

115TH CONGRESS  
1ST SESSION

# S. 1068

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

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IN THE SENATE OF THE UNITED STATES

MAY 8, 2017

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

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## 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-  
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
 2 shall be considered to be made to a section or other provi-  
 3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents of  
 5 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 and modifications of various energy provisions.

#### 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.

## 6 **TITLE I—CLEAN ENERGY TAX** 7 **CREDITS**

### 8 **SEC. 101. CLEAN ENERGY PRODUCTION CREDIT.**

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

#### 12 **“SEC. 45S. CLEAN ENERGY PRODUCTION CREDIT.**

13 “(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 product of—

4                   “(A) the applicable credit rate (as deter-  
5                   mined under paragraph (2)), multiplied by

6                   “(B) the kilowatt hours of electricity—

7                           “(i) produced by the taxpayer at a  
8                           qualified facility, and

9                           “(ii)(I) sold by the taxpayer to an un-  
10                          related person during the taxable year, or

11                           “(II) in the case of a qualified facility  
12                          which is equipped with a metering device  
13                          which is owned and operated by an unre-  
14                          lated person, sold, consumed, or stored by  
15                          the taxpayer during the taxable year.

16           “(2) APPLICABLE CREDIT RATE.—

17                   “(A) IN GENERAL.—

18                           “(i) MAXIMUM CREDIT RATE.—Except  
19                          as provided in clause (ii), the applicable  
20                          credit rate is 1.5 cents.

21                           “(ii) REDUCTION OF CREDIT BASED  
22                          ON GREENHOUSE GAS EMISSION RATE.—  
23                          The applicable credit rate shall be reduced  
24                          (but not below zero) by an amount which  
25                          bears the same ratio to the amount in ef-

1           fect under clause (i) as the greenhouse gas  
2           emissions rate for the qualified facility  
3           bears to 325 grams of CO<sub>2</sub>e per KWh.

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

8           “(b) GREENHOUSE GAS EMISSIONS RATE.—

9           “(1) IN GENERAL.—For purposes of this sec-  
10          tion, the term ‘greenhouse gas emissions rate’ means  
11          the amount of greenhouse gases emitted into the at-  
12          mosphere by a qualified facility in the production of  
13          electricity, expressed as grams of CO<sub>2</sub>e per KWh.

14          “(2) NON-FOSSIL FUEL COMBUSTION AND GAS-  
15          IFICATION.—In the case of a qualified facility which  
16          produces electricity through combustion or gasifi-  
17          cation of a non-fossil fuel, the greenhouse gas emis-  
18          sions rate for such facility shall be equal to the net  
19          rate of greenhouse gases emitted into the atmos-  
20          phere by such facility in the production of electricity,  
21          expressed as grams of CO<sub>2</sub>e per KWh.

22          “(3) ESTABLISHMENT OF SAFE HARBOR FOR  
23          QUALIFIED FACILITIES.—

24          “(A) IN GENERAL.—The Secretary, in con-  
25          sultation with the Administrator of the Envi-

1           ronmental Protection Agency, shall establish  
2           safe-harbor greenhouse gas emissions rates for  
3           types or categories of qualified facilities, which  
4           a taxpayer may elect to use for purposes of this  
5           section.

6           “(B) ROUNDING.—In establishing the safe-  
7           harbor greenhouse gas emissions rates for  
8           qualified facilities, the Secretary may round  
9           such rates to the nearest multiple of 32.5  
10          grams of CO<sub>2</sub>e per KWh (or, in the case of a  
11          greenhouse gas emissions rate which is less  
12          than 16.25 grams of CO<sub>2</sub>e per KWh, by round-  
13          ing such rate to zero).

14          “(4) CARBON CAPTURE AND SEQUESTRATION  
15          EQUIPMENT.—For purposes of this subsection, the  
16          amount of greenhouse gases emitted into the atmos-  
17          phere by a qualified facility in the production of  
18          electricity shall not include any qualified carbon di-  
19          oxide (as defined in section 48E(c)(3)(A)) that is  
20          captured and disposed of by the taxpayer.

21          “(c) INFLATION ADJUSTMENT.—

22          “(1) IN GENERAL.—In the case of a calendar  
23          year beginning after 2018, the 1.5 cent amount in  
24          clause (i) of subsection (a)(2)(A) shall be adjusted  
25          by multiplying such amount by the inflation adjust-

1       ment factor for the calendar year in which the sale  
2       or use of the electricity occurs. If any amount as in-  
3       creased under the preceding sentence is not a mul-  
4       tiple of 0.1 cent, such amount shall be rounded to  
5       the nearest multiple of 0.1 cent.

6           “(2) ANNUAL COMPUTATION.—The Secretary  
7       shall, not later than April 1 of each calendar year,  
8       determine and publish in the Federal Register the  
9       inflation adjustment factor for such calendar year in  
10      accordance with this subsection.

11          “(3) INFLATION ADJUSTMENT FACTOR.—The  
12      term ‘inflation adjustment factor’ means, with re-  
13      spect to a calendar year, a fraction the numerator  
14      of which is the GDP implicit price deflator for the  
15      preceding calendar year and the denominator of  
16      which is the GDP implicit price deflator for the cal-  
17      endar year 1992. The term ‘GDP implicit price  
18      deflator’ means the most recent revision of the im-  
19      plicit price deflator for the gross domestic product  
20      as computed and published by the Department of  
21      Commerce before March 15 of the calendar year.

22          “(d) CREDIT PHASE-OUT.—

23           “(1) IN GENERAL.—If the Secretary, in con-  
24      sultation with the Secretary of Energy and the Ad-  
25      ministrators of the Environmental Protection Agency,

1 determines that the annual greenhouse gas emis-  
2 sions from electrical production in the United States  
3 are equal to or less than 65 percent of the annual  
4 greenhouse gas emissions from electrical production  
5 in the United States for calendar year 2017, the  
6 amount of the clean energy production credit under  
7 subsection (a) for any qualified facility placed in  
8 service during a calendar year described in para-  
9 graph (2) shall be equal to the product of—

10 “(A) the amount of the credit determined  
11 under subsection (a) without regard to this sub-  
12 section, multiplied by

13 “(B) the phase-out percentage under para-  
14 graph (2).

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

17 “(A) for a facility placed in service during  
18 the first calendar year following the calendar  
19 year in which the determination described in  
20 paragraph (1) is made, 75 percent,

21 “(B) for a facility placed in service during  
22 the second calendar year following such deter-  
23 mination year, 50 percent,

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

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

7           “(e) DEFINITIONS.—In this section:

8           “(1) CO<sub>2</sub>e PER KWh.—The term ‘CO<sub>2</sub>e per  
9           KWh’ means, with respect to any greenhouse gas,  
10          the equivalent carbon dioxide per kilowatt hour of  
11          electricity produced.

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

17          “(3) QUALIFIED FACILITY.—

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

21                         “(i) used for the generation of elec-  
22                         tricity, and

23                         “(ii) originally placed in service after  
24                         December 31, 2018.



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

6           “(C) EXPANSION OF FACILITY; INCRE-  
7 MENTAL PRODUCTION.—A qualified facility  
8 shall include either of the following in connec-  
9 tion with a facility described in subparagraph  
10 (A)(i) that was previously placed in service, but  
11 only to the extent of the increased amount of  
12 electricity produced at the facility by reason of  
13 the following:

14                   “(i) A new unit placed in service after  
15                   December 31, 2018.

16                   “(ii) Any efficiency improvements or  
17                   additions of capacity placed in service after  
18                   December 31, 2018.

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

22                   “(i) a renewable electricity production  
23                   credit determined under section 45 is al-  
24                   lowed under section 38 for the taxable year  
25                   or any prior taxable year,

1           “(ii) an energy credit determined  
2           under section 48 is allowed under section  
3           38 for the taxable year or any prior tax-  
4           able year, or

5           “(iii) a clean energy investment credit  
6           determined under section 48E is allowed  
7           under section 38 for the taxable year or  
8           any prior taxable year.

9           “(f) FINAL GUIDANCE.—Not later than January 1,  
10          2018, the Secretary, in consultation with the Adminis-  
11          trator of the Environmental Protection Agency, shall issue  
12          final guidance regarding implementation of this section,  
13          including calculation of greenhouse gas emission rates for  
14          qualified facilities and determination of clean energy pro-  
15          duction credits under this section.

16          “(g) SPECIAL RULES.—

17                 “(1) ONLY PRODUCTION IN THE UNITED  
18                 STATES TAKEN INTO ACCOUNT.—Consumption or  
19                 sales shall be taken into account under this section  
20                 only with respect to electricity the production of  
21                 which is within—

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

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

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

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

9           “(B) COMBINED HEAT AND POWER SYS-  
10 TEM PROPERTY.—For purposes of this para-  
11 graph, the term ‘combined heat and power sys-  
12 tem property’ has the same meaning given such  
13 term by section 48(c)(3) (without regard to  
14 subparagraphs (A)(iv), (B), and (D) thereof).

