

Clean Energy for America Act

Overview

As Congress considers major investments in the nation's infrastructure, it must take steps to combat climate change and continue to provide low-cost, reliable energy to American consumers. The current system of energy incentives is overly complex and far less effective than it should be. Today, there are 44 different energy tax incentives. More than half are too short-term to effectively stimulate investments, while also providing different subsidies to different technologies with no discernable policy rationale.

To address these issues, the Clean Energy for America Act proposes a dramatically simpler set of long-term, performance-based energy tax incentives that are technology-neutral and promote clean energy in the United States.

Incentives for Clean Electricity:

- Technology-neutral tax credit for domestic production of clean electricity. The cleaner the facility, the larger the credit.
- Open to all resources – renewable, fossil fuel, or anything in between – but available only to facilities that are at least 35 percent cleaner than average.
- Available as either a production tax credit of up to 2.4 cents per kilowatt hour or an investment tax credit of up to 30 percent.

Incentives for Clean Transportation Fuel:

- Technology-neutral tax credit for domestic production of clean transportation fuel. The cleaner the fuel, the larger the credit.
- Open to all resources but available only for fuels that are at least 25 percent cleaner than average.
- Provides a production tax credit of up to \$1 per gallon.

Incentives for Energy Conservation:

- Performance-based tax credit for energy efficient homes and tax deduction for energy efficient commercial buildings – the more energy conserved, the larger the incentive.
- Promotes conservation in both new and existing buildings.

Long-Term, But Not Permanent:

The new incentives phase out once the greenhouse gas emissions have been reduced by 50 percent.

Consolidated Provisions:

Almost all existing renewable energy tax incentives are consolidated into these three new provisions, with appropriate transition relief.

Ends Tax Incentives for Fossil Fuels:

Repeals tax incentives for fossil fuels, ensuring the tax code rewards only clean energy.