 KWh’ has the same meaning given such term under
14 section 45T(f)(1).

15 “(2) GREENHOUSE GAS.—The term ‘greenhouse
16 gas’ has the same meaning given such term under
17 section 45T(f)(2).

18 “(i) RECAPTURE OF CREDIT.—For purposes of sec-
19 tion 50, if the Secretary, in consultation with the Adminis-
20 trator of the Environmental Protection Agency, deter-
21 mines that—

22 “(1) the greenhouse gas emissions rate for a
23 qualified facility is significantly higher than the an-
24 ticipated greenhouse gas emissions rate claimed by

1 the taxpayer for purposes of the clean energy invest-
2 ment credit under this section, or

3 “(2) with respect to any qualified carbon cap-
4 ture and sequestration equipment installed in a facil-
5 ity, the carbon dioxide emissions from such facility
6 cease to be captured or disposed of in a manner con-
7 sistent with the requirements of subsection (c),
8 the facility or equipment shall cease to be investment cred-
9 it property in the taxable year in which the determination
10 is made.

11 “(j) FINAL GUIDANCE.—Not later than January 1,
12 2020, the Secretary, in consultation with the Adminis-
13 trator of the Environmental Protection Agency, shall issue
14 final guidance regarding implementation of this section,
15 including calculation of greenhouse gas emission rates for
16 qualified facilities and determination of clean energy in-
17 vestment credits under this section.”.

18 (2) CONFORMING AMENDMENTS.—

19 (A) Section 46 is amended—

20 (i) by striking “and” at the end of
21 paragraph (5),

22 (ii) by striking the period at the end
23 of paragraph (6) and inserting “, and”,
24 and

1 (iii) by adding at the end the fol-
2 lowing new paragraph:

3 “(7) the clean energy investment credit.”.

4 (B) Section 49(a)(1)(C) is amended—

5 (i) by striking “and” at the end of
6 clause (iv),

7 (ii) by striking the period at the end
8 of clause (v) and inserting a comma, and

9 (iii) by adding at the end the fol-
10 lowing new clauses:

11 “(vi) the basis of any qualified prop-
12 erty which is part of a qualified facility
13 under section 48D,

14 “(vii) the basis of any qualified carbon
15 capture and sequestration equipment under
16 section 48D, and

17 “(viii) the basis of any energy storage
18 property under section 48D.”.

19 (C) Section 50(a)(2)(E) is amended by
20 striking “or 48C(b)(2)” and inserting
21 “48C(b)(2), or 48D(e)”.

22 (D) The table of sections for subpart E of
23 part IV of subchapter A of chapter 1 is amend-
24 ed by inserting after the item relating to section
25 48C the following new item:

“48D. Clean energy investment credit.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to property placed in
3 service after December 31, 2020, under rules similar
4 to the rules of section 48(m) of the Internal Revenue
5 Code of 1986 (as in effect on the day before the
6 date of the enactment of the Revenue Reconciliation
7 Act of 1990).

8 (b) INDIVIDUAL CREDIT.—

9 (1) IN GENERAL.—Section 25D is amended to
10 read as follows:

11 **“SEC. 25D. CLEAN RESIDENTIAL ENERGY CREDIT.**

12 “(a) ALLOWANCE OF CREDIT.—

13 “(1) IN GENERAL.—In the case of an indi-
14 vidual, there shall be allowed as a credit against the
15 tax imposed by this chapter for the taxable year an
16 amount equal to the sum of—

17 “(A) the clean energy percentage of the ex-
18 penditures made by the taxpayer for qualified
19 property which is—

20 “(i) for use in a dwelling unit which
21 is located in the United States and used as
22 a residence by the taxpayer, and

23 “(ii) placed in service during such tax-
24 able year, plus

1 “(C) DEFINITIONS.—For purposes of this
2 section, the terms ‘greenhouse gas emissions
3 rate’ and ‘CO₂e per KWh’ have the same mean-
4 ings given such terms under subsections (b) and
5 (f)(1) of section 45T, respectively.

6 “(3) ESTABLISHMENT OF SAFE HARBOR FOR
7 QUALIFIED PROPERTY.—

8 “(A) IN GENERAL.—The Secretary, in con-
9 sultation with the Administrator of the Envi-
10 ronmental Protection Agency, shall establish
11 safe-harbor greenhouse gas emissions rates for
12 types or categories of qualified property which
13 are for use in a dwelling unit, which a taxpayer
14 may elect to use for purposes of this section.

15 “(B) ROUNDING.—In establishing the safe-
16 harbor greenhouse gas emissions rates for
17 qualified property, the Secretary may round
18 such rates to the nearest multiple of 30 grams
19 of CO₂e per KWh (or, in the case of a green-
20 house gas emissions rate which is less than 15
21 grams of CO₂e per KWh, by rounding such rate
22 to zero).

23 “(C) PUBLISHING SAFE-HARBOR EMIS-
24 SIONS RATES.—The Secretary, in consultation
25 with the Administrator of the Environmental

1 Protection Agency, shall publish a table that
2 sets forth the safe-harbor greenhouse gas emis-
3 sions rates for similar types or categories of
4 qualified property.

5 “(b) QUALIFIED PROPERTY.—The term ‘qualified
6 property’ means property—

7 “(1) which is tangible personal property,

8 “(2) which is used for the generation of elec-
9 tricity,

10 “(3) which is constructed, reconstructed, erect-
11 ed, or acquired by the taxpayer,

12 “(4) the original use of which commences with
13 the taxpayer, and

14 “(5) which is originally placed in service after
15 December 31, 2020.

16 “(c) ENERGY STORAGE PROPERTY.—The term ‘en-
17 ergy storage property’ means property which—

18 “(1) receives, stores, and delivers electricity or
19 energy for conversion to electricity which is con-
20 sumed or sold by the taxpayer, and

21 “(2) is equipped with a metering device which
22 is owned and operated by an unrelated person.

23 “(d) CARRYFORWARD OF UNUSED CREDIT.—If the
24 credit allowable under subsection (a) exceeds the limita-
25 tion imposed by section 26(a) for such taxable year re-

1 duced by the sum of the credits allowable under this sub-
2 part (other than this section), such excess shall be carried
3 to the succeeding taxable year and added to the credit al-
4 lowable under subsection (a) for such succeeding taxable
5 year.

6 “(e) CREDIT PHASE-OUT.—

7 “(1) IN GENERAL.—If the Secretary determines
8 that the annual greenhouse gas emissions from elec-
9 trical production in the United States are equal to
10 or less than the percentage specified in section
11 48D(g), the amount of the credit allowable under
12 subsection (a) for any qualified property or energy
13 storage property placed in service during a calendar
14 year described in paragraph (2) shall be equal to the
15 product of—

16 “(A) the amount of the credit determined
17 under subsection (a) without regard to this sub-
18 section, multiplied by

19 “(B) the phase-out percentage under para-
20 graph (2).

21 “(2) PHASE-OUT PERCENTAGE.—The phase-out
22 percentage under this paragraph is equal to—

23 “(A) for property placed in service during
24 the first calendar year following the calendar

1 year in which the determination described in
2 paragraph (1) is made, 75 percent,

3 “(B) for property placed in service during
4 the second calendar year following such deter-
5 mination year, 50 percent,

6 “(C) for property placed in service during
7 the third calendar year following such deter-
8 mination year, 25 percent, and

9 “(D) for property placed in service during
10 any calendar year subsequent to the year de-
11 scribed in subparagraph (C), 0 percent.

12 “(f) SPECIAL RULES.—For purposes of this section:

13 “(1) LABOR COSTS.—Expenditures for labor
14 costs properly allocable to the onsite preparation, as-
15 sembly, or original installation of the qualified prop-
16 erty or energy storage property and for piping or
17 wiring to interconnect such property to the dwelling
18 unit shall be taken into account for purposes of this
19 section.

20 “(2) TENANT-STOCKHOLDER IN COOPERATIVE
21 HOUSING CORPORATION.—In the case of an indi-
22 vidual who is a tenant-stockholder (as defined in sec-
23 tion 216) in a cooperative housing corporation (as
24 defined in such section), such individual shall be
25 treated as having made his tenant-stockholder’s pro-

1 portionate share (as defined in section 216(b)(3)) of
2 any expenditures of such corporation.

3 “(3) CONDOMINIUMS.—

4 “(A) IN GENERAL.—In the case of an indi-
5 vidual who is a member of a condominium man-
6 agement association with respect to a condo-
7 minium which the individual owns, such indi-
8 vidual shall be treated as having made the indi-
9 vidual’s proportionate share of any expenditures
10 of such association.

11 “(B) CONDOMINIUM MANAGEMENT ASSO-
12 CIATION.—For purposes of this paragraph, the
13 term ‘condominium management association’
14 means an organization which meets the require-
15 ments of paragraph (1) of section 528(c) (other
16 than subparagraph (E) thereof) with respect to
17 a condominium project substantially all of the
18 units of which are used as residences.

19 “(4) ALLOCATION IN CERTAIN CASES.—If less
20 than 80 percent of the use of a property is for non-
21 business purposes, only that portion of the expendi-
22 tures for such property which is properly allocable to
23 use for nonbusiness purposes shall be taken into ac-
24 count.

1 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
2 title, if a credit is allowed under this section for any ex-
3 penditures with respect to any property, the increase in
4 the basis of such property which would (but for this sub-
5 section) result from such expenditures shall be reduced by
6 the amount of the credit so allowed.

7 “(h) FINAL GUIDANCE.—Not later than January 1,
8 2020, the Secretary, in consultation with the Adminis-
9 trator of the Environmental Protection Agency, shall issue
10 final guidance regarding implementation of this section,
11 including calculation of greenhouse gas emission rates for
12 qualified property and determination of residential clean
13 energy property credits under this section.”.

14 (2) CONFORMING AMENDMENTS.—

15 (A) Paragraph (1) of section 45(d) is
16 amended by striking “Such term” and all that
17 follows through the period and inserting the fol-
18 lowing: “Such term shall not include any facil-
19 ity with respect to which any expenditures for
20 qualified property (as defined in subsection (b)
21 of section 25D) which uses wind to produce
22 electricity is taken into account in determining
23 the credit under such section.”.

1 (B) Paragraph (34) of section 1016(a) is
2 amended by striking “section 25D(f)” and in-
3 serting “section 25D(h)”.

4 (C) The item relating to section 25D in
5 the table of contents for subpart A of part IV
6 of subchapter A of chapter 1 is amended to
7 read as follows:

“Sec. 25D. Clean residential energy credit.”.

8 (3) EFFECTIVE DATE.—The amendments made
9 by this section shall apply to property placed in serv-
10 ice after December 31, 2020.

11 **SEC. 103. EXTENSIONS, MODIFICATIONS, AND TERMI-**
12 **NATIONS OF VARIOUS ENERGY PROVISIONS.**

13 (a) RESIDENTIAL ENERGY EFFICIENT PROPERTY.—

14 (1) IN GENERAL.—Subsection (h) of section
15 25D is amended by striking “December 31, 2021”
16 and inserting “December 31, 2020”.

17 (2) ELIMINATION OF PHASEOUT.—Section 25D,
18 as amended by paragraph (1), is amended—

19 (A) in subsection (a), by striking “the ap-
20 plicable percentages” and inserting “30 per-
21 cent”,

22 (B) by striking subsection (g), and

23 (C) by redesignating subsection (h) as sub-
24 section (g).

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to property placed in
3 service after December 31, 2018.

4 (b) ELECTRICITY PRODUCED FROM CERTAIN RE-
5 NEWABLE RESOURCES.—

6 (1) IN GENERAL.—The following provisions of
7 section 45(d) are each amended by striking “the
8 construction of which begins before January 1,
9 2018” each place it appears and inserting “origi-
10 nally placed in service before January 1, 2021”:

11 (A) Paragraph (2)(A).

12 (B) Paragraph (3)(A).

13 (C) Paragraph (4)(B).

14 (D) Paragraph (6).

15 (E) Paragraph (7).

16 (F) Paragraph (9).

17 (G) Paragraph (11)(B).

18 (2) TERMINATION OF HALF-CREDIT RATE.—
19 Subparagraph (A) of section 45(b)(4) is amended by
20 inserting “and before 2019” after “after 2003”.

21 (3) EFFECTIVE DATE.—The amendments made
22 by this subsection shall take effect on January 1,
23 2019.

24 (c) CREDIT FOR PRODUCTION FROM ADVANCED NU-
25 CLEAR POWER FACILITIES.—

1 (1) IN GENERAL.—Subparagraph (B) of section
2 45J(d)(1) is amended by striking “January 1,
3 2021” and inserting “January 1, 2020”.

4 (2) TERMINATION OF ALLOCATION OF UNUTI-
5 LIZED LIMITATION.—Section 45J(b) is amended by
6 striking paragraph (5).