15           “(C) CONVERSION FROM BTU TO KWH.—

16           “(i) IN GENERAL.—For purposes of  
17 subparagraph (A), the amount of kilowatt  
18 hours of electricity produced in the form of  
19 useful thermal energy shall be equal to the  
20 quotient of—

21                   “(I) the total useful thermal en-  
22 ergy produced by the combined heat  
23 and power system property within the  
24 qualified facility, divided by

1                   “(II) the heat rate for such facil-  
2                   ity.

3                   “(ii) HEAT RATE.—For purposes of  
4                   this subparagraph, the term ‘heat rate’  
5                   means the amount of energy used by the  
6                   qualified facility to generate 1 kilowatt  
7                   hour of electricity, expressed as British  
8                   thermal units per net kilowatt hour gen-  
9                   erated.

10                  “(3) PRODUCTION ATTRIBUTABLE TO THE TAX-  
11                  PAYER.—In the case of a qualified facility in which  
12                  more than 1 person has an ownership interest, ex-  
13                  cept to the extent provided in regulations prescribed  
14                  by the Secretary, production from the facility shall  
15                  be allocated among such persons in proportion to  
16                  their respective ownership interests in the gross  
17                  sales from such facility.

18                  “(4) RELATED PERSONS.—Persons shall be  
19                  treated as related to each other if such persons  
20                  would be treated as a single employer under the reg-  
21                  ulations prescribed under section 52(b). In the case  
22                  of a corporation which is a member of an affiliated  
23                  group of corporations filing a consolidated return,  
24                  such corporation shall be treated as selling electricity

1 to an unrelated person if such electricity is sold to  
2 such a person by another member of such group.

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

7 “(6) ALLOCATION OF CREDIT TO PATRONS OF  
8 AGRICULTURAL COOPERATIVE.—

9 “(A) ELECTION TO ALLOCATE.—

10 “(i) IN GENERAL.—In the case of an  
11 eligible cooperative organization, any por-  
12 tion of the credit determined under sub-  
13 section (a) for the taxable year may, at the  
14 election of the organization, be apportioned  
15 among patrons of the organization on the  
16 basis of the amount of business done by  
17 the patrons during the taxable year.

18 “(ii) FORM AND EFFECT OF ELEC-  
19 TION.—An election under clause (i) for any  
20 taxable year shall be made on a timely  
21 filed return for such year. Such election,  
22 once made, shall be irrevocable for such  
23 taxable year. Such election shall not take  
24 effect unless the organization designates  
25 the apportionment as such in a written no-

1           tice mailed to its patrons during the pay-  
2           ment period described in section 1382(d).

3           “(B) TREATMENT OF ORGANIZATIONS AND  
4 PATRONS.—The amount of the credit appor-  
5 tioned to any patrons under subparagraph  
6 (A)—

7                   “(i) shall not be included in the  
8                   amount determined under subsection (a)  
9                   with respect to the organization for the  
10                  taxable year, and

11                   “(ii) shall be included in the amount  
12                   determined under subsection (a) for the  
13                   first taxable year of each patron ending on  
14                   or after the last day of the payment period  
15                   (as defined in section 1382(d)) for the tax-  
16                   able year of the organization or, if earlier,  
17                   for the taxable year of each patron ending  
18                   on or after the date on which the patron  
19                   receives notice from the cooperative of the  
20                   apportionment.

21           “(C) SPECIAL RULES FOR DECREASE IN  
22 CREDITS FOR TAXABLE YEAR.—If the amount  
23 of the credit of a cooperative organization de-  
24 termined under subsection (a) for a taxable  
25 year is less than the amount of such credit

1 shown on the return of the cooperative organi-  
 2 zation for such year, an amount equal to the  
 3 excess of—

4 “(i) such reduction, over

5 “(ii) the amount not apportioned to  
 6 such patrons under subparagraph (A) for  
 7 the taxable year,

8 shall be treated as an increase in tax imposed  
 9 by this chapter on the organization. Such in-  
 10 crease shall not be treated as tax imposed by  
 11 this chapter for purposes of determining the  
 12 amount of any credit under this chapter.

13 “(D) ELIGIBLE COOPERATIVE DEFINED.—  
 14 For purposes of this section, the term ‘eligible  
 15 cooperative’ means a cooperative organization  
 16 described in section 1381(a) which is owned  
 17 more than 50 percent by agricultural producers  
 18 or by entities owned by agricultural producers.  
 19 For this purpose an entity owned by an agricul-  
 20 tural producer is one that is more than 50 per-  
 21 cent owned by agricultural producers.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 38(b) is amended—

24 (A) in paragraph (35), by striking “plus”  
 25 at the end,

1 (B) in paragraph (36), by striking the pe-  
 2 riod at the end and inserting “, plus”, and

3 (C) by adding at the end the following new  
 4 paragraph:

5 “(37) the clean energy production credit deter-  
 6 mined under section 45S(a).”.

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

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

10 (c) EFFECTIVE DATE.—The amendments made by  
 11 this section shall apply to facilities placed in service after  
 12 December 31, 2018.

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

14 (a) BUSINESS CREDIT.—

15 (1) IN GENERAL.—Subpart E of part IV of  
 16 subchapter A of chapter 1 is amended by inserting  
 17 after section 48D the following new section:

18 **“SEC. 48E. CLEAN ENERGY INVESTMENT CREDIT.**

19 “(a) INVESTMENT CREDIT FOR QUALIFIED PROP-  
 20 ERTY.—

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



1           “(A) the clean energy percentage of the  
2 qualified investment for such taxable year with  
3 respect to any qualified facility, plus

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

6                   “(i) qualified carbon capture and se-  
7 questration equipment, and

8                   “(ii) energy storage property.

9           “(2) CLEAN ENERGY PERCENTAGE.—

10                   “(A) IN GENERAL.—

11                           “(i) MAXIMUM PERCENTAGE.—Except  
12 as provided in clause (ii), the clean energy  
13 percentage is 30 percent.

14                           “(ii) REDUCTION OF PERCENTAGE  
15 BASED ON GREENHOUSE GAS EMISSIONS  
16 RATE.—The clean energy percentage shall  
17 be reduced (but not below zero) by an  
18 amount which bears the same ratio to 30  
19 percent as the anticipated greenhouse gas  
20 emissions rate for the qualified facility  
21 bears to 325 grams of CO<sub>2</sub>e per KWh.

22                   “(B) ROUNDING.—If any amount deter-  
23 mined under subparagraph (A)(ii) is not a mul-  
24 tiple of 1 percent, such amount shall be round-  
25 ed to the nearest multiple of 1 percent.

1           “(3) COORDINATION WITH REHABILITATION  
2 CREDIT.—The clean energy percentage shall not  
3 apply to that portion of the basis of any property  
4 which is attributable to qualified rehabilitation ex-  
5 penditures (as defined in section 47(c)(2)).

6           “(b) QUALIFIED INVESTMENT WITH RESPECT TO  
7 ANY QUALIFIED FACILITY.—

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

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

16           “(A) which is—

17           “(i) tangible personal property, or

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

22           “(B) with respect to which depreciation (or  
23 amortization in lieu of depreciation) is allow-  
24 able,

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

3           “(D) the original use of which commences  
4           with the taxpayer.

5           “(3) QUALIFIED FACILITY.—The term ‘quali-  
6           fied facility’ has the same meaning given such term  
7           under section 45S(e)(3) (without regard to subpara-  
8           graphs (B) and (D) thereof). Such term shall not in-  
9           clude any facility for which a renewable electricity  
10          production credit under section 45 or an energy  
11          credit determined under section 48 is allowed under  
12          section 38 for the taxable year or any prior taxable  
13          year.

14          “(c) QUALIFIED INVESTMENT WITH RESPECT TO  
15          QUALIFIED CARBON CAPTURE AND SEQUESTRATION  
16          EQUIPMENT.—

17                 “(1) IN GENERAL.—For purposes of subsection  
18                 (a)(1)(B)(i), the qualified investment with respect to  
19                 qualified carbon capture and sequestration equip-  
20                 ment for any taxable year is the basis of any quali-  
21                 fied carbon capture and sequestration equipment  
22                 placed in service by the taxpayer during such taxable  
23                 year.

24                 “(2) QUALIFIED CARBON CAPTURE AND SE-  
25                 QUESTRATION EQUIPMENT.—The term ‘qualified

1 carbon capture and sequestration equipment’ means  
2 property—

3 “(A) installed at a facility placed in service  
4 before January 1, 2019, which produces elec-  
5 tricity,

6 “(B) which results in at least a 50 percent  
7 reduction in the carbon dioxide emissions rate  
8 at the facility, as compared to such rate before  
9 installation of such equipment, through the cap-  
10 ture and disposal of qualified carbon dioxide (as  
11 defined in paragraph (3)(A)),

12 “(C) with respect to which depreciation is  
13 allowable,

14 “(D) which is constructed, reconstructed,  
15 erected, or acquired by the taxpayer, and

16 “(E) the original use of which commences  
17 with the taxpayer.

