MOTION TO TABLE OFFERED BY MR. CLYBURN

Mr. CLYBURN. Mr. Speaker, I move that the resolution be laid on the table.

The SPEAKER pro tempore. The question is on the motion to table.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BOEHNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 216, nays 182, not voting 34, as follows:

[Roll No. 833]

YEAS—216

Abercrombie	Green, Gene	Neal (MA)
Ackerman	Grijalva	Oberstar
Allen	Gutierrez	Obey
Altmire	Hall (NY)	Olver
Andrews	Hare	Ortiz
Arcuri	Harman	Pallone
Baca	Hastings (FL)	Pascrell
Baird	Herseth Sandlin	Pastor
Baldwin	Higgins	Perlmutter
Barrow	Hill	Pomeroy
Bean	Hinchey	Price (NC)
Becerra	Hirono	Rahall
Berkley	Hodes	Rangel
Berman	Holden	Reyes
Berry	Holt	Rodriguez
Bishop (GA)	Honda	Ross
Bishop (NY)	Hooley	Rothman
Blumenauer	Hoyer	Roybal-Allard
Boren	Inslee	Ruppersberger
Boswell	Israel	Rush
Boucher	Jackson (IL)	Ryan (OH)
Boyd (FL)	Jackson-Lee (TX)	Salazar
Boyda (KS)	Jefferson	Sánchez, Linda T.
Brady (PA)	Johnson (GA)	Sanchez, Loretta
Braley (IA)	Johnson, E. B.	Sarbanes
Brown, Corrine	Jones (OH)	Schakowsky
Butterfield	Kagen	Schiff
Capps	Kanjorski	Schwartz
Capuano	Kaptur	Scott (GA)
Cardoza	Kennedy	Scott (VA)
Carnahan	Kildee	Serrano
Carney	Kind	Sestak
Castor	Lampson	Shea-Porter
Chandler	Langevin	Sherman
Cleaver	Larsen (WA)	Shuler
Clyburn	Larson (CT)	Sires
Cohen	Lee	Slaughter
Conyers	Levin	Smith (WA)
Cooper	Lewis (GA)	Snyder
Costa	Loebsack	Solis
Courtney	Lofgren, Zoe	Space
Cramer	Lowey	Spratt
Crowley	Lynch	Stark
Cuellar	Mahoney (FL)	Stupak
Cummings	Maloney (NY)	Sutton
Davis (AL)	Markey	Tanner
Davis (CA)	Marshall	Tauscher
Davis (IL)	Matheson	Taylor
Davis, Lincoln	Matsui	Thompson (CA)
DeFazio	McCarthy (NY)	Thompson (MS)
DeGette	McCollum (MN)	Tierney
DeLauro	McDermott	Towns
Dicks	McGovern	Udall (CO)
Dingell	McIntyre	Udall (NM)
Doggett	McNerney	Van Hollen
Donnelly	McNulty	Velázquez
Doyle	Meek (FL)	Visclosky
Edwards	Meeks (NY)	Walz (MN)
Ellison	Melancon	Wasserman Schultz
Ellsworth	Michaud	Waters
Emanuel	Miller (NC)	Watson
Engel	Miller, George	Watt
Eshoo	Mitchell	Waxman
Etheridge	Mollohan	Weiner
Farr	Moore (KS)	Welch (VT)
Fattah	Moore (WI)	Wexler
Filner	Moran (VA)	Wilson (OH)
Frank (MA)	Murphy (CT)	Woolsey
Giffords	Murphy, Patrick	Wu
Gillibrand	Murtha	Wynn
Gonzalez	Nadler	Yarmuth
Gordon	Napolitano	
Green, Al		

NAYS—182

Aderholt	Bachmann	Barrett (SC)
Akin	Bachus	Bartlett (MD)
Alexander	Baker	Barton (TX)
Biggert	Gilchrest	Pence
Bilbray	Gillmor	Peterson (PA)
Bilirakis	Gohmert	Petri
Bishop (UT)	Goodlatte	Pickering
Blackburn	Granger	Pitts
Blunt	Graves	Platts
Boehner	Hall (TX)	Poe
Bonner	Hastings (WA)	Porter
Bono	Heller	Price (GA)
Boozman	Hensarling	Pryce (OH)
Boustany	Herger	Putnam
Brady (TX)	Hobson	Radanovich
Broun (GA)	Hoekstra	Ramstad
Brown (SC)	Hulshof	Regula
Brown-Waite, Ginny	Inglis (SC)	Rehberg
Buchanan	Issa	Reichert
Burgess	Johnson (IL)	Renzi
Burton (IN)	Jordan	Reynolds
Buyer	Keller	Rogers (AL)
Calvert	King (IA)	Rogers (KY)
Camp (MI)	King (NY)	Rogers (MI)
Campbell (CA)	Kingston	Rohrabacher
Cannon	Kirk	Ros-Lehtinen
Cantor	Kline (MN)	Roskam
Capito	Knollenberg	Royce
Carter	Kuhl (NY)	Ryan (WI)
Castle	Lamborn	Sali
Chabot	Latham	Schmidt
Cole (OK)	LaTourette	Shadegg
Conaway	Lewis (CA)	Shays
Cubin	Lewis (KY)	Shimkus
Culberson	Linder	Shuster
Davis (KY)	LoBiondo	Simpson
Davis, David	Lucas	Smith (NE)
Davis, Tom	Lungren, Daniel E.	Smith (NJ)
Deal (GA)	Mack	Smith (TX)
Dent	Manzullo	Souder
Diaz-Balart, L.	Marchant	Stearns
Diaz-Balart, M.	McCarthy (CA)	Sullivan
Doolittle	McCaul (TX)	Terry
Drake	McCotter	Tiahrt
Dreier	McCrery	Tiberi
Duncan	McHenry	Turner
Ehlers	McHugh	Upton
Emerson	McKeon	Walberg
English (PA)	McMorris Rodgers	Walden (OR)
Everett	Mica	Walsh (NY)
Fallin	Miller (FL)	Wamp
Ferguson	Miller (MI)	Weldon (FL)
Flake	Miller, Gary	Weller
Forbes	Moran (KS)	Westmoreland
Fossella	Murphy, Tim	Whitfield
Foxx	Musgrave	Wicker
Franks (AZ)	Myrick	Wilson (NM)
Frelinghuysen	Neugebauer	Wilson (SC)
Gallegly	Nunes	Wolf
Garrett (NJ)	Pearce	Young (AK)
Gerlach		Young (FL)

NOT VOTING—34

Carson	Hastert	Lipinski
Clarke	Hayes	Paul
Clay	Hinojosa	Payne
Coble	Hunter	Peterson (MN)
Costello	Jindal	Saxton
Crenshaw	Johnson, Sam	Sensenbrenner
Davis, Jo Ann	Jones (NC)	Sessions
Delahunt	Kilpatrick	Skelton
Feeney	Klein (FL)	Tancredo
Fortenberry	Kucinich	Thornberry
Gingrey	LaHood	
Goode	Lantos	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes left in this vote.

□ 1802

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. FEENEY. Mr. Speaker, I would ask on the last vote, myself from Florida, the gentleman from Illinois, and the gentleman from Georgia be permitted to cast their vote.

The gentleman from Georgia, Mr. GINGREY would vote ''no.'' I would vote ''no.'' The gentleman from Illinois, Mr. LIPINSKI, would vote ''aye.''

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.J. RES. 40

Mrs. MALONEY of New York. Mr. Speaker, Mr. JOE DONNELLY was mistakenly listed as a cosponsor of H.J. Res. 40, and I would like to remove him as a cosponsor of H.J. Res. 40.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

PERMISSION FOR MEMBER TO BE CONSIDERED AS FIRST SPONSOR OF H.R. 1246

Mrs. TAUSCHER. Mr. Speaker, I ask unanimous consent that I may hereafter be considered to be the first sponsor of H.R. 1246, a bill originally introduced by Representative MARTY MEEHAN of Massachusetts, for the purposes of adding cosponsors and requesting reprintings pursuant to clause 7 of rule XII.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 3221, NEW DIRECTION FOR ENERGY INDEPENDENCE, NATIONAL SECURITY, AND CONSUMER PROTECTION ACT

Mr. RANGEL. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make technical corrections in the engrossment of H.R. 3221, to include corrections in spelling, punctuation, section numbering and cross-referencing, and the insertion of appropriate headings.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

RENEWABLE ENERGY AND ENERGY CONSERVATION TAX ACT OF 2007

Mr. RANGEL. Mr. Speaker, pursuant to House Resolution 615, I call up the bill (H.R. 2776) to amend the Internal Revenue Code of 1986 to provide tax incentives for the production of renewable energy and energy conservation, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2776

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Renewable Energy and Energy Conservation Tax Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—PRODUCTION INCENTIVES

SEC. 101. EXTENSION AND MODIFICATION OF RENEWABLE ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—Each of the following provisions of section 45(d) (relating to qualified facilities) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2013'':

(1) Paragraph (1).

(2) Clauses (i) and (ii) of paragraph (2)(A).

(3) Clauses (i)(I) and (ii) of paragraph (3)(A).

(4) Paragraph (4).

(5) Paragraph (5).

(6) Paragraph (6).

(7) Paragraph (7).

(8) Subparagraphs (A) and (B) of paragraph (9).

(b) MODIFICATION OF CREDIT PHASEOUT.—

(1) REPEAL OF PHASEOUT.—Subsection (b) of section 45 is amended—

(A) by striking paragraph (1), and

(B) by striking ''the 8 cent amount in paragraph (1),'' in paragraph (2) thereof.

(2) LIMITATION BASED ON INVESTMENT IN FACILITY.—Subsection (b) of section 45 is amended by inserting before paragraph (2) the following new paragraph:

''(1) LIMITATION BASED ON INVESTMENT IN FACILITY.—

''(A) IN GENERAL.—In the case of any qualified facility originally placed in service after December 31, 2008, the amount of the credit determined under subsection (a) for any taxable year with respect to electricity produced at such facility shall not exceed the product of—

''(i) the applicable percentage with respect to such facility, multiplied by

''(ii) the eligible basis of such facility.

''(B) CARRYFORWARD OF UNUSED LIMITATION AND EXCESS CREDIT.—

''(i) UNUSED LIMITATION.—If the limitation imposed under subparagraph (A) with respect to any facility for any taxable year exceeds the credit determined under subsection (a) (determined without regard to this paragraph) with respect to such facility for such taxable year, the limitation imposed under subparagraph (A) with respect to such facility for the succeeding taxable year shall be increased by the amount of such excess.

''(ii) EXCESS CREDIT.—If the credit determined under subsection (a) (determined without regard to this paragraph) with respect to any facility for any taxable year exceeds the limitation imposed under subparagraph (A) with respect to such facility for such taxable year, the credit determined under subsection (a) with respect to such facility for the succeeding taxable year (determined before the application of subparagraph (A) for such succeeding taxable year) shall be increased by the amount of such excess. With respect to any facility, no amount may carried forward under this clause to any taxable year beginning after the 10-year period described in subsection (a)(2)(A)(ii) with respect to such facility.

''(C) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable percentage' means, with respect to any facility, the appropriate percentage prescribed by the Secretary for the month in which such facility is originally placed in service.

''(ii) METHOD OF PRESCRIBING PERCENTAGES.—The percentages prescribed by the Secretary for any month under clause (i) shall be percentages which yield over a 10-year period amounts of limitation under subparagraph (A) which have a present value equal to 35 percent of the eligible basis of the facility.

''(iii) METHOD OF DISCOUNTING.—The present value under clause (ii) shall be determined—

''(I) as of the last day of the 1st year of the 10-year period referred to in clause (ii),

''(II) by using a discount rate equal to the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month preceding the month for which the percentage is being prescribed, and

''(III) by taking into account the limitation under subparagraph (A) for any year on the last day of such year.

''(D) ELIGIBLE BASIS.—For purposes of this paragraph, the term 'eligible basis' means, with respect to any facility, the basis of such facility determined as of the time that such facility is originally placed in service.

''(E) SPECIAL RULE FOR FIRST AND LAST YEAR OF CREDIT PERIOD.—In the case of any taxable year any portion of which is not within the 10-year period described in subsection (a)(2)(A)(ii) with respect to any facility, the amount of the limitation under subparagraph (A) with respect to such facility shall be reduced by an amount which bears the same ratio to the amount of such limitation (determined without regard to this subparagraph) as such portion of the taxable year which is not within such period bears to the entire taxable year.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property originally placed in service after December 31, 2008.

(2) REPEAL OF CREDIT PHASEOUT.—The amendments made by subsection (b)(1) shall apply to taxable years ending after December 31, 2008.

SEC. 102. PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM MARINE RENEWABLES.

(a) IN GENERAL.—Paragraph (1) of section 45(c) (relating to resources) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by adding at the end the following new subparagraph:

''(I) marine and hydrokinetic renewable energy.''.

(b) MARINE RENEWABLES.—Subsection (c) of section 45 is amended by adding at the end the following new paragraph:

''(10) MARINE AND HYDROKINETIC RENEWABLE ENERGY.—

''(A) IN GENERAL.—The term 'marine and hydrokinetic renewable energy' means energy derived from—

''(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

''(ii) free flowing water in rivers, lakes, and streams,

''(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize nonmechanical structures to accelerate the flow of water for electric power production purposes, or

''(iv) differentials in ocean temperature (ocean thermal energy conversion).

''(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.''.

(c) DEFINITION OF FACILITY.—Subsection (d) of section 45 is amended by adding at the end the following new paragraph:

''(11) MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES.—In the case of a facility producing electricity from marine and

hydrokinetic renewable energy, the term 'qualified facility' means any facility owned by the taxpayer—

''(A) which has a nameplate capacity rating of at least 150 kilowatts, and

''(B) which is originally placed in service on or after the date of the enactment of this paragraph and before January 1, 2013.''.

(d) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) is amended by striking ''or (9)'' and inserting ''(9), or (11)''.

(e) COORDINATION WITH SMALL IRRIGATION POWER.—Paragraph (5) of section 45(d), as amended by this Act, is amended by striking ''January 1, 2013'' and inserting ''the date of the enactment of paragraph (11)''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 103. EXTENSION AND MODIFICATION OF ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating to energy credit) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2017''.

(2) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) (relating to qualified fuel cell property) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2016''.

(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) (relating to specified credits) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) the credit determined under section 46 to the extent that such credit is attributable to the energy credit determined under section 48.''.

(c) INCREASE OF CREDIT LIMITATION FOR FUEL CELL PROPERTY.—Subparagraph (B) of section 48(c)(1) is amended by striking ''$500'' and inserting ''$1,500''.

(d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 48(a) is amended by striking the second sentence thereof.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(B) Paragraph (2) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(e) CLERICAL AMENDMENTS.—Paragraphs (1)(B) and (2)(B) of section 48(c) are each amended by striking ''paragraph (1)'' and inserting ''subsection (a)''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—The amendments made by subsection (b) shall apply to credits determined under section 46 of the Internal Revenue Code of 1986 in taxable years beginning after the date of the enactment of this Act and to carrybacks of such credits.

(3) INCREASE IN LIMITATION; PUBLIC ELECTRIC UTILITY PROPERTY.—The amendments made by subsections (c) and (d) shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 104. NEW CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new subpart:

''Subpart I—Qualified Tax Credit Bonds

''SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CREDIT BONDS.

''(a) ALLOWANCE OF CREDIT.—If a taxpayer holds a qualified tax credit bond on one or more credit allowance dates of the bond during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified tax credit bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified tax credit bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

''(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (2), the applicable credit rate is the rate which the Secretary estimates will permit the issuance of qualified tax credit bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer. The applicable credit rate with respect to any qualified tax credit bond shall be determined as of the first day on which there is a binding, written contract for the sale or exchange of the bond.

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

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

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this part (other than subpart C and this subpart).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year (determined before the application of paragraph (1) for such succeeding taxable year).

''(d) QUALIFIED TAX CREDIT BOND.—For purposes of this section—

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means a new clean renewable energy bond which is part of an issue that meets the requirements of paragraphs (2), (3), (4), and (5).

''(2) SPECIAL RULES RELATING TO EXPENDITURES.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if, as of the date of issuance, the issuer reasonably expects—

''(i) 100 percent or more of the available project proceeds to be spent for 1 or more qualified purposes within the 3-year period beginning on such date of issuance, and

''(ii) a binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on such date of issuance.

''(B) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 3 YEARS.—

''(i) IN GENERAL.—To the extent that less than 100 percent of the available project proceeds of the issue are expended by the close of the expenditure period for 1 or more qualified purposes, the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(ii) EXPENDITURE PERIOD.—For purposes of this subpart, the term 'expenditure period' means, with respect to any issue, the 3-year period beginning on the date of issuance. Such term shall include any extension of such period under clause (iii).

''(iii) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the expenditure period (determined without regard to any extension under this clause), the Secretary may extend such period if the issuer establishes that the failure to expend the proceeds within the original expenditure period is due to reasonable cause and the expenditures for qualified purposes will continue to proceed with due diligence.

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means a purpose specified in section 54B(a)(1).

''(D) REIMBURSEMENT.—For purposes of this subtitle, available project proceeds of an issue shall be treated as spent for a qualified purpose if such proceeds are used to reimburse the issuer for amounts paid for a qualified purpose after the date that the Secretary makes an allocation of bond limitation with respect to such issue, but only if—

''(i) prior to the payment of the original expenditure, the issuer declared its intent to reimburse such expenditure with the proceeds of a qualified tax credit bond,

''(ii) not later than 60 days after payment of the original expenditure, the issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

''(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

''(3) REPORTING.—An issue shall be treated as meeting the requirements of this paragraph if the issuer of qualified tax credit bonds submits reports similar to the reports required under section 149(e).

''(4) SPECIAL RULES RELATING TO ARBITRAGE.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if the issuer satisfies the requirements of section 148 with respect to the proceeds of the issue.