7 (d) CREDIT FOR CARBON DIOXIDE SEQUESTRA-
8 TION.—

9 (1) EXCLUSION OF CERTAIN FACILITIES THAT
10 PRODUCE ELECTRICITY.—Section 45Q is amended—

11 (A) in subsection (d), by striking “For
12 purposes of this section” and inserting “Subject
13 to subsection (h), for purposes of this section”,

14 (B) by redesignating subsection (h) as sub-
15 section (i), and

16 (C) by inserting after subsection (g) the
17 following:

18 “(h) EXCLUSION OF CERTAIN FACILITIES THAT
19 PRODUCE ELECTRICITY.—The term ‘qualified facility’
20 shall not include any facility which—

21 “(1) is placed in service before January 1,
22 2021, and

23 “(2) produces electricity.”.

1 (2) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to taxable years begin-
3 ning after December 31, 2020.

4 (e) MODIFICATION OF CREDITS FOR WIND FACILI-
5 TIES AND OTHER ENERGY PROPERTY.—

6 (1) WIND FACILITIES.—

7 (A) RENEWABLE ELECTRICITY PRODUC-
8 TION CREDIT.—

9 (i) IN GENERAL.—Paragraph (1) of
10 section 45(d) is amended by striking “Jan-
11 uary 1, 2020” and inserting “January 1,
12 2021”.

13 (ii) PHASEOUT.—Subparagraph (C) of
14 section 45(b)(5) is amended by striking
15 “January 1, 2020” and inserting “Janu-
16 ary 1, 2021”.

17 (B) QUALIFIED INVESTMENT CREDIT FA-
18 CILITY.—

19 (i) IN GENERAL.—Section
20 48(a)(5)(C)(ii) is amended by striking
21 “January 1, 2018” and all that follows
22 through “section 45(d))” and inserting
23 “January 1, 2021”.

24 (ii) PHASEOUT.—Clause (iii) of sec-
25 tion 48(a)(5)(E) is amended by striking

1 “January 1, 2020” and inserting “Janu-
2 ary 1, 2021”.

3 (C) EFFECTIVE DATE.—The amendments
4 made by this paragraph shall take effect on
5 January 1, 2019.

6 (2) OTHER ENERGY PROPERTY.—

7 (A) SOLAR ENERGY PROPERTY.—Sub-
8 clause (II) of section 48(a)(2)(A)(i) is amended
9 by striking “property the construction of which
10 begins before January 1, 2022” and inserting
11 “periods ending before January 1, 2019”.

12 (B) PHASEOUTS.—Subsection (a) of sec-
13 tion 48 is amended by striking paragraphs (6)
14 and (7).

15 (C) CONFORMING AMENDMENT.—Subpara-
16 graph (A) of section 48(a)(2) is amended by
17 striking “Except as provided in paragraphs (6)
18 and (7), the energy percentage” and inserting
19 “The energy percentage”.

20 (D) EFFECTIVE DATE.—The amendments
21 made by this paragraph shall take effect on
22 January 1, 2019.

23 (f) ENERGY CREDIT.—

24 (1) SOLAR ENERGY PROPERTY.—Section
25 48(a)(3)(A) is amended—

1 (A) in clause (i), by inserting “but only
2 with respect to periods ending before January
3 1, 2021” after “swimming pool,” and

4 (B) in clause (ii), by striking “property the
5 construction of which begins before January 1,
6 2022” and inserting “periods ending before
7 January 1, 2021”.

8 (2) GEOTHERMAL ENERGY PROPERTY.—Section
9 48(a)(3)(A)(iii) is amended by inserting “with re-
10 spect to periods ending before January 1, 2021,
11 and” after “but only”.

12 (3) THERMAL ENERGY PROPERTY.—Section
13 48(a)(3)(A)(vii) is amended by striking “property
14 the construction of which begins before January 1,
15 2022” and inserting “periods ending before January
16 1, 2021”.

17 (4) QUALIFIED FUEL CELL PROPERTY.—Sec-
18 tion 48(c)(1)(D) is amended by striking “the con-
19 struction of which does not begin before January 1,
20 2022” and inserting “for any period after December
21 31, 2020”.

22 (5) QUALIFIED MICROTURBINE PROPERTY.—
23 Section 48(c)(2)(D) is amended by striking “the
24 construction of which does not begin before January

1 1, 2022” and inserting “for any period after Decem-
2 ber 31, 2020”.

3 (6) COMBINED HEAT AND POWER SYSTEM
4 PROPERTY.—Section 48(c)(3)(A)(iv) is amended by
5 striking “the construction of which begins before
6 January 1, 2022” and inserting “which is placed in
7 service before January 1, 2021”.

8 (7) QUALIFIED SMALL WIND ENERGY PROP-
9 erty.—Section 48(c)(4)(C) is amended by striking
10 “the construction of which does not begin before
11 January 1, 2022” and inserting “for any period
12 after December 31, 2020”.

13 (g) QUALIFYING ADVANCED ENERGY PROJECT
14 CREDIT.—

15 (1) IN GENERAL.—Section 48C is amended—

16 (A) by redesignating subsection (e) as sub-
17 section (f), and

18 (B) by inserting after subsection (d) the
19 following new subsection:

20 “(e) ADDITIONAL QUALIFYING ADVANCED ENERGY
21 PROGRAM.—

22 “(1) ESTABLISHMENT.—

23 “(A) IN GENERAL.—Not later than 180
24 days after the date of enactment of this sub-
25 section, the Secretary, in consultation with the

1 Secretary of Energy, shall establish an addi-
2 tional qualifying advanced energy project pro-
3 gram to consider and award certifications for
4 qualified investments eligible for credits under
5 this section to qualifying advanced energy
6 project sponsors.

7 “(B) LIMITATION.—The total amount of
8 credits that may be allocated under the pro-
9 gram described in subparagraph (A) shall not
10 exceed \$5,000,000,000.

11 “(2) CERTIFICATION.—

12 “(A) APPLICATION PERIOD.—Each appli-
13 cant for certification under this paragraph shall
14 submit an application containing such informa-
15 tion as the Secretary may require during the 2-
16 year period beginning on the date the Secretary
17 establishes the program under paragraph (1).

18 “(B) TIME TO MEET CRITERIA FOR CER-
19 TIFICATION.—Each applicant for certification
20 shall have 1 year from the date of acceptance
21 by the Secretary of the application during
22 which to provide to the Secretary evidence that
23 the requirements of the certification have been
24 met.

1 project subject to the certification has been
2 delayed as a result of third-party opposi-
3 tion or litigation to the proposed project.

4 “(C) REALLOCATION.—If the Secretary de-
5 termines that credits under this section are
6 available for reallocation pursuant to the re-
7 quirements set forth in paragraph (2), the Sec-
8 retary is authorized to conduct an additional
9 program for applications for certification.

10 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-
11 retary shall, upon making a certification under this
12 subsection, publicly disclose the identity of the appli-
13 cant and the amount of the credit with respect to
14 such applicant.”.

15 (2) EFFECTIVE DATE.—The amendments made
16 by this subsection shall apply to periods after the
17 date of the enactment of this Act, under rules simi-
18 lar to the rules of section 48(m) of the Internal Rev-
19 enue Code of 1986 (as in effect on the day before
20 the date of the enactment of the Revenue Reconcili-
21 ation Act of 1990).

22 (h) TERMINATION OF PROVISIONS RELATING TO OIL,
23 GAS, AND OTHER MATERIALS.—

24 (1) AMORTIZATION OF GEOLOGICAL AND GEO-
25 PHYSICAL EXPENDITURES.—Section 167(h) is

1 amended by adding at the end the following new
2 paragraph:

3 “(6) TERMINATION.—This subsection shall not
4 apply to any expenses paid or incurred during any
5 taxable year beginning after the date of the enact-
6 ment of the Clean Energy for America Act.”.

7 (2) ALASKA NATURAL GAS PIPELINES.—Sub-
8 paragraph (B) of section 168(i)(16) is amended to
9 read as follows:

10 “(B) is—

11 “(i)(I) placed in service after Decem-
12 ber 31, 2013, or

13 “(II) treated as placed in service on
14 January 1, 2014, if the taxpayer who
15 places such system in service before Janu-
16 ary 1, 2014, elects such treatment, and

17 “(ii) placed in service before the end
18 of the calendar year in which the Clean
19 Energy for America Act is enacted.”.

20 (3) NATURAL GAS GATHERING LINE.—Para-
21 graph (17) of section 168(i) is amended—

22 (A) in subparagraph (A), by inserting
23 “which are placed in service before the end of
24 the calendar year in which the Clean Energy

1 for America Act is enacted and are” after
2 “pipe, equipment, and appurtenances”, and

3 (B) in subparagraph (B), by inserting
4 “which are placed in service before the end of
5 the calendar year in which the Clean Energy
6 for America Act is enacted and are” after
7 “pipe, equipment, and appurtenances”.

8 (4) REPEAL OF DEDUCTION FOR TERTIARY
9 INJECTANTS.—Subsection (c) of section 193 is
10 amended—

11 (A) in paragraph (1), by striking “or” at
12 the end,

13 (B) in paragraph (2), by striking the pe-
14 riod at the end and inserting “, or”, and

15 (C) by inserting at the end the following:
16 “(3) which is paid or incurred during any tax-
17 able year beginning after the date of the enactment
18 of the Clean Energy for America Act.”.

19 (5) INTANGIBLE DRILLING AND DEVELOPMENT
20 COSTS.—Subsection (c) of section 263 is amended to
21 read as follows:

22 “(c) INTANGIBLE DRILLING AND DEVELOPMENT
23 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-
24 THERMAL WELLS.—

1 “(1) IN GENERAL.—Notwithstanding subsection
2 (a), and except as provided in subsection (i), regula-
3 tions shall be prescribed by the Secretary under this
4 subtitle corresponding to the regulations which
5 granted the option to deduct as expenses intangible
6 drilling and development costs in the case of oil and
7 gas wells and which were recognized and approved
8 by the Congress in House Concurrent Resolution 50,
9 Seventy-ninth Congress. Such regulations shall also
10 grant the option to deduct as expenses intangible
11 drilling and development costs in the case of wells
12 drilled for any geothermal deposit (as defined in sec-
13 tion 613(e)(2)) to the same extent and in the same
14 manner as such expenses are deductible in the case
15 of oil and gas wells. This subsection shall not apply
16 with respect to any costs to which any deduction is
17 allowed under section 59(e) or 291.

18 “(2) EXCLUSION.—

19 “(A) IN GENERAL.—This subsection shall
20 not apply to amounts paid or incurred by a tax-
21 payer with regard to any oil or gas well in any
22 taxable year beginning after the date of the en-
23 actment of the Clean Energy for America Act.

24 “(B) AMORTIZATION OF EXCLUDED
25 AMOUNTS.—The amount not allowable as a de-

1 duction for any taxable year by reason of sub-
2 paragraph (A) shall be allowable as a deduction
3 ratably over the 60-month period beginning
4 with the month in which the costs are paid or
5 incurred. For purposes of section 1254, any de-
6 duction under this subparagraph shall be treat-
7 ed as a deduction under this subsection.”.

8 (6) PERCENTAGE DEPLETION.—

9 (A) PERCENTAGE DEPLETION OF OIL AND
10 GAS WELLS, COAL, LIGNITE, AND OIL SHALE.—

11 Section 613 is amended—

12 (i) in subsection (a), by striking “(100
13 percent in the case of oil and gas prop-
14 erties)”,

15 (ii) in subsection (b)—

16 (I) by striking paragraph (2) and
17 inserting the following:

18 “(2) 15 PERCENT.—If from deposits in the
19 United States, gold, silver, copper, and iron ore.”,

20 (II) in paragraph (4), by striking
21 “coal, lignite,”

22 (III) in paragraph (5), by insert-
23 ing “(except oil shale)” after “Clay
24 and shale”, and

1 (IV) in paragraph (6)(A), by
2 striking “(except shale described in
3 paragraph (2)(B) or (5))” and insert-
4 ing “(except oil shale and shale de-
5 scribed in paragraph (5))”,

6 (iii) in subsection (c)(4)—

7 (I) by striking subparagraphs (A)
8 and (H),

9 (II) by inserting “and” at the
10 end of subparagraph (G),

11 (III) by redesignating subpara-
12 graphs (B) through (G) as subpara-
13 graphs (A) through (F), respectively,
14 and

15 (IV) by redesignating subpara-
16 graph (I) as subparagraph (G),

17 (iv) in subsection (d), by striking “Ex-
18 cept as provided in section 613A, in the
19 case of” and inserting “In the case of”,
20 and

21 (v) in subsection (e)(2), by striking
22 “or section 613A”.

23 (B) OIL AND GAS WELLS.—Section 613A
24 is amended by adding at the end the following
25 new subsection:

1 “(f) TERMINATION.—This section shall not apply to
2 any taxable year beginning after the date of the enactment
3 of the Clean Energy for America Act.”.

4 (C) EFFECTIVE DATE.—The amendments
5 made by this section shall apply to taxable
6 years beginning after the date of the enactment
7 of this Act.