18 “(3) QUALIFIED CARBON DIOXIDE.—

19 “(A) IN GENERAL.—The term ‘qualified  
20 carbon dioxide’ means carbon dioxide captured  
21 from an industrial source which—

22 “(i) would otherwise be released into  
23 the atmosphere as industrial emission of  
24 greenhouse gas,

1           “(ii) is measured at the source of cap-  
2           ture and verified at the point of disposal or  
3           injection,

4           “(iii) is disposed of by the taxpayer in  
5           secure geological storage, and

6           “(iv) is captured and disposed of with-  
7           in the United States (within the meaning  
8           of section 638(1)) or a possession of the  
9           United States (within the meaning of sec-  
10          tion 638(2)).

11          “(B) SECURE GEOLOGICAL STORAGE.—  
12          The term ‘secure geological storage’ has the  
13          same meaning given to such term under section  
14          45Q(d)(2).

15          “(d) QUALIFIED INVESTMENT WITH RESPECT TO  
16          ENERGY STORAGE PROPERTY.—

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

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

1           “(A) which receives, stores, and delivers  
2           electricity or energy for conversion to electricity,  
3           provided that such electricity is—

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

6                   “(ii) in the case of a facility which is  
7                   equipped with a metering device which is  
8                   owned and operated by an unrelated per-  
9                   son, sold or consumed by the taxpayer,

10           “(B) with respect to which depreciation is  
11           allowable,

12           “(C) which is constructed, reconstructed,  
13           erected, or acquired by the taxpayer,

14           “(D) the original use of which commences  
15           with the taxpayer, and

16           “(E) which is placed in service after De-  
17           cember 31, 2018.

18           “(e) GREENHOUSE GAS EMISSIONS RATE.—

19                   “(1) IN GENERAL.—For purposes of this sec-  
20                   tion, the term ‘greenhouse gas emissions rate’ has  
21                   the same meaning given such term under subsection  
22                   (b) of section 45S.

23                   “(2) ESTABLISHMENT OF SAFE HARBOR FOR  
24                   QUALIFIED PROPERTY.—

1           “(A) IN GENERAL.—The Secretary, in con-  
2           sultation with the Administrator of the Envi-  
3           ronmental Protection Agency, shall establish  
4           safe-harbor greenhouse gas emissions rates for  
5           types or categories of qualified property which  
6           are part of a qualified facility, which a taxpayer  
7           may elect to use for purposes of this section.

8           “(B) ROUNDING.—In establishing the safe-  
9           harbor greenhouse gas emissions rates for  
10          qualified property, the Secretary may round  
11          such rates to the nearest multiple of 32.5  
12          grams of CO<sub>2</sub>e per KWh (or, in the case of a  
13          greenhouse gas emissions rate which is less  
14          than 16.25 grams of CO<sub>2</sub>e per KWh, by round-  
15          ing such rate to zero).

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

22          “(g) CREDIT PHASE-OUT.—

23                 “(1) IN GENERAL.—If the Secretary, in con-  
24                 sultation with the Secretary of Energy and the Ad-  
25                 ministrator of the Environmental Protection Agency,

1 determines that the annual greenhouse gas emis-  
2 sions from electrical production in the United States  
3 are equal to or less than 65 percent of the annual  
4 greenhouse gas emissions from electrical production  
5 in the United States for calendar year 2017, the  
6 amount of the clean energy investment credit under  
7 subsection (a) for any qualified facility, qualified  
8 carbon capture and sequestration equipment, or en-  
9 ergy storage property placed in service during a cal-  
10 endar year described in paragraph (2) shall be equal  
11 to the product of—

12 “(A) the amount of the credit determined  
13 under subsection (a) without regard to this sub-  
14 section, multiplied by

15 “(B) the phase-out percentage under para-  
16 graph (2).

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

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

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



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

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

8           “(h) DEFINITIONS.—In this section:

9           “(1) CO<sub>2</sub>e PER KWh.—The term ‘CO<sub>2</sub>e per  
10          KWh’ has the same meaning given such term under  
11          section 45S(e)(1).

12          “(2) GREENHOUSE GAS.—The term ‘greenhouse  
13          gas’ has the same meaning given such term under  
14          section 45S(e)(2).

15          “(i) RECAPTURE OF CREDIT.—For purposes of sec-  
16          tion 50, if the Administrator of the Environmental Protec-  
17          tion Agency determines that—

18               “(1) the greenhouse gas emissions rate for a  
19               qualified facility is significantly higher than the an-  
20               ticipated greenhouse gas emissions rate claimed by  
21               the taxpayer for purposes of the clean energy invest-  
22               ment credit under this section, or

23               “(2) with respect to any qualified carbon cap-  
24               ture and sequestration equipment installed in a facil-  
25               ity, the carbon dioxide emissions from such facility

1       cease to be captured or disposed of in a manner con-  
2       sistent with the requirements of subsection (c),  
3 the facility or equipment shall cease to be investment cred-  
4 it property in the taxable year in which the determination  
5 is made.

6       “(j) FINAL GUIDANCE.—Not later than January 1,  
7 2018, the Secretary, in consultation with the Adminis-  
8 trator of the Environmental Protection Agency, shall issue  
9 final guidance regarding implementation of this section,  
10 including calculation of greenhouse gas emission rates for  
11 qualified facilities and determination of clean energy in-  
12 vestment credits under this section.”.

13       (2) CONFORMING AMENDMENTS.—

14               (A) Section 46 is amended by inserting a  
15 comma at the end of paragraph (4), by striking  
16 “and” at the end of paragraph (5), by striking  
17 the period at the end of paragraph (6) and in-  
18 serting “, and”, and by adding at the end the  
19 following new paragraph:

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

21               (B) Section 49(a)(1)(C) is amended by  
22 striking “and” at the end of clause (v), by  
23 striking the period at the end of clause (vi) and  
24 inserting a comma, and by adding at the end  
25 the following new clauses:

1 “(vii) the basis of any qualified prop-  
 2 erty which is part of a qualified facility  
 3 under section 48E,

4 “(viii) the basis of any qualified car-  
 5 bon capture and sequestration equipment  
 6 under section 48E, and

7 “(ix) the basis of any energy storage  
 8 property under section 48E.”.

9 (C) Section 50(a)(2)(E) is amended by in-  
 10 sserting “or 48E(e)” after “section 48(b)”.

11 (D) The table of sections for subpart E of  
 12 part IV of subchapter A of chapter 1 is amend-  
 13 ed by inserting after the item relating to section  
 14 48D the following new item:

“48E. Clean energy investment credit.”.

15 (3) EFFECTIVE DATE.—The amendments made  
 16 by this subsection shall apply to property placed in  
 17 service after December 31, 2018, under rules similar  
 18 to the rules of section 48(m) of the Internal Revenue  
 19 Code of 1986 (as in effect on the day before the  
 20 date of the enactment of the Revenue Reconciliation  
 21 Act of 1990).

22 (b) INDIVIDUAL CREDIT.—

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

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

2 “(a) ALLOWANCE OF CREDIT.—

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

7 “(A) the clean energy percentage of the ex-  
8 penditures made by the taxpayer for qualified  
9 property which is—

10 “(i) for use in a dwelling unit which  
11 is located in the United States and used as  
12 a residence by the taxpayer, and

13 “(ii) placed in service during such tax-  
14 able year, plus

15 “(B) 30 percent of the expenditures made  
16 by the taxpayer for energy storage property  
17 which is—

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

21 “(ii) placed in service during such tax-  
22 able year.

23 “(2) CLEAN ENERGY PERCENTAGE.—

24 “(A) IN GENERAL.—

1                   “(i) MAXIMUM PERCENTAGE.—Except  
2                   as provided in clause (ii), the clean energy  
3                   percentage is 30 percent.

4                   “(ii) REDUCTION OF PERCENTAGE  
5                   BASED ON GREENHOUSE GAS EMISSIONS  
6                   RATE.—The clean energy percentage shall  
7                   be reduced (but not below zero) by an  
8                   amount which bears the same ratio to 30  
9                   percent as the anticipated greenhouse gas  
10                  emissions rate for the qualified property  
11                  bears to 325 grams of CO<sub>2</sub>e per KWh.

12                  “(B) ROUNDING.—If any amount deter-  
13                  mined under subparagraph (A)(ii) is not a mul-  
14                  tiple of 1 percent, such amount shall be round-  
15                  ed to the nearest multiple of 1 percent.

16                  “(C) DEFINITIONS.—For purposes of this  
17                  section, the terms ‘greenhouse gas emissions  
18                  rate’ and ‘CO<sub>2</sub>e per KWh’ have the same mean-  
19                  ings given such terms under subsections (b) and  
20                  (e)(1) of section 45S, respectively.

21                  “(3) ESTABLISHMENT OF SAFE HARBOR FOR  
22                  QUALIFIED PROPERTY.—

23                  “(A) IN GENERAL.—The Secretary, in con-  
24                  sultation with the Administrator of the Envi-  
25                  ronmental Protection Agency, shall establish

1 safe-harbor greenhouse gas emissions rates for  
2 types or categories of qualified property which  
3 are for use in a dwelling unit, which a taxpayer  
4 may elect to use for purposes of this section.