''(B) SPECIAL RULE FOR INVESTMENTS DURING EXPENDITURE PERIOD.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any investment of available project proceeds during the expenditure period.

''(C) SPECIAL RULE FOR RESERVE FUNDS.—An issue shall not be treated as failing to meet the requirements of subparagraph (A)

by reason of any fund which is expected to be used to repay such issue if—

''(i) such fund is funded at a rate not more rapid than equal annual installments,

''(ii) such fund is funded in a manner that such fund will not exceed the amount necessary to repay the issue if invested at the maximum rate permitted under clause (iii), and

''(iii) the yield on such fund is not greater than the discount rate determined under paragraph (5)(B) with respect to the issue.

''(5) MATURITY LIMITATION.—

''(A) IN GENERAL.—An issue shall not be treated as meeting the requirements of this paragraph if the maturity of any bond which is part of such issue exceeds the maximum term determined by the Secretary under subparagraph (B).

''(B) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(e) OTHER DEFINITIONS.—For purposes of this subchapter—

''(1) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term includes the last day on which the bond is outstanding.

''(2) BOND.—The term 'bond' includes any obligation.

''(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

''(4) AVAILABLE PROJECT PROCEEDS.—The term 'available project proceeds' means—

''(A) the excess of—

''(i) the proceeds from the sale of an issue, over

''(ii) the issuance costs financed by the issue (to the extent that such costs do not exceed 2 percent of such proceeds), and

''(B) the proceeds from any investment of the excess described in subparagraph (A).

''(f) CREDIT TREATED AS INTEREST.—For purposes of this subtitle, the credit determined under subsection (a) shall be treated as interest which is includible in gross income.

''(g) S CORPORATIONS AND PARTNERSHIPS.—In the case of a tax credit bond held by an S corporation or partnership, the allocation of the credit allowed by this section to the shareholders of such corporation or partners of such partnership shall be treated as a distribution.

''(h) BONDS HELD BY REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—If any qualified tax credit bond is held by a regulated investment company or a real estate investment trust, the credit determined under subsection (a) shall be allowed to shareholders of such company or beneficiaries of such trust (and any gross income included under subsection (f) with respect to such credit shall be treated as distributed to such shareholders or beneficiaries) under procedures prescribed by the Secretary.

''(i) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified tax credit bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

''(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified tax credit bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''SEC. 54B. NEW CLEAN RENEWABLE ENERGY BONDS.

''(a) NEW CLEAN RENEWABLE ENERGY BOND.—For purposes of this subpart, the term 'new clean renewable energy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by public power providers or cooperative electric companies for one or more qualified renewable energy facilities,

''(2) the bond is issued by a qualified issuer, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any new clean renewable energy bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under this subsection to such issuer.

''(2) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national new clean renewable energy bond limitation of $2,000,000,000 which shall be allocated by the Secretary as provided in paragraph (3), except that—

''(A) not more than 60 percent thereof may be allocated to qualified projects of public power providers, and

''(B) not more than 40 percent thereof may be allocated to qualified projects of cooperative electric companies.

''(3) METHOD OF ALLOCATION.—

''(A) ALLOCATION AMONG PUBLIC POWER PROVIDERS.—After the Secretary determines the qualified projects of public power providers which are appropriate for receiving an allocation of the national new clean renewable energy bond limitation, the Secretary shall, to the maximum extent practicable, make allocations among such projects in such manner that the amount allocated to each such project bears the same ratio to the cost of such project as the limitation under subparagraph (2)(A) bears to the cost of all such projects.

''(B) ALLOCATION AMONG COOPERATIVE ELECTRIC COMPANIES.—The Secretary shall make allocations of the amount of the national new clean renewable energy bond limitation described in paragraph (2)(B) among qualified projects of cooperative electric companies in such manner as the Secretary determines appropriate.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED RENEWABLE ENERGY FACILITY.—The term 'qualified renewable energy facility' means a qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and to any placed in service date) owned by a public power provider or a cooperative electric company.

''(2) PUBLIC POWER PROVIDER.—The term 'public power provider' means a State utility with a service obligation, as such terms are defined in section 217 of the Federal Power Act (as in effect on the date of the enactment of this paragraph).

''(3) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C).

''(4) CLEAN RENEWABLE ENERGY BOND LENDER.—The term 'clean renewable energy bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

''(5) QUALIFIED ISSUER.—The term 'qualified issuer' means a public power provider, a cooperative electric company, a clean renewable energy bond lender, or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON QUALIFIED TAX CREDIT BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(e)(1)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 54(c)(2) and 1400N(l)(3)(B) are each amended by striking ''subpart C'' and inserting ''subparts C and I''.

(2) Section 1397E(c)(2) is amended by striking ''subpart H'' and inserting ''subparts H and I''.

(3) Section 6401(b)(1) is amended by striking ''and H'' and inserting ''H, and I''.

(4) The heading of subpart H of part IV of subchapter A of chapter 1 is amended by striking ''**Certain Bonds**'' and inserting ''**Clean Renewable Energy Bonds**''.

(5) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart H and inserting the following new items:

''SUBPART H. NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE ENERGY BONDS.

''SUBPART I. QUALIFIED TAX CREDIT BONDS.''.

(d) EFFECTIVE DATES.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 105. EXTENSION AND MODIFICATION OF SPECIAL RULE TO IMPLEMENT FERC AND STATE ELECTRIC RESTRUCTURING POLICY.

(a) EXTENSION FOR QUALIFIED ELECTRIC UTILITIES.—

(1) IN GENERAL.—Paragraph (3) of section 451(i) (relating to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or State electric restructuring policy) is amended by striking

''before January 1, 2008,'' and inserting ''before January 1, 2010, by a qualified electric utility,''.

(2) QUALIFIED ELECTRIC UTILITY.—Subsection (i) of section 451 is amended by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) QUALIFIED ELECTRIC UTILITY.—For purposes of this subsection, the term 'qualified electric utility' means—

''(A) an electric utility (as defined in section 3(22) of the Federal Power Act (16 U.S.C. 796(22)), and

''(B) any person in the same holding company system (as defined in section 1262(9) of the Public Utility Holding Company Act of 2005 (42 U.S.C. 16451(9)) as an electric utility referred to subparagraph (A).''.

(b) EXTENSION OF PERIOD FOR TRANSFER OF OPERATIONAL CONTROL AUTHORIZED BY FERC.—Clause (ii) of section 451(i)(4)(B) is amended by striking ''December 31, 2007'' and inserting ''the date which is 4 years after the close of the taxable year in which the transaction occurs''.

(c) PROPERTY LOCATED OUTSIDE THE UNITED STATES NOT TREATED AS EXEMPT UTILITY PROPERTY.—Paragraph (5) of section 451(i) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The term 'exempt utility property' shall not include any property which is located outside the United States.''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to transactions after December 31, 2007.

(2) TRANSFERS OF OPERATIONAL CONTROL.—The amendment made by subsection (b) shall take effect as if included in section 909 of the American Jobs Creation Act of 2004.

(3) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The amendment made by subsection (c) shall apply to transactions after the date of the enactment of this Act.

SEC. 106. REPEAL OF DOLLAR LIMITATION AND ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX FOR RESIDENTIAL SOLAR AND FUEL CELL PROPERTY CREDIT.

(a) REPEAL OF MAXIMUM DOLLAR LIMITATION.—

(1) IN GENERAL.—Subsection (b) of section 25D (relating to limitations) is amended to read as follows:

''(b) CERTIFICATION OF SOLAR WATER HEATING PROPERTY.—No credit shall be allowed under this section for an item of property described in subsection (d)(1) unless such property is certified for performance by the nonprofit Solar Rating Certification Corporation or a comparable entity endorsed by the government of the State in which such property is installed.''.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 25D is amended by striking paragraph (4) and by redesignating paragraphs (5) through (9) as paragraphs (4) through (8), respectively.

(B) Paragraph (1) of section 25C(e) is amended by striking ''(8), and (9)'' and inserting ''and (8) (and paragraph (4) as in effect before its repeal by the Renewable Energy and Energy Conservation Tax Act of 2007)''.

(b) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 25D is amended to read as follows:

''(c) LIMITATION BASED ON AMOUNT OF TAX; CARRYFORWARD OF UNUSED CREDIT.—

''(1) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.

''(2) CARRYFORWARD OF UNUSED CREDIT.—

''(A) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(B) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 23(b)(4)(B) is amended by inserting ''and section 25D'' after ''this section''.

(B) Section 24(b)(3)(B) is amended by striking ''and 25B'' and inserting '', 25B, and 25D''.

(C) Section 25B(g)(2) is amended by striking ''section 23'' and inserting ''sections 23 and 25D''.

(D) Section 26(a)(1) is amended by striking ''and 25B'' and inserting ''25B, and 25D''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to expenditures made after the date of the enactment of this Act.

(2) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—

(A) IN GENERAL.—The amendments made by subsection (b) shall apply to taxable years beginning after the date of the enactment of this Act.

(B) APPLICATION OF EGTRRA SUNSET.—The amendments made by subsection (b)(2) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

TITLE II—CONSERVATION

Subtitle A—Transportation

SEC. 201. CREDIT FOR PLUG-IN HYBRID VEHICLES.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

''SEC. 30D. PLUG-IN HYBRID VEHICLES.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each qualified plug-in hybrid vehicle placed in service by the taxpayer during the taxable year.

''(b) PER VEHICLE DOLLAR LIMITATION.—

''(1) IN GENERAL.—The amount determined under this subsection with respect to any qualified plug-in hybrid vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

''(2) BASE AMOUNT.—The amount determined under this paragraph is $4,000.

''(3) BATTERY CAPACITY.—In the case of vehicle which draws propulsion energy from a battery with not less than 5 kilowatt hours of capacity, the amount determined under this paragraph is $200, plus $200 for each kilowatt hour of capacity in excess of 5 kilowatt hours. The amount determined under this paragraph shall not exceed $2,000.

''(c) APPLICATION WITH OTHER CREDITS.—

''(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

''(2) PERSONAL CREDIT.—

''(A) IN GENERAL.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

''(B) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(ii) the sum of the credits allowable under subpart A (other than this section and sections 23 and 25D) and section 27 for the taxable year.

''(d) QUALIFIED PLUG-IN HYBRID VEHICLE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plug-in hybrid vehicle' means a motor vehicle (as defined in section 30(c)(2))—

''(A) the original use of which commences with the taxpayer,

''(B) which is acquired for use or lease by the taxpayer and not for resale,

''(C) which is made by a manufacturer,

''(D) which has a gross vehicle weight rating of less than 14,000 pounds,

''(E) which has received a certificate of conformity under the Clean Air Act and meets or exceeds the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

''(i) has a capacity of not less than 4 kilowatt hours, and

''(ii) is capable of being recharged from an external source of electricity, and

''(G) which either—

''(i) is also propelled to a significant extent by other than an electric motor, or

''(ii) has a significant onboard source of electricity which also recharges the battery referred to in subparagraph (F).

''(2) EXCEPTION.—The term 'qualified plug-in hybrid vehicle' shall not include any vehicle which is not a passenger automobile or light truck if such vehicle has a gross vehicle weight rating of less than 8,500 pounds.

''(3) OTHER TERMS.—The terms 'passenger automobile', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) BATTERY CAPACITY.—The term 'capacity' means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

''(e) LIMITATION ON NUMBER OF QUALIFIED PLUG-IN HYBRID VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified plug-in hybrid vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified plug-in hybrid vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section, is at least 60,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

''(f) SPECIAL RULES.—

''(1) BASIS REDUCTION.—The basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit (determined without regard to subsection (c)).

''(2) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

''(3) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowed under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(4) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

''(5) PROPERTY USED BY TAX-EXEMPT ENTITY; INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Rules similar to the rules of paragraphs (6) and (10) of section 30B(h) shall apply for purposes of this section.''.

(b) PLUG-IN VEHICLES NOT TREATED AS NEW QUALIFIED HYBRID VEHICLES.—Section 30B(d)(3) is amended by adding at the end the following new subparagraph:

''(D) EXCLUSION OF PLUG-IN VEHICLES.—Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (c) thereof) shall not be taken into account under this section.''.

(c) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking ''and'' at the end of paragraph (30), by striking the period at the end of paragraph (31) and inserting '', plus'', and by adding at the end the following new paragraph:

''(32) the portion of the plug-in hybrid vehicle credit to which section 30D(c)(1) applies.''.

(d) CONFORMING AMENDMENTS.—

(1)(A) Section 24(b)(3)(B), as amended by this Act, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(B) Section 25(e)(1)(C)(ii) is amended by inserting ''30D,'' after ''25D,''.

(C) Section 25B(g)(2), as amended by this Act, is amended by striking ''and 25D'' and inserting '', 25D, and 30D''.

(D) Section 26(a)(1), as amended by this Act, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(E) Section 1400C(d)(2) is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(2) Section 1016(a) is amended by striking ''and'' at the end of paragraph (37), by striking the period at the end of paragraph (38) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30D(f)(1).''.

(3) Section 6501(m) is amended by inserting ''30D(f)(4),'' after ''30C(e)(5),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 30D. Plug-in hybrid vehicles.''.

(e) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS A PERSONAL CREDIT.—

(1) IN GENERAL.—Paragraph (2) of section 30B(g) is amended to read as follows:

''(2) PERSONAL CREDIT.—The credit allowed under subsection (a) for any taxable year (after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.''.

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 30C(d)(2) is amended by striking ''sections 27, 30, and 30B'' and inserting ''sections 27 and 30''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS PERSONAL CREDIT.—The amendments made by subsection (e) shall apply to taxable years beginning after December 31, 2006.

(g) APPLICATION OF EGTRRA SUNSET.—The amendments made by subsection (d)(1) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

SEC. 202. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

(a) INCREASE IN CREDIT AMOUNT.—Section 30C (relating to alternative fuel vehicle refueling property credit) is amended—

(1) by striking ''30 percent'' in subsection (a) and inserting ''50 percent'', and

(2) by striking ''$30,000'' in subsection (b)(1) and inserting ''$50,000''.

(b) EXTENSION OF CREDIT.—Paragraph (2) of section 30C(g) (relating to termination) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 203. EXTENSION AND MODIFICATION OF CREDITS FOR BIODIESEL AND RENEWABLE DIESEL.

(a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and 6427(e)(5)(B) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2010''.

(b) UNIFORM TREATMENT OF DIESEL PRODUCED FROM BIOMASS.—Paragraph (3) of section 40A(f) is amended—

(1) by striking ''using a thermal depolymerization process'', and

(2) by striking ''or D396'' in subparagraph (B).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel produced, and sold or used, after the date of the enactment of this Act.

(2) UNIFORM TREATMENT OF DIESEL PRODUCED FROM BIOMASS.—The amendments made by subsection (b) shall apply to fuel produced, and sold or used, after the date which is 30 days after the date of the enactment of this Act.

SEC. 204. CREDIT FOR PRODUCTION OF CELLULOSIC ALCOHOL.

(a) IN GENERAL.—Subsection (b) of section 40 is amended by adding at the end the following new paragraph:

''(5) CELLULOSIC ALCOHOL FUEL PRODUCER CREDIT.—

''(A) IN GENERAL.—The cellulosic alcohol fuel producer credit of any cellulosic alcohol fuel producer for any taxable year is 50 cents for each gallon of qualified cellulosic fuel production of such producer.

''(B) QUALIFIED CELLULOSIC FUEL PRODUCTION.—For purposes of this paragraph, the term 'qualified cellulosic fuel production' means any cellulosic alcohol which is produced by a cellulosic alcohol fuel producer, and which during the taxable year—

''(i) is sold by such producer to another person—

''(I) for use by such other person in the production of a qualified mixture in such other person's trade or business (other than casual off-farm production),

''(II) for use by such other person as a fuel in a trade or business, or

''(III) who sells such alcohol at retail to another person and places such alcohol in the fuel tank of such other person, or

''(ii) is used or sold by such producer for any purpose described in clause (i).

''(C) CELLULOSIC ALCOHOL.—For purposes of this paragraph, the term 'cellulosic alcohol' means any alcohol which—

''(i) is produced in the United States for use as a fuel in the United States, and

''(ii) is derived from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.

For purposes of this subparagraph, the term 'United States' includes any possession of the United States.

''(D) CELLULOSIC ALCOHOL FUEL PRODUCER.—For purposes of this paragraph, the term 'cellulosic alcohol fuel producer' means any person who produces cellulosic alcohol in a trade or business and is registered with the Secretary as a cellulosic alcohol fuel producer.

''(E) ADDITIONAL DISTILLATION EXCLUDED.—The qualified cellulosic fuel production of any producer for any taxable year shall not include any alcohol which is purchased by the producer and with respect to which such producer increases the proof of the alcohol by additional distillation.''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 40 is amended by striking ''plus'' at the end of paragraph (1), by striking ''plus'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', plus'', and by adding at the end the following new paragraph:

''(4) in the case of a cellulosic alcohol fuel producer, the cellulosic alcohol fuel producer credit.''.

(2) Clause (ii) of section 40(d)(3)(C) is amended by striking ''subsection (b)(4)(B)'' and inserting ''paragraph (4)(B) or (5)(B) of subsection (b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to alcohol produced after December 31, 2007.

SEC. 205. EXTENSION OF TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.

(a) IN GENERAL.—Paragraph (1) of section 132(f) of the Internal Revenue Code of 1986 (relating to general rule for qualified transportation fringe) is amended by adding at the end the following:

''(D) Any qualified bicycle commuting reimbursement.''.

(b) LIMITATION ON EXCLUSION.—Paragraph (2) of section 132(f) of such Code is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.''.

(c) DEFINITIONS.—Paragraph (5) of section 132(f) of such Code (relating to definitions) is amended by adding at the end the following:

''(F) DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT.—

''(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.—The term 'qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.

''(ii) APPLICABLE ANNUAL LIMITATION.—The term 'applicable annual limitation' means, with respect to any employee for any calendar year, the product of $20 multiplied by the number of qualified bicycle commuting months during such year.