8 (7) TERMINATION OF CAPITAL GAINS TREAT-
9 MENT FOR ROYALTIES FROM COAL.—

10 (A) IN GENERAL.—Subsection (c) of sec-
11 tion 631 is amended—

12 (i) by striking “coal (including lig-
13 nite), or iron ore” and inserting “iron
14 ore”,

15 (ii) by striking “coal or iron ore” each
16 place it appears and inserting “iron ore”,

17 (iii) by striking “iron ore or coal”
18 each place it appears and inserting “iron
19 ore”, and

20 (iv) by striking “COAL OR” in the
21 heading.

22 (B) CONFORMING AMENDMENT.—The
23 heading of section 631 of the Internal Revenue
24 Code of 1986 is amended by striking “,
25 **COAL,**”.

1 (C) EFFECTIVE DATE.—The amendments
2 made by this paragraph shall apply to taxable
3 years beginning after the date of the enactment
4 of this Act.

5 (8) ENHANCED OIL RECOVERY CREDIT.—

6 (A) IN GENERAL.—Subpart D of part IV
7 of subchapter A of chapter 1 is amended by
8 striking section 43.

9 (B) CONFORMING AMENDMENTS.—

10 (i) Section 38(b) is amended by strik-
11 ing paragraph (6).

12 (ii) Section 45Q is amended—

13 (I) by striking “section
14 43(b)(3)(B)” each place it appears
15 and inserting “section 43(b)(3)(B) (as
16 in effect on the day before the date of
17 the enactment of the Clean Energy
18 for America Act)”, and

19 (II) in subsection (e)(2), by in-
20 sserting “(as in effect on the day be-
21 fore the date of the enactment of the
22 Clean Energy for America Act)” after
23 “section 43(c)(2)”.

24 (iii) Section 196(c) is amended—

1 (I) by striking paragraph (5),
2 and

3 (II) by redesignating paragraphs
4 (6) through (14) as paragraphs (5)
5 through (13), respectively.

6 (C) CLERICAL AMENDMENT.—The table of
7 sections for subpart D of part IV of subchapter
8 A of chapter 1 is amended by striking the item
9 relating to section 43.

10 (D) EFFECTIVE DATE.—The amendments
11 made by this paragraph shall apply to taxable
12 years beginning after the date of the enactment
13 of this Act.

14 (9) CREDIT FOR PRODUCING OIL AND GAS
15 FROM MARGINAL WELLS.—

16 (A) IN GENERAL.—Subpart D of part IV
17 of subchapter A of chapter 1 is amended by
18 striking section 45I.

19 (B) CONFORMING AMENDMENT.—Section
20 38(b) is amended by striking paragraph (19).

21 (C) CLERICAL AMENDMENT.—The table of
22 sections for subpart D of part IV of subchapter
23 A of chapter 1 is amended by striking the item
24 relating to section 45I.

1 (D) EFFECTIVE DATE.—The amendments
2 made by this paragraph shall apply to taxable
3 years beginning after the date of the enactment
4 of this Act.

5 (10) QUALIFYING ADVANCED COAL PROJECT
6 CREDIT.—

7 (A) IN GENERAL.—Subpart E of part IV
8 of subchapter A of chapter 1 is amended by
9 striking section 48A.

10 (B) CONFORMING AMENDMENTS.—

11 (i) Section 46, as amended by section
12 102 of this Act, is amended by striking
13 paragraph (3) and redesignating para-
14 graphs (4) through (7) as paragraphs (3)
15 through (6), respectively.

16 (ii) Section 49(a)(1)(C), as amended
17 by section 102 of this Act, is amended by
18 striking clause (iii) and redesignating
19 clauses (iv) through (viii) as clauses (iii)
20 through (vii), respectively.

21 (iii) Section 50(a)(2)(E), as amended
22 by section 102 of this Act, is amended by
23 striking “48A(b)(3),”.

24 (C) CLERICAL AMENDMENT.—The table of
25 sections for subpart E of part IV of subchapter

1 A of chapter 1 is amended by striking the item
2 relating to section 48A.

3 (D) EFFECTIVE DATE.—The amendments
4 made by this paragraph shall apply to taxable
5 years beginning after the date of the enactment
6 of this Act.

7 (11) QUALIFYING GASIFICATION PROJECT
8 CREDIT.—

9 (A) IN GENERAL.—Subpart E of part IV
10 of subchapter A of chapter 1 is amended by
11 striking section 48B.

12 (B) CONFORMING AMENDMENTS.—

13 (i) Section 46, as amended by this
14 Act, is amended by striking paragraph (3)
15 and by redesignating paragraphs (4), (5),
16 and (6) as paragraphs (3), (4), and (5),
17 respectively.

18 (ii) Section 49(a)(1)(C), as amended
19 by this Act, is amended by striking clause
20 (iii) and redesignating clauses (iv) through
21 (vii) as clauses (iii) through (vi).

22 (iii) Section 50(a)(2)(E), as amended
23 by this Act, is amended by striking
24 “48B(b)(3),”.

1 (C) CLERICAL AMENDMENT.—The table of
2 sections for subpart E of part IV of subchapter
3 A of chapter 1 is amended by striking the item
4 relating to section 48B.

5 (D) EFFECTIVE DATE.—The amendments
6 made by this paragraph shall apply to taxable
7 years beginning after the date of the enactment
8 of this Act.

9 (12) REINSTATEMENT OF TREATMENT OF FOR-
10 EIGN BASE COMPANY OIL RELATED INCOME AS FOR-
11 EIGN BASE COMPANY INCOME.—

12 (A) IN GENERAL.—Section 954(a) is
13 amended by striking “and” at the end of para-
14 graph (2), by striking the period at the end of
15 paragraph (3) and inserting “, and”, and by
16 adding at the end the following new paragraph:
17 “(4) the foreign base company oil related in-
18 come for the taxable year (determined under sub-
19 section (g) and reduced as provided in subsection
20 (b)(5)).”.

21 (B) FOREIGN BASE COMPANY OIL RE-
22 LATED INCOME.—Section 954 is amended by
23 inserting before subsection (h) the following
24 new subsection:

1 “(g) FOREIGN BASE COMPANY OIL RELATED IN-
2 COME.—For purposes of this section—

3 “(1) IN GENERAL.—Except as otherwise pro-
4 vided in this subsection, the term ‘foreign base com-
5 pany oil related income’ means foreign oil related in-
6 come (within the meaning of paragraphs (2) and (3)
7 of section 907(e)) other than income derived from a
8 source within a foreign country in connection with—

9 “(A) oil or gas which was extracted from
10 an oil or gas well located in such foreign coun-
11 try, or

12 “(B) oil, gas, or a primary product of oil
13 or gas which is sold by the foreign corporation
14 or a related person for use or consumption
15 within such country or is loaded in such coun-
16 try on a vessel or aircraft as fuel for such vessel
17 or aircraft.

18 Such term shall not include any foreign personal
19 holding company income (as defined in subsection
20 (e)).

21 “(2) PARAGRAPH (1) APPLIES ONLY WHERE
22 CORPORATION HAS PRODUCED 1,000 BARRELS PER
23 DAY OR MORE.—

24 “(A) IN GENERAL.—The term ‘foreign
25 base company oil related income’ shall not in-

1 clude any income of a foreign corporation if
2 such corporation is not a large oil producer for
3 the taxable year.

4 “(B) LARGE OIL PRODUCER.—For pur-
5 poses of subparagraph (A), the term ‘large oil
6 producer’ means any corporation if, for the tax-
7 able year or for the preceding taxable year, the
8 average daily production of foreign crude oil
9 and natural gas of the related group which in-
10 cludes such corporation equaled or exceeded
11 1,000 barrels.

12 “(C) RELATED GROUP.—The term ‘related
13 group’ means a group consisting of the foreign
14 corporation and any other person who is a re-
15 lated person with respect to such corporation.

16 “(D) AVERAGE DAILY PRODUCTION OF
17 FOREIGN CRUDE OIL AND NATURAL GAS.—For
18 purposes of this paragraph, the average daily
19 production of foreign crude oil or natural gas of
20 any related group for any taxable year (and the
21 conversion of cubic feet of natural gas into bar-
22 rels) shall be determined under rules similar to
23 the rules of section 613A except that only crude
24 oil or natural gas from a well located outside
25 the United States shall be taken into account.”.

1 (C) CONFORMING AMENDMENTS.—

2 (i) Section 952(c)(1)(B)(iii) is amend-
3 ed by redesignating subclauses (I) through
4 (IV) as subclauses (II) through (V), re-
5 spectively, and by inserting before sub-
6 clause (II) (as redesignated) the following
7 new subclause:

8 “(I) foreign base company oil re-
9 lated income,”.

10 (ii) Section 954(b) is amended—

11 (I) in paragraph (4), by inserting
12 at the end the following new sentence:

13 “The preceding sentence shall not
14 apply to foreign base company oil-re-
15 lated income described in subsection
16 (a)(4).”,

17 (II) in paragraph (5), by striking
18 “and the foreign base company serv-
19 ices income” and inserting “the for-
20 eign base company services income,
21 and the foreign base company oil re-
22 lated income”, and

23 (III) by adding at the end the
24 following new paragraph:

1 “(6) FOREIGN BASE COMPANY OIL RELATED IN-
2 COME NOT TREATED AS ANOTHER KIND OF BASE
3 COMPANY INCOME.—Income of a corporation which
4 is foreign base company oil related income shall not
5 be considered foreign base company income of such
6 corporation under paragraph (2) or (3) of subsection
7 (a).”.

8 (D) EFFECTIVE DATE.—The amendments
9 made by this paragraph shall apply to taxable
10 years of foreign corporations beginning after
11 the date of the enactment of this Act, and to
12 taxable years of United States shareholders
13 with or within which such taxable years of for-
14 eign corporations end.

15 (13) INCLUSION OF FOREIGN OIL AND GAS EX-
16 TRACTION INCOME IN TESTED INCOME FOR PUR-
17 POSE OF DETERMINING GLOBAL INTANGIBLE LOW-
18 TAXED INCOME.—

19 (A) IN GENERAL.—Section
20 951A(c)(2)(A)(i) is amended by inserting “and”
21 at the end of subclause (III), by striking “and”
22 at the end of subclause (IV) and inserting
23 “over”, and by striking subclause (V).

24 (B) EFFECTIVE DATE.—The amendments
25 made by this paragraph shall apply to taxable

1 years of foreign corporations beginning after
2 the date of the enactment of this Act, and to
3 taxable years of United States shareholders in
4 which or with which such tax years of foreign
5 corporations end.

6 (14) REPEAL OF CORPORATE INCOME TAX EX-
7 EMPTION FOR PUBLICLY TRADED PARTNERSHIPS
8 WITH QUALIFYING INCOME AND GAINS FROM ACTIVI-
9 TIES RELATING TO FOSSIL FUELS.—

10 (A) IN GENERAL.—Section 7704(d)(1) is
11 amended—

12 (i) in subparagraph (E), by striking
13 “(including pipelines transporting gas, oil,
14 or products thereof)”, and

15 (ii) in the flush matter at the end, by
16 inserting “or any coal, gas, oil, or products
17 thereof” before the period.

18 (B) EFFECTIVE DATE.—The amendments
19 made by this paragraph shall apply to taxable
20 years beginning after the date of the enactment
21 of this Act.

1 **TITLE II—CLEAN FUEL TAX**
2 **CREDITS**

3 **SEC. 201. CLEAN FUEL PRODUCTION CREDIT.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1, as amended by section 101, is
6 amended by adding at the end the following new section:

7 **“SEC. 45U. CLEAN FUEL PRODUCTION CREDIT.**

8 “(a) AMOUNT OF CREDIT.—

9 “(1) IN GENERAL.—For purposes of section 38,
10 the clean fuel production credit for any taxable year
11 is an amount equal to the product of—

12 “(A) \$1.00 per gallon with respect to any
13 transportation fuel which is—

14 “(i) produced by the taxpayer at a
15 qualified facility, and

16 “(ii) sold or used by the taxpayer in
17 a manner described in paragraph (2), and

18 “(B) the emissions factor for such fuel (as
19 determined under subsection (b)(2)).

20 “(2) SALE OR USE.—For purposes of para-
21 graph (1)(A)(ii), the transportation fuel is sold or
22 used in a manner described in this paragraph if such
23 fuel is—

24 “(A) sold by the taxpayer to an unrelated
25 person—

1 “(i) for use by such person in the pro-
2 duction of a fuel mixture,

3 “(ii) for use by such person in a trade
4 or business, or

5 “(iii) who sells such fuel at retail to
6 another person and places such fuel in the
7 fuel tank of such other person, or

8 “(B) used or sold by the taxpayer for any
9 purpose described in subparagraph (A).

10 “(3) ROUNDING.—If any amount determined
11 under paragraph (1) is not a multiple of 0.1 cent,
12 such amount shall be rounded to the nearest mul-
13 tiple of 0.1 cent.

14 “(b) EMISSIONS FACTORS.—

15 “(1) EMISSIONS FACTOR.—

16 “(A) IN GENERAL.—The emissions factor
17 of a transportation fuel shall be an amount
18 equal to the quotient of—

19 “(i) an amount (not less than zero)
20 equal to—

21 “(I) 75, minus

22 “(II) the emissions rate for such
23 fuel, divided by

24 “(ii) 75.