5 “(B) ROUNDING.—In establishing the safe-  
6 harbor greenhouse gas emissions rates for  
7 qualified property, the Secretary may round  
8 such rates to the nearest multiple of 32.5  
9 grams of CO<sub>2</sub>e per KWh (or, in the case of a  
10 greenhouse gas emissions rate which is less  
11 than 16.25 grams of CO<sub>2</sub>e per KWh, by round-  
12 ing such rate to zero).

13 “(b) QUALIFIED PROPERTY.—The term ‘qualified  
14 property’ means property—

15 “(1) which is tangible personal property,

16 “(2) which is used for the generation of elec-  
17 tricity,

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

20 “(4) the original use of which commences with  
21 the taxpayer, and

22 “(5) which is originally placed in service after  
23 December 31, 2018.

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

1           “(1) receives, stores, and delivers electricity or  
2           energy for conversion to electricity which is con-  
3           sumed by the taxpayer, and

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

6           “(d) CARRYFORWARD OF UNUSED CREDIT.—If the  
7           credit allowable under subsection (a) exceeds the limita-  
8           tion imposed by section 26(a) for such taxable year re-  
9           duced by the sum of the credits allowable under this sub-  
10          part (other than this section), such excess shall be carried  
11          to the succeeding taxable year and added to the credit al-  
12          lowable under subsection (a) for such succeeding taxable  
13          year.

14          “(e) CREDIT PHASE-OUT.—

15                 “(1) IN GENERAL.—If the Secretary determines  
16                 that the annual greenhouse gas emissions from elec-  
17                 trical production in the United States are equal to  
18                 or less than the percentage specified in section  
19                 48E(g), the amount of the credit allowable under  
20                 subsection (a) for any qualified property or energy  
21                 storage property placed in service during a calendar  
22                 year described in paragraph (2) shall be equal to the  
23                 product of—

1           “(A) the amount of the credit determined  
2           under subsection (a) without regard to this sub-  
3           section, multiplied by

4           “(B) the phase-out percentage under para-  
5           graph (2).

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

8           “(A) for property placed in service during  
9           the first calendar year following the calendar  
10          year in which the determination described in  
11          paragraph (1) is made, 75 percent,

12          “(B) for property placed in service during  
13          the second calendar year following such deter-  
14          mination year, 50 percent,

15          “(C) for property placed in service during  
16          the third calendar year following such deter-  
17          mination year, 25 percent, and

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

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

22          “(1) LABOR COSTS.—Expenditures for labor  
23          costs properly allocable to the onsite preparation, as-  
24          sembly, or original installation of the qualified prop-  
25          erty or energy storage property and for piping or



1 wiring to interconnect such property to the dwelling  
2 unit shall be taken into account for purposes of this  
3 section.

4 “(2) TENANT-STOCKHOLDER IN COOPERATIVE  
5 HOUSING CORPORATION.—In the case of an indi-  
6 vidual who is a tenant-stockholder (as defined in sec-  
7 tion 216) in a cooperative housing corporation (as  
8 defined in such section), such individual shall be  
9 treated as having made his tenant-stockholder’s pro-  
10 portionate share (as defined in section 216(b)(3)) of  
11 any expenditures of such corporation.

12 “(3) CONDOMINIUMS.—

13 “(A) IN GENERAL.—In the case of an indi-  
14 vidual who is a member of a condominium man-  
15 agement association with respect to a condo-  
16 minium which the individual owns, such indi-  
17 vidual shall be treated as having made the indi-  
18 vidual’s proportionate share of any expenditures  
19 of such association.

20 “(B) CONDOMINIUM MANAGEMENT ASSO-  
21 CIATION.—For purposes of this paragraph, the  
22 term ‘condominium management association’  
23 means an organization which meets the require-  
24 ments of paragraph (1) of section 528(c) (other  
25 than subparagraph (E) thereof) with respect to

1           a condominium project substantially all of the  
2           units of which are used as residences.

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

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

15          “(h) FINAL GUIDANCE.—Not later than January 1,  
16          2018, the Secretary, in consultation with the Adminis-  
17          trator of the Environmental Protection Agency, shall issue  
18          final guidance regarding implementation of this section,  
19          including calculation of greenhouse gas emission rates for  
20          qualified property and determination of residential clean  
21          energy property credits under this section.”.

22                   (2) CONFORMING AMENDMENTS.—

23                   (A) Paragraph (1) of section 45(d) is  
24                   amended by striking “Such term” and all that  
25                   follows through the period and inserting the fol-

1           lowing: “Such term shall not include any facil-  
 2           ity with respect to which any expenditures for  
 3           qualified property (as defined in subsection (b)  
 4           of section 25D) which uses wind to produce  
 5           electricity is taken into account in determining  
 6           the credit under such section.”.

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

10           (C) The item relating to section 25D in  
 11           the table of contents for subpart A of part IV  
 12           of subchapter A of chapter 1 is amended to  
 13           read as follows:

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

14           (3) EFFECTIVE DATE.—The amendments made  
 15           by this section shall apply to property placed in serv-  
 16           ice after December 31, 2018.

17 **SEC. 103. EXTENSIONS AND MODIFICATIONS OF VARIOUS**  
 18 **ENERGY PROVISIONS.**

19           (a) RESIDENTIAL ENERGY EFFICIENT PROPERTY.—

20           (1) IN GENERAL.—Subsection (h) of section  
 21           25D is amended by striking “December 31, 2016”  
 22           and inserting “December 31, 2018”.

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

1 (A) in paragraphs (1) and (2) of sub-  
 2 section (a), by striking “the applicable percent-  
 3 age” each place it appears and inserting “30  
 4 percent”,

5 (B) in subsection (h), by striking “(Decem-  
 6 ber 31, 2021, in the case of any qualified solar  
 7 electric property expenditures and qualified  
 8 solar water heating property expenditures)”,

9 (C) by striking subsection (g), and

10 (D) by redesignating subsection (h) as sub-  
 11 section (g).

12 (3) EFFECTIVE DATE.—The amendments made  
 13 by this subsection shall apply to property placed in  
 14 service after December 31, 2016.

15 (b) ELECTRICITY PRODUCED FROM CERTAIN RE-  
 16 NEWABLE RESOURCES.—

17 (1) IN GENERAL.—The following provisions of  
 18 section 45(d) are each amended by striking “Janu-  
 19 ary 1, 2017” each place it appears and inserting  
 20 “January 1, 2019”:

21 (A) Paragraph (2)(A).

22 (B) Paragraph (3)(A).

23 (C) Paragraph (4)(B).

24 (D) Paragraph (6).

25 (E) Paragraph (7).

1 (F) Paragraph (9).

2 (G) Paragraph (11)(B).

3 (2) TERMINATION OF HALF-CREDIT RATE.—

4 Subparagraph (A) of section 45(b)(4) is amended by  
5 inserting “and before 2017” after “after 2003”.

6 (3) EFFECTIVE DATE.—The amendments made  
7 by this subsection shall take effect on January 1,  
8 2017.

9 (c) CREDIT FOR PRODUCTION FROM ADVANCED NU-  
10 CLEAR POWER FACILITIES.—Section 45J(d)(1)(B) is  
11 amended by striking “2021” and inserting “2019”.

12 (d) REPEAL OF ENERGY EFFICIENT APPLIANCE  
13 CREDIT.—

14 (1) IN GENERAL.—Subpart D of part IV of  
15 subchapter A of chapter 1 of subtitle A is amended  
16 by striking section 45M.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 38(b) is amended by striking  
19 paragraph (24).

20 (B) The table of sections for subpart D of  
21 part IV of subchapter A of chapter 1 of subtitle  
22 A is amended by striking the item relating to  
23 section 45M.

1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall take effect on the date of the  
3           enactment of this Act.

4           (e) CREDIT FOR CARBON DIOXIDE SEQUESTRA-  
5           TION.—Section 45Q(c) is amended—

6           (1) in paragraph (2), by striking “and” at the  
7           end,

8           (2) in paragraph (3), by striking the period at  
9           the end and inserting “, and”, and

10          (3) by adding at the end the following new  
11          paragraph:

12           “(4) which is placed in service before January  
13          1, 2019.”.

14          (f) ELIMINATION OF PHASEOUT OF CREDITS FOR  
15          WIND FACILITIES AND SOLAR ENERGY PROPERTY.—

16           (1) WIND FACILITIES.—

17           (A) IN GENERAL.—Paragraph (1) of sec-  
18           tion 45(d) is amended by striking “January 1,  
19           2020” and inserting “January 1, 2019”.

20           (B) PHASEOUT.—Subsection (b) of section  
21           45 is amended by striking paragraph (5).

22           (C) QUALIFIED INVESTMENT CREDIT FA-  
23           CILITY.—

24           (i) IN GENERAL.—Section  
25           48(a)(5)(C)(ii) is amended by striking

1           “January 1, 2017” and all that follows  
2           through “section 45(d)” and inserting  
3           “January 1, 2019”.

4           (ii) PHASEOUT.—Paragraph (5) of  
5           section 48(a) is amended by striking sub-  
6           paragraph (E).