''(iii) QUALIFIED BICYCLE COMMUTING MONTH.—The term 'qualified bicycle commuting month' means, with respect to any employee, any month during which such employee—

''(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and

''(II) does not receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1).''.

(d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Paragraph (4) of section 132(f) is amended by inserting ''(other than a qualified bicycle commuting reimbursement)'' after ''qualified transportation fringe''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 206. MODIFICATION OF LIMITATION ON AUTOMOBILE DEPRECIATION.

(a) IN GENERAL.—Paragraph (5) of section 280F(d) of the Internal Revenue Code of 1986 (defining passenger automobile) is amended to read as follows:

''(5) PASSENGER AUTOMOBILE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'passenger automobile' means any 4-wheeled vehicle—

''(i) which is primarily designed or which can be used to carry passengers over public streets, roads, or highways (except any vehicle operated exclusively on a rail or rails), and

''(ii) which is rated at not more than 14,000 pounds gross vehicle weight.

''(B) EXCEPTIONS.—The term 'passenger automobile' shall not include—

''(i) any exempt-design vehicle, and

''(ii) any exempt-use vehicle.

''(C) EXEMPT-DESIGN VEHICLE.—The term 'exempt-design vehicle' means—

''(i) any vehicle which, by reason of its nature or design, is not likely to be used more than a de minimis amount for personal purposes, and

''(ii) any vehicle—

''(I) which is designed to have a seating capacity of more than 9 persons behind the driver's seat,

''(II) which is equipped with a cargo area of at least 5 feet in interior length which is an open area or is designed for use as an open area but is enclosed by a cap and is not readily accessible directly from the passenger compartment, or

''(III) has an integral enclosure, fully enclosing the driver compartment and load carrying device, does not have seating rearward of the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield.

''(D) EXEMPT-USE VEHICLE.—The term 'exempt-use vehicle' means—

''(i) any ambulance, hearse, or combination ambulance-hearse used by the taxpayer directly in a trade or business,

''(ii) any vehicle used by the taxpayer directly in the trade or business of transporting persons or property for compensation or hire, and

''(iii) any truck or van if substantially all of the use of such vehicle by the taxpayer is directly in—

''(I) a farming business (within the meaning of section 263A(e)(4)),

''(II) the transportation of a substantial amount of equipment, supplies, or inventory, or

''(III) the moving or delivery of property which requires substantial cargo capacity.

''(E) RECAPTURE.—In the case of any vehicle which is not a passenger automobile by reason of being an exempt-use vehicle, if such vehicle ceases to be an exempt-use vehicle in any taxable year after the taxable year in which such vehicle is placed in service, a rule similar to the rule of subsection (b) shall apply.''.

(b) CONFORMING AMENDMENT.—Section 179(b) of such Code (relating to limitations) is amended by striking paragraph (6).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2007.

SEC. 207. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as 1400K and by adding at the end the following new section:

''SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

''(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

''(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying project expenditure amount' means, with respect to any calendar year, the sum of—

''(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

''(B) any such expenditures—

''(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

''(ii) not previously allocated under paragraph (3).

''(2) QUALIFYING PROJECT.—The term 'qualifying project' means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

''(3) GENERAL ALLOCATION.—

''(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

''(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed $2,000,000,000.

''(C) ANNUAL LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

''(i) $169,000,000, plus

''(ii) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

''(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

''(i) the lesser of—

''(I) such excess, or

''(II) the qualifying project expenditure amount for such calendar year, reduced by

''(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

''(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

''(c) CARRYOVER OF UNUSED ALLOCATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year.

''(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) CREDIT PERIOD.—The term 'credit period' means the 12-year period beginning on January 1, 2008.

''(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term 'New York Liberty Zone governmental unit' means—

''(A) the State of New York,

''(B) the City of New York, New York, and

''(C) any agency or instrumentality of such State or City.

''(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

''(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

''(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

''(1) which certifies—

''(A) the qualifying project expenditure amount for the calendar year, and

''(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

''(2) includes such other information as the Secretary may require to carry out this section.

''(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.''

(b) TERMINATION OF SPECIAL ALLOWANCE AND EXPENSING.—Clause (v) of section 1400K(b)(2)(A), as redesignated by subsection (a), is amended by striking the parenthetical therein and inserting ''(in the case of nonresidential real property and residential rental property, the date of the enactment of the Renewable Energy and Energy Conservation Tax Act of 2007 or, if acquired pursuant to a binding contract in effect on such enactment date, December 31, 2009)''.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking ''section 1400L(a)'' and inserting ''section 1400K(a)''.

(2) Section 168(k)(2)(D)(ii) is amended by striking ''section 1400L(c)(2)'' and inserting ''1400K(c)(2)''.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by redesignating the item relating to section 1400L as an item relating to section 1400K and by inserting after such item the following new item:

''Sec. 1400L. New York Liberty Zone tax credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Other Conservation Provisions

SEC. 211. QUALIFIED ENERGY CONSERVATION BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

''SEC. 54C. QUALIFIED ENERGY CONSERVATION BONDS.

''(a) QUALIFIED ENERGY CONSERVATION BOND.—For purposes of this subchapter, the term 'qualified energy conservation bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified conservation purposes,

''(2) the bond is issued by a State or local government, and

''(3) the issuer designates such bond for purposes of this section.

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated to such issuer under subsection (d).

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $3,600,000,000.

''(d) ALLOCATIONS.—

''(1) IN GENERAL.—The limitation applicable under subsection (c) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(2) ALLOCATIONS TO LARGEST LOCAL GOVERNMENTS.—

''(A) IN GENERAL.—In the case of any State in which there is a large local government, each such local government shall be allocated a portion of such State's allocation which bears the same ratio to the State's allocation (determined without regard to this subparagraph) as the population of such large local government bears to the population of such State.

''(B) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local government may be reallocated by such local government to the State in which such local government is located.

''(C) LARGE LOCAL GOVERNMENT.—For purposes of this section, the term 'large local government' means any municipality or county if such municipality or county has a population of 100,000 or more.

''(3) ALLOCATION TO ISSUERS; RESTRICTION ON PRIVATE ACTIVITY BONDS.—Any allocation under this subsection to a State or large local government shall be allocated by such State or large local government to issuers within the State in a manner that results in not less than 70 percent of the allocation to such State or large local government being used to designate bonds which are not private activity bonds.

''(e) QUALIFIED CONSERVATION PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified conservation purpose' means any of the following:

''(A) Capital expenditures incurred for purposes of—

''(i) reducing energy consumption in publicly-owned buildings by at least 20 percent,

''(ii) implementing green community programs, or

''(iii) rural development involving the production of electricity from renewable energy resources.

''(B) Expenditures with respect to research facilities, and research grants, to support research in—

''(i) development of cellulosic ethanol or other nonfossil fuels,

''(ii) technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels,

''(iii) increasing the efficiency of existing technologies for producing nonfossil fuels,

''(iv) automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, or

''(v) technologies to reduce energy use in buildings.

''(C) Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

''(D) Demonstration projects designed to promote the commercialization of—

''(i) green building technology,

''(ii) conversion of agricultural waste into methane to be used in producing fuel or otherwise,

''(iii) advanced battery manufacturing technologies,

''(iv) technologies to reduce peak use of electricity, or

''(v) technologies for the capture and sequestration of carbon dioxide.

''(E) Public education campaigns to promote energy efficiency.

''(2) SPECIAL RULES FOR PRIVATE ACTIVITY BONDS.—For purposes of this section, in the case of any private activity bond, the term 'qualified conservation purposes' shall not include any expenditure which is not a capital expenditure.

''(f) POPULATION.—

''(1) IN GENERAL.—The population of any State or local government shall be determined for purposes of this section as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(2) SPECIAL RULE FOR COUNTIES.—In determining the population of any county for purposes of this section, any population of such county which is taken into account in determining the population of any municipality which is a large local government shall not be taken into account in determining the population of such county.

''(g) APPLICATION TO INDIAN TRIBAL GOVERNMENTS.—An Indian tribal government shall be treated for purposes of this section in the same manner as a large local government, except that—

''(1) an Indian tribal government shall be treated for purposes of subsection (d) as located within a State to the extent of so much of the population of such government as resides within such State, and

''(2) any bond issued by an Indian tribal government shall be treated as a qualified energy conservation bond only if issued as part of an issue the available project proceeds of which are used for purposes for which such Indian tribal government could issue bonds to which section 103(a) applies.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as added by section 104, is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a new clean renewable energy bond, or

''(B) a qualified energy conservation bond, which is part of an issue that meets requirements of paragraphs (2), (3), (4), and (5).''.

(2) Subparagraph (C) of section 54A(d)(2), as added by section 104, is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a new clean renewable energy bond, a purpose specified in section 54B(a)(1), and

''(ii) in the case of a qualified energy conservation bond, a purpose specified in section 54C(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54C. Qualified energy conservation bonds.''.

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

SEC. 212. QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1 (as amended by this Act) is amended by adding at the end the following new section:

''SEC. 54D. QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE BONDS.

''(a) QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE BOND.—For purposes of this subchapter, the term 'qualified residential energy efficiency assistance bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for 1 or

more qualified residential energy efficiency assistance purposes,

''(2) not less than 20 percent of the available project proceeds of such issue are to be used for 1 or more qualified low-income residential energy efficiency assistance purposes,

''(3) repayments of principal and applicable interest on financing provided by the issue are used not later than the close of the 3-month period beginning on the date the prepayment (or complete repayment) is received to redeem bonds which are part of the issue or to provide for 1 or more qualified residential energy efficiency assistance purposes,

''(4) the bond is issued by a State, and

''(5) the issuer designates such bond for purposes of this section.

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under subsection (d) to such issuer.

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $2,400,000,000.

''(d) LIMITATION ALLOCATED AMONG STATES.—The limitation under subsection (c) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(e) QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified residential energy efficiency assistance purpose' means any grant or low-interest loan to acquire (including reasonable installation costs)—

''(A) any property which meets (at a minimum) the requirements of the Energy Star program and which is to be installed in a dwelling unit,

''(B) any property which uses wind, solar, or geothermal energy or qualified fuel cell property (as defined in section 48(c)(1)) to generate electricity, or to heat or cool water, for use in a dwelling unit (other than property described in section 25D(e)(3)), and

''(C) any improvements to a dwelling unit which are made pursuant to a plan certified by an energy efficiency expert that such improvement will yield at least a 20 percent reduction in total household energy consumption related to heating, cooling, lighting, and appliances.

''(2) DOLLAR LIMITATIONS.—

''(A) IN GENERAL.—Such term shall not include any grant or loan for improvements described in paragraph (1)(C) with respect to any dwelling unit to the extent that such grant or loan (when added to all other grants or loans for such improvements) exceeds $5,000.

''(B) INCREASED LIMITATION FOR CERTAIN PRINCIPAL RESIDENCES.—In the case of a dwelling unit which is used as a principal residence (within the meaning of section 121) by the recipient of the grant or loan referred to in subparagraph (A)—

''(i) subparagraph (A) shall be applied by substituting '$12,000' for '$5,000' if such grant or loan would satisfy the requirements of paragraph (1)(A) if such paragraph were applied by substituting '50 percent' for '20 percent', and

''(ii) in any case to which clause (i) does not apply, subparagraph (A) shall be applied by substituting '$8,000' for '$5,000' if such grant or loan would satisfy the requirements of paragraph (1)(A) if such paragraph were applied by substituting '35 percent' for '20 percent'.

''(3) LOW-INTEREST LOAN.—The term 'low interest loan' means any loan which charges interest at a rate which does not exceed the applicable Federal rate in effect under section 1288(b)(1) determined as of the issuance of the loan.

''(f) QUALIFIED LOW-INCOME RESIDENTIAL EFFICIENCY ASSISTANCE PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified low-income residential energy efficiency assistance purpose' means any qualified residential energy efficiency assistance purpose with respect to a dwelling unit which is occupied (at the time of the grant or loan) by individuals whose income is 50 percent or less of area median gross income. Rules similar to the rules of section 142(d)(2)(B) shall apply for purposes of this paragraph.

''(2) RESTRICTION TO GRANTS.—Such term shall not include any loan.

''(g) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE INTEREST.—The term 'applicable interest' means, with respect to any loan, so much of any interest on such loan which exceeds 1 percentage point.

''(2) SPECIAL RULE RELATING TO ARBITRAGE.—An issue shall not be treated as failing to meet the requirements of section 54A(d)(4)(A) by reason of any investment of available project proceeds in 1 or more qualified residential energy efficiency assistance purposes.

''(3) POPULATION.—The population of any State or local government shall be determined as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(4) REPORTING.—

''(A) REPORTS BY ISSUERS.—Issuers of qualified residential energy efficiency assistance bonds shall, not later than 6 months after the expenditure period (as defined in section 54A) and annually thereafter until the last such bond is redeemed, submit reports to the Secretary regarding such bonds, including information regarding—

''(i) the number and monetary value of loans and grants provided and the purposes for which provided,

''(ii) the number of dwelling units the energy efficiency of which improved as result of such loans and grants,

''(iii) the types of property described in subsection (e)(1)(A) installed as a result of such loans and grants and the projected energy savings with respect to such property,

''(iv) the types of property described in subsection (e)(1)(B) installed as a result of such loans and grants and the projected production of such property, and

''(v) the projected energy savings as a result of such loans and grants for improvements described in subsection (e)(1)(C).

''(B) REPORT TO CONGRESS.—Not later than 12 months after receipt of the first report under subparagraph (A) and annually thereafter until the last such report is required to be submitted, the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall submit a report to Congress regarding the bond program under this section, including information regarding—

''(i) the aggregate of each category of information described in subparagraph (A) (including any independent assessment of projected energy savings), and

''(ii) an estimate of the amount of greenhouse gas emissions reduced as a result of such bond program.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as added by section 104 and amended by section 211, is amended by striking ''or'' at the end of subparagraph (A), by inserting ''or'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) a qualified residential energy efficiency assistance bond,''.

(2) Subparagraph (C) of section 54A(d)(2), as added by section 104 and amended by section 211, is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', and'', and by adding at the end the following new clause:

''(iii) in the case of a qualified residential energy efficiency assistance bond, a purpose specified in section 54D(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

''Sec. 54D. Qualified residential energy efficiency assistance bonds.''.

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

SEC. 213. EXTENSION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Subsection (h) of section 179D (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 214. MODIFICATIONS OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) IN GENERAL.—Subsection (b) of section 45M (relating to applicable amount) is amended to read as follows:

''(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

''(1) DISHWASHERS.—The applicable amount is—

''(A) $45 in the case of a dishwasher which is manufactured in calendar year 2008 or 2009 and which uses no more than 324 kilowatt hours per year and 5.8 gallons per cycle, and

''(B) $75 in the case of a dishwasher which is manufactured in calendar year 2008, 2009, or 2010 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings).

''(2) CLOTHES WASHERS.—The applicable amount is—

''(A) $75 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 which meets or exceeds a 1.72 modified energy factor and does not exceed a 8.0 water consumption factor,

''(B) $125 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 or 2009 which meets or exceeds a 1.8 modified energy factor and does not exceed a 7.5 water consumption factor,

''(C) $150 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009 or 2010 which meets or exceeds 2.0 modified energy factor and does not exceed a 6.0 water consumption factor, and

''(D) $250 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.2 modified energy factor and does not exceed a 4.5 water consumption factor.

''(3) REFRIGERATORS.—The applicable amount is—

''(A) $50 in the case of a refrigerator which is manufactured in calendar year 2008, and consumes at least 20 percent but not more than 22.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(B) $75 in the case of a refrigerator which is manufactured in calendar year 2008 or 2009, and consumes at least 23 percent but no more than 24.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(C) $100 in the case of a refrigerator which is manufactured in calendar year 2008, 2009 or 2010, and consumes at least 25 percent but not more than 29.9 percent less kilowatt hours per year than the 2001 energy conservation standards, and

''(D) $200 in the case of a refrigerator manufactured in calendar year 2008, 2009 or 2010 and which consumes at least 30 percent less energy than the 2001 energy conservation standards.

''(4) DEHUMIDIFIERS.—The applicable amount is—

''(A) $15 in the case of a dehumidifier manufactured in calendar year 2008 that has a capacity less than or equal to 45 pints per day and is 7.5 percent more efficient than the applicable Department of Energy energy conservation standard effective October 2012, and

''(B) $25 in the case of a dehumidifier manufactured in calendar year 2008 that has a capacity greater than 45 pints per day and is 7.5 percent more efficient than the applicable Department of Energy energy conservation standard effective October 2012.''.

(b) ELIGIBLE PRODUCTION.—

(1) SIMILAR TREATMENT FOR ALL APPLIANCES.—Subsection (c) of section 45M (relating to eligible production) is amended—

(A) by striking paragraph (2),

(B) by striking ''(1) IN GENERAL'' and all that follows through ''the eligible'' and inserting ''The eligible'', and

(C) by moving the text of such subsection in line with the subsection heading and redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively.

(2) MODIFICATION OF BASE PERIOD.—Paragraph (2) of section 45M(c), as amended by paragraph (1) of this section, is amended by striking ''3-calendar year'' and inserting ''2-calendar year''.

(c) TYPES OF ENERGY EFFICIENT APPLIANCES.—Subsection (d) of section 45M (defining types of energy efficient appliances) is amended to read as follows:

''(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—For purposes of this section, the types of energy efficient appliances are—

''(1) dishwashers described in subsection (b)(1),

''(2) clothes washers described in subsection (b)(2),

''(3) refrigerators described in subsection (b)(3), and

''(4) dehumidifiers described in subsection (b)(4).''.

(d) AGGREGATE CREDIT AMOUNT ALLOWED.—

(1) INCREASE IN LIMIT.—Paragraph (1) of section 45M(e) (relating to aggregate credit amount allowed) is amended to read as follows:

''(1) AGGREGATE CREDIT AMOUNT ALLOWED.—The aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed $75,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years beginning after December 31, 2007.''.