1 “(B) ESTABLISHMENT OF SAFE HARBOR
2 EMISSIONS RATE.—The Secretary, in consulta-
3 tion with the Administrator of the Environ-
4 mental Protection Agency, shall establish the
5 safe harbor emissions rate for similar types and
6 categories of transportation fuels based on the
7 amount of lifecycle greenhouse gas emissions
8 (as described in section 211(o)(1)(H) of the
9 Clean Air Act (42 U.S.C. 7545(o)(1)(H)), as in
10 effect on the date of the enactment of this sec-
11 tion) for such fuels, expressed as kilograms of
12 CO₂e per mmBTU, which a taxpayer may elect
13 to use for purposes of this section.

14 “(C) ROUNDING OF SAFE HARBOR EMIS-
15 SIONS RATE.—The Secretary may round the
16 safe harbor emissions rates under subparagraph
17 (B) to the nearest multiple of 7.50 kilograms of
18 CO₂e per mmBTU, except that, in the case of
19 an emissions rate that is less than 3.75 kilo-
20 grams of CO₂e per mmBTU, the Secretary may
21 round such rate to zero.

22 “(D) PROVISIONAL SAFE HARBOR EMIS-
23 SIONS RATE.—

24 “(i) IN GENERAL.—In the case of any
25 transportation fuel for which a safe harbor

1 emissions rate has not been established by
2 the Secretary, a taxpayer producing such
3 fuel may file a petition with the Secretary
4 for determination of the safe harbor emis-
5 sions rate with respect to such fuel.

6 “(ii) ESTABLISHMENT OF PROVI-
7 SIONAL AND FINAL SAFE HARBOR EMIS-
8 SIONS RATE.—In the case of a transpor-
9 tation fuel for which a petition described in
10 clause (i) has been filed, the Secretary, in
11 consultation with the Administrator of the
12 Environmental Protection Agency, shall—

13 “(I) not later than 12 months
14 after the date on which the petition
15 was filed, provide a provisional safe
16 harbor emissions rate for such fuel
17 which a taxpayer may use for pur-
18 poses of this section, and

19 “(II) not later than 24 months
20 after the date on which the petition
21 was filed, establish the safe harbor
22 emissions rate for such fuel.

23 “(E) ROUNDING.—If any amount deter-
24 mined under subparagraph (A) is not a multiple

1 of 0.1, such amount shall be rounded to the
2 nearest multiple of 0.1.

3 “(2) PUBLISHING SAFE HARBOR EMISSIONS
4 RATE.—The Secretary, in consultation with the Ad-
5 ministrators of the Environmental Protection Agency,
6 shall publish a table that sets forth the safe harbor
7 emissions rate (as established pursuant to paragraph
8 (1)) for similar types and categories of transpor-
9 tation fuels.

10 “(c) INFLATION ADJUSTMENT.—

11 “(1) IN GENERAL.—In the case of calendar
12 years beginning after 2021, the \$1.00 amount in
13 subsection (a)(1)(A) shall be adjusted by multiplying
14 such amount by the inflation adjustment factor for
15 the calendar year in which the sale or use of the
16 transportation fuel occurs. If any amount as in-
17 creased under the preceding sentence is not a mul-
18 tiple of 1 cent, such amount shall be rounded to the
19 nearest multiple of 1 cent.

20 “(2) INFLATION ADJUSTMENT FACTOR.—For
21 purposes of paragraph (1), the inflation adjustment
22 factor shall be the inflation adjustment factor deter-
23 mined and published by the Secretary pursuant to
24 section 45T(d), determined by substituting ‘calendar

1 year 2020’ for ‘calendar year 1992’ in paragraph (3)
2 thereof.

3 “(d) CREDIT PHASE-OUT.—

4 “(1) IN GENERAL.—If the Secretary, in con-
5 sultation with the Secretary of Energy and the Ad-
6 ministrator of the Environmental Protection Agency,
7 determines that the greenhouse gas emissions from
8 transportation fuel produced and sold at retail annu-
9 ally in the United States are equal to or less than
10 50 percent of the greenhouse gas emissions from
11 transportation fuel produced and sold at retail in the
12 United States during calendar year 2019, the
13 amount of the clean fuel production credit under
14 this section for any qualified facility placed in serv-
15 ice during a calendar year described in paragraph
16 (2) shall be equal to the product of—

17 “(A) the amount of the credit determined
18 under subsection (a) without regard to this sub-
19 section, multiplied by

20 “(B) the phase-out percentage under para-
21 graph (2).

22 “(2) PHASE-OUT PERCENTAGE.—The phase-out
23 percentage under this paragraph is equal to—

24 “(A) for a facility placed in service during
25 the first calendar year following the calendar

1 year in which the determination described in
2 paragraph (1) is made, 75 percent,

3 “(B) for a facility placed in service during
4 the second calendar year following such deter-
5 mination year, 50 percent,

6 “(C) for a facility placed in service during
7 the third calendar year following such deter-
8 mination year, 25 percent, and

9 “(D) for a facility placed in service during
10 any calendar year subsequent to the year de-
11 scribed in subparagraph (C), 0 percent.

12 “(e) DEFINITIONS.—In this section:

13 “(1) mmBTU.—The term ‘mmBTU’ means
14 1,000,000 British thermal units.

15 “(2) CO₂e.—The term ‘CO₂e’ means, with re-
16 spect to any greenhouse gas, the equivalent carbon
17 dioxide (as determined based on relative global
18 warming potential).

19 “(3) GREENHOUSE GAS.—The term ‘greenhouse
20 gas’ has the same meaning given that term under
21 section 211(o)(1)(G) of the Clean Air Act (42
22 U.S.C. 7545(o)(1)(G)), as in effect on the date of
23 the enactment of this section.

24 “(4) QUALIFIED FACILITY.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graphs (B) and (C), the term ‘qualified facility’
3 means a facility used for the production of
4 transportation fuels.

5 “(B) 10-YEAR PRODUCTION CREDIT.—For
6 purposes of this section, a facility shall only
7 qualify as a qualified facility—

8 “(i) in the case of a facility that is
9 originally placed in service after December
10 31, 2020, for the 10-year period beginning
11 on the date such facility is placed in serv-
12 ice, or

13 “(ii) in the case of a facility that is
14 originally placed in service before January
15 1, 2021, for the 10-year period beginning
16 on January 1, 2021.

17 “(5) TRANSPORTATION FUEL.—The term
18 ‘transportation fuel’ means a fuel which is suitable
19 for use as a fuel in a highway vehicle or aircraft.

20 “(f) FINAL GUIDANCE.—Not later than January 1,
21 2020, the Secretary, in consultation with the Adminis-
22 trator of the Environmental Protection Agency, shall issue
23 final guidance regarding implementation of this section,
24 including calculation of emissions factors for transpor-
25 tation fuel, the table described in subsection (b)(2), and

1 the determination of clean fuel production credits under
2 this section.

3 “(g) SPECIAL RULES.—

4 “(1) ONLY REGISTERED PRODUCTION IN THE
5 UNITED STATES TAKEN INTO ACCOUNT.—

6 “(A) IN GENERAL.—No clean fuel produc-
7 tion credit shall be determined under subsection
8 (a) with respect to any transportation fuel un-
9 less—

10 “(i) the taxpayer is registered as a
11 producer of clean fuel under section 4101
12 at the time of production, and

13 “(ii) such fuel is produced in the
14 United States.

15 “(B) UNITED STATES.—For purposes of
16 this paragraph, the term ‘United States’ in-
17 cludes any possession of the United States.

18 “(2) PRODUCTION ATTRIBUTABLE TO THE TAX-
19 PAYER.—In the case of a facility in which more than
20 1 person has an ownership interest, except to the ex-
21 tent provided in regulations prescribed by the Sec-
22 retary, production from the facility shall be allocated
23 among such persons in proportion to their respective
24 ownership interests in the gross sales from such fa-
25 cility.

1 “(3) RELATED PERSONS.—Persons shall be
2 treated as related to each other if such persons
3 would be treated as a single employer under the reg-
4 ulations prescribed under section 52(b). In the case
5 of a corporation which is a member of an affiliated
6 group of corporations filing a consolidated return,
7 such corporation shall be treated as selling fuel to
8 an unrelated person if such fuel is sold to such a
9 person by another member of such group.

10 “(4) PASS-THRU IN THE CASE OF ESTATES AND
11 TRUSTS.—Under regulations prescribed by the Sec-
12 retary, rules similar to the rules of subsection (d) of
13 section 52 shall apply.

14 “(5) ALLOCATION OF CREDIT TO PATRONS OF
15 AGRICULTURAL COOPERATIVE.—

16 “(A) ELECTION TO ALLOCATE.—

17 “(i) IN GENERAL.—In the case of an
18 eligible cooperative organization, any por-
19 tion of the credit determined under sub-
20 section (a) for the taxable year may, at the
21 election of the organization, be apportioned
22 among patrons of the organization on the
23 basis of the amount of business done by
24 the patrons during the taxable year.

1 “(ii) FORM AND EFFECT OF ELEC-
2 TION.—An election under clause (i) for any
3 taxable year shall be made on a timely
4 filed return for such year. Such election,
5 once made, shall be irrevocable for such
6 taxable year. Such election shall not take
7 effect unless the organization designates
8 the apportionment as such in a written no-
9 tice mailed to its patrons during the pay-
10 ment period described in section 1382(d).

11 “(B) TREATMENT OF ORGANIZATIONS AND
12 PATRONS.—The amount of the credit appor-
13 tioned to any patrons under subparagraph
14 (A)—

15 “(i) shall not be included in the
16 amount determined under subsection (a)
17 with respect to the organization for the
18 taxable year, and

19 “(ii) shall be included in the amount
20 determined under subsection (a) for the
21 first taxable year of each patron ending on
22 or after the last day of the payment period
23 (as defined in section 1382(d)) for the tax-
24 able year of the organization or, if earlier,
25 for the taxable year of each patron ending

1 on or after the date on which the patron
2 receives notice from the cooperative of the
3 apportionment.

4 “(C) SPECIAL RULES FOR DECREASE IN
5 CREDITS FOR TAXABLE YEAR.—If the amount
6 of the credit of a cooperative organization de-
7 termined under subsection (a) for a taxable
8 year is less than the amount of such credit
9 shown on the return of the cooperative organi-
10 zation for such year, an amount equal to the
11 excess of—

12 “(i) such reduction, over

13 “(ii) the amount not apportioned to
14 such patrons under subparagraph (A) for
15 the taxable year,

16 shall be treated as an increase in tax imposed
17 by this chapter on the organization. Such in-
18 crease shall not be treated as tax imposed by
19 this chapter for purposes of determining the
20 amount of any credit under this chapter.

21 “(D) ELIGIBLE COOPERATIVE DEFINED.—
22 For purposes of this section the term ‘eligible
23 cooperative’ means a cooperative organization
24 described in section 1381(a) which is owned
25 more than 50 percent by agricultural producers

1 or by entities owned by agricultural producers.
2 For this purpose an entity owned by an agricul-
3 tural producer is one that is more than 50 per-
4 cent owned by agricultural producers.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 38(b), as amended by section 101,
7 is amended—

8 (A) in paragraph (32), by striking “plus”
9 at the end,

10 (B) in paragraph (33), by striking the pe-
11 riod at the end and inserting “, plus”, and

12 (C) by adding at the end the following new
13 paragraph:

14 “(34) the clean fuel production credit deter-
15 mined under section 45U(a).”.

16 (2) The table of sections for subpart D of part
17 IV of subchapter A of chapter 1, as amended by sec-
18 tion 101, is amended by adding at the end the fol-
19 lowing new item:

“Sec. 45U. Clean fuel production credit.”.

20 (3) Section 4101(a)(1) is amended by inserting
21 “every person producing a fuel eligible for the clean
22 fuel production credit (pursuant to section 45U),”
23 after “section 6426(b)(4)(A)),”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to transportation fuel produced
3 after December 31, 2020.

4 **SEC. 202. TEMPORARY EXTENSION OF EXISTING FUEL AND**
5 **TRANSPORTATION INCENTIVES.**

6 (a) ALTERNATIVE MOTOR VEHICLE CREDIT FOR
7 FUEL CELL MOTOR VEHICLES.—

8 (1) IN GENERAL.—Section 30B(k) is amend-
9 ed—

10 (A) by striking paragraph (1), and

11 (B) by redesignating paragraphs (2)
12 through (4) as paragraphs (1) through (3), re-
13 spectively.

14 (2) PHASEOUT.—Section 30B is amended by
15 adding at the end the following:

16 “(1) CREDIT PHASE-OUT FOR NEW QUALIFIED FUEL
17 CELL MOTOR VEHICLES.—

18 “(1) IN GENERAL.—Following a determination
19 by the Secretary under section 45U(d)(1) that the
20 greenhouse gas emissions from transportation fuel
21 produced and sold at retail annually in the United
22 States are equal to or less than 50 percent of the
23 greenhouse gas emissions from transportation fuel
24 produced and sold at retail in the United States dur-
25 ing calendar year 2019, the amount of the new

1 qualified fuel cell motor vehicle credit under this sec-
2 tion for any new qualified fuel cell motor vehicle
3 purchased during a calendar year described in para-
4 graph (2) shall be equal to the product of—

5 “(A) the amount of the credit determined
6 under subsection (b) without regard to this sub-
7 section, multiplied by

8 “(B) the phase-out percentage under para-
9 graph (2).