7           (D) EFFECTIVE DATE.—The amendments  
8           made by this paragraph shall take effect on  
9           January 1, 2017.

10          (2) SOLAR ENERGY PROPERTY.—

11           (A) IN GENERAL.—Subclause (II) of sec-  
12           tion 48(a)(2)(A)(i) is amended by striking  
13           “property the construction of which begins be-  
14           fore January 1, 2022” and inserting “periods  
15           ending before January 1, 2019”.

16           (B) PHASEOUT.—Subsection (a) of section  
17           48 is amended by striking paragraph (6).

18           (C) CONFORMING AMENDMENT.—Subpara-  
19           graph (A) of section 48(a)(2) is amended by  
20           striking “Except as provided in paragraph (6),  
21           the energy percentage” and inserting “The en-  
22           ergy percentage”.

23           (D) EFFECTIVE DATE.—The amendments  
24           made by this paragraph shall take effect on  
25           January 1, 2017.

1 (g) ENERGY CREDIT.—

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

4 (A) in clause (i), by inserting “but only  
5 with respect to periods ending before January  
6 1, 2019” after “swimming pool,” and

7 (B) in clause (ii), by striking “January 1,  
8 2017” and inserting “January 1, 2019”.

9 (2) GEOTHERMAL ENERGY PROPERTY.—Section  
10 48(a)(3)(A)(iii) is amended by inserting “with re-  
11 spect to periods ending before January 1, 2019,  
12 and” after “but only”.

13 (3) THERMAL ENERGY PROPERTY.—Section  
14 48(a)(3)(A)(vii) is amended by striking “January 1,  
15 2017” and inserting “January 1, 2019”.

16 (4) QUALIFIED FUEL CELL PROPERTY.—Sec-  
17 tion 48(c)(1)(D) is amended by striking “December  
18 31, 2016” and inserting “December 31, 2018”.

19 (5) QUALIFIED MICROTURBINE PROPERTY.—  
20 Section 48(c)(2)(D) is amended by striking “Decem-  
21 ber 31, 2016” and inserting “December 31, 2018”.

22 (6) COMBINED HEAT AND POWER SYSTEM  
23 PROPERTY.—Section 48(c)(3)(A)(iv) is amended by  
24 striking “January 1, 2017” and inserting “January  
25 1, 2019”.



1           (7) QUALIFIED SMALL WIND ENERGY PROP-  
2           ERTY.—Section 48(c)(4)(C) is amended by striking  
3           “December 31, 2016” and inserting “December 31,  
4           2018”.

5           (h) QUALIFYING ADVANCED ENERGY PROJECT  
6 CREDIT.—

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

8                   (A) by redesignating subsection (e) as sub-  
9                   section (f), and

10                   (B) by inserting after subsection (d) the  
11                   following new subsection:

12           “(e) ADDITIONAL QUALIFYING ADVANCED ENERGY  
13 PROGRAM.—

14                   “(1) ESTABLISHMENT.—

15                           “(A) IN GENERAL.—Not later than 180  
16                           days after the date of enactment of this sub-  
17                           section, the Secretary, in consultation with the  
18                           Secretary of Energy, shall establish an addi-  
19                           tional qualifying advanced energy project pro-  
20                           gram to consider and award certifications for  
21                           qualified investments eligible for credits under  
22                           this section to qualifying advanced energy  
23                           project sponsors.

24                           “(B) LIMITATION.—The total amount of  
25                           credits that may be allocated under the pro-

1           gram described in subparagraph (A) shall not  
2           exceed \$5,000,000,000.

3           “(2) CERTIFICATION.—

4                   “(A) APPLICATION PERIOD.—Each appli-  
5           cant for certification under this paragraph shall  
6           submit an application containing such informa-  
7           tion as the Secretary may require during the 2-  
8           year period beginning on the date the Secretary  
9           establishes the program under paragraph (1).

10                   “(B) TIME TO MEET CRITERIA FOR CER-  
11           TIFICATION.—Each applicant for certification  
12           shall have 1 year from the date of acceptance  
13           by the Secretary of the application during  
14           which to provide to the Secretary evidence that  
15           the requirements of the certification have been  
16           met.

17                   “(C) PERIOD OF ISSUANCE.—An applicant  
18           which receives a certification shall have 3 years  
19           from the date of issuance of the certification in  
20           order to place the project in service and if such  
21           project is not placed in service by that time pe-  
22           riod, then the certification shall no longer be  
23           valid.

24                   “(3) SELECTION CRITERIA.—In determining  
25           which qualifying advanced energy projects to certify

1 under this section, the Secretary shall consider the  
2 same criteria described in subsection (d)(3).

3 “(4) REVIEW AND REDISTRIBUTION.—

4 “(A) REVIEW.—Not later than 4 years  
5 after the date of enactment of this subsection,  
6 the Secretary shall review the credits allocated  
7 pursuant to this subsection as of such date.

8 “(B) REDISTRIBUTION.—The Secretary  
9 may reallocate credits awarded under this sec-  
10 tion if the Secretary determines that—

11 “(i) there is an insufficient quantity  
12 of qualifying applications for certification  
13 pending at the time of the review, or

14 “(ii) any certification made pursuant  
15 to paragraph (2) has been revoked pursu-  
16 ant to paragraph (2)(B) because the  
17 project subject to the certification has been  
18 delayed as a result of third-party opposi-  
19 tion or litigation to the proposed project.

20 “(C) REALLOCATION.—If the Secretary de-  
21 termines that credits under this section are  
22 available for reallocation pursuant to the re-  
23 quirements set forth in paragraph (2), the Sec-  
24 retary is authorized to conduct an additional  
25 program for applications for certification.

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

6           (2) EFFECTIVE DATE.—The amendments made  
 7           by this subsection shall apply to periods after the  
 8           date of the enactment of this Act, under rules simi-  
 9           lar to the rules of section 48(m) of the Internal Rev-  
 10          enue Code of 1986 (as in effect on the day before  
 11          the date of the enactment of the Revenue Reconcili-  
 12          ation Act of 1990).

13           **TITLE II—CLEAN FUEL TAX**  
 14           **CREDITS**

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

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

19          **“SEC. 45T. CLEAN FUEL PRODUCTION CREDIT.**

20           “(a) AMOUNT OF CREDIT.—

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

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

1           “(i) produced by the taxpayer at a  
2           qualified facility, and

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

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

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

11           “(A) sold by the taxpayer to an unrelated  
12          person—

13           “(i) for use by such person in the pro-  
14           duction of a fuel mixture that will be used  
15           as a transportation fuel,

16           “(ii) for use by such person as a  
17           transportation fuel in a trade or business,  
18           or

19           “(iii) who sells such fuel at retail to  
20           another person and places such fuel in the  
21           fuel tank of such other person, or

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

24           “(3) ROUNDING.—If any amount determined  
25           under paragraph (1) is not a multiple of 0.1 cent,

1 such amount shall be rounded to the nearest mul-  
2 tiple of 0.1 cent.

3 “(b) EMISSIONS FACTORS.—

4 “(1) EMISSIONS FACTOR.—

5 “(A) IN GENERAL.—The emissions factor  
6 of a transportation fuel shall be an amount  
7 equal to the quotient of—

8 “(i) an amount (not less than zero)  
9 equal to—

10 “(I) 75, minus

11 “(II) the emissions rate for such  
12 fuel, divided by

13 “(ii) 75.

14 “(B) ESTABLISHMENT OF SAFE HARBOR  
15 EMISSIONS RATE.—The Secretary, in consulta-  
16 tion with the Administrator of the Environ-  
17 mental Protection Agency, shall establish the  
18 safe harbor emissions rate for similar types and  
19 categories of transportation fuels based on the  
20 amount of lifecycle greenhouse gas emissions  
21 (as described in section 211(o)(1)(H) of the  
22 Clean Air Act (42 U.S.C. 7545(o)(1)(H)), as in  
23 effect on the date of the enactment of this sec-  
24 tion) for such fuels, expressed as kilograms of

1 CO<sub>2</sub>e per mmBTU, which a taxpayer may elect  
2 to use for purposes of this section.

3 “(C) ROUNDING OF SAFE HARBOR EMIS-  
4 SIONS RATE.—The Secretary may round the  
5 safe harbor emissions rates under subparagraph  
6 (B) to the nearest multiple of 7.50 kilograms of  
7 CO<sub>2</sub>e per mmBTU, except that, in the case of  
8 an emissions rate that is less than 3.75 kilo-  
9 grams of CO<sub>2</sub>e per mmBTU, the Secretary may  
10 round such rate to zero.

11 “(D) PROVISIONAL SAFE HARBOR EMIS-  
12 SIONS RATE.—

13 “(i) IN GENERAL.—In the case of any  
14 transportation fuel for which a safe harbor  
15 emissions rate has not been established by  
16 the Secretary, a taxpayer producing such  
17 fuel may file a petition with the Secretary  
18 for determination of the safe harbor emis-  
19 sions rate with respect to such fuel.