(2) EXCEPTION FOR CERTAIN REFRIGERATOR AND CLOTHES WASHERS.—Paragraph (2) of section 45M(e) is amended to read as follows:

''(2) AMOUNT ALLOWED FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.—Refrigerators described in subsection (b)(3)(D) and clothes washers described in subsection (b)(2)(D) shall not be taken into account under paragraph (1).''.

(e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

(1) IN GENERAL.—Paragraph (1) of section 45M(f) (defining qualified energy efficient appliance) is amended to read as follows:

''(1) QUALIFIED ENERGY EFFICIENT APPLIANCE.—The term 'qualified energy efficient appliance' means—

''(A) any dishwasher described in subsection (b)(1),

''(B) any clothes washer described in subsection (b)(2),

''(C) any refrigerator described in subsection (b)(3), and

''(D) any dehumidifier described in subsection (b)(4).''.

(2) CLOTHES WASHER.—Section 45M(f)(3) (defining clothes washer) is amended by inserting ''commercial'' before ''residential'' the second place it appears.

(3) TOP-LOADING CLOTHES WASHER.—Subsection (f) of section 45M (relating to definitions) is amended by redesignating paragraphs (4), (5), (6), and (7) as paragraphs (5), (6), (7), and (8), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) TOP-LOADING CLOTHES WASHER.—The term ''top-loading clothes washer'' means a clothes washer which has the clothes container compartment access located on the top of the machine and which operates on a vertical axis.''.

(4) DEHUMIDIFIER.—Subsection (f) of section 45M, as amended by paragraph (3), is amended by redesignating paragraphs (6), (7), and (8) as paragraphs (7), (8) and (9), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) DEHUMIDIFIER.—The term 'dehumidifier' means a self-contained, electrically operated, and mechanically refrigerated encased assembly consisting of—

''(A) a refrigerated surface that condenses moisture from the atmosphere,

''(B) a refrigerating system, including an electric motor,

''(C) an air-circulating fan, and

''(D) means for collecting or disposing of condensate.''.

(5) REPLACEMENT OF ENERGY FACTOR.—Section 45M(f)(7), as amended by paragraph (4), is amended to read as follows:

''(7) MODIFIED ENERGY FACTOR.—The term 'modified energy factor' means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.''.

(6) GALLONS PER CYCLE; WATER CONSUMPTION FACTOR.—Section 45M(f) (relating to definitions) is amended by adding at the end the following:

''(10) GALLONS PER CYCLE.—The term 'gallons per cycle' means, with respect to a dishwasher, the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

''(11) WATER CONSUMPTION FACTOR.—The term 'water consumption factor' means, with respect to a clothes washer, the quotient of the total weighted per-cycle water consumption divided by the cubic foot (or liter) capacity of the clothes washer.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2007.

SEC. 215. FIVE-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED ENERGY MANAGEMENT DEVICES.

(a) IN GENERAL.—Section 168(e)(3)(B) (relating to 5-year property) is amended by striking ''and'' at the end of clause (v), by striking the period at the end of clause (vi) and inserting '', and'', and by inserting after clause (vi) the following new clause:

''(vii) any qualified energy management device.''.

(b) DEFINITION OF QUALIFIED ENERGY MANAGEMENT DEVICE.—Section 168(i) (relating to definitions and special rules) is amended by inserting at the end the following new paragraph:

''(18) QUALIFIED ENERGY MANAGEMENT DEVICE.—

''(A) IN GENERAL.—The term 'qualified energy management device' means any energy management device which is installed on real property of a customer of the taxpayer and is placed in service by a taxpayer who—

''(i) is a supplier of electric energy or a provider of electric energy services, and

''(ii) provides all commercial and residential customers of such supplier or provider with net metering upon the request of such customer.

''(B) ENERGY MANAGEMENT DEVICE.—For purposes of subparagraph (A), the term 'energy management device' means any time-based meter and related communication equipment which is capable of being used by the taxpayer as part of a system that—

''(i) measures and records electricity usage data on a time-differentiated basis in at least 24 separate time segments per day,

''(ii) provides for the exchange of information between supplier or provider and the customer's energy management device in support of time-based rates or other forms of demand response, and

''(iii) provides data to such supplier or provider so that the supplier or provider can provide energy usage information to customers electronically.

''(C) NET METERING.—For purposes of subparagraph (A), the term 'net metering' means allowing customers a credit for providing electricity to the supplier or provider.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

TITLE III—REVENUE PROVISIONS

Subtitle A—Denial of Oil and Gas Tax Benefits

SEC. 301. DENIAL OF DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION OF OIL, NATURAL GAS, OR PRIMARY PRODUCTS THEREOF.

(a) IN GENERAL.—Subparagraph (B) of section 199(c)(4) (relating to exceptions) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by inserting after clause (iii) the following new clause:

''(iv) the sale, exchange, or other disposition of oil, natural gas, or any primary product thereof.''.

(b) PRIMARY PRODUCT.—Section 199(c)(4)(B) is amended by adding at the end the following flush sentence:

''For purposes of clause (iv), the term 'primary product' has the same meaning as when used in section 927(a)(2)(C), as in effect before its repeal.''.

(c) CONFORMING AMENDMENTS.—Section 199(c)(4) is amended—

(1) in subparagraph (A)(i)(III) by striking ''electricity, natural gas,'' and inserting ''electricity'', and

(2) in subparagraph (B)(ii) by striking ''electricity, natural gas,'' and inserting ''electricity''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 302. 7-YEAR AMORTIZATION OF GEOLOGICAL AND GEOPHYSICAL EXPENDITURES FOR CERTAIN MAJOR INTEGRATED OIL COMPANIES.

(a) IN GENERAL.—Subparagraph (A) of section 167(h)(5) (relating to special rule for major integrated oil companies) is amended by striking ''5-year'' and inserting ''7-year''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 303. CLARIFICATION OF DETERMINATION OF FOREIGN OIL AND GAS EXTRACTION INCOME.

(a) IN GENERAL.—Paragraph (1) of section 907(c) is amended by redesignating subparagraph (B) as subparagraph (C), by striking ''or'' at the end of subparagraph (A), and by inserting after subparagraph (A) the following new subparagraph:

''(B) so much of any transportation of such minerals as occurs before the fair market value event, or''.

(b) FAIR MARKET VALUE EVENT.—Subsection (c) of section 907 is amended by adding at the end the following new paragraph:

''(6) FAIR MARKET VALUE EVENT.—For purposes of this section, the term 'fair market value event' means, with respect to any mineral, the first point in time at which such mineral—

''(A) has a fair market value which can be determined on the basis of a transfer, which is an arm's length transaction, of such mineral from the taxpayer to a person who is not related (within the meaning of section 482) to such taxpayer, or

''(B) is at a location at which the fair market value is readily ascertainable by reason of transactions among unrelated third parties with respect to the same mineral (taking into account source, location, quality, and chemical composition).''.

(c) SPECIAL RULE FOR CERTAIN PETROLEUM TAXES.—Subsection (c) of section 907, as amended by subsection (b), is amended to by adding at the end the following new paragraph:

''(7) OIL AND GAS TAXES.—In the case of any tax imposed by a foreign country which is limited in its application to taxpayers engaged in oil or gas activities—

''(A) the term 'oil and gas extraction taxes' shall include such tax,

''(B) the term 'foreign oil and gas extraction income' shall include any taxable income which is taken into account in determining such tax (or is directly attributable to the activity to which such tax relates), and

''(C) the term 'foreign oil related income' shall not include any taxable income which is treated as foreign oil and gas extraction income under subparagraph (B).''.

(d) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 907(c)(1), as redesignated by this section, is amended by inserting ''or used by the taxpayer in the activity described in subparagraph (B)'' before the period at the end.

(2) Subparagraph (B) of section 907(c)(2) is amended to read as follows:

''(B) so much of the transportation of such minerals or primary products as is not taken into account under paragraph (1)(B),''.

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

Subtitle B—Clarification of Eligibility for Certain Fuel Credits

SEC. 311. CLARIFICATION OF ELIGIBILITY FOR RENEWABLE DIESEL CREDIT.

(a) COPRODUCTION WITH PETROLEUM FEEDSTOCK.—

(1) IN GENERAL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following flush sentence:

''Such term does not include any fuel derived from coprocessing biomass with a feedstock which is not biomass. For purposes of this paragraph, the term 'biomass' has the meaning given such term by section 45K(c)(3).''.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 40A(f) is amended by striking ''(as defined in section 45K(c)(3))''.

(b) CLARIFICATION OF ELIGIBILITY FOR ALTERNATIVE FUEL CREDIT.—

(1) IN GENERAL.—Subparagraph (F) of section 6426(d)(2) is amended by striking ''hydrocarbons'' and inserting ''fuel''.

(2) CONFORMING AMENDMENT.—Section 6426 is amended by adding at the end the following new subsection:

''(h) DENIAL OF DOUBLE BENEFIT.—No credit shall be determined under subsection (d) or (e) with respect to any fuel with respect to which credit may be determined under subsection (b) or (c) or under section 40 or 40A.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel produced, and sold or used, after June 30, 2007.

(2) CLARIFICATION OF ELIGIBILITY FOR ALTERNATIVE FUEL CREDIT.—The amendment made by subsection (b) shall take effect as if included in section 11113 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.

SEC. 312. CLARIFICATION THAT CREDITS FOR FUEL ARE DESIGNED TO PROVIDE AN INCENTIVE FOR UNITED STATES PRODUCTION.

(a) BIODIESEL FUELS CREDIT.—Paragraph (5) of section 40A(d), as added by subsection (c), is amended to read as follows:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel unless—

''(A) such biodiesel is produced in the United States for use as a fuel in the United States, and

''(B) the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the biodiesel which identifies the product produced and the location of such production.

For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(b) EXCISE TAX CREDIT.—Paragraph (2) of section 6426(h), as added by subsection (c), is amended to read as follows:

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel unless—

''(A) such biodiesel or alternative fuel is produced in the United States for use as a fuel in the United States, and

''(B) the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of such biodiesel or alternative fuel which identifies the product produced and the location of such production.''.

(c) PROVISIONS CLARIFYING TREATMENT OF FUELS WITH NO NEXUS TO THE UNITED STATES.—

(1) ALCOHOL FUELS CREDIT.—Subsection (d) of section 40 is amended by adding at the end the following new paragraph:

''(6) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States''.

(2) BIODIESEL FUELS CREDIT.—Subsection (d) of section 40A is amended by adding at the end the following new paragraph:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States''.

(3) EXCISE TAX CREDIT.—

(A) IN GENERAL.—Section 6426 is amended by adding at the end the following new subsection:

''(h) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

''(1) ALCOHOL.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States.

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel which is produced outside the United States for use as a fuel outside the United States.

For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

(B) CONFORMING AMENDMENT.—Subsection (e) of section 6427 is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section 6426(h).''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel produced, and sold or used, after the date of the enactment of this Act.

(2) PROVISIONS CLARIFYING TREATMENT OF FUELS WITH NO NEXUS TO THE UNITED STATES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by subsection (c) shall take effect as if included in section 301 of the American Jobs Creation Act of 2004.

(B) ALTERNATIVE FUEL CREDITS.—So much of the amendments made by subsection (c) as relate to the alternative fuel credit or the alternative fuel mixture credit shall take effect as if included in section 11113 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.

(C) RENEWABLE DIESEL.—So much of the amendments made by subsection (c) as relate to renewable diesel shall take effect as if included in section 1346 of the Energy Policy Act of 2005.

TITLE IV—OTHER PROVISIONS

Subtitle A—Studies

SEC. 401. CARBON AUDIT OF THE TAX CODE.

(a) STUDY.—The Secretary of the Treasury shall enter into an agreement with the National Academy of Sciences to undertake a comprehensive review of the Internal Revenue Code of 1986 to identify the types of and specific tax provisions that have the largest effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to Congress a report containing the results of study authorized under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,500,000 for the period of fiscal years 2008 and 2009.

SEC. 402. COMPREHENSIVE STUDY OF BIOFUELS.

(a) STUDY.—The Secretary of the Treasury, in consultation with the Secretary of Agriculture, the Secretary of Energy, and the Administrator of the Environmental Protection Agency, shall enter into an agreement with the National Academy of Sciences to produce an analysis of current scientific findings to determine—

(1) current biofuels production, as well as projections for future production,

(2) the maximum amount of biofuels production capable on United States farmland,

(3) the domestic effects of a dramatic increase in biofuels production, for example—

(A) the price of fuel,

(B) the price of land in rural and suburban communities,

(C) crop acreage and other land use,

(D) the environment, due to changes in crop acreage, fertilizer use, runoff, water use, emissions from vehicles utilizing biofuels, and other factors,

(E) the price of feed,

(F) the selling price of grain crops,

(G) exports and imports of grains,

(H) taxpayers, through cost or savings to commodity crop payments, and

(I) the expansion of refinery capacity,

(4) the ability to convert corn ethanol plants for other uses, such as cellulosic ethanol or biodiesel,

(5) a comparative analysis of corn ethanol versus other biofuels and renewable energy sources, considering cost, energy output, and ease of implementation, and

(6) the need for additional scientific inquiry, and specific areas of interest for future research.

(b) REPORT.—The National Academy of Sciences shall submit an initial report of the findings of the report required under subsection (a) to the Congress not later than 3 months after the date of the enactment of this Act, and a final report not later than 6 months after such date of enactment.

Subtitle B—Application of Certain Labor Standards on Projects Financed Under Tax Credit Bonds

SEC. 411. APPLICATION OF CERTAIN LABOR STANDARDS ON PROJECTS FINANCED UNDER TAX CREDIT BONDS.

Subchapter IV of chapter 31 of title 40, United States Code, shall apply to projects financed with the proceeds of any tax credit bond (as defined in section 54A of the Internal Revenue Code of 1986).

The SPEAKER pro tempore (Mr. WEINER). Pursuant to House Resolution 615, the amendment in the nature of a substitute printed in the bill is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 2776

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Renewable Energy and Energy Conservation Tax Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—PRODUCTION INCENTIVES

SEC. 101. EXTENSION AND MODIFICATION OF RENEWABLE ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—Each of the following provisions of section 45(d) (relating to qualified facilities) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2013'':

(1) Paragraph (1).

(2) Clauses (i) and (ii) of paragraph (2)(A).

(3) Clauses (i)(I) and (ii) of paragraph (3)(A).

(4) Paragraph (4).

(5) Paragraph (5).

(6) Paragraph (6).

(7) Paragraph (7).

(8) Subparagraphs (A) and (B) of paragraph (9).

(b) MODIFICATION OF CREDIT PHASEOUT.—

(1) REPEAL OF PHASEOUT.—Subsection (b) of section 45 is amended—

(A) by striking paragraph (1), and

(B) by striking ''the 8 cent amount in paragraph (1),'' in paragraph (2) thereof.

(2) LIMITATION BASED ON INVESTMENT IN FACILITY.—Subsection (b) of section 45 is amended by inserting before paragraph (2) the following new paragraph:

''(1) LIMITATION BASED ON INVESTMENT IN FACILITY.—

''(A) IN GENERAL.—In the case of any qualified facility originally placed in service after December 31, 2008, the amount of the credit determined under subsection (a) for any taxable year with respect to electricity produced at such facility shall not exceed the product of—

''(i) the applicable percentage with respect to such facility, multiplied by

''(ii) the eligible basis of such facility.

''(B) CARRYFORWARD OF UNUSED LIMITATION AND EXCESS CREDIT.—

''(i) UNUSED LIMITATION.—If the limitation imposed under subparagraph (A) with respect to any facility for any taxable year exceeds the credit determined under subsection (a) (determined without regard to this paragraph) with respect to such facility for such taxable year, the limitation imposed under subparagraph (A) with respect to such facility for the succeeding taxable year shall be increased by the amount of such excess.

''(ii) EXCESS CREDIT.—If the credit determined under subsection (a) (determined without regard to this paragraph) with respect to any facility for any taxable year exceeds the limitation imposed under subparagraph (A) with respect to such facility for such taxable year, the credit determined under subsection (a) with respect to such facility for the succeeding taxable year (determined before the application of subparagraph (A) for such succeeding taxable year) shall be increased by the amount of such excess. With respect to any facility, no amount may carried forward under this clause to any taxable year beginning after the 10-year period described in subsection (a)(2)(A)(ii) with respect to such facility.

''(C) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable percentage' means, with respect to any facility, the appropriate percentage prescribed by the Secretary for the month in which such facility is originally placed in service.

''(ii) METHOD OF PRESCRIBING PERCENTAGES.—The percentages prescribed by the Secretary for any month under clause (i) shall be percentages which yield over a 10-year period amounts of limitation under subparagraph (A) which have a present value equal to 35 percent of the eligible basis of the facility.

''(iii) METHOD OF DISCOUNTING.—The present value under clause (ii) shall be determined—

''(I) as of the last day of the 1st year of the 10-year period referred to in clause (ii),

''(II) by using a discount rate equal to the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month preceding the month for which the percentage is being prescribed, and

''(III) by taking into account the limitation under subparagraph (A) for any year on the last day of such year.

''(D) ELIGIBLE BASIS.—For purposes of this paragraph, the term 'eligible basis' means, with respect to any facility, the basis of such facility determined as of the time that such facility is originally placed in service.

''(E) SPECIAL RULE FOR FIRST AND LAST YEAR OF CREDIT PERIOD.—In the case of any taxable year any portion of which is not within the 10-year period described in subsection (a)(2)(A)(ii) with respect to any facility, the amount of the limitation under subparagraph (A) with respect to such facility shall be reduced by an amount which bears the same ratio to the amount of such limitation (determined without regard to this subparagraph) as such portion of the taxable year which is not within such period bears to the entire taxable year.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property originally placed in service after December 31, 2008.

(2) REPEAL OF CREDIT PHASEOUT.—The amendments made by subsection (b)(1) shall apply to taxable years ending after December 31, 2008.