10 “(2) PHASE-OUT PERCENTAGE.—The phase-out
11 percentage under this paragraph is equal to—

12 “(A) for a vehicle purchased during the
13 first calendar year following the calendar year
14 in which the determination described in para-
15 graph (1) is made, 75 percent,

16 “(B) for a vehicle purchased during the
17 second calendar year following such determina-
18 tion year, 50 percent,

19 “(C) for a vehicle purchased during the
20 third calendar year following such determina-
21 tion year, 25 percent, and

22 “(D) for a vehicle purchased during any
23 calendar year subsequent to the year described
24 in subparagraph (C), 0 percent.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to property purchased
3 after December 31, 2017.

4 (b) ALTERNATIVE FUEL VEHICLE REFUELING
5 PROPERTY CREDIT.—

6 (1) IN GENERAL.—Paragraph (1) of section
7 30C(g) is amended by striking “December 31,
8 2017” and inserting “December 31, 2020”.

9 (2) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply to property placed in
11 service after December 31, 2017.

12 (c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE
13 MOTOR VEHICLES.—

14 (1) 2- AND 3-WHEELED PLUG-IN ELECTRIC VE-
15 HICLES.—

16 (A) IN GENERAL.—Clause (ii) of section
17 30D(g)(3)(E) is amended by striking “in the
18 case of a vehicle that has 2 wheels, after De-
19 cember 31, 2014, and before January 1, 2018”
20 and inserting “after December 31, 2014”.

21 (B) EFFECTIVE DATE.—The amendments
22 made by this paragraph shall apply to vehicles
23 acquired after December 31, 2017.

24 (2) ELIMINATION ON LIMITATION ON NUMBER
25 OF VEHICLES ELIGIBLE FOR CREDIT.—

1 (A) IN GENERAL.—Section 30D, as
2 amended by paragraph (1), is amended—

3 (i) by striking subsection (e), and

4 (ii) by redesignating subsections (f)
5 and (g) as subsections (e) and (f), respec-
6 tively.

7 (B) CONFORMING AMENDMENT.—Para-
8 graph (37) of section 1016(a) is amended by
9 striking “section 30D(f)(1)” and inserting “sec-
10 tion 30D(e)(1)”.

11 (C) EFFECTIVE DATE.—The amendments
12 made by this paragraph shall apply to vehicles
13 sold after the date of the enactment of this Act.

14 (3) PHASEOUT.—Section 30D, as amended by
15 paragraph (2), is amended by adding at the end the
16 following:

17 “(g) CREDIT PHASE-OUT FOR NEW QUALIFIED
18 PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.—

19 “(1) IN GENERAL.—Following a determination
20 by the Secretary under section 45U(d)(1) that the
21 greenhouse gas emissions from transportation fuel
22 produced and sold at retail annually in the United
23 States are equal to or less than 50 percent of the
24 greenhouse gas emissions from transportation fuel
25 produced and sold at retail in the United States dur-

1 ing calendar year 2019, the amount of the credit al-
2 lowed under this section for any new qualified plug-
3 in electric drive motor vehicle sold or qualified 2- or
4 3-wheeled plug-in electric vehicle acquired during a
5 calendar year described in paragraph (2) shall be
6 equal to the product of—

7 “(A) the amount of the credit determined
8 under subsection (a) without regard to this sub-
9 section, multiplied by

10 “(B) the phase-out percentage under para-
11 graph (2).

12 “(2) PHASE-OUT PERCENTAGE.—The phase-out
13 percentage under this paragraph is equal to—

14 “(A) for a vehicle sold or acquired during
15 the first calendar year following the calendar
16 year in which the determination described in
17 paragraph (1) is made, 75 percent,

18 “(B) for a vehicle sold or acquired during
19 the second calendar year following such deter-
20 mination year, 50 percent,

21 “(C) for a vehicle sold or acquired during
22 the third calendar year following such deter-
23 mination year, 25 percent, and

1 “(D) for a vehicle sold or acquired during
2 any calendar year subsequent to the year de-
3 scribed in subparagraph (C), 0 percent.”.

4 (d) SECOND GENERATION BIOFUEL PRODUCER
5 CREDIT.—

6 (1) IN GENERAL.—Section 40(b)(6)(J)(i) is
7 amended by striking “2018” and inserting “2021”.

8 (2) EFFECTIVE DATE.—The amendments made
9 by this subsection shall apply to qualified second
10 generation biofuel production after December 31,
11 2017.

12 (e) BIODIESEL AND RENEWABLE DIESEL USED AS
13 FUEL.—

14 (1) IN GENERAL.—Section 40A(g) is amended
15 by striking “2017” and inserting “2020”.

16 (2) EFFECTIVE DATE.—The amendments made
17 by this subsection shall apply to fuel sold or used
18 after December 31, 2017.

19 (f) CREDIT FOR BIODIESEL AND ALTERNATIVE
20 FUEL MIXTURES.—

21 (1) IN GENERAL.—Section 6426 is amended—

22 (A) in subsection (c)(6), by striking
23 “2017” and inserting “2020”,

24 (B) in subsection (d)—

1 (i) in paragraph (2)(D), by striking
2 “liquefied”, and

3 (ii) in paragraph (5), by striking
4 “2017” and inserting “2020”, and

5 (C) in subsection (e), by amending para-
6 graph (3) to read as follows:

7 “(3) TERMINATION.—This subsection shall not
8 apply to any sale or use for any period after—

9 “(A) in the case of any alternative fuel
10 mixture sold or used by the taxpayer for the
11 purposes described in subsection (d)(1), Decem-
12 ber 31, 2020,

13 “(B) in the case of any sale or use involv-
14 ing hydrogen that is not for the purposes de-
15 scribed in subsection (d)(1), December 31,
16 2020, and

17 “(C) in the case of any sale or use not de-
18 scribed in subparagraph (A) or (B), December
19 31, 2017.”.

20 (2) CLARIFICATION OF RULES REGARDING AL-
21 TERNATIVE FUEL MIXTURE CREDIT.—Paragraph (2)
22 of section 6426(e) of the Internal Revenue Code of
23 1986 is amended by striking “mixture of alternative
24 fuel” and inserting “mixture of alternative fuel

1 (other than a fuel described in subparagraph (A),
2 (C), or (F) of subsection (d)(2))”.

3 (3) EFFECTIVE DATE.—

4 (A) IN GENERAL.—The amendments made
5 by paragraph (1) shall apply to fuel sold or
6 used after December 31, 2017.

7 (B) CLARIFICATION OF RULES REGARDING
8 ALTERNATIVE FUEL MIXTURE CREDIT.—The
9 amendment made by paragraph (2) shall apply
10 to—

11 (i) fuel sold or used on or after the
12 date of the enactment of this Act, and

13 (ii) fuel sold or used before such date
14 of enactment, but only to the extent that
15 credits and claims of credit under section
16 6426(e) of the Internal Revenue Code of
17 1986 with respect to such sale or use have
18 not been paid or allowed as of such date.

19 (4) SPECIAL RULE FOR CERTAIN PERIODS.—
20 Notwithstanding any other provision of law, in the
21 case of—

22 (A) any biodiesel mixture credit properly
23 determined under section 6426(c) of the Inter-
24 nal Revenue Code of 1986 for the periods after

1 December 31, 2017, and before the date of the
2 enactment of this Act, and

3 (B) any alternative fuel credit properly de-
4 termined under section 6426(d) of such Code
5 for such periods,

6 such credit shall be allowed, and any refund or pay-
7 ment attributable to such credit (including any pay-
8 ment under section 6427(e) of such Code) shall be
9 made, only in such manner as the Secretary of the
10 Treasury (or the Secretary's delegate) shall provide.
11 Such Secretary shall issue guidance within 30 days
12 after the date of the enactment of this Act providing
13 for a one-time submission of claims covering periods
14 described in the preceding sentence. Such guidance
15 shall provide for a 180-day period for the submission
16 of such claims (in such manner as prescribed by
17 such Secretary) to begin not later than 30 days after
18 such guidance is issued. Such claims shall be paid
19 by such Secretary not later than 60 days after re-
20 ceipt. If such Secretary has not paid pursuant to a
21 claim filed under this subsection within 60 days
22 after the date of the filing of such claim, the claim
23 shall be paid with interest from such date deter-
24 mined by using the overpayment rate and method
25 under section 6621 of such Code.

1 (g) BIODIESEL, BIODIESEL MIXTURES, AND ALTER-
2 NATIVE FUELS.—

3 (1) IN GENERAL.—Section 6427(e)(6) is
4 amended—

5 (A) in subparagraph (B), by striking
6 “2017” and inserting “2020”, and

7 (B) in subparagraph (C), by striking
8 “2017” and inserting “2020”.

9 (2) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply to fuel sold or used
11 after December 31, 2017.

12 **TITLE III—ENERGY EFFICIENCY** 13 **INCENTIVES**

14 **SEC. 301. CREDIT FOR NEW ENERGY EFFICIENT RESIDEN-** 15 **TIAL BUILDINGS.**

16 (a) IN GENERAL.—Section 45L is amended to read
17 as follows:

18 **“SEC. 45L. NEW ENERGY EFFICIENT HOME CREDIT.**

19 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
20 tion 38, in the case of an eligible contractor, the new en-
21 ergy efficient home credit for the taxable year is the appli-
22 cable amount for each qualified residence which is—

23 “(1) constructed by the eligible contractor, and

1 “(2) acquired by a person from such eligible
2 contractor for use as a residence during the taxable
3 year.

4 “(b) APPLICABLE AMOUNT.—

5 “(1) IN GENERAL.—For purposes of subsection
6 (a), the applicable amount shall be an amount equal
7 to \$1,500 increased (but not above \$3,000) by \$100
8 for every 5 percentage points by which the efficiency
9 ratio for the qualified residence is certified to be
10 greater than 25 percent.

11 “(2) EFFICIENCY RATIO.—For purposes of this
12 section, the efficiency ratio of a qualified residence
13 shall be equal to the quotient, expressed as a per-
14 centage, obtained by dividing—

15 “(A) an amount equal to the difference be-
16 tween—

17 “(i) the annual level of energy con-
18 sumption of the qualified residence, and

19 “(ii) the annual level of energy con-
20 sumption of the baseline residence, by

21 “(B) the annual level of energy consump-
22 tion of the baseline residence.

23 “(3) BASELINE RESIDENCE.—For purposes of
24 this section, the baseline residence shall be a resi-
25 dence which is—

1 “(A) comparable to the qualified residence,
2 and

3 “(B) constructed in accordance with the
4 standards of the 2015 International Energy
5 Conservation Code, as such Code (including
6 supplements) is in effect on the date of the en-
7 actment of the Clean Energy for America Act.

8 “(c) DEFINITIONS.—For purposes of this section:

9 “(1) ELIGIBLE CONTRACTOR.—The term ‘eligi-
10 ble contractor’ means—

11 “(A) the person who constructed the quali-
12 fied residence, or

13 “(B) in the case of a qualified residence
14 which is a manufactured home, the manufac-
15 tured home producer of such residence.

16 “(2) QUALIFIED RESIDENCE.—The term ‘quali-
17 fied residence’ means a dwelling unit—

18 “(A) located in the United States,

19 “(B) the construction of which is substan-
20 tially completed after the date of the enactment
21 of this section, and

22 “(C) which is certified to have an annual
23 level of energy consumption that is less than
24 the baseline residence and an efficiency ratio of
25 not less than 25 percent.

1 “(3) CONSTRUCTION.—The term ‘construction’
2 does not include substantial reconstruction or reha-
3 bilitation.

4 “(d) CERTIFICATION.—

5 “(1) IN GENERAL.—

6 “(A) ACCREDITED THIRD PARTY.—A cer-
7 tification described in this section shall be made
8 by a third party that is accredited by a certifi-
9 cation program approved by the Secretary, in
10 consultation with the Secretary of Energy.

11 “(B) GUIDANCE.—A certification described
12 in this section shall be made in accordance with
13 guidance prescribed by the Secretary, in con-
14 sultation with the Secretary of Energy. Such
15 guidance shall—

16 “(i) specify procedures and methods
17 for calculating annual energy consumption
18 levels, and

19 “(ii) include requirements to ensure
20 the safe operation of energy efficiency im-
21 provements and that all improvements are
22 installed according to the applicable stand-
23 ards of such certification program.

24 “(2) COMPUTER SOFTWARE.—

1 “(A) IN GENERAL.—Any calculation under
2 paragraph (1)(B)(i) shall be prepared by quali-
3 fied computer software.