20 “(ii) ESTABLISHMENT OF PROVI-  
21 SIONAL AND FINAL SAFE HARBOR EMIS-  
22 SIONS RATE.—In the case of a transpor-  
23 tation fuel for which a petition described in  
24 clause (i) has been filed, the Secretary, in

1                   consultation with the Administrator of the  
2                   Environmental Protection Agency, shall—

3                   “(I) not later than 12 months  
4                   after the date on which the petition  
5                   was filed, provide a provisional safe  
6                   harbor emissions rate for such fuel  
7                   which a taxpayer may use for pur-  
8                   poses of this section, and

9                   “(II) not later than 24 months  
10                  after the date on which the petition  
11                  was filed, establish the safe harbor  
12                  emissions rate for such fuel.

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

17                  “(2) PUBLISHING SAFE HARBOR EMISSIONS  
18                  RATE.—The Secretary, in consultation with the Ad-  
19                  ministrator of the Environmental Protection Agency,  
20                  shall publish a table that sets forth the safe harbor  
21                  emissions rate (as established pursuant to paragraph  
22                  (1)) for similar types and categories of transpor-  
23                  tation fuels.

24                  “(c) INFLATION ADJUSTMENT.—



1           “(1) IN GENERAL.—In the case of calendar  
2 years beginning after 2019, the \$1.00 amount in  
3 subsection (a)(1)(A) shall be adjusted by multiplying  
4 such amount by the inflation adjustment factor for  
5 the calendar year in which the sale or use of the  
6 transportation fuel occurs. If any amount as in-  
7 creased under the preceding sentence is not a mul-  
8 tiple of 1 cent, such amount shall be rounded to the  
9 nearest multiple of 1 cent.

10           “(2) INFLATION ADJUSTMENT FACTOR.—For  
11 purposes of paragraph (1), the inflation adjustment  
12 factor shall be the inflation adjustment factor deter-  
13 mined and published by the Secretary pursuant to  
14 section 45S(c), determined by substituting ‘calendar  
15 year 2018’ for ‘calendar year 1992’ in paragraph (3)  
16 thereof.

17           “(d) CREDIT PHASE-OUT.—

18           “(1) IN GENERAL.—If the Secretary, in con-  
19 sultation with the Secretary of Energy and the Ad-  
20 ministrator of the Environmental Protection Agency,  
21 determines that the greenhouse gas emissions from  
22 transportation fuel produced and sold at retail annu-  
23 ally in the United States are equal to or less than  
24 65 percent of the greenhouse gas emissions from  
25 transportation fuel produced and sold at retail in the

1 United States during calendar year 2017, the  
2 amount of the clean fuel production credit under  
3 this section for any qualified facility placed in serv-  
4 ice during a calendar year described in paragraph  
5 (2) shall be equal to the product of—

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

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

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

13 “(A) for a facility placed in service during  
14 the first calendar year following the calendar  
15 year in which the determination described in  
16 paragraph (1) is made, 75 percent,

17 “(B) for a facility placed in service during  
18 the second calendar year following such deter-  
19 mination year, 50 percent,

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

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

1 “(e) DEFINITIONS.—In this section:

2 “(1) mmBTU.—The term ‘mmBTU’ means  
3 1,000,000 British thermal units.

4 “(2) CO<sub>2</sub>e.—The term ‘CO<sub>2</sub>e’ means, with re-  
5 spect to any greenhouse gas, the equivalent carbon  
6 dioxide.

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

12 “(4) QUALIFIED FACILITY.—

13 “(A) IN GENERAL.—Subject to subpara-  
14 graphs (B) and (C), the term ‘qualified facility’  
15 means a facility used for the production of  
16 transportation fuels.

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

20 “(i) in the case of a facility that is  
21 originally placed in service after December  
22 31, 2018, for the 10-year period beginning  
23 on the date such facility is placed in serv-  
24 ice, or

1                   “(ii) in the case of a facility that is  
2                   originally placed in service before January  
3                   1, 2019, for the 10-year period beginning  
4                   on January 1, 2019.

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

8                   “(f) FINAL GUIDANCE.—Not later than January 1,  
9 2018, the Secretary, in consultation with the Adminis-  
10 trator of the Environmental Protection Agency, shall issue  
11 final guidance regarding implementation of this section,  
12 including calculation of emissions factors for transpor-  
13 tation fuel, the table described in subsection (b)(2), and  
14 the determination of clean fuel production credits under  
15 this section.

16                   “(g) SPECIAL RULES.—

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

19                   “(A) IN GENERAL.—No clean fuel produc-  
20 tion credit shall be determined under subsection  
21 (a) with respect to any transportation fuel un-  
22 less—

23                   “(i) the taxpayer is registered as a  
24 producer of clean fuel under section 4101  
25 at the time of production, and

1                   “(ii) such fuel is produced in the  
2                   United States.

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

6                   “(2) PRODUCTION ATTRIBUTABLE TO THE TAX-  
7                   PAYER.—In the case of a facility in which more than  
8                   1 person has an ownership interest, except to the ex-  
9                   tent provided in regulations prescribed by the Sec-  
10                  retary, production from the facility shall be allocated  
11                  among such persons in proportion to their respective  
12                  ownership interests in the gross sales from such fa-  
13                  cility.

14                  “(3) RELATED PERSONS.—Persons shall be  
15                  treated as related to each other if such persons  
16                  would be treated as a single employer under the reg-  
17                  ulations prescribed under section 52(b). In the case  
18                  of a corporation which is a member of an affiliated  
19                  group of corporations filing a consolidated return,  
20                  such corporation shall be treated as selling fuel to  
21                  an unrelated person if such fuel is sold to such a  
22                  person by another member of such group.

23                  “(4) PASS-THRU IN THE CASE OF ESTATES AND  
24                  TRUSTS.—Under regulations prescribed by the Sec-

1       retary, rules similar to the rules of subsection (d) of  
2       section 52 shall apply.

3               “(5) ALLOCATION OF CREDIT TO PATRONS OF  
4       AGRICULTURAL COOPERATIVE.—

5               “(A) ELECTION TO ALLOCATE.—

6               “(i) IN GENERAL.—In the case of an  
7       eligible cooperative organization, any por-  
8       tion of the credit determined under sub-  
9       section (a) for the taxable year may, at the  
10      election of the organization, be apportioned  
11      among patrons of the organization on the  
12      basis of the amount of business done by  
13      the patrons during the taxable year.

14              “(ii) FORM AND EFFECT OF ELEC-  
15      TION.—An election under clause (i) for any  
16      taxable year shall be made on a timely  
17      filed return for such year. Such election,  
18      once made, shall be irrevocable for such  
19      taxable year. Such election shall not take  
20      effect unless the organization designates  
21      the apportionment as such in a written no-  
22      tice mailed to its patrons during the pay-  
23      ment period described in section 1382(d).

24              “(B) TREATMENT OF ORGANIZATIONS AND  
25      PATRONS.—The amount of the credit appor-

1           tioned to any patrons under subparagraph  
2           (A)—

3                   “(i) shall not be included in the  
4                   amount determined under subsection (a)  
5                   with respect to the organization for the  
6                   taxable year, and

7                   “(ii) shall be included in the amount  
8                   determined under subsection (a) for the  
9                   first taxable year of each patron ending on  
10                  or after the last day of the payment period  
11                  (as defined in section 1382(d)) for the tax-  
12                  able year of the organization or, if earlier,  
13                  for the taxable year of each patron ending  
14                  on or after the date on which the patron  
15                  receives notice from the cooperative of the  
16                  apportionment.

17                  “(C) SPECIAL RULES FOR DECREASE IN  
18                  CREDITS FOR TAXABLE YEAR.—If the amount  
19                  of the credit of a cooperative organization de-  
20                  termined under subsection (a) for a taxable  
21                  year is less than the amount of such credit  
22                  shown on the return of the cooperative organi-  
23                  zation for such year, an amount equal to the  
24                  excess of—

25                   “(i) such reduction, over

1                   “(ii) the amount not apportioned to  
2                   such patrons under subparagraph (A) for  
3                   the taxable year,  
4                   shall be treated as an increase in tax imposed  
5                   by this chapter on the organization. Such in-  
6                   crease shall not be treated as tax imposed by  
7                   this chapter for purposes of determining the  
8                   amount of any credit under this chapter.

9                   “(D) ELIGIBLE COOPERATIVE DEFINED.—  
10                   For purposes of this section the term ‘eligible  
11                   cooperative’ means a cooperative organization  
12                   described in section 1381(a) which is owned  
13                   more than 50 percent by agricultural producers  
14                   or by entities owned by agricultural producers.  
15                   For this purpose an entity owned by an agricul-  
16                   tural producer is one that is more than 50 per-  
17                   cent owned by agricultural producers.”.

18                   (b) CONFORMING AMENDMENTS.—

19                   (1) Section 38(b), as amended by section 101,  
20                   is amended—

21                   (A) in paragraph (36), by striking “plus”  
22                   at the end,

23                   (B) in paragraph (37), by striking the pe-  
24                   riod at the end and inserting “, plus”, and



1 (C) by adding at the end the following new  
2 paragraph:

3 “(38) the clean fuel production credit deter-  
4 mined under section 45T(a).”.