SEC. 102. PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM MARINE RENEWABLES.

(a) IN GENERAL.—Paragraph (1) of section 45(c) (relating to resources) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by adding at the end the following new subparagraph:

''(I) marine and hydrokinetic renewable energy.''.

(b) MARINE RENEWABLES.—Subsection (c) of section 45 is amended by adding at the end the following new paragraph:

''(10) MARINE AND HYDROKINETIC RENEWABLE ENERGY.—

''(A) IN GENERAL.—The term 'marine and hydrokinetic renewable energy' means energy derived from—

''(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

''(ii) free flowing water in rivers, lakes, and streams,

''(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize nonmechanical structures to accelerate the flow of water for electric power production purposes, or

''(iv) differentials in ocean temperature (ocean thermal energy conversion).

''(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.''.

(c) DEFINITION OF FACILITY.—Subsection (d) of section 45 is amended by adding at the end the following new paragraph:

''(11) MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES.—In the case of a facility producing electricity from marine and hydrokinetic renewable energy, the term 'qualified facility' means any facility owned by the taxpayer—

''(A) which has a nameplate capacity rating of at least 150 kilowatts, and

''(B) which is originally placed in service on or after the date of the enactment of this paragraph and before January 1, 2013.''.

(d) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) is amended by striking ''or (9)'' and inserting ''(9), or (11)''.

(e) COORDINATION WITH SMALL IRRIGATION POWER.—Paragraph (5) of section 45(d), as amended by this Act, is amended by striking ''January 1, 2013'' and inserting ''the date of the enactment of paragraph (11)''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 103. EXTENSION AND MODIFICATION OF ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating to energy credit) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2017''.

(2) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) (relating to qualified fuel cell property) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2016''.

(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) (relating to specified credits) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) the credit determined under section 46 to the extent that such credit is attributable to the energy credit determined under section 48.''.

(c) INCREASE OF CREDIT LIMITATION FOR FUEL CELL PROPERTY.—Subparagraph (B) of section 48(c)(1) is amended by striking ''$500'' and inserting ''$1,500''.

(d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 48(a) is amended by striking the second sentence thereof.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(B) Paragraph (2) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(e) CLERICAL AMENDMENTS.—Paragraphs (1)(B) and (2)(B) of section 48(c) are each amended by striking ''paragraph (1)'' and inserting ''subsection (a)''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—The amendments made by subsection (b) shall apply to credits determined under section 46 of the Internal Revenue Code of 1986 in taxable years beginning after the date of the enactment of this Act and to carrybacks of such credits.

(3) INCREASE IN LIMITATION FOR FUEL CELL PROPERTY.—The amendment made by subsection (c) shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

(4) PUBLIC ELECTRIC UTILITY PROPERTY.—The amendments made by subsection (d) shall apply to periods after June 20, 2007, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 104. NEW CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new subpart:

''Subpart I—Qualified Tax Credit Bonds

''SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CREDIT BONDS.

''(a) ALLOWANCE OF CREDIT.—If a taxpayer holds a qualified tax credit bond on one or more credit allowance dates of the bond during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified tax credit bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified tax credit bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

''(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (2), the applicable credit rate is the rate which the Secretary estimates will permit the issuance of qualified tax credit bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer. The applicable credit rate with respect to any qualified tax credit bond shall be determined as of the first day on which there is a binding, written contract for the sale or exchange of the bond.

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

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

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this part (other than subpart C and this subpart).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year (determined before the application of paragraph (1) for such succeeding taxable year).

''(d) QUALIFIED TAX CREDIT BOND.—For purposes of this section—

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means a new clean renewable energy bond which is part of an issue that meets the requirements of paragraphs (2), (3), (4), (5), and (6).

''(2) SPECIAL RULES RELATING TO EXPENDITURES.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if, as of the date of issuance, the issuer reasonably expects—

''(i) 100 percent or more of the available project proceeds to be spent for 1 or more qualified purposes within the 3-year period beginning on such date of issuance, and

''(ii) a binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on such date of issuance.

''(B) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 3 YEARS.—

''(i) IN GENERAL.—To the extent that less than 100 percent of the available project proceeds of the issue are expended by the close of the expenditure period for 1 or more qualified purposes, the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(ii) EXPENDITURE PERIOD.—For purposes of this subpart, the term 'expenditure period' means, with respect to any issue, the 3-year period beginning on the date of issuance. Such term shall include any extension of such period under clause (iii).

''(iii) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the expenditure period (determined without regard to any extension under this clause), the Secretary may extend such period if the issuer establishes that the failure to expend the proceeds within the original expenditure period is due to reasonable cause and the expenditures for qualified purposes will continue to proceed with due diligence.

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means a purpose specified in section 54B(a)(1).

''(D) REIMBURSEMENT.—For purposes of this subtitle, available project proceeds of an issue shall be treated as spent for a qualified purpose if such proceeds are used to reimburse the issuer for amounts paid for a qualified purpose after the date that the Secretary makes an allocation of bond limitation with respect to such issue, but only if—

''(i) prior to the payment of the original expenditure, the issuer declared its intent to reimburse such expenditure with the proceeds of a qualified tax credit bond,

''(ii) not later than 60 days after payment of the original expenditure, the issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

''(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

''(3) REPORTING.—An issue shall be treated as meeting the requirements of this paragraph if the issuer of qualified tax credit bonds submits reports similar to the reports required under section 149(e).

''(4) SPECIAL RULES RELATING TO ARBITRAGE.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if the issuer satisfies the requirements of section 148 with respect to the proceeds of the issue.

''(B) SPECIAL RULE FOR INVESTMENTS DURING EXPENDITURE PERIOD.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any investment of available project proceeds during the expenditure period.

''(C) SPECIAL RULE FOR RESERVE FUNDS.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any fund which is expected to be used to repay such issue if—

''(i) such fund is funded at a rate not more rapid than equal annual installments,

''(ii) such fund is funded in a manner that such fund will not exceed the amount necessary to repay the issue if invested at the maximum rate permitted under clause (iii), and

''(iii) the yield on such fund is not greater than the discount rate determined under paragraph (5)(B) with respect to the issue.

''(5) MATURITY LIMITATION.—

''(A) IN GENERAL.—An issue shall not be treated as meeting the requirements of this paragraph if the maturity of any bond which is part of such issue exceeds the maximum term determined by the Secretary under subparagraph (B).

''(B) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(6) PROHIBITION ON FINANCIAL CONFLICTS OF INTEREST.—An issue shall be treated as meeting the requirements of this paragraph if the issuer certifies that—

''(A) applicable State and local law requirements governing conflicts of interest are satisfied with respect to such issue, and

''(B) if the Secretary prescribes additional conflicts of interest rules governing the appropriate Members of Congress, Federal, State, and local officials, and their spouses, such additional rules are satisfied with respect to such issue.

''(e) OTHER DEFINITIONS.—For purposes of this subchapter—

''(1) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term includes the last day on which the bond is outstanding.

''(2) BOND.—The term 'bond' includes any obligation.

''(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

''(4) AVAILABLE PROJECT PROCEEDS.—The term 'available project proceeds' means—

''(A) the excess of—

''(i) the proceeds from the sale of an issue, over

''(ii) the issuance costs financed by the issue (to the extent that such costs do not exceed 2 percent of such proceeds), and

''(B) the proceeds from any investment of the excess described in subparagraph (A).

''(f) CREDIT TREATED AS INTEREST.—For purposes of this subtitle, the credit determined under subsection (a) shall be treated as interest which is includible in gross income.

''(g) S CORPORATIONS AND PARTNERSHIPS.—In the case of a tax credit bond held by an S corporation or partnership, the allocation of the credit allowed by this section to the shareholders of such corporation or partners of such partnership shall be treated as a distribution.

''(h) BONDS HELD BY REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—If any qualified tax credit bond is held by a regulated investment company or a real estate investment trust, the credit determined under subsection (a) shall be allowed to shareholders of such company or beneficiaries of such trust (and any gross income included under subsection (f) with respect to such credit shall be treated as distributed to such shareholders or beneficiaries) under procedures prescribed by the Secretary.

''(i) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified tax credit bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

''(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified tax credit bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''SEC. 54B. NEW CLEAN RENEWABLE ENERGY BONDS.

''(a) NEW CLEAN RENEWABLE ENERGY BOND.—For purposes of this subpart, the term 'new clean renewable energy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by public power providers or cooperative electric companies for one or more qualified renewable energy facilities,

''(2) the bond is issued by a qualified issuer, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any new clean renewable energy bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under this subsection to such issuer.

''(2) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national new clean renewable energy bond limitation of $2,000,000,000 which shall be allocated by the Secretary as provided in paragraph (3), except that—

''(A) not more than 60 percent thereof may be allocated to qualified projects of public power providers, and

''(B) not more than 40 percent thereof may be allocated to qualified projects of cooperative electric companies.

''(3) METHOD OF ALLOCATION.—

''(A) ALLOCATION AMONG PUBLIC POWER PROVIDERS.—After the Secretary determines the qualified projects of public power providers which are appropriate for receiving an allocation of the national new clean renewable energy bond limitation, the Secretary shall, to the maximum extent practicable, make allocations among such projects in such manner that the amount allocated to each such project bears the same ratio to the cost of such project as the limitation under subparagraph (2)(A) bears to the cost of all such projects.

''(B) ALLOCATION AMONG COOPERATIVE ELECTRIC COMPANIES.—The Secretary shall make allocations of the amount of the national new clean renewable energy bond limitation described in paragraph (2)(B) among qualified projects of cooperative electric companies in such manner as the Secretary determines appropriate.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED RENEWABLE ENERGY FACILITY.—The term 'qualified renewable energy facility' means a qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and to any placed in service date) owned by a public power provider or a cooperative electric company.

''(2) PUBLIC POWER PROVIDER.—The term 'public power provider' means a State utility with a service obligation, as such terms are defined in section 217 of the Federal Power Act (as in effect on the date of the enactment of this paragraph).

''(3) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C).

''(4) CLEAN RENEWABLE ENERGY BOND LENDER.—The term 'clean renewable energy bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

''(5) QUALIFIED ISSUER.—The term 'qualified issuer' means a public power provider, a cooperative electric company, a clean renewable energy bond lender, or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON QUALIFIED TAX CREDIT BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(e)(1)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 54(c)(2) and 1400N(l)(3)(B) are each amended by striking ''subpart C'' and inserting ''subparts C and I''.

(2) Section 1397E(c)(2) is amended by striking ''subpart H'' and inserting ''subparts H and I''.

(3) Section 6401(b)(1) is amended by striking ''and H'' and inserting ''H, and I''.

(4) The heading of subpart H of part IV of subchapter A of chapter 1 is amended by striking ''**Certain Bonds**'' and inserting ''**Clean Renewable Energy Bonds**''.

(5) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart H and inserting the following new items:

''SUBPART H. NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE ENERGY BONDS.

''SUBPART I. QUALIFIED TAX CREDIT BONDS.''.

(d) EFFECTIVE DATES.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 105. EXTENSION AND MODIFICATION OF SPECIAL RULE TO IMPLEMENT FERC AND STATE ELECTRIC RESTRUCTURING POLICY.

(a) EXTENSION FOR QUALIFIED ELECTRIC UTILITIES.—

(1) IN GENERAL.—Paragraph (3) of section 451(i) (relating to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or State electric restructuring policy) is amended by striking ''before January 1, 2008,'' and inserting ''before January 1, 2010, by a qualified electric utility,''.

(2) QUALIFIED ELECTRIC UTILITY.—Subsection (i) of section 451 is amended by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) QUALIFIED ELECTRIC UTILITY.—For purposes of this subsection, the term 'qualified electric utility' means—

''(A) an electric utility (as defined in section 3(22) of the Federal Power Act (16 U.S.C. 796(22))), and

''(B) any person in the same holding company system (as defined in section 1262(9) of the Public Utility Holding Company Act of 2005 (42 U.S.C. 16451(9))) as an electric utility referred to subparagraph (A).''.

(b) EXTENSION OF PERIOD FOR TRANSFER OF OPERATIONAL CONTROL AUTHORIZED BY FERC.—Clause (ii) of section 451(i)(4)(B) is amended by striking ''December 31, 2007'' and inserting ''the date which is 4 years after the close of the taxable year in which the transaction occurs''.

(c) PROPERTY LOCATED OUTSIDE THE UNITED STATES NOT TREATED AS EXEMPT UTILITY PROPERTY.—Paragraph (5) of section 451(i) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The term 'exempt utility property' shall not include any property which is located outside the United States.''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to transactions after December 31, 2007.

(2) TRANSFERS OF OPERATIONAL CONTROL.—The amendment made by subsection (b) shall take effect as if included in section 909 of the American Jobs Creation Act of 2004.

(3) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The amendment made by subsection (c) shall apply to transactions after the date of the enactment of this Act.

SEC. 106. REPEAL OF DOLLAR LIMITATION AND ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX FOR RESIDENTIAL SOLAR AND FUEL CELL PROPERTY CREDIT.

(a) REPEAL OF MAXIMUM DOLLAR LIMITATION.—

(1) IN GENERAL.—Subsection (b) of section 25D (relating to limitations) is amended to read as follows:

''(b) CERTIFICATION OF SOLAR WATER HEATING PROPERTY.—No credit shall be allowed under this section for an item of property described in subsection (d)(1) unless such property is certified for performance by the non-profit Solar Rating Certification Corporation or a comparable entity endorsed by the government of the State in which such property is installed.''.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 25D is amended by striking paragraph (4) and by redesignating paragraphs (5) through (9) as paragraphs (4) through (8), respectively.

(B) Paragraph (1) of section 25C(e) is amended by striking ''(8), and (9)'' and inserting ''and (8) (and paragraph (4) as in effect before its repeal by the Renewable Energy and Energy Conservation Tax Act of 2007)''.

(b) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 25D is amended to read as follows:

''(c) LIMITATION BASED ON AMOUNT OF TAX; CARRYFORWARD OF UNUSED CREDIT.—

''(1) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.

''(2) CARRYFORWARD OF UNUSED CREDIT.—

''(A) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(B) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 23(b)(4)(B) is amended by inserting ''and section 25D'' after ''this section''.

(B) Section 24(b)(3)(B) is amended by striking ''and 25B'' and inserting '', 25B, and 25D''.

(C) Section 25B(g)(2) is amended by striking ''section 23'' and inserting ''sections 23 and 25D''.

(D) Section 26(a)(1) is amended by striking ''and 25B'' and inserting ''25B, and 25D''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to expenditures made after the date of the enactment of this Act.

(2) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—

(A) IN GENERAL.—The amendments made by subsection (b) shall apply to taxable years beginning after the date of the enactment of this Act.

(B) APPLICATION OF EGTRRA SUNSET.—The amendments made by subparagraphs (A) and (B) of subsection (b)(2) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

TITLE II—CONSERVATION

Subtitle A—Transportation

SEC. 201. CREDIT FOR PLUG-IN HYBRID VEHICLES.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

''SEC. 30D. PLUG-IN HYBRID VEHICLES.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each qualified plug-in hybrid vehicle placed in service by the taxpayer during the taxable year.

''(b) PER VEHICLE DOLLAR LIMITATION.—

''(1) IN GENERAL.—The amount determined under this subsection with respect to any qualified plug-in hybrid vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

''(2) BASE AMOUNT.—The amount determined under this paragraph is $4,000.

''(3) BATTERY CAPACITY.—In the case of vehicle which draws propulsion energy from a battery with not less than 5 kilowatt hours of capacity, the amount determined under this paragraph is $200, plus $200 for each kilowatt hour of capacity in excess of 5 kilowatt hours. The amount determined under this paragraph shall not exceed $2,000.

''(c) APPLICATION WITH OTHER CREDITS.—

''(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

''(2) PERSONAL CREDIT.—

''(A) IN GENERAL.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

''(B) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(ii) the sum of the credits allowable under subpart A (other than this section and sections 23 and 25D) and section 27 for the taxable year.

''(d) QUALIFIED PLUG-IN HYBRID VEHICLE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plug-in hybrid vehicle' means a motor vehicle (as defined in section 30(c)(2))—

''(A) the original use of which commences with the taxpayer,

''(B) which is acquired for use or lease by the taxpayer and not for resale,

''(C) which is made by a manufacturer,

''(D) which has a gross vehicle weight rating of less than 14,000 pounds,

''(E) which has received a certificate of conformity under the Clean Air Act and meets or exceeds the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

''(i) has a capacity of not less than 4 kilowatt hours, and

''(ii) is capable of being recharged from an external source of electricity, and

''(G) which either—

''(i) is also propelled to a significant extent by other than an electric motor, or

''(ii) has a significant onboard source of electricity which also recharges the battery referred to in subparagraph (F).

''(2) EXCEPTION.—The term 'qualified plug-in hybrid vehicle' shall not include any vehicle which is not a passenger automobile or light truck if such vehicle has a gross vehicle weight rating of less than 8,500 pounds.

''(3) OTHER TERMS.—The terms 'passenger automobile', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) BATTERY CAPACITY.—The term 'capacity' means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

''(e) LIMITATION ON NUMBER OF QUALIFIED PLUG-IN HYBRID VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified plug-in hybrid vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified plug-in hybrid vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section, is at least 60,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

''(f) SPECIAL RULES.—

''(1) BASIS REDUCTION.—The basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit (determined without regard to subsection (c)).

''(2) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

''(3) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowed under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(4) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

''(5) PROPERTY USED BY TAX-EXEMPT ENTITY; INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Rules similar to the rules of paragraphs (6) and (10) of section 30B(h) shall apply for purposes of this section.''.

(b) PLUG-IN VEHICLES NOT TREATED AS NEW QUALIFIED HYBRID VEHICLES.—Section 30B(d)(3) is amended by adding at the end the following new subparagraph:

''(D) EXCLUSION OF PLUG-IN VEHICLES.—Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (c) thereof) shall not be taken into account under this section.''.