4 “(B) QUALIFIED COMPUTER SOFTWARE.—
5 For purposes of this paragraph, the term
6 ‘qualified computer software’ means software—

7 “(i) for which the software designer
8 has certified that the software meets all
9 procedures and detailed methods for calcu-
10 lating energy consumption levels as re-
11 quired by the Secretary, and

12 “(ii) which provides such forms as re-
13 quired to be filed by the Secretary in con-
14 nection with energy consumption levels and
15 the credit allowed under this section.

16 “(e) BASIS ADJUSTMENT.—For purposes of this sub-
17 title, if a credit is allowed under this section in connection
18 with any expenditure for any property (other than a quali-
19 fied low-income building, as described in section 42(c)(2)),
20 the increase in the basis of such property which would (but
21 for this subsection) result from such expenditure shall be
22 reduced by the amount of the credit so determined.

23 “(f) COORDINATION WITH INVESTMENT CREDITS.—
24 For purposes of this section, expenditures taken into ac-

1 count under section 25D or 47 shall not be taken into
2 account under this section.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to any qualified residence acquired
5 after December 31, 2020.

6 **SEC. 302. HEATING AND AIR CONDITIONING REPLACEMENT**
7 **CREDIT.**

8 (a) **IN GENERAL.**—Subpart A of part IV of sub-
9 chapter A of chapter 1 is amended by adding at the end
10 the following new section:

11 **“SEC. 25E. HEATING AND AIR CONDITIONING REPLACE-**
12 **MENT CREDIT.**

13 “(a) **IN GENERAL.**—In the case of an individual,
14 there shall be allowed as a credit against the tax imposed
15 by this chapter for the taxable year an amount equal to
16 the lesser of—

17 “(1) the sum of the applicable qualified prop-
18 erty amounts for any qualified property placed in
19 service by the individual during such taxable year, or

20 “(2) \$1,500.

21 “(b) **APPLICABLE QUALIFIED PROPERTY AMOUNT.**—
22 For any qualified property, the applicable qualified prop-
23 erty amount shall be equal to the lesser of—

24 “(1) 50 percent of the amount paid or incurred
25 by the individual for such qualified property, or

1 “(2) \$500.

2 “(c) QUALIFIED PROPERTY.—The term ‘qualified
3 property’ means a furnace, boiler, condensing water heat-
4 er, central air conditioning unit, heat pump, or biomass
5 property which—

6 “(1) meets the requirements of the Energy Star
7 program which are in effect at the time that the
8 property was placed in service,

9 “(2) is installed according to applicable Air
10 Conditioning Contractors of America Quality Instal-
11 lation standards which are in effect at the time that
12 the property was placed in service,

13 “(3) is for use in a dwelling unit which is lo-
14 cated in the United States and used as a residence
15 by the individual, and

16 “(4) is reasonably expected to remain in service
17 in such dwelling unit for not less than 5 years.

18 “(d) BIOMASS PROPERTY.—

19 “(1) IN GENERAL.—For purposes of this sec-
20 tion, the term ‘biomass property’ means any prop-
21 erty which—

22 “(A) uses the burning of biomass fuel to
23 heat a dwelling unit or to heat water for use in
24 a dwelling unit, and

1 **“SEC. 25C. CREDIT FOR ENERGY EFFICIENCY IMPROVE-**
2 **MENTS TO RESIDENTIAL BUILDINGS.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
4 dividual, there shall be allowed as a credit against the tax
5 imposed by this chapter for the taxable year an amount
6 equal to the lesser of—

7 “(1) the applicable amount for the qualified res-
8 idence based on energy efficiency improvements
9 made by the taxpayer and placed in service during
10 such taxable year, or

11 “(2) 30 percent of the amount paid or incurred
12 by the taxpayer for energy efficiency improvements
13 made to the qualified residence that were placed in
14 service during such taxable year.

15 “(b) APPLICABLE AMOUNT.—

16 “(1) IN GENERAL.—For purposes of subsection
17 (a)(1), the applicable amount shall be an amount
18 equal to \$1,750 increased (but not above \$6,500) by
19 \$300 for every 5 percentage points by which the effi-
20 ciency ratio for the qualified residence is certified to
21 be greater than 20 percent.

22 “(2) EFFICIENCY RATIO.—For purposes of this
23 section, the efficiency ratio of a qualified residence
24 shall be equal to the quotient, expressed as a per-
25 centage, obtained by dividing—

1 “(A) an amount equal to the difference be-
2 tween—

3 “(i) the projected annual level of en-
4 ergy consumption of the qualified residence
5 after the energy efficiency improvements
6 have been placed in service, and

7 “(ii) the annual level of energy con-
8 sumption of such qualified residence prior
9 to the energy efficiency improvements
10 being placed in service, by

11 “(B) the annual level of energy consump-
12 tion described in subparagraph (A)(ii).

13 “(3) COORDINATION WITH CREDIT FOR RESI-
14 DENTIAL ENERGY EFFICIENT PROPERTY.—For pur-
15 poses of paragraph (2)(A), the determination of the
16 difference in annual levels of energy consumption of
17 the qualified residence shall not include any reduc-
18 tion in net energy consumption related to—

19 “(A) qualified property or energy storage
20 property for which a credit was allowed under
21 section 25D, or

22 “(B) qualified property for which a credit
23 was allowed under section 25E.

24 “(c) DEFINITIONS.—For purposes of this section:

1 “(1) QUALIFIED RESIDENCE.—The term ‘quali-
2 fied residence’ means a dwelling unit—

3 “(A) located in the United States,

4 “(B) owned and used by the taxpayer as
5 the taxpayer’s principal residence (within the
6 meaning of section 121), and

7 “(C) which is certified to have—

8 “(i) a projected annual level of energy
9 consumption after the energy efficiency im-
10 provements have been placed in service
11 that is less than the annual level of energy
12 consumption prior to the energy efficiency
13 improvements being placed in service, and

14 “(ii) an efficiency ratio of not less
15 than 20 percent.

16 “(2) ENERGY EFFICIENCY IMPROVEMENTS.—

17 “(A) IN GENERAL.—The term ‘energy effi-
18 ciency improvements’ means any property in-
19 stalled on or in a dwelling unit which has been
20 certified to reduce the level of energy consump-
21 tion for such unit, provided that—

22 “(i) the original use of such property
23 commences with the taxpayer, and

1 “(ii) such property reasonably can be
2 expected to remain in use for at least 5
3 years.

4 “(B) AMOUNTS PAID OR INCURRED FOR
5 ENERGY EFFICIENCY IMPROVEMENTS.—For
6 purposes of subsection (a)(2), the amount paid
7 or incurred by the taxpayer—

8 “(i) shall include expenditures for de-
9 sign and for labor costs properly allocable
10 to the onsite preparation, assembly, or
11 original installation of the property, and

12 “(ii) shall not include any expendi-
13 tures related to expansion of the building
14 floor area.

15 “(d) SPECIAL RULES.—For purposes of this section:

16 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
17 HOUSING CORPORATION.—In the case of an indi-
18 vidual who is a tenant-stockholder (as defined in sec-
19 tion 216) in a cooperative housing corporation (as
20 defined in such section), such individual shall be
21 treated as having made his tenant-stockholder’s pro-
22 portionate share (as defined in section 216(b)(3)) of
23 any expenditures for energy efficiency improvements
24 of such corporation.

25 “(2) CONDOMINIUMS.—

1 “(A) IN GENERAL.—In the case of an indi-
2 vidual who is a member of a condominium man-
3 agement association with respect to a condo-
4 minium which the individual owns, such indi-
5 vidual shall be treated as having made the indi-
6 vidual’s proportionate share of any expenditures
7 for energy efficiency improvements of such as-
8 sociation.

9 “(B) CONDOMINIUM MANAGEMENT ASSO-
10 CIATION.—For purposes of this paragraph, the
11 term ‘condominium management association’
12 means an organization which meets the require-
13 ments of paragraph (1) of section 528(c) (other
14 than subparagraph (E) thereof) with respect to
15 a condominium project substantially all of the
16 units of which are used as residences.

17 “(3) ALLOCATION IN CERTAIN CASES.—If less
18 than 80 percent of the use of a property is for non-
19 business purposes, only that portion of the expendi-
20 tures for energy efficiency improvements for such
21 property which is properly allocable to use for non-
22 business purposes shall be taken into account.

23 “(e) CERTIFICATION.—

24 “(1) IN GENERAL.—

1 “(A) ACCREDITED THIRD PARTY.—A cer-
2 tification described in this section shall be made
3 by a third party that is accredited by a certifi-
4 cation program approved by the Secretary, in
5 consultation with the Secretary of Energy.

6 “(B) GUIDANCE.—A certification described
7 in this section shall be made in accordance with
8 guidance prescribed by the Secretary, in con-
9 sultation with the Secretary of Energy. Such
10 guidance shall—

11 “(i) specify procedures and methods
12 for calculating annual energy consumption
13 levels, and

14 “(ii) include requirements to ensure
15 the safe operation of energy efficiency im-
16 provements and that all improvements are
17 installed according to the applicable stand-
18 ards of such certification program.

19 “(2) COMPUTER SOFTWARE.—

20 “(A) IN GENERAL.—Any calculation under
21 paragraph (1)(B)(i) shall be prepared by quali-
22 fied computer software.

23 “(B) QUALIFIED COMPUTER SOFTWARE.—
24 For purposes of this paragraph, the term
25 ‘qualified computer software’ has the same

1 meaning given such term under section
2 45L(d)(2).

3 “(f) BASIS ADJUSTMENT.—For purposes of this sub-
4 title, if a credit is allowed under this section for any ex-
5 penditures with respect to any energy efficiency improve-
6 ments, the increase in the basis of such property which
7 would (but for this subsection) result from such expendi-
8 tures shall be reduced by the amount of the credit so al-
9 lowed.

10 “(g) COORDINATION WITH INVESTMENT CREDITS.—
11 For purposes of this section, expenditures taken into ac-
12 count under section 25D or 47 shall not be taken into
13 account under this section.”.

14 (b) CONFORMING AMENDMENT.—The table of sec-
15 tions for subpart A of part IV of subchapter A of chapter
16 1 is amended by striking the item relating to section 25C
17 and inserting after the item relating to section 25B the
18 following item:

“Sec. 25C. Credit for energy efficiency improvements to residential buildings.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to any energy efficiency improve-
21 ments placed in service after December 31, 2020.

22 **SEC. 304. DEDUCTION FOR NEW ENERGY EFFICIENT COM-**
23 **MERCIAL BUILDINGS.**

24 (a) IN GENERAL.—Section 179D is amended to read
25 as follows:

1 **“SEC. 179D. ENERGY EFFICIENT COMMERCIAL BUILDING**
2 **DEDUCTION.**

3 “(a) IN GENERAL.—There shall be allowed as a de-
4 duction an amount equal to the applicable amount for each
5 qualified building placed in service by the taxpayer during
6 the taxable year.

7 “(b) APPLICABLE AMOUNT.—

8 “(1) IN GENERAL.—For purposes of subsection
9 (a), the applicable amount shall be an amount equal
10 to the product of—

11 “(A) the applicable dollar value, and

12 “(B) the square footage of the qualified
13 building.

14 “(2) APPLICABLE DOLLAR VALUE.—For pur-
15 poses of paragraph (1)(A), the applicable dollar
16 value shall be an amount equal to \$1.00 increased
17 (but not above \$4.75) by \$0.25 for every 5 percent-
18 age points by which the efficiency ratio for the quali-
19 fied building is certified to be greater than 25 per-
20 cent.

21 “(3) EFFICIENCY RATIO.—

22 “(A) IN GENERAL.—For purposes of this
23 section, the efficiency ratio of a qualified build-
24 ing shall be equal to the quotient, expressed as
25 a percentage, obtained by dividing—

1 “(i) an amount equal to the difference
2 between—

3 “(I) the annual level of energy
4 consumption of the qualified building,
5 and

6 “(II) the annual level of energy
7 consumption of the baseline building,
8 by

9 “(ii) the annual level of energy con-
10 sumption of the baseline building.

11 “(B) EXCLUSION OF PLUG LOADS.—For
12 purposes of determining the annual level of en-
13 ergy consumption of the qualified and baseline
14 buildings under this paragraph, any energy con-
15 sumption attributable to plug loads shall be ex-
16 cluded.

17 “(4) BASELINE BUILDING.—For purposes of
18 this section, the baseline building shall be a building
19 which—

20 “(A) is comparable to the qualified build-
21 ing, and

22 “(B) meets the minimum requirements of
23 Standard 90.1–2016 of the American Society of
24 Heating, Refrigerating, and Air Conditioning
25 Engineers and the Illuminating Engineering So-

1 ciety of North America (as in effect on the date
2 of the enactment of the Clean Energy for
3 America Act).

4 “(c) QUALIFIED BUILDING.—The term ‘qualified
5 building’ means a building—

6 “(1) located in the United States,

7 “(2) which is owned by the taxpayer, and

8 “(3) which is certified to have an annual level
9 of energy consumption that is less than the baseline
10 building and an efficiency ratio of not less than 25
11 percent.