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

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

9 (3) Section 4101(a)(1) is amended by inserting  
10 “every person producing a fuel eligible for the clean  
11 fuel production credit (pursuant to section 45T),”  
12 after “section 6426(b)(4)(A),”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to transportation fuel produced  
15 after December 31, 2018.

16 **SEC. 202. TEMPORARY EXTENSION OF EXISTING FUEL AND**  
17 **TRANSPORTATION INCENTIVES.**

18 (a) ALTERNATIVE MOTOR VEHICLE CREDIT FOR  
19 FUEL CELL MOTOR VEHICLES.—

20 (1) IN GENERAL.—Paragraph (1) of section  
21 30B(k) is amended by striking “December 31,  
22 2016” and inserting “December 31, 2026”.

23 (2) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall apply to property purchased  
25 after December 31, 2016.

1 (b) ALTERNATIVE FUEL VEHICLE REFUELING  
2 PROPERTY CREDIT.—

3 (1) IN GENERAL.—Paragraph (1) of section  
4 30C(g) is amended by striking “December 31,  
5 2016” and inserting “December 31, 2018”.

6 (2) EFFECTIVE DATE.—The amendments made  
7 by this subsection shall apply to property placed in  
8 service after December 31, 2016.

9 (c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE  
10 MOTOR VEHICLES.—

11 (1) 2- AND 3-WHEELED PLUG-IN ELECTRIC VE-  
12 HICLES.—

13 (A) IN GENERAL.—Clause (ii) of section  
14 30D(g)(3)(E) is amended to read as follows:

15 “(ii) after December 31, 2016, and  
16 before January 1, 2019.”.

17 (B) EFFECTIVE DATE.—The amendments  
18 made by this paragraph shall apply to vehicles  
19 acquired after December 31, 2016.

20 (2) ELIMINATION ON LIMITATION ON NUMBER  
21 OF VEHICLES ELIGIBLE FOR CREDIT.—

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

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

1                   (ii) by redesignating subsections (f)  
2                   and (g) as subsections (e) and (f), respec-  
3                   tively.

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

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

11               (d) SECOND GENERATION BIOFUEL PRODUCER  
12 CREDIT.—

13               (1) IN GENERAL.—Section 40(b)(6) is amend-  
14               ed—

15                   (A) in subparagraph (E)(i)—

16                       (i) in subclause (I), by striking “and”  
17                       at the end,

18                       (ii) in subclause (II), by striking the  
19                       period at the end and inserting “, and”,  
20                       and

21                       (iii) by inserting at the end the fol-  
22                       lowing new subclause:

23                               “(III) qualifies as a transpor-  
24                               tation fuel (as defined in section  
25                               45T(e)(5)).”, and

1 (B) in subparagraph (J)(i), by striking  
2 “2017” and inserting “2019”.

3 (2) EFFECTIVE DATE.—The amendments made  
4 by this subsection shall apply to qualified second  
5 generation biofuel production after December 31,  
6 2016.

7 (e) BIODIESEL AND RENEWABLE DIESEL USED AS  
8 FUEL.—

9 (1) IN GENERAL.—Section 40A is amended—

10 (A) in subsection (f)(3)(B), by striking “or  
11 D396”, and

12 (B) in subsection (g), by striking “2016”  
13 and inserting “2018”.

14 (2) EFFECTIVE DATE.—The amendments made  
15 by this subsection shall apply to fuel sold or used  
16 after December 31, 2016.

17 (f) CREDIT FOR BIODIESEL AND ALTERNATIVE  
18 FUEL MIXTURES.—

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

20 (A) in subsection (c)(6), by striking  
21 “2016” and inserting “2018”,

22 (B) in subsection (d)—

23 (i) in paragraph (1), by striking  
24 “motor vehicle” and inserting “highway ve-  
25 hicle”,

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

3 (iii) in paragraph (5), by striking  
4 “2016” and inserting “2018”, 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, 2018,

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 2018, and

17 “(C) in the case of any sale or use not de-  
18 scribed in subparagraph (A) or (B), December  
19 31, 2016.”.

20 (2) EFFECTIVE DATE.—The amendments made  
21 by this subsection shall apply to fuel sold or used  
22 after December 31, 2016.

23 (3) SPECIAL RULE FOR CERTAIN PERIODS.—  
24 Notwithstanding any other provision of law, in the  
25 case of—

1           (A) any biodiesel mixture credit properly  
2           determined under section 6426(c) of the Inter-  
3           nal Revenue Code of 1986 for the periods after  
4           December 31, 2016, and before the date of the  
5           enactment of this Act, and

6           (B) any alternative fuel credit properly de-  
7           termined under section 6426(d) of such Code  
8           for such periods,

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

1 shall be paid with interest from such date deter-  
 2 mined by using the overpayment rate and method  
 3 under section 6621 of such Code.

4 (g) BIODIESEL, BIODIESEL MIXTURES, AND ALTER-  
 5 NATIVE FUELS.—

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

8 (A) in subparagraph (B), by striking  
 9 “2016” and inserting “2018”, and

10 (B) in subparagraph (C), by striking  
 11 “2016” and inserting “2018”.

12 (2) EFFECTIVE DATE.—The amendments made  
 13 by this subsection shall apply to fuel sold or used  
 14 after December 31, 2016.

## 15 **TITLE III—ENERGY EFFICIENCY** 16 **INCENTIVES**

### 17 **SEC. 301. CREDIT FOR NEW ENERGY EFFICIENT RESIDEN-** 18 **TIAL BUILDINGS.**

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

#### 21 **“SEC. 45L. NEW ENERGY EFFICIENT HOME CREDIT.**

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

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

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

5           “(b) APPLICABLE AMOUNT.—

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

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

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

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

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

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



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

4                   “(A) comparable to the qualified residence,  
5 and

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

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

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

14                           “(A) the person who constructed the quali-  
15 fied residence, or

16                           “(B) in the case of a qualified residence  
17 which is a manufactured home, the manufac-  
18 tured home producer of such residence.

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

21                           “(A) located in the United States,

22                           “(B) the construction of which is substan-  
23 tially completed after the date of the enactment  
24 of this section, and

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

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

8           “(d) CERTIFICATION.—

9           “(1) IN GENERAL.—

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

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

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

23           “(ii) include requirements to ensure  
24           the safe operation of energy efficiency im-  
25           provements and that all improvements are

1 installed according to the applicable stand-  
2 ards of such certification program.

3 “(2) COMPUTER SOFTWARE.—

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

7 “(B) QUALIFIED COMPUTER SOFTWARE.—  
8 For purposes of this paragraph, the term  
9 ‘qualified computer software’ means software—

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

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

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



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

3           “(2) \$500.

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

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

11          “(2) is installed according to applicable ACCA-  
12          QI standards which are in effect at the time that the  
13          property was placed in service,

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

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

19          “(d) BIOMASS PROPERTY.—

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

23                  “(A) uses the burning of biomass fuel to  
24                  heat a dwelling unit or to heat water for use in  
25                  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, 2018.

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           provements 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, 2018.

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 48E.

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 48E shall not be taken into account  
23 under this section.”.

24 (b) CONFORMING AMENDMENT.—

25 (1) Section 263(a) is amended—



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

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

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

7 “(M) 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” and inserting  
13 “179E, or 179F”.

14 (3) Section 1016(a) is amended—

15 (A) in paragraph (36), by striking “and”  
16 at the end,

17 (B) in paragraph (37), 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 “(38) 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, 2018.

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 2016” and inserting “December 31, 2018”.

16 (2) EFFECTIVE DATE.—The amendments made  
17 by this subsection shall apply to property placed in  
18 service after December 31, 2016.

19 (b) NEW ENERGY EFFICIENT HOME CREDIT.—

20 (1) IN GENERAL.—Subsection (g) of section  
21 45L is amended by striking “December 31, 2016”  
22 and inserting “December 31, 2018”.

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 2016.

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

5 (1) IN GENERAL.—Subsection (h) of section  
6 179D is amended by striking “December 31, 2016”  
7 and inserting “December 31, 2018”.

8 (2) EFFECTIVE DATE.—The amendments made  
9 by this section shall apply to property placed in serv-  
10 ice after December 31, 2016.

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

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

14 (a) IN GENERAL.—Subpart J of part IV of sub-  
15 chapter A of chapter 1 is amended by adding at the end  
16 the following new section:

#### 17 **“SEC. 54BB. CLEAN ENERGY BONDS.**

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

25 “(b) AMOUNT OF CREDIT.—

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

7           “(2) APPLICABLE PERCENTAGE.—

8           “(A) IN GENERAL.—

9           “(i) MAXIMUM PERCENTAGE.—Except  
10           as provided in clause (ii), the applicable  
11           percentage is 70 percent.