(c) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended—

(1) by striking ''and'' each place it appears at the end of any paragraph,

(2) by striking ''plus'' each place it appears at the end of any paragraph,

(3) by striking the period at the end of paragraph (31) and inserting '', plus'', and

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

''(32) the portion of the plug-in hybrid vehicle credit to which section 30D(c)(1) applies.''.

(d) CONFORMING AMENDMENTS.—

(1)(A) Section 24(b)(3)(B), as amended by this Act, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(B) Section 25(e)(1)(C)(ii) is amended by inserting ''30D,'' after ''25D,''.

(C) Section 25B(g)(2), as amended by this Act, is amended by striking ''and 25D'' and inserting '', 25D, and 30D''.

(D) Section 26(a)(1), as amended by this Act, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(E) Section 1400C(d)(2) is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(2) Section 1016(a) is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30D(f)(1).''.

(3) Section 6501(m) is amended by inserting ''30D(f)(4),'' after ''30C(e)(5),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 30D. Plug-in hybrid vehicles.''.

(e) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS A PERSONAL CREDIT.—

(1) IN GENERAL.—Paragraph (2) of section 30B(g) is amended to read as follows:

''(2) PERSONAL CREDIT.—The credit allowed under subsection (a) for any taxable year (after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (A) of section 30C(d)(2) is amended by striking ''sections 27, 30, and 30B'' and inserting ''sections 27 and 30''.

(B) Paragraph (3) of section 55(c) is amended by striking ''30B(g)(2),''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS PERSONAL CREDIT.—The amendments made by subsection (e) shall apply to taxable years beginning after December 31, 2006.

(g) APPLICATION OF EGTRRA SUNSET.—The amendment made by subsection (d)(1)(A) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provision of such Act to which such amendment relates.

SEC. 202. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

(a) INCREASE IN CREDIT AMOUNT.—Section 30C (relating to alternative fuel vehicle refueling property credit) is amended—

(1) by striking ''30 percent'' in subsection (a) and inserting ''50 percent'', and

(2) by striking ''$30,000'' in subsection (b)(1) and inserting ''$50,000''.

(b) EXTENSION OF CREDIT.—Paragraph (2) of section 30C(g) (relating to termination) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 203. EXTENSION AND MODIFICATION OF CREDITS FOR BIODIESEL AND RENEWABLE DIESEL.

(a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and 6427(e)(5)(B) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2010''.

(b) UNIFORM TREATMENT OF DIESEL PRODUCED FROM BIOMASS.—Paragraph (3) of section 40A(f) is amended—

(1) by striking ''using a thermal depolymerization process'', and

(2) by striking ''or D396'' in subparagraph (B) and inserting ''or other equivalent standard approved by the Secretary for fuels to be used in diesel-powered highway vehicles''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel produced, and sold or used, after the date of the enactment of this Act.

(2) UNIFORM TREATMENT OF DIESEL PRODUCED FROM BIOMASS.—The amendments made by subsection (b) shall apply to fuel produced, and sold or used, after the date which is 30 days after the date of the enactment of this Act.

SEC. 204. CREDIT FOR PRODUCTION OF CELLULOSIC ALCOHOL.

(a) IN GENERAL.—Subsection (b) of section 40 is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) CELLULOSIC ALCOHOL FUEL PRODUCER CREDIT.—

''(A) IN GENERAL.—The cellulosic alcohol fuel producer credit of any cellulosic alcohol fuel producer for any taxable year is 50 cents for each gallon of qualified cellulosic fuel production of such producer.

''(B) QUALIFIED CELLULOSIC FUEL PRODUCTION.—For purposes of this paragraph, the term 'qualified cellulosic fuel production' means any cellulosic alcohol which is produced by a cellulosic alcohol fuel producer, and which during the taxable year—

''(i) is sold by such producer to another person—

''(I) for use by such other person in the production of a qualified mixture in such other person's trade or business (other than casual off-farm production),

''(II) for use by such other person as a fuel in a trade or business, or

''(III) who sells such alcohol at retail to another person and places such alcohol in the fuel tank of such other person, or

''(ii) is used or sold by such producer for any purpose described in clause (i).

''(C) CELLULOSIC ALCOHOL.—For purposes of this paragraph, the term 'cellulosic alcohol' means any alcohol which—

''(i) is produced in the United States for use as a fuel in the United States, and

''(ii) is derived from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.

For purposes of this subparagraph, the term 'United States' includes any possession of the United States.

''(D) CELLULOSIC ALCOHOL FUEL PRODUCER.—For purposes of this paragraph, the term 'cellulosic alcohol fuel producer' means any person who produces cellulosic alcohol in a trade or business and is registered with the Secretary as a cellulosic alcohol fuel producer.

''(E) ADDITIONAL DISTILLATION EXCLUDED.—The qualified cellulosic fuel production of any producer for any taxable year shall not include any alcohol which is purchased by the producer and with respect to which such producer increases the proof of the alcohol by additional distillation.''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 40 is amended by striking ''plus'' at the end of paragraph (1), by striking ''plus'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', plus'', and by adding at the end the following new paragraph:

''(4) in the case of a cellulosic alcohol fuel producer, the cellulosic alcohol fuel producer credit.''.

(2) Clause (ii) of section 40(d)(3)(C) is amended by striking ''subsection (b)(4)(B)'' and inserting ''paragraph (4)(B) or (5)(B) of subsection (b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to alcohol produced after December 31, 2007.

SEC. 205. EXTENSION OF TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.

(a) IN GENERAL.—Paragraph (1) of section 132(f) of the Internal Revenue Code of 1986 (relating to general rule for qualified transportation fringe) is amended by adding at the end the following:

''(D) Any qualified bicycle commuting reimbursement.''.

(b) LIMITATION ON EXCLUSION.—Paragraph (2) of section 132(f) of such Code is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.''.

(c) DEFINITIONS.—Paragraph (5) of section 132(f) of such Code (relating to definitions) is amended by adding at the end the following:

''(F) DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT.—

''(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.—The term 'qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month

period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.

''(ii) APPLICABLE ANNUAL LIMITATION.—The term 'applicable annual limitation' means, with respect to any employee for any calendar year, the product of $20 multiplied by the number of qualified bicycle commuting months during such year.

''(iii) QUALIFIED BICYCLE COMMUTING MONTH.—The term 'qualified bicycle commuting month' means, with respect to any employee, any month during which such employee—

''(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and

''(II) does not receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1).''.

(d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Paragraph (4) of section 132(f) is amended by inserting ''(other than a qualified bicycle commuting reimbursement)'' after ''qualified transportation fringe''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 206. MODIFICATION OF LIMITATION ON AUTOMOBILE DEPRECIATION.

(a) IN GENERAL.—Paragraph (5) of section 280F(d) of the Internal Revenue Code of 1986 (defining passenger automobile) is amended to read as follows:

''(5) PASSENGER AUTOMOBILE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'passenger automobile' means any 4-wheeled vehicle—

''(i) which is primarily designed or which can be used to carry passengers over public streets, roads, or highways (except any vehicle operated exclusively on a rail or rails), and

''(ii) which is rated at not more than 14,000 pounds gross vehicle weight.

''(B) EXCEPTIONS.—The term 'passenger automobile' shall not include—

''(i) any exempt-design vehicle, and

''(ii) any exempt-use vehicle.

''(C) EXEMPT-DESIGN VEHICLE.—The term 'exempt-design vehicle' means—

''(i) any vehicle which, by reason of its nature or design, is not likely to be used more than a de minimis amount for personal purposes, and

''(ii) any vehicle—

''(I) which is designed to have a seating capacity of more than 9 persons behind the driver's seat,

''(II) which is equipped with a cargo area of at least 5 feet in interior length which is an open area or is designed for use as an open area but is enclosed by a cap and is not readily accessible directly from the passenger compartment, or

''(III) has an integral enclosure, fully enclosing the driver compartment and load carrying device, does not have seating rearward of the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield.

''(D) EXEMPT-USE VEHICLE.—The term 'exempt-use vehicle' means—

''(i) any ambulance, hearse, or combination ambulance-hearse used by the taxpayer directly in a trade or business,

''(ii) any vehicle used by the taxpayer directly in the trade or business of transporting persons or property for compensation or hire, and

''(iii) any truck or van if substantially all of the use of such vehicle by the taxpayer is directly in—

''(I) a farming business (within the meaning of section 263A(e)(4)),

''(II) the transportation of a substantial amount of equipment, supplies, or inventory, or

''(III) the moving or delivery of property which requires substantial cargo capacity.

''(E) RECAPTURE.—In the case of any vehicle which is not a passenger automobile by reason of being an exempt-use vehicle, if such vehicle ceases to be an exempt-use vehicle in any taxable year after the taxable year in which such vehicle is placed in service, a rule similar to the rule of subsection (b) shall apply.''.

(b) CONFORMING AMENDMENT.—Section 179(b) of such Code (relating to limitations) is amended by striking paragraph (6).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2007.

SEC. 207. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as section 1400K and by adding at the end the following new section:

''SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

''(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

''(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying project expenditure amount' means, with respect to any calendar year, the sum of—

''(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

''(B) any such expenditures—

''(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

''(ii) not previously allocated under paragraph (3).

''(2) QUALIFYING PROJECT.—The term 'qualifying project' means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

''(3) GENERAL ALLOCATION.—

''(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

''(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed $2,000,000,000.

''(C) ANNUAL LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

''(i) $169,000,000, plus

''(ii) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

''(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

''(i) the lesser of—

''(I) such excess, or

''(II) the qualifying project expenditure amount for such calendar year, reduced by

''(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

''(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

''(c) CARRYOVER OF UNUSED ALLOCATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year.

''(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) CREDIT PERIOD.—The term 'credit period' means the 12-year period beginning on January 1, 2008.

''(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term 'New York Liberty Zone governmental unit' means—

''(A) the State of New York,

''(B) the City of New York, New York, and

''(C) any agency or instrumentality of such State or City.

''(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

''(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

''(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

''(1) which certifies—

''(A) the qualifying project expenditure amount for the calendar year, and

''(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

''(2) includes such other information as the Secretary may require to carry out this section.

''(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.''

(b) TERMINATION OF SPECIAL ALLOWANCE AND EXPENSING.—Subparagraph (A) of section 1400K(b)(2), as redesignated by subsection (a), is amended by striking the parenthetical therein and inserting ''(in the case of nonresidential real property and residential rental property, the date of the enactment of the Renewable Energy and Energy Conservation Tax Act of 2007 or, if acquired pursuant to a binding contract in effect on such enactment date, December 31, 2009)''.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking ''section 1400L(a)'' and inserting ''section 1400K(a)''.

(2) Section 168(k)(2)(D)(ii) is amended by striking ''section 1400L(c)(2)'' and inserting ''section 1400K(c)(2)''.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by redesignating the item relating to section 1400L as an item relating to section 1400K and by inserting after such item the following new item:

''Sec. 1400L. New York Liberty Zone tax credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Other Conservation Provisions

SEC. 211. QUALIFIED ENERGY CONSERVATION BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as added by section 104, is amended by adding at the end the following new section:

''SEC. 54C. QUALIFIED ENERGY CONSERVATION BONDS.

''(a) QUALIFIED ENERGY CONSERVATION BOND.—For purposes of this subchapter, the term 'qualified energy conservation bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified conservation purposes,

''(2) the bond is issued by a State or local government, and

''(3) the issuer designates such bond for purposes of this section.

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated to such issuer under subsection (d).

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $3,600,000,000.

''(d) ALLOCATIONS.—

''(1) IN GENERAL.—The limitation applicable under subsection (c) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(2) ALLOCATIONS TO LARGEST LOCAL GOVERNMENTS.—

''(A) IN GENERAL.—In the case of any State in which there is a large local government, each such local government shall be allocated a portion of such State's allocation which bears the same ratio to the State's allocation (determined without regard to this subparagraph) as the population of such large local government bears to the population of such State.

''(B) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local government may be reallocated by such local government to the State in which such local government is located.

''(C) LARGE LOCAL GOVERNMENT.—For purposes of this section, the term 'large local government' means any municipality or county if such municipality or county has a population of 100,000 or more.

''(3) ALLOCATION TO ISSUERS; RESTRICTION ON PRIVATE ACTIVITY BONDS.—Any allocation under this subsection to a State or large local government shall be allocated by such State or large local government to issuers within the State in a manner that results in not less than 70 percent of the allocation to such State or large local government being used to designate bonds which are not private activity bonds.

''(e) QUALIFIED CONSERVATION PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified conservation purpose' means any of the following:

''(A) Capital expenditures incurred for purposes of—

''(i) reducing energy consumption in publicly-owned buildings by at least 20 percent,

''(ii) implementing green community programs, or

''(iii) rural development involving the production of electricity from renewable energy resources.

''(B) Expenditures with respect to research facilities, and research grants, to support research in—

''(i) development of cellulosic ethanol or other nonfossil fuels,

''(ii) technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels,

''(iii) increasing the efficiency of existing technologies for producing nonfossil fuels,

''(iv) automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, or

''(v) technologies to reduce energy use in buildings.

''(C) Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

''(D) Demonstration projects designed to promote the commercialization of—

''(i) green building technology,

''(ii) conversion of agricultural waste for use in the production of fuel or otherwise,

''(iii) advanced battery manufacturing technologies,

''(iv) technologies to reduce peak use of electricity, or

''(v) technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity.

''(E) Public education campaigns to promote energy efficiency.

''(2) SPECIAL RULES FOR PRIVATE ACTIVITY BONDS.—For purposes of this section, in the case of any private activity bond, the term 'qualified conservation purposes' shall not include any expenditure which is not a capital expenditure.

''(f) POPULATION.—

''(1) IN GENERAL.—The population of any State or local government shall be determined for purposes of this section as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(2) SPECIAL RULE FOR COUNTIES.—In determining the population of any county for purposes of this section, any population of such county which is taken into account in determining the population of any municipality which is a large local government shall not be taken into account in determining the population of such county.

''(g) APPLICATION TO INDIAN TRIBAL GOVERNMENTS.—An Indian tribal government shall be treated for purposes of this section in the same manner as a large local government, except that—

''(1) an Indian tribal government shall be treated for purposes of subsection (d) as located within a State to the extent of so much of the population of such government as resides within such State, and

''(2) any bond issued by an Indian tribal government shall be treated as a qualified energy conservation bond only if issued as part of an issue the available project proceeds of which are used for purposes for which such Indian tribal government could issue bonds to which section 103(a) applies.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as added by section 104, is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a new clean renewable energy bond, or

''(B) a qualified energy conservation bond,

which is part of an issue that meets requirements of paragraphs (2), (3), (4), and (5).''.

(2) Subparagraph (C) of section 54A(d)(2), as added by section 104, is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a new clean renewable energy bond, a purpose specified in section 54B(a)(1), and

''(ii) in the case of a qualified energy conservation bond, a purpose specified in section 54C(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54C. Qualified energy conservation bonds.''.

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

SEC. 212. QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1 (as amended by this Act) is amended by adding at the end the following new section:

''SEC. 54D. QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE BONDS.

''(a) QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE BOND.—For purposes of this subchapter, the term 'qualified residential energy efficiency assistance bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for 1 or more qualified residential energy efficiency assistance purposes,

''(2) not less than 20 percent of the available project proceeds of such issue are to be used for 1 or more qualified low-income residential energy efficiency assistance purposes,

''(3) repayments of principal and applicable interest on financing provided by the issue are used not later than the close of the 3-month period beginning on the date the prepayment (or complete repayment) is received to redeem bonds which are part of the issue or to provide for 1 or

more qualified residential energy efficiency assistance purposes,

''(4) the bond is issued by a State, and

''(5) the issuer designates such bond for purposes of this section.

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under subsection (d) to such issuer.

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $2,400,000,000.

''(d) LIMITATION ALLOCATED AMONG STATES.—The limitation under subsection (c) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(e) QUALIFIED RESIDENTIAL ENERGY EFFICIENCY ASSISTANCE PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified residential energy efficiency assistance purpose' means any grant or low-interest loan to acquire (including reasonable installation costs)—

''(A) any property which meets (at a minimum) the requirements of the Energy Star program and which is to be installed in a dwelling unit,

''(B) any property which uses wind, solar, or geothermal energy or qualified fuel cell property (as defined in section 48(c)(1)) to generate electricity, or to heat or cool water, for use in a dwelling unit (other than property described in section 25D(e)(3)), and

''(C) any improvements to a dwelling unit which are made pursuant to a plan certified by an energy efficiency expert that such improvement will yield at least a 20 percent reduction in total household energy consumption related to heating, cooling, lighting, and appliances.

''(2) GEOTHERMAL HEAT PUMP.—Any geothermal heat pump to provide heating or cooling in a dwelling unit described in paragraph (1)(B) shall be treated as described in paragraph (1)(B).

''(3) DOLLAR LIMITATIONS.—

''(A) IN GENERAL.—Such term shall not include any grant or loan for improvements described in paragraph (1)(C) with respect to any dwelling unit to the extent that such grant or loan (when added to all other grants or loans for such improvements) exceeds $5,000.

''(B) INCREASED LIMITATION FOR CERTAIN PRINCIPAL RESIDENCES.—In the case of a dwelling unit which is used as a principal residence (within the meaning of section 121) by the recipient of the grant or loan referred to in subparagraph (A)—

''(i) subparagraph (A) shall be applied by substituting '$12,000' for '$5,000' if such grant or loan would satisfy the requirements of paragraph (1)(A) if such paragraph were applied by substituting '50 percent' for '20 percent', and

''(ii) in any case to which clause (i) does not apply, subparagraph (A) shall be applied by substituting '$8,000' for '$5,000' if such grant or loan would satisfy the requirements of paragraph (1)(A) if such paragraph were applied by substituting '35 percent' for '20 percent'.