12 “(d) ALLOCATION OF DEDUCTION.—

13 “(1) IN GENERAL.—In the case of a qualified
14 building owned by an eligible entity, the Secretary
15 shall promulgate regulations to allow the allocation
16 of the deduction to the person primarily responsible
17 for designing the property in lieu of the owner of
18 such property, with such person to be treated as the
19 taxpayer for purposes of this section.

20 “(2) ELIGIBLE ENTITY.—For purposes of this
21 subsection, the term ‘eligible entity’ means—

22 “(A) a Federal, State, or local government
23 or a political subdivision thereof,

24 “(B) an Indian tribe (as defined in section
25 45A(c)(6)), or

1 “(C) an organization described in section
2 501(c) and exempt from tax under section
3 501(a).

4 “(e) BASIS ADJUSTMENT.—For purposes of this sub-
5 title, if a deduction is allowed under this section with re-
6 spect to any qualified building, the basis of such property
7 shall be reduced by the amount of the deduction so al-
8 lowed.

9 “(f) CERTIFICATION.—

10 “(1) IN GENERAL.—

11 “(A) ACCREDITED THIRD PARTY.—A cer-
12 tification described in this section shall be made
13 by a third party that is accredited by a certifi-
14 cation program approved by the Secretary, in
15 consultation with the Secretary of Energy.

16 “(B) GUIDANCE.—A certification described
17 in this section shall be made in accordance with
18 guidance prescribed by the Secretary, in con-
19 sultation with the Secretary of Energy. Such
20 guidance shall—

21 “(i) specify procedures and methods
22 for calculating annual energy consumption
23 levels, and

24 “(ii) include requirements to ensure
25 the safe operation of energy efficiency im-

1 improvements and that all improvements are
2 installed according to the applicable stand-
3 ards of such certification program.

4 “(2) COMPUTER SOFTWARE.—

5 “(A) IN GENERAL.—Any calculation under
6 paragraph (1)(B)(i) shall be prepared by quali-
7 fied computer software.

8 “(B) QUALIFIED COMPUTER SOFTWARE.—

9 For purposes of this paragraph, the term
10 ‘qualified computer software’ means software—

11 “(i) for which the software designer
12 has certified that the software meets all
13 procedures and detailed methods for calcu-
14 lating energy consumption levels as re-
15 quired by the Secretary, and

16 “(ii) which provides such forms as re-
17 quired to be filed by the Secretary in con-
18 nection with energy consumption levels and
19 the deduction allowed under this section.”.

20 (b) CONFORMING AMENDMENT.—The table of sec-
21 tions for part VI of subchapter B of chapter 1 is amended
22 by striking the item relating to section 179D and inserting
23 after the item relating to section 179C the following item:

“Sec. 179D. Energy efficient commercial building deduction.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to any qualified building placed
3 in service after December 31, 2020.

4 **SEC. 305. ENERGY EFFICIENCY DEDUCTION FOR EXISTING**
5 **COMMERCIAL BUILDINGS.**

6 (a) IN GENERAL.—Part VI of subchapter B of chap-
7 ter 1 is amended by inserting after section 179E the fol-
8 lowing new section:

9 **“SEC. 179F. DEDUCTION FOR ENERGY EFFICIENCY IM-**
10 **PROVEMENTS TO COMMERCIAL BUILDINGS.**

11 “(a) IN GENERAL.—There shall be allowed as a de-
12 duction an amount equal to the lesser of—

13 “(1) the applicable amount for the qualified
14 building based on energy efficiency improvements
15 made by the taxpayer and placed in service during
16 the taxable year, or

17 “(2) the amount paid or incurred by the tax-
18 payer for energy efficiency improvements made to
19 the qualified building which were placed in service
20 during the taxable year.

21 “(b) APPLICABLE AMOUNT.—

22 “(1) IN GENERAL.—For purposes of subsection
23 (a), the applicable amount shall be an amount equal
24 to the product of—

25 “(A) the applicable dollar value, and

1 “(B) the square footage of the qualified
2 building.

3 “(2) APPLICABLE DOLLAR VALUE.—For pur-
4 poses of paragraph (1), the applicable dollar value
5 shall be an amount equal to \$1.25 increased (but
6 not above \$9.25) by \$0.50 for every 5 percentage
7 points by which the efficiency ratio for the qualified
8 building is certified to be greater than 20 percent.

9 “(3) EFFICIENCY RATIO.—

10 “(A) IN GENERAL.—For purposes of this
11 section, the efficiency ratio of a qualified build-
12 ing shall be equal to the quotient, expressed as
13 a percentage, obtained by dividing—

14 “(i) an amount equal to the difference
15 between—

16 “(I) the projected annual level of
17 energy consumption of the qualified
18 building after the energy efficiency
19 improvements have been placed in
20 service, and

21 “(II) the annual level of energy
22 consumption of such qualified building
23 prior to the energy efficiency improve-
24 ments being placed in service, by

1 “(ii) the annual level of energy con-
2 sumption described in clause (i)(II).

3 “(B) EXCLUSION OF PLUG LOADS.—For
4 purposes of determining the annual level of en-
5 ergy consumption of the qualified building
6 under this paragraph, any energy consumption
7 attributable to plug loads shall be excluded.

8 “(4) COORDINATION WITH CLEAN ENERGY IN-
9 VESTMENT CREDIT.—For purposes of paragraph
10 (3)(A)(i), the determination of the difference in an-
11 nual levels of energy consumption of the qualified
12 building shall not include any reduction in net en-
13 ergy consumption related to qualified property or en-
14 ergy storage property for which a credit was allowed
15 under section 48D.

16 “(c) DEFINITIONS.—

17 “(1) QUALIFIED BUILDING.—The term ‘quali-
18 fied building’ means a building—

19 “(A) located in the United States,

20 “(B) which is owned by the taxpayer, and

21 “(C) which is certified to have—

22 “(i) a projected annual level of energy
23 consumption after the energy efficiency im-
24 provements have been placed in service
25 that is less than the annual level of energy

1 consumption prior to the energy efficiency
2 improvements being placed in service, and
3 “(ii) an efficiency ratio of not less
4 than 20 percent.

5 “(2) ENERGY EFFICIENCY IMPROVEMENTS.—

6 “(A) IN GENERAL.—The term ‘energy effi-
7 ciency improvements’ means any property in-
8 stalled on or in a qualified building which has
9 been certified to reduce the level of energy con-
10 sumption for such building, provided that de-
11 preciation (or amortization in lieu of deprecia-
12 tion) is allowable with respect to such property.

13 “(B) AMOUNTS PAID OR INCURRED FOR
14 ENERGY EFFICIENCY IMPROVEMENTS.—For
15 purposes of subsection (a)(2), the amount paid
16 or incurred by the taxpayer—

17 “(i) shall include expenditures for de-
18 sign and for labor costs properly allocable
19 to the onsite preparation, assembly, or
20 original installation of the property, and

21 “(ii) shall not include any expendi-
22 tures related to expansion of the building
23 floor area.

24 “(d) CERTIFICATION.—

25 “(1) IN GENERAL.—

1 “(A) ACCREDITED THIRD PARTY.—A cer-
2 tification described in this section shall be made
3 by a third party that is accredited by a certifi-
4 cation program approved by the Secretary, in
5 consultation with the Secretary of Energy.

6 “(B) GUIDANCE.—A certification described
7 in this section shall be made in accordance with
8 guidance prescribed by the Secretary, in con-
9 sultation with the Secretary of Energy. Such
10 guidance shall—

11 “(i) specify procedures and methods
12 for calculating annual energy consumption
13 levels, and

14 “(ii) include requirements to ensure
15 the safe operation of energy efficiency im-
16 provements and that all improvements are
17 installed according to the applicable stand-
18 ards of such certification program.

19 “(2) COMPUTER SOFTWARE.—

20 “(A) IN GENERAL.—Any calculation under
21 paragraph (1)(B)(i) shall be prepared by quali-
22 fied computer software.

23 “(B) QUALIFIED COMPUTER SOFTWARE.—
24 For purposes of this paragraph, the term
25 ‘qualified computer software’ has the same

1 meaning given such term under section
2 179D(f)(2).

3 “(e) ALLOCATION OF DEDUCTION.—

4 “(1) IN GENERAL.—In the case of a qualified
5 building owned by an eligible entity, the Secretary
6 shall promulgate regulations to allow the allocation
7 of the deduction to the person primarily responsible
8 for designing the energy efficiency improvements in
9 lieu of the owner of such property, with such person
10 to be treated as the taxpayer for purposes of this
11 section.

12 “(2) ELIGIBLE ENTITY.—For purposes of this
13 subsection, the term ‘eligible entity’ has the same
14 meaning given such term under section 179D(d)(2).

15 “(f) BASIS REDUCTION.—For purposes of this sub-
16 title, if a deduction is allowed under this section with re-
17 spect to any energy efficiency improvements, the basis of
18 such property shall be reduced by the amount of the de-
19 duction so allowed.

20 “(g) COORDINATION WITH OTHER CREDITS.—For
21 purposes of this section, expenditures taken into account
22 under section 47 or 48D shall not be taken into account
23 under this section.”.

24 (b) CONFORMING AMENDMENTS.—

25 (1) Section 263(a) is amended—

1 (A) in subparagraph (J), by striking “or”
2 at the end,

3 (B) in subparagraph (K), by striking the
4 period and inserting “, or”, and

5 (C) by inserting at the end the following
6 new subparagraph:

7 “(L) expenditures for which a deduction is
8 allowed under section 179F.”.

9 (2) Section 312(k)(3)(B) is amended—

10 (A) in the heading, by striking “OR 179E”
11 and inserting “179E, OR 179F”, and

12 (B) by striking “or 179E” each place it
13 appears and inserting “179E, or 179F”.

14 (3) Section 1016(a) is amended—

15 (A) in paragraph (37), by striking “and”
16 at the end,

17 (B) in paragraph (38), by striking the pe-
18 riod at the end and inserting “, and”, and

19 (C) by inserting at the end the following
20 new paragraph:

21 “(39) to the extent provided in section
22 179D(f).”.

23 (4) Section 1245(a) is amended—

24 (A) in paragraph (2)(C), by inserting
25 “179F,” after “179E,” and

1 (B) in paragraph (3)(C), by inserting
2 “179F,” after “179E,”.

3 (5) The table of sections for part VI of sub-
4 chapter B of chapter 1 is amended by inserting after
5 the item relating to section 179E the following new
6 item:

“Sec. 179F. Deduction for energy efficiency improvements to commercial build-
ings.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to any energy efficiency improve-
9 ments placed in service after December 31, 2020.

10 **SEC. 306. TEMPORARY EXTENSION OF EXISTING ENERGY**
11 **EFFICIENCY INCENTIVES.**

12 (a) NONBUSINESS ENERGY PROPERTY.—

13 (1) IN GENERAL.—Paragraph (2) of section
14 25C(g) is amended by striking “December 31,
15 2017” and inserting “December 31, 2020”.

16 (2) EFFECTIVE DATE.—The amendments made
17 by this subsection shall apply to property placed in
18 service after December 31, 2017.

19 (b) NEW ENERGY EFFICIENT HOME CREDIT.—

20 (1) IN GENERAL.—Subsection (g) of section
21 45L is amended by striking “December 31, 2017”
22 and inserting “December 31, 2020”.

23 (2) EFFECTIVE DATE.—The amendments made
24 by this subsection shall apply to any qualified new

1 energy efficient home acquired after December 31,
2 2017.

3 (c) ENERGY EFFICIENT COMMERCIAL BUILDINGS
4 DEDUCTION.—

5 (1) IN GENERAL.—Subsection (h) of section
6 179D is amended by striking “December 31, 2017”
7 and inserting “December 31, 2020”.

8 (2) EFFECTIVE DATE.—The amendments made
9 by this section shall apply to property placed in serv-
10 ice after December 31, 2017.

11 **TITLE IV—CLEAN ELECTRICITY** 12 **AND FUEL BONDS**

13 **SEC. 401. CLEAN ENERGY BONDS.**

14 (a) IN GENERAL.—Part IV of subchapter A of chap-
15 ter 1 is amended by inserting after subpart G the following
16 new subpart:

17 **“Subpart H—Clean Energy Bonds**

“Sec. 54. Clean energy bonds.

18 **“SEC. 54. CLEAN ENERGY BONDS.**

19 “(a) IN GENERAL.—If a taxpayer holds a clean en-
20 ergy bond on one or more interest payment dates of the
21 bond during any taxable year, there shall be allowed as
22 a credit against the tax imposed by this chapter for the
23 taxable year an amount equal to the sum of the credits

1 determined under subsection (b) with respect to such
2 dates.

3 “(b) AMOUNT OF CREDIT.—

4 “(1) IN GENERAL.—The amount of the credit
5 determined under this subsection with respect to any
6 interest payment date for a clean energy bond is the
7 applicable percentage (as determined under para-
8 graph (2)) of the amount of interest payable by the
9 issuer with respect to such date.

10 “(2) APPLICABLE PERCENTAGE.—

11 “(A) IN GENERAL.—

12 “(i) MAXIMUM PERCENTAGE.—Except
13 as provided in clause (ii), the applicable
14 percentage is 70 percent.