12           “(ii) REDUCTION OF CREDIT BASED  
13           ON GREENHOUSE GAS EMISSION RATE.—

14           The applicable percentage shall be reduced  
15           (but not below zero) by an amount which  
16           bears the same ratio to the percentage in  
17           effect under clause (i) as—

18           “(I) in the case of a qualified fa-  
19           cility described in subsection (e)(3) of  
20           section 45S, the greenhouse gas emis-  
21           sions rate for the facility bears to 325  
22           grams of CO<sub>2</sub>e per KWh (as such  
23           terms are defined in subsections  
24           (b)(1) and (e)(1) of such section), or

1                   “(II) in the case of a qualified fa-  
2                   cility described in subsection (e)(4) of  
3                   section 45T, the average emissions  
4                   rate for all transportation fuel pro-  
5                   duced by such facility bears to 75  
6                   kilograms of CO<sub>2</sub>e per mmBTU (as  
7                   such terms are defined in subsections  
8                   (b) and (e) of such section).

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

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

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

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

21                  “(A) the sum of the regular tax liability  
22                  (as defined in section 26(b)) plus the tax im-  
23                  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 (as defined in section  
18           54A(e)(4)) of such issue over the amounts in a  
19           reasonably required reserve (within the meaning  
20           of section 150(a)(3)) with respect to such issue  
21           are to be used for capital expenditures incurred  
22           by an entity described in subparagraph (B) for  
23           one or more qualified facilities,

24           “(B) the bond is issued by—

1                   “(i) a governmental body (as defined  
2                   in paragraph (3) of section 54C(d)),

3                   “(ii) a public power provider (as de-  
4                   fined in paragraph (2) of such section), or

5                   “(iii) a cooperative electric company  
6                   (as defined in paragraph (4) of such sec-  
7                   tion), and

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

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

12                   “(A) for purposes of section 149(b), a  
13                   clean energy bond shall not be treated as feder-  
14                   ally guaranteed by reason of the credit allowed  
15                   under subsection (a) or section 6433,

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

20                   “(C) a bond shall not be treated as a clean  
21                   energy bond if the issue price has more than a  
22                   de minimis amount (determined under rules  
23                   similar to the rules of section 1273(a)(3)) of  
24                   premium over the stated principal amount of  
25                   the bond.

1           “(3) QUALIFIED FACILITY.—The term ‘quali-  
2           fied facility’ means a facility—

3                   “(A) which is described in section  
4                   45S(e)(3), or

5                   “(B) which is described in section  
6                   45T(e)(4) and only produces transportation fuel  
7                   which has an emissions rate of less than 75  
8                   kilograms of CO<sub>2</sub>e per mmBTU (as such terms  
9                   are defined in subsections (b) and (e) of such  
10                  section).

11          “(e) INTEREST PAYMENT DATE.—For purposes of  
12          this section, the term ‘interest payment date’ means any  
13          date on which the holder of record of the clean energy  
14          bond is entitled to a payment of interest under such bond.

15          “(f) CREDIT PHASE OUT.—

16                  “(1) ELECTRICAL PRODUCTION.—In the case of  
17                  a 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 (d)(3)(A), 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 electrical production  
24                  in the United States are equal to or less than the  
25                  percentage specified in section 45S(d)(1), the



1 amount of the credit determined under subsection  
2 (b) with respect to any clean energy bond issued  
3 during a calendar year described in paragraph (3)  
4 shall be equal to the product of—

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

8 “(B) the phase-out percentage under para-  
9 graph (3).

10 “(2) FUEL PRODUCTION.—In the case of a  
11 clean energy bond for which the proceeds are used  
12 for capital expenditures incurred by an entity for a  
13 qualified facility described in subsection (d)(3)(B), if  
14 the Secretary, in consultation with the Secretary of  
15 Energy and the Administrator of the Environmental  
16 Protection Agency, determines that the annual  
17 greenhouse gas emissions from transportation fuel  
18 produced and sold at retail annually in the United  
19 States are equal to or less than the percentage speci-  
20 fied in section 45T(d)(1), the amount of the credit  
21 determined under subsection (b) with respect to any  
22 clean energy bond issued during a calendar year de-  
23 scribed in paragraph (3) shall be equal to the prod-  
24 uct of—

1           “(A) the amount determined under sub-  
2           section (b) without regard to this subsection,  
3           multiplied by

4           “(B) the phase-out percentage under para-  
5           graph (3).

6           “(3) PHASE-OUT PERCENTAGE.—The phase-out  
7           percentage under this paragraph is equal to—

8           “(A) for any bond issued during the first  
9           calendar year following the calendar year in  
10          which the determination described in paragraph  
11          (1)(A) or (2)(A) is made, 75 percent,

12          “(B) for any bond issued during the sec-  
13          ond calendar year following such determination  
14          year, 50 percent,

15          “(C) for any bond issued during the third  
16          calendar year following such determination  
17          year, 25 percent, and

18          “(D) for any bond issued during any cal-  
19          endar year subsequent to the year described in  
20          subparagraph (C), 0 percent.

21          “(g) SPECIAL RULES.—

22          “(1) INTEREST ON CLEAN ENERGY BONDS IN-  
23          CLUDIBLE IN GROSS INCOME FOR FEDERAL INCOME  
24          TAX PURPOSES.—For purposes of this title, interest

1 on any clean energy bond shall be includible in gross  
2 income.

3 “(2) APPLICATION OF CERTAIN RULES.—Rules  
4 similar to the rules of subsections (f), (g), (h), and  
5 (i) of section 54A shall apply for purposes of the  
6 credit allowed under subsection (a).

7 “(h) REGULATIONS.—The Secretary may prescribe  
8 such regulations and other guidance as may be necessary  
9 or appropriate to carry out this section and section  
10 6433.”.

11 (b) CREDIT FOR QUALIFIED CLEAN ENERGY BONDS  
12 ALLOWED TO ISSUER.—Subchapter B of chapter 65 of  
13 subtitle F is amended by adding at the end the following  
14 new section:

15 **“SEC. 6433. CREDIT FOR QUALIFIED CLEAN ENERGY BONDS**  
16 **ALLOWED TO ISSUER.**

17 “(a) IN GENERAL.—The issuer of a qualified clean  
18 energy bond shall be allowed a credit with respect to each  
19 interest payment under such bond which shall be payable  
20 by the Secretary as provided in subsection (b).

21 “(b) PAYMENT OF CREDIT.—

22 “(1) IN GENERAL.—The Secretary shall pay  
23 (contemporaneously with each interest payment date  
24 under such bond) to the issuer of such bond (or to  
25 any person who makes such interest payments on

1       behalf of the issuer) the applicable percentage (as  
2       determined under subsection (b) of section 54BB) of  
3       the interest payable under such bond on such date.

4               “(2) INTEREST PAYMENT DATE.—For purposes  
5       of this subsection, the term ‘interest payment date’  
6       means each date on which interest is payable by the  
7       issuer under the terms of the bond.

8               “(c) APPLICATION OF ARBITRAGE RULES.—For pur-  
9       poses of section 148, the yield on a qualified clean energy  
10      bond shall be reduced by the credit allowed under this sec-  
11      tion.

12              “(d) QUALIFIED CLEAN ENERGY BOND.—For pur-  
13      poses of this section, the term ‘qualified clean energy  
14      bond’ means a clean energy bond (as defined in section  
15      54BB(d)) issued as part of an issue if the issuer, in lieu  
16      of any credit allowed under section 54BB(a) with respect  
17      to such bond, makes an irrevocable election to have this  
18      section apply.”.

19              (c) CONFORMING AMENDMENTS.—

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

                    “Sec. 54BB. Clean energy bonds.”.

23                      (2) The heading of such subpart (and the item  
24                      relating to such subpart in the table of subparts for  
25                      part IV of subchapter A of chapter 1) are each

1 amended by striking “**Build America Bonds**”  
2 and inserting “**Build America Bonds and**  
3 **Clean Energy Bonds**”.

4 (3) The table of sections for subchapter B of  
5 chapter 65 of subtitle F is amended by adding at  
6 the end the following new item:

“Sec. 6433. Credit for qualified clean energy bonds allowed to issuer.”.

7 (4) Subparagraph (A) of section 6211(b)(4) is  
8 amended by striking “and 6431” and inserting  
9 “6431, and 6433”.

10 (d) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF  
11 SEQUESTRATION.—

12 (1) IN GENERAL.—In the case of any payment  
13 under subsection (b) of section 6433 of the Internal  
14 Revenue Code of 1986 (as added by this Act) made  
15 after the date of the enactment of this Act to which  
16 sequestration applies, the amount of such payment  
17 shall be increased to an amount equal to—

18 (A) such payment (determined before such  
19 sequestration), multiplied by

20 (B) the quotient obtained by dividing 1 by  
21 the amount by which 1 exceeds the percentage  
22 reduction in such payment pursuant to such se-  
23 questration.

24 (2) SEQUESTRATION.—For purposes of this  
25 subsection, the term “sequestration” means any re-

1       duction in direct spending ordered by the President  
2       under the Balanced Budget and Emergency Deficit  
3       Control Act of 1985 or the Statutory Pay-As-You-  
4       Go Act of 2010.

5       (e) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to obligations issued after the date  
7 of the enactment of this Act.

○