''(4) LOW-INTEREST LOAN.—The term 'low interest loan' means any loan which charges interest at a rate which does not exceed the applicable Federal rate in effect under section 1288(b)(1) determined as of the issuance of the loan.

''(5) EXCLUSION OF CERTAIN PROPERTY.—The following property shall not be taken into account for purposes of paragraph (1)(A):

''(A) Any equipment used in connection with a swimming pool, hot tub, or similar property.

''(B) Any television.

''(C) Any device for converting digital signal to analog.

''(D) Any DVD player.

''(E) Any video cassette recorder (VCR).

''(F) Any audio equipment.

''(G) Any cordless phone.

''(H) Any other item of property where there is substantial recreational use.

''(f) QUALIFIED LOW-INCOME RESIDENTIAL EFFICIENCY ASSISTANCE PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified low-income residential energy efficiency assistance purpose' means any qualified residential energy efficiency assistance purpose with respect to a dwelling unit which is occupied (at the time of the grant or loan) by individuals whose income is 50 percent or less of area median gross income. Rules similar to the rules of section 142(d)(2)(B) shall apply for purposes of this paragraph.

''(2) RESTRICTION TO GRANTS.—Such term shall not include any loan.

''(g) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE INTEREST.—The term 'applicable interest' means, with respect to any loan, so much of any interest on such loan which exceeds 1 percentage point.

''(2) SPECIAL RULE RELATING TO ARBITRAGE.—An issue shall not be treated as failing to meet the requirements of section 54A(d)(4)(A) by reason of any investment of available project proceeds in 1 or more qualified residential energy efficiency assistance purposes.

''(3) POPULATION.—The population of any State or local government shall be determined as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(4) REPORTING.—

''(A) REPORTS BY ISSUERS.—Issuers of qualified residential energy efficiency assistance bonds shall, not later than 6 months after the expenditure period (as defined in section 54A) and annually thereafter until the last such bond is redeemed, submit reports to the Secretary regarding such bonds, including information regarding—

''(i) the number and monetary value of loans and grants provided and the purposes for which provided,

''(ii) the number of dwelling units the energy efficiency of which improved as result of such loans and grants,

''(iii) the types of property described in subsection (e)(1)(A) installed as a result of such loans and grants and the projected energy savings with respect to such property,

''(iv) the types of property described in subsection (e)(1)(B) installed as a result of such loans and grants and the projected production of such property, and

''(v) the projected energy savings as a result of such loans and grants for improvements described in subsection (e)(1)(C).

''(B) REPORT TO CONGRESS.—Not later than 12 months after receipt of the first report under subparagraph (A) and annually thereafter until the last such report is required to be submitted, the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall submit a report to Congress regarding the bond program under this section, including information regarding—

''(i) the aggregate of each category of information described in subparagraph (A) (including any independent assessment of projected energy savings), and

''(ii) an estimate of the amount of greenhouse gas emissions reduced as a result of such bond program.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as added by section 104 and amended by section 211, is amended by striking ''or'' at the end of subparagraph (A), by inserting ''or'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) a qualified residential energy efficiency assistance bond,''.

(2) Subparagraph (C) of section 54A(d)(2), as added by section 104 and amended by section 211, is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', and'', and by adding at the end the following new clause:

''(iii) in the case of a qualified residential energy efficiency assistance bond, a purpose specified in section 54D(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

''Sec. 54D. Qualified residential energy efficiency assistance bonds.''.

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

SEC. 213. EXTENSION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Subsection (h) of section 179D (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 214. MODIFICATIONS OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) IN GENERAL.—Subsection (b) of section 45M (relating to applicable amount) is amended to read as follows:

''(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

''(1) DISHWASHERS.—The applicable amount is—

''(A) $45 in the case of a dishwasher which is manufactured in calendar year 2008 or 2009 and which uses no more than 324 kilowatt hours per year and 5.8 gallons per cycle, and

''(B) $75 in the case of a dishwasher which is manufactured in calendar year 2008, 2009, or 2010 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings).

''(2) CLOTHES WASHERS.—The applicable amount is—

''(A) $75 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 which meets or exceeds a 1.72 modified energy factor and does not exceed a 8.0 water consumption factor,

''(B) $125 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 or 2009 which meets or exceeds a 1.8 modified energy factor and does not exceed a 7.5 water consumption factor,

''(C) $150 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009 or 2010 which meets or exceeds 2.0 modified energy factor and does not exceed a 6.0 water consumption factor, and

''(D) $250 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.2 modified energy factor and does not exceed a 4.5 water consumption factor.

''(3) REFRIGERATORS.—The applicable amount is—

''(A) $50 in the case of a refrigerator which is manufactured in calendar year 2008, and consumes at least 20 percent but not more than 22.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(B) $75 in the case of a refrigerator which is manufactured in calendar year 2008 or 2009, and consumes at least 23 percent but no more than 24.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(C) $100 in the case of a refrigerator which is manufactured in calendar year 2008, 2009 or 2010, and consumes at least 25 percent but not more than 29.9 percent less kilowatt hours per year than the 2001 energy conservation standards, and

''(D) $200 in the case of a refrigerator manufactured in calendar year 2008, 2009 or 2010 and which consumes at least 30 percent less energy than the 2001 energy conservation standards.

''(4) DEHUMIDIFIERS.—The applicable amount is—

''(A) $15 in the case of a dehumidifier manufactured in calendar year 2008 that has a capacity less than or equal to 45 pints per day and is 7.5 percent more efficient than the applicable Department of Energy energy conservation standard effective October 2012, and

''(B) $25 in the case of a dehumidifier manufactured in calendar year 2008 that has a capacity greater than 45 pints per day and is 7.5 percent more efficient than the applicable Department of Energy energy conservation standard effective October 2012.''.

(b) ELIGIBLE PRODUCTION.—

(1) SIMILAR TREATMENT FOR ALL APPLIANCES.—Subsection (c) of section 45M (relating to eligible production) is amended—

(A) by striking paragraph (2),

(B) by striking ''(1) IN GENERAL'' and all that follows through ''the eligible'' and inserting ''The eligible'', and

(C) by moving the text of such subsection in line with the subsection heading and redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively.

(2) MODIFICATION OF BASE PERIOD.—Paragraph (2) of section 45M(c), as amended by paragraph (1) of this section, is amended by striking ''3-calendar year'' and inserting ''2-calendar year''.

(c) TYPES OF ENERGY EFFICIENT APPLIANCES.—Subsection (d) of section 45M (defining types of energy efficient appliances) is amended to read as follows:

''(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—For purposes of this section, the types of energy efficient appliances are—

''(1) dishwashers described in subsection (b)(1),

''(2) clothes washers described in subsection (b)(2),

''(3) refrigerators described in subsection (b)(3), and

''(4) dehumidifiers described in subsection (b)(4).''.

(d) AGGREGATE CREDIT AMOUNT ALLOWED.—

(1) INCREASE IN LIMIT.—Paragraph (1) of section 45M(e) (relating to aggregate credit amount allowed) is amended to read as follows:

''(1) AGGREGATE CREDIT AMOUNT ALLOWED.—The aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed $75,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years beginning after December 31, 2007.''.

(2) EXCEPTION FOR CERTAIN REFRIGERATOR AND CLOTHES WASHERS.—Paragraph (2) of section 45M(e) is amended to read as follows:

''(2) AMOUNT ALLOWED FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.—Refrigerators described in subsection (b)(3)(D) and clothes washers described in subsection (b)(2)(D) shall not be taken into account under paragraph (1).''.

(e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

(1) IN GENERAL.—Paragraph (1) of section 45M(f) (defining qualified energy efficient appliance) is amended to read as follows:

''(1) QUALIFIED ENERGY EFFICIENT APPLIANCE.—The term 'qualified energy efficient appliance' means—

''(A) any dishwasher described in subsection (b)(1),

''(B) any clothes washer described in subsection (b)(2),

''(C) any refrigerator described in subsection (b)(3), and

''(D) any dehumidifier described in subsection (b)(4).''.

(2) CLOTHES WASHER.—Section 45M(f)(3) (defining clothes washer) is amended by inserting ''commercial'' before ''residential'' the second place it appears.

(3) TOP-LOADING CLOTHES WASHER.—Subsection (f) of section 45M (relating to definitions) is amended by redesignating paragraphs (4), (5), (6), and (7) as paragraphs (5), (6), (7), and (8), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) TOP-LOADING CLOTHES WASHER.—The term 'top-loading clothes washer' means a clothes washer which has the clothes container compartment access located on the top of the machine and which operates on a vertical axis.''.

(4) DEHUMIDIFIER.—Subsection (f) of section 45M, as amended by paragraph (3), is amended by redesignating paragraphs (6), (7), and (8) as paragraphs (7), (8) and (9), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) DEHUMIDIFIER.—The term 'dehumidifier' means a self-contained, electrically operated, and mechanically refrigerated encased assembly consisting of—

''(A) a refrigerated surface that condenses moisture from the atmosphere,

''(B) a refrigerating system, including an electric motor,

''(C) an air-circulating fan, and

''(D) means for collecting or disposing of condensate.''.

(5) REPLACEMENT OF ENERGY FACTOR.—Section 45M(f)(7), as amended by paragraph (4), is amended to read as follows:

''(7) MODIFIED ENERGY FACTOR.—The term 'modified energy factor' means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.''.

(6) GALLONS PER CYCLE; WATER CONSUMPTION FACTOR.—Section 45M(f) (relating to definitions) is amended by adding at the end the following:

''(10) GALLONS PER CYCLE.—The term 'gallons per cycle' means, with respect to a dishwasher, the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

''(11) WATER CONSUMPTION FACTOR.—The term 'water consumption factor' means, with respect to a clothes washer, the quotient of the total weighted per-cycle water consumption divided by the cubic foot (or liter) capacity of the clothes washer.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2007.

SEC. 215. FIVE-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED ENERGY MANAGEMENT DEVICES.

(a) IN GENERAL.—Section 168(e)(3)(B) (relating to 5-year property) is amended by striking ''and'' at the end of clause (v), by striking the period at the end of clause (vi) and inserting '', and'', and by inserting after clause (vi) the following new clause:

''(vii) any qualified energy management device.''.

(b) DEFINITION OF QUALIFIED ENERGY MANAGEMENT DEVICE.—Section 168(i) (relating to definitions and special rules) is amended by inserting at the end the following new paragraph:

''(18) QUALIFIED ENERGY MANAGEMENT DEVICE.—

''(A) IN GENERAL.—The term 'qualified energy management device' means any energy management device which is installed on real property of a customer of the taxpayer and is placed in service by a taxpayer who—

''(i) is a supplier of electric energy or a provider of electric energy services, and

''(ii) provides all commercial and residential customers of such supplier or provider with net metering upon the request of such customer.

''(B) ENERGY MANAGEMENT DEVICE.—For purposes of subparagraph (A), the term 'energy management device' means any time-based meter and related communication equipment which is capable of being used by the taxpayer as part of a system that—

''(i) measures and records electricity usage data on a time-differentiated basis in at least 24 separate time segments per day,

''(ii) provides for the exchange of information between supplier or provider and the customer's energy management device in support of time-based rates or other forms of demand response, and

''(iii) provides data to such supplier or provider so that the supplier or provider can provide energy usage information to customers electronically.

''(C) NET METERING.—For purposes of subparagraph (A), the term 'net metering' means allowing customers a credit for providing electricity to the supplier or provider.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

TITLE III—REVENUE PROVISIONS

Subtitle A—Denial of Oil and Gas Tax Benefits

SEC. 301. DENIAL OF DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION OF OIL, NATURAL GAS, OR PRIMARY PRODUCTS THEREOF.

(a) IN GENERAL.—Subparagraph (B) of section 199(c)(4) (relating to exceptions) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by inserting after clause (iii) the following new clause:

''(iv) the sale, exchange, or other disposition of oil, natural gas, or any primary product thereof.''.

(b) PRIMARY PRODUCT.—Section 199(c)(4)(B) is amended by adding at the end the following flush sentence:

''For purposes of clause (iv), the term 'primary product' has the same meaning as when used in section 927(a)(2)(C), as in effect before its repeal.''.

(c) CONFORMING AMENDMENTS.—Section 199(c)(4) is amended—

(1) in subparagraph (A)(i)(III) by striking ''electricity, natural gas,'' and inserting ''electricity'', and

(2) in subparagraph (B)(ii) by striking ''electricity, natural gas,'' and inserting ''electricity''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 302. 7-YEAR AMORTIZATION OF GEOLOGICAL AND GEOPHYSICAL EXPENDITURES FOR CERTAIN MAJOR INTEGRATED OIL COMPANIES.

(a) IN GENERAL.—Subparagraph (A) of section 167(h)(5) (relating to special rule for major integrated oil companies) is amended by striking ''5-year'' and inserting ''7-year''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 303. CLARIFICATION OF DETERMINATION OF FOREIGN OIL AND GAS EXTRACTION INCOME.

(a) IN GENERAL.—Paragraph (1) of section 907(c) is amended by redesignating subparagraph (B) as subparagraph (C), by striking ''or'' at the end of subparagraph (A), and by inserting after subparagraph (A) the following new subparagraph:

''(B) so much of any transportation of such minerals as occurs before the fair market value event, or''.

(b) FAIR MARKET VALUE EVENT.—Subsection (c) of section 907 is amended by adding at the end the following new paragraph:

''(6) FAIR MARKET VALUE EVENT.—For purposes of this section, the term 'fair market value event' means, with respect to any mineral, the first point in time at which such mineral—

''(A) has a fair market value which can be determined on the basis of a transfer, which is an arm's length transaction, of such mineral from the taxpayer to a person who is not related (within the meaning of section 482) to such taxpayer, or

''(B) is at a location at which the fair market value is readily ascertainable by reason of transactions among unrelated third parties with respect to the same mineral (taking into account source, location, quality, and chemical composition).''.

(c) SPECIAL RULE FOR CERTAIN PETROLEUM TAXES.—Subsection (c) of section 907, as amended by subsection (b), is amended to by adding at the end the following new paragraph:

''(7) OIL AND GAS TAXES.—In the case of any tax imposed by a foreign country which is limited in its application to taxpayers engaged in oil or gas activities—

''(A) the term 'oil and gas extraction taxes' shall include such tax,

''(B) the term 'foreign oil and gas extraction income' shall include any taxable income which is taken into account in determining such tax (or is directly attributable to the activity to which such tax relates), and

''(C) the term 'foreign oil related income' shall not include any taxable income which is treated as foreign oil and gas extraction income under subparagraph (B).''.

(d) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 907(c)(1), as redesignated by this section, is amended by inserting ''or used by the taxpayer in the activity described in subparagraph (B)'' before the period at the end.

(2) Subparagraph (B) of section 907(c)(2) is amended to read as follows:

''(B) so much of the transportation of such minerals or primary products as is not taken into account under paragraph (1)(B),''.

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

Subtitle B—Clarification of Eligibility for Certain Fuel Credits

SEC. 311. CLARIFICATION OF ELIGIBILITY FOR RENEWABLE DIESEL CREDIT.

(a) COPRODUCTION WITH PETROLEUM FEEDSTOCK.—

(1) IN GENERAL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following flush sentence: ''Such term does not include any fuel derived from coprocessing biomass with a feedstock which is not biomass. For purposes of this paragraph, the term 'biomass' has the meaning given such term by section 45K(c)(3).''.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 40A(f) is amended by striking ''(as defined in section 45K(c)(3))''.

(b) CLARIFICATION OF ELIGIBILITY FOR ALTERNATIVE FUEL CREDIT.—

(1) IN GENERAL.—Subparagraph (F) of section 6426(d)(2) is amended by striking ''hydrocarbons'' and inserting ''fuel''.

(2) CONFORMING AMENDMENT.—Section 6426 is amended by adding at the end the following new subsection:

''(h) DENIAL OF DOUBLE BENEFIT.—No credit shall be determined under subsection (d) or (e) with respect to any fuel with respect to which credit may be determined under subsection (b) or (c) or under section 40 or 40A.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel produced, and sold or used, after June 30, 2007.

(2) CLARIFICATION OF ELIGIBILITY FOR ALTERNATIVE FUEL CREDIT.—The amendment made by subsection (b) shall take effect as if included in section 11113 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.

SEC. 312. CLARIFICATION THAT CREDITS FOR FUEL ARE DESIGNED TO PROVIDE AN INCENTIVE FOR UNITED STATES PRODUCTION.

(a) BIODIESEL FUELS CREDIT.—Paragraph (5) of section 40A(d), as added by subsection (c), is amended to read as follows:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel unless—

''(A) such biodiesel is produced in the United States for use as a fuel in the United States, and

''(B) the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the biodiesel which identifies the product produced and the location of such production.

For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(b) EXCISE TAX CREDIT.—Paragraph (2) of section 6426(i), as added by subsection (c), is amended to read as follows:

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel unless—

''(A) such biodiesel or alternative fuel is produced in the United States for use as a fuel in the United States, and

''(B) the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of such biodiesel or alternative fuel which identifies the product produced and the location of such production.''.

(c) PROVISIONS CLARIFYING TREATMENT OF FUELS WITH NO NEXUS TO THE UNITED STATES.—

(1) ALCOHOL FUELS CREDIT.—Subsection (d) of section 40 is amended by adding at the end the following new paragraph:

''(6) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(2) BIODIESEL FUELS CREDIT.—Subsection (d) of section 40A is amended by adding at the end the following new paragraph:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(3) EXCISE TAX CREDIT.—

(A) IN GENERAL.—Section 6426, as amended by section 311, is amended by adding at the end the following new subsection:

''(i) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

''(1) ALCOHOL.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States.

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel which is produced outside the United States for use as a fuel outside the United States.

For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

(B) CONFORMING AMENDMENT.—Subsection (e) of section 6427 is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section 6426(i).''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel produced, and sold or used, after the date of the enactment of this Act.