15 “(ii) REDUCTION OF CREDIT BASED
16 ON GREENHOUSE GAS EMISSION RATE.—
17 The applicable percentage shall be reduced
18 (but not below zero) by an amount which
19 bears the same ratio to the percentage in
20 effect under clause (i) as—

21 “(I) in the case of a qualified fa-
22 cility described in subsection (f)(3) of
23 section 45T, the greenhouse gas emis-
24 sions rate for the facility bears to 300
25 grams of CO₂e per KWh (as such

1 terms are defined in subsections
2 (b)(1) and (e)(1) of such section), or

3 “(II) in the case of a qualified fa-
4 cility described in subsection (e)(4) of
5 section 45U, the average emissions
6 rate for all transportation fuel pro-
7 duced by such facility bears to 75
8 kilograms of CO₂e per mmBTU (as
9 such terms are defined in subsections
10 (b) and (e) of such section).

11 “(B) ROUNDING.—If any applicable per-
12 centage determined under subparagraph (A) is
13 not a whole percentage point, such percentage
14 shall be rounded to the nearest whole percent-
15 age point.

16 “(C) SAFE HARBOR RULES.—Rules similar
17 to the rules of sections 45T(b)(3) and 45U(b)
18 shall apply for purposes of this section.

19 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

20 “(1) IN GENERAL.—The credit allowed under
21 subsection (a) for any taxable year shall not exceed
22 the excess of—

23 “(A) the sum of the regular tax liability
24 (as defined in section 26(b)) plus the tax im-
25 posed by section 55, over

1 “(B) the sum of the credits allowable
2 under this part (other than subpart C and this
3 subpart).

4 “(2) CARRYOVER OF UNUSED CREDIT.—If the
5 credit allowable under subsection (a) exceeds the
6 limitation imposed by paragraph (1) for such taxable
7 year, such excess shall be carried to the succeeding
8 taxable year and added to the credit allowable under
9 subsection (a) for such taxable year (determined be-
10 fore the application of paragraph (1) for such suc-
11 ceeding taxable year).

12 “(d) CLEAN ENERGY BOND.—

13 “(1) IN GENERAL.—For purposes of this sec-
14 tion, the term ‘clean energy bond’ means any bond
15 issued as part of an issue if—

16 “(A) 100 percent of the excess of the avail-
17 able project proceeds of such issue over the
18 amounts in a reasonably required reserve (with-
19 in the meaning of section 150(a)(3)) with re-
20 spect to such issue are to be used for capital ex-
21 penditures incurred by an entity described in
22 subparagraph (B) for—

23 “(i) 1 or more qualified facilities,

1 “(ii) qualified carbon capture and se-
2 questration equipment (as defined in sub-
3 section (c)(2) of section 48D), or

4 “(iii) energy storage property (as de-
5 fined in subsection (d)(2) of such section),

6 “(B) the bond is issued by—

7 “(i) a governmental body,

8 “(ii) a public power provider, or

9 “(iii) a cooperative electric company,

10 and

11 “(C) the issuer makes an irrevocable elec-
12 tion to have this section apply.

13 “(2) APPLICABLE RULES.—For purposes of ap-
14 plying paragraph (1)—

15 “(A) for purposes of section 149(b), a
16 clean energy bond shall not be treated as feder-
17 ally guaranteed by reason of the credit allowed
18 under subsection (a) or section 6431,

19 “(B) for purposes of section 148, the yield
20 on a clean energy bond shall be determined
21 without regard to the credit allowed under sub-
22 section (a), and

23 “(C) a bond shall not be treated as a clean
24 energy bond if the issue price has more than a
25 de minimis amount (determined under rules

1 similar to the rules of section 1273(a)(3)) of
2 premium over the stated principal amount of
3 the bond.

4 “(e) DEFINITIONS.—In this section:

5 “(1) AVAILABLE PROJECT PROCEEDS.—The
6 term ‘available project proceeds’ means—

7 “(A) the excess of—

8 “(i) the proceeds from the sale of an
9 issue, over

10 “(ii) the issuance costs financed by
11 the issue (to the extent that such costs do
12 not exceed 2 percent of such proceeds),
13 and

14 “(B) the proceeds from any investment of
15 the excess described in subparagraph (A).

16 “(2) COOPERATIVE ELECTRIC COMPANY.—The
17 term ‘cooperative electric company’ means a mutual
18 or cooperative electric company described in section
19 501(c)(12) or section 1381(a)(2)(C).

20 “(3) GOVERNMENTAL BODY.—The term ‘gov-
21 ernmental body’ means any State or Indian tribal
22 government, or any political subdivision thereof.

23 “(4) INTEREST PAYMENT DATE.—The term ‘in-
24 terest payment date’ means any date on which the

1 holder of record of the clean energy bond is entitled
2 to a payment of interest under such bond.

3 “(5) QUALIFIED FACILITY.—The term ‘quali-
4 fied facility’ means a facility—

5 “(A) which is described in section
6 45T(f)(3), or

7 “(B) which is described in section
8 45U(e)(4) and only produces transportation
9 fuel which has an emissions rate of less than 75
10 kilograms of CO₂e per mmBTU (as such terms
11 are defined in subsections (b) and (e) of such
12 section).

13 “(6) PUBLIC POWER PROVIDER.—The term
14 ‘public power provider’ means a State utility with a
15 service obligation, as such terms are defined in sec-
16 tion 217 of the Federal Power Act (as in effect on
17 the date of the enactment of this paragraph).

18 “(f) CREDIT PHASE OUT.—

19 “(1) ELECTRICAL PRODUCTION, CARBON CAP-
20 TURE AND SEQUESTRATION EQUIPMENT, AND EN-
21 ERGY STORAGE PROPERTY.—In the case of a clean
22 energy bond for which the proceeds are used for cap-
23 ital expenditures incurred by an entity for a quali-
24 fied facility described in subsection (e)(5)(A) or any
25 property described in clause (ii) or (iii) of subsection

1 (d)(1)(A), if the Secretary, in consultation with the
2 Secretary of Energy and the Administrator of the
3 Environmental Protection Agency, determines that
4 the annual greenhouse gas emissions from electrical
5 production in the United States are equal to or less
6 than the percentage specified in section 45T(e)(1),
7 the amount of the credit determined under sub-
8 section (b) with respect to any clean energy bond
9 issued during a calendar year described in para-
10 graph (3) shall be equal to the product of—

11 “(A) the amount determined under sub-
12 section (b) without regard to this subsection,
13 multiplied by

14 “(B) the phase-out percentage under para-
15 graph (3).

16 “(2) FUEL PRODUCTION.—In the case of a
17 clean energy bond for which the proceeds are used
18 for capital expenditures incurred by an entity for a
19 qualified facility described in subsection (e)(5)(B), if
20 the Secretary, in consultation with the Secretary of
21 Energy and the Administrator of the Environmental
22 Protection Agency, determines that the annual
23 greenhouse gas emissions from transportation fuel
24 produced and sold at retail annually in the United
25 States are equal to or less than the percentage speci-

1 fied in section 45U(d)(1), the amount of the credit
2 determined under subsection (b) with respect to any
3 clean energy bond issued during a calendar year de-
4 scribed in paragraph (3) shall be equal to the prod-
5 uct of—

6 “(A) the amount determined under sub-
7 section (b) without regard to this subsection,
8 multiplied by

9 “(B) the phase-out percentage under para-
10 graph (3).

11 “(3) PHASE-OUT PERCENTAGE.—The phase-out
12 percentage under this paragraph is equal to—

13 “(A) for any bond issued during the first
14 calendar year following the calendar year in
15 which the determination described in paragraph
16 (1) or (2) is made, 75 percent,

17 “(B) for any bond issued during the sec-
18 ond calendar year following such determination
19 year, 50 percent,

20 “(C) for any bond issued during the third
21 calendar year following such determination
22 year, 25 percent, and

23 “(D) for any bond issued during any cal-
24 endar year subsequent to the year described in
25 subparagraph (C), 0 percent.

1 “(g) SPECIAL RULES.—

2 “(1) INTEREST ON CLEAN ENERGY BONDS IN-
3 CLUDIBLE IN GROSS INCOME FOR FEDERAL INCOME
4 TAX PURPOSES.—For purposes of this title, interest
5 on any clean energy bond shall be includible in gross
6 income.

7 “(2) S CORPORATIONS AND PARTNERSHIPS.—In
8 the case of a clean energy bond held by an S cor-
9 poration or partnership, the allocation of the credit
10 allowed by this section to the shareholders of such
11 corporation or partners of such partnership shall be
12 treated as a distribution.

13 “(3) BONDS HELD BY REAL ESTATE INVEST-
14 MENT TRUSTS.—If any clean energy bond is held by
15 a real estate investment trust, the credit determined
16 under subsection (a) shall be allowed to beneficiaries
17 of such trust (and any gross income included under
18 paragraph (1) with respect to such credit shall be
19 distributed to such beneficiaries) under procedures
20 prescribed by the Secretary.

21 “(4) CREDITS MAY BE STRIPPED.—Under regu-
22 lations prescribed by the Secretary—

23 “(A) IN GENERAL.—There may be a sepa-
24 ration (including at issuance) of the ownership
25 of a clean energy bond and the entitlement to

1 the credit under this section with respect to
2 such bond. In case of any such separation, the
3 credit under this section shall be allowed to the
4 person who on the credit allowance date holds
5 the instrument evidencing the entitlement to
6 the credit and not to the holder of the bond.

7 “(B) CERTAIN RULES TO APPLY.—In the
8 case of a separation described in subparagraph
9 (A), the rules of section 1286 shall apply to the
10 clean energy bond as if it were a stripped bond
11 and to the credit under this section as if it were
12 a stripped coupon.

13 “(h) REGULATIONS.—The Secretary may prescribe
14 such regulations and other guidance as may be necessary
15 or appropriate to carry out this section and section
16 6431.”.

17 (b) CREDIT FOR QUALIFIED CLEAN ENERGY BONDS
18 ALLOWED TO ISSUER.—Subchapter B of chapter 65 of
19 subtitle F is amended by adding at the end the following
20 new section:

21 **“SEC. 6431. CREDIT FOR QUALIFIED CLEAN ENERGY BONDS**
22 **ALLOWED TO ISSUER.**

23 “(a) IN GENERAL.—The issuer of a qualified clean
24 energy bond shall be allowed a credit with respect to each

1 interest payment under such bond which shall be payable
2 by the Secretary as provided in subsection (b).

3 “(b) PAYMENT OF CREDIT.—

4 “(1) IN GENERAL.—The Secretary shall pay
5 (contemporaneously with each interest payment date
6 under such bond) to the issuer of such bond (or to
7 any person who makes such interest payments on
8 behalf of the issuer) the applicable percentage (as
9 determined under subsection (b) of section 54) of
10 the interest payable under such bond on such date.

11 “(2) INTEREST PAYMENT DATE.—For purposes
12 of this subsection, the term ‘interest payment date’
13 means each date on which interest is payable by the
14 issuer under the terms of the bond.

15 “(c) APPLICATION OF ARBITRAGE RULES.—For pur-
16 poses of section 148, the yield on a qualified clean energy
17 bond shall be reduced by the credit allowed under this sec-
18 tion.

19 “(d) QUALIFIED CLEAN ENERGY BOND.—For pur-
20 poses of this section, the term ‘qualified clean energy
21 bond’ means a clean energy bond (as defined in section
22 54(d)) issued as part of an issue if the issuer, in lieu of
23 any credit allowed under section 54(a) with respect to such
24 bond, makes an irrevocable election to have this section
25 apply.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) The table of subparts for part IV of sub-
3 chapter A of chapter 1 is amended by inserting after
4 the item relating to subpart G the following:

“SUBPART H—CLEAN ENERGY BONDS”.

5 (2) The table of sections for subchapter B of
6 chapter 65 of subtitle F is amended by adding at
7 the end the following new item:

“Sec. 6431. Credit for qualified clean energy bonds allowed to issuer.”.

8 (3) Subparagraph (A) of section 6211(b)(4) is
9 amended by striking “and 36B, 168(k)(4)” and in-
10 sserting “36B, and 6431”.

11 (d) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF
12 SEQUESTRATION.—

13 (1) IN GENERAL.—In the case of any payment
14 under subsection (b) of section 6431 of the Internal
15 Revenue Code of 1986 (as added by this Act) made
16 after the date of the enactment of this Act to which
17 sequestration applies, the amount of such payment
18 shall be increased to an amount equal to—

19 (A) such payment (determined before such
20 sequestration), multiplied by

21 (B) the quotient obtained by dividing 1 by
22 the amount by which 1 exceeds the percentage
23 reduction in such payment pursuant to such se-
24 questration.

1 (2) SEQUESTRATION.—For purposes of this
2 subsection, the term “sequestration” means any re-
3 duction in direct spending ordered by the President
4 under the Balanced Budget and Emergency Deficit
5 Control Act of 1985 or the Statutory Pay-As-You-
6 Go Act of 2010.

7 (e) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to obligations issued after the date
9 of the enactment of this Act.