(2) PROVISIONS CLARIFYING TREATMENT OF FUELS WITH NO NEXUS TO THE UNITED STATES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by subsection (c) shall take effect as if included in section 301 of the American Jobs Creation Act of 2004.

(B) ALTERNATIVE FUEL CREDITS.—So much of the amendments made by subsection (c) as relate to the alternative fuel credit or the alternative fuel mixture credit shall take effect as if included in section 11113 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.

(C) RENEWABLE DIESEL.—So much of the amendments made by subsection (c) as relate to renewable diesel shall take effect as if included in section 1346 of the Energy Policy Act of 2005.

TITLE IV—OTHER PROVISIONS

Subtitle A—Studies

SEC. 401. CARBON AUDIT OF THE TAX CODE.

(a) STUDY.—The Secretary of the Treasury shall enter into an agreement with the National Academy of Sciences to undertake a comprehensive review of the Internal Revenue Code of 1986 to identify the types of and specific tax provisions that have the largest effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to Congress a report containing the results of study authorized under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,500,000 for the period of fiscal years 2008 and 2009.

SEC. 402. COMPREHENSIVE STUDY OF BIOFUELS.

(a) STUDY.—The Secretary of the Treasury, in consultation with the Secretary of Agriculture, the Secretary of Energy, and the Administrator of the Environmental Protection Agency, shall enter into an agreement with the National Academy of Sciences to produce an analysis of current scientific findings to determine—

(1) current biofuels production, as well as projections for future production,

(2) the maximum amount of biofuels production capable on United States farmland,

(3) the domestic effects of a dramatic increase in biofuels production on, for example—

(A) the price of fuel,

(B) the price of land in rural and suburban communities,

(C) crop acreage and other land use,

(D) the environment, due to changes in crop acreage, fertilizer use, runoff, water use, emissions from vehicles utilizing biofuels, and other factors,

(E) the price of feed,

(F) the selling price of grain crops,

(G) exports and imports of grains,

(H) taxpayers, through cost or savings to commodity crop payments, and

(I) the expansion of refinery capacity,

(4) the ability to convert corn ethanol plants for other uses, such as cellulosic ethanol or biodiesel,

(5) a comparative analysis of corn ethanol versus other biofuels and renewable energy sources, considering cost, energy output, and ease of implementation, and

(6) the need for additional scientific inquiry, and specific areas of interest for future research.

(b) REPORT.—The National Academy of Sciences shall submit an initial report of the findings of the report required under subsection (a) to the Congress not later than 3 months after the date of the enactment of this Act, and a final report not later than 6 months after such date of enactment.

Subtitle B—Application of Certain Labor Standards on Projects Financed Under Tax Credit Bonds

SEC. 411. APPLICATION OF CERTAIN LABOR STANDARDS ON PROJECTS FINANCED UNDER TAX CREDIT BONDS.

Subchapter IV of chapter 31 of title 40, United States Code, shall apply to projects financed with the proceeds of any tax credit bond (as defined in section 54A of the Internal Revenue Code of 1986).

The SPEAKER pro tempore. The gentleman from New York (Mr. RANGEL) and the gentleman from Louisiana (Mr. MCCRERY) each will control 30 minutes.

The Chair recognizes the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of 2776, the Renewable Energy and Energy Efficient Tax Act.

Our committee has provided long-term incentives for electricity for renewable sources, production from wind, solar, biomass, geothermal, river currents, ocean tides, landfill gas and tracks combustion resources. And at the same time, we were able to provide incentives for States to provide bonds and grants in order to make certain that working families would be able to purchase energy-efficient heat pumps, home improvement appliances, solar, and a variety of other things.

And in order to pay for this, at the recommendation of the Internal Revenue Service, we were able to raise the funds to close the loopholes to make certain that at the end of the day the bill is revenue-neutral.

Mr. Speaker, I ask unanimous consent at this time that the remainder of my time I be able to yield to Mr. MCDERMOTT on the committee, who has provided a lot of work on this subject and which we're so proud to present to this House and ultimately to the American people.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

I rise today, Mr. Speaker, in strong opposition to H.R. 2776.

It seems that many of my colleagues in the majority have developed a sort of schizophrenia when it comes to energy. Throughout last year, they held press conference after press conference saying that the Republicans weren't doing enough to lower the price of gasoline at the pump; yet, since the new Democratic majority was elected, the price of gasoline has jumped an average of nearly $1 a gallon across the country. Now that my colleagues have brought to the floor a bill which they call ''energy legislation,'' which includes substantial tax increases on the oil and gas industry, surely they don't believe this will do anything to bring down gasoline prices.

The majority will claim that this legislation is basically the same as H.R. 6, an energy tax increase bill passed by this House in January. That is not the case. This bill contains double the tax increase that that legislation did. This bill has over $15 billion worth of tax increases. Now, some of that is because the Joint Tax Committee reestimated the impact of one of the provisions in H.R. 6, but other provisions are new, including a massive tax increase on United States companies producing energy abroad.

And while overseas production of oil and gas might seem like a tempting target for a tax hike, the Statement of Administration Policy has rightly warned that this provision will ''disadvantage United States-based companies by reducing their ability to compete for investments and foreign energy-related projects.''

At a time when worldwide energy demand is increasing, it defies logic why we would unilaterally raise taxes on American companies competing in an international market for future exploration and production deals. What logical reason could there be for using the tax code to help ensure more of the world's oil production is done by non-United States companies? And in addition to raising taxes by more than $15 billion on energy production, the majority has made, in my view, some poor decisions when they decided how to spend the tax increase. Their bill, for example, would allow several Republican-created incentives promoting conservation to expire, including incentives for individuals to buy hybrid cars, to install solar power and solar water heaters, and to make energy-efficiency upgrades to their homes.

Even worse, the bill before us would also authorize up to $6 billion in tax credit bonds for so-called ''green energy products.'' At our markup, we in the minority offered a variety of amendments to try to define or limit the allowable uses of these bond proceeds, and those amendments were repeatedly rejected by the majority.

During the debate today, we will hear about some of the possible uses of these bonds and our concern that they will amount to little more than green pork doled out to Governors, State legislatures, mayors and city councils to fund all manner of boondoggles and white elephants. The majority could have avoided this debate by accepting language requiring that these products reduce energy consumption or greenhouse gas emissions, but they didn't.

In closing, Mr. Speaker, three facts about this legislation should be painfully obvious.

Number one, you don't lower prices at the pump by raising taxes on the companies that find, refine and transport gasoline.

Number two, you don't increase America's energy independence by raising taxes on our domestic energy industry, making American energy even more expensive compared with foreign sources.

And three, you certainly don't improve anything by shoveling money at Governors and big-city mayors with a vague mandate and zero oversight.

I urge my colleagues to reject this bill.

Mr. Speaker, I reserve the balance of my time.

GENERAL LEAVE

Mr. MCDERMOTT. Mr. Speaker, I ask unanimous consent that all Members be given 5 legislative days in which to revise and extend their remarks on H.R. 2776.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MCDERMOTT. Mr. Speaker, I want to begin by acknowledging and thanking Mr. RANGEL for his leadership in providing the energy legislation which is before us today and to applaud Speaker PELOSI for setting the agenda at the beginning of this session that will change this country's energy.

We live in a Nation addicted to oil, and we simply can't afford it anymore. It's too expensive for the American pocketbook; it's too adverse for American security, and too perilous for the Earth's atmosphere. But the key to any and every part of the energy solution lies here in the Congress in its political will to change what we can change for the good of the American people and the Earth.

Our energy legislation is bigger and bolder than a barrel of oil. It's a balance of support for alternative energy production and conservation. Every American has a stake and an ability to make a change, and our energy legislation unleashes America's ability to create, innovate and seek out and do that which has not been done. This is America's declaration of energy independence, and the first campaign plans to win what must be won. Our grandchildren, our children, our constituents, our country deserves no less. To those who say we cannot rise to meet the future and that we must embrace the past, I say America's boundless optimism has plenty of room to grow and shine. When it comes to energy policy, we have not risen to the occasion or to America's potential. That changes today with this legislation. It deserves bipartisan support.

And I would point out that the rhetoric we're going to hear from the other side is basically, we have to protect the oil companies; we can't touch their profits. Now, at a time when Americans are paying record prices at the pump and oil is at $70 a barrel, we have to change the status quo, and we're going to do it. It doesn't affect oil produced in this country, and it will be better for us in the long run.

Mr. Speaker, I reserve the balance of my time.

Mr. MCCRERY. Mr. Speaker, I ask unanimous consent to allow the gentleman from Pennsylvania (Mr. ENGLISH), the ranking member of the Select Revenue Measures Subcommittee, to control the balance of the time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise tonight to lament a lost opportunity. Mr. Speaker, our friends on the other side of the aisle had promised to produce an energy tax bill that would promote America's energy independence. They had a real opening to produce innovative policies, to incentivize new technologies and promote the diversification of our energy consumption. Instead, Mr. Speaker, the Democrats have presented the House with a placebo that will ultimately reduce domestic energy production, give American energy companies less of a reason to invest in exploration here at home, encourage greater dependence on foreign oil, and damage America's manufacturing base.

This bill is energy policy light and consists of a dog's breakfast of stale notions clearly intended to appeal to the blogosphere rather than to market forces.

□ 1815

The Democrats' solution to America's energy crisis is to single out oil and gas producers for a tax increase. That is a great sound bite. But the fact is, Mr. Speaker, this legislation is not likely to impact oil producers' profits in any way, shape or form. The one thing you can you can be sure this bill will do is raise prices at the pump for American consumers.

Furthermore, it creates disincentives that will decrease the supply of domestic natural gas and oil and increase our country's energy imports. While this legislation not only forces our country to become more dependent on foreign oil, it will also force America's working families to bear the brunt of increased energy costs. The more than $15 billion tax increase built into this bill will inevitably be borne entirely by consumers in the form of higher gasoline and home emergency prices.

This is vastly, in fact, about double, the tax increase contained in H.R. 6, a staggering sum that will stifle growth and hit working families' bottom line. The effect of high gas prices will ripple throughout the economy, increasing prices on everything from electronics to school supplies.

This legislation is also an assault against America's manufacturing base. Using nearly one-third of the Nation's energy both as fuel and feedstock, energy is the heart of American manufacturing. With such an energy-intensive sector, raising energy prices will make domestic manufacturers less competitive in the world market, forcing more of our good-paying manufacturing jobs offshore.

Mr. Speaker, we have long advocated for a comprehensive energy plan to reduce our dependence on foreign oil and increase America's access to clean, affordable and dependable energy for their cars, their homes and their businesses. Yet, here again, Mr. Speaker, this bill is moving in the wrong direction. It throws out our effective incentives for producing renewable energy and replaces them with retrograde policies.

In this bill, the Democrats have created a $6 billion slush fund for local projects in States and cities, with no safeguards to ensure that the money is actually used to improve America's energy independence or the environment. This is a blank check for so-called green pork projects all over the country that mayors and governors can dole out like candy on Halloween. But, Mr. Speaker, this is going to be no treat for the American taxpayer.

In addition, the wind credit, one of our most proven and effective sources of renewable energy, gets a substantial haircut in this bill and is effectively, under current conditions, gutted. This legislation is bad energy policy. It is bad tax policy.

Mr. Speaker, I would hope that our colleagues would join us today in standing up for American manufacturers, for American consumers, and stand up to preserve our domestic energy supply and guarantee our energy future by voting this bill down.

Mr. Speaker, I reserve the balance of my time.

Mr. MCDERMOTT. My prediction is correct. We are here to protect the oil companies, and we are glad to see that.

I will just take one of your arguments, the American Wind Association. You said, this is no use. They say ''strengthening our Nation's energy security, revitalizing world economies and addressing climate change are the central goals of the 110th Congress.'' Wind energy is a large part of the answer. They are in support of this bill.

Mr. Speaker, I reserve the balance of my time.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would remind all Members to direct their remarks to the Chair.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield 2 minutes to the distinguished minority whip of the House (Mr. BLUNT).

Mr. BLUNT. I thank the gentleman for yielding.

Mr. Speaker, I think you will be able to characterize our remarks in one of two ways: One is that we are continuing to encourage domestic exploration; the other is we are trying to do things that reach energy independence.

Following up on the bill that moved us toward energy independence that was passed in 2005 would have been a good idea. The efforts to have an energy bill this year are a good idea. But this bill imposes taxes double that already passed in H.R. 6. This would hurt our investment in energy independence and domestic supply. I don't have very many people in my district at all or in our State that are in gas and oil production. Almost everybody in our State that buys anything is in gas and oil purchasing.

Things that raise gas prices, things that don't allow us to fully utilize our resources, things that continue to make us more and more dependent on parts of the world that don't like us can't be a good idea. There is nothing wrong with buying things from people who don't like you, but there is something really dumb about having to buy things from people who don't like you. We are still in that mode today. This bill heads us more in that direction.

The incentives for many conservation measures are allowed to expire in this bill. I see my good friend with a bicycle on his lapel. I note that there is a tax benefit to pay people to bicycle to work. He would argue, I suppose, that we don't have enough people in southwest Missouri that bicycle to work, because we have almost no people that bicycle to work. We have lots of people that drive 50 and 60 miles to get to good manufacturing jobs, and they are not going to ride a bicycle there. They don't need more expensive gasoline to get there.

Mr. Speaker, we need to move toward energy independence. This bill, regretfully, moves us toward energy dependence.

Mr. Speaker, I urge my colleagues to vote ''no.''

Mr. MCDERMOTT. The gentleman from Missouri should stay and listen. The fact is that 36 of your Members voted for H.R. 6 because we were closing a loophole which was never designed for the oil companies. It was to deal with the World Trade Organization.

Mr. Speaker, the gentleman from Missouri says that we are taking money somehow and doing bad things with it. He forgets that this issue was to deal with FSC, and, lo and behold, the oil companies slipped in under the door. They were never eligible for FSC before, but the chairman of the Ways and Means Committee allowed them in in the last Congress. They have been taking their profits and just going hellbent for leather.

We are taking it back from them. I am sure they are upset about it. But it is more important that we use that money for alternative energy, both in production of new energy sources and in conservation.

Mr. Speaker, I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, it is now my privilege to yield 2 minutes to the gentleman from California (Mr. HERGER), a distinguished member of our committee.

Mr. HERGER. Mr. Speaker, every time I visit with constituents, like most of you here in Congress, I hear about high gas prices. And they're right. Gas prices are too high. Prices in our free market are governed by supply and demand. RECORD high prices result from, among other things, the fact that we don't produce enough of our own supply domestically and are therefore at the mercy of unpredictable and often unstable foreign producers.

Thirty years ago, when we had our first oil crisis, we were dependent on

foreign sources of oil for only about one-third of our supplies. Today it is roughly two-thirds of our supply. A sure way to fix this situation is to encourage environmentally safe oil exploration and production here in the United States.

But this is the opposite of what today's legislation seeks. In fact, today's bill proposes to raise taxes on domestic oil and gas exploration by nearly $12 billion. This discourages investment in U.S. supplies and will, over time, increase our dependence even more on foreign sources of fossil fuels.

Mr. Speaker, I encourage my colleagues to vote against higher gas prices and against H.R. 2776, this ill-conceived energy legislation.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. FARR).

(Mr. FARR asked and was given permission to revise and extend his remarks.)

□ 1830

Mr. FARR. I thank the gentleman for yielding.

Mr. Speaker, I would like to rise after my colleague from California as a fellow Californian and tell him he is dead wrong. This is the best bill you could ever have for investment in California. We are booming with energy alternatives. And do you know what we have done? We have banned offshore oil. The public in California does that unanimously. We are not about oil in California; we are about investment in the future.

This bill allows the utility companies, which now every utility company in California gives a rebate. There are companies in California that are buying cars for their workers if they are hybrid cars. This allows the incentive to be increased, doubled, tripled.

This is about investment, and I just totally disagree with my colleague on the other side of the aisle. It is not about looking at the future through the rearview mirror; it is about investment. That is what this bill is all about. This is the best gift you could ever have in the tool box to help California grow economically.

I ask for an ''aye'' vote on this bill.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Speaker, I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield 2 minutes to a distinguished member of our committee, the gentleman from Michigan (Mr. CAMP).

Mr. CAMP of Michigan. Mr. Speaker, this bill is a missed opportunity. In Michigan, where the average price of gas is 12 cents higher than the national average, energy prices are a sore subject. Gas prices are too high, the U.S. is too dependent on foreign oil, and yet the majority party refuses to allow expanding our domestic supply of energy sources.

This bill misses the mark. H.R. 2776 is certainly creative in how it spends taxpayer dollars. Under this legislation, $6 billion will be given away to States for just about any project that has the word ''energy'' in it.

Republicans in the Ways and Means Committee debated this new spending scheme at length during the bill's markup. During that debate, we found out that States could use taxpayer money to buy hybrid Lexuses for State employees, construct indoor rainforests, distribute complimentary copies of Al Gore's ''An Inconvenient Truth'' in every classroom, or hand out energy-efficient light bulbs.

In my view, the new tax credit bond programs this legislation creates will fail to do anything to secure our Nation's energy independence because there is no requirement that they reduce greenhouse gases or increase energy production.

The bill, however, does have a few bright spots. It includes measures I have supported on plug-in vehicles, solar energy and energy-efficient programs for appliances and homes. I believe these initiatives have the potential to have significant impact on energy conservation.

I am disappointed the underlying bill does nothing to promote hybrid and advanced-technology diesel vehicles. In 2005 the Energy Policy Act was enacted. It included legislation that provided tax credits to consumers for the purchase of a new hybrid and advanced-technology diesel vehicle. With this tax credit, Americans can knock hundreds or thousands of dollars off the sale price of a clean fuel car or truck. This bill does nothing to help consumers better afford hybrid or advanced technology diesel vehicles.

In closing, I urge my colleagues to reject this flawed bill.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. NEAL).

Mr. NEAL of Massachusetts. Mr. Speaker, imagine Republicans today saying that they don't trust local government and local decision-making. As a former mayor, let me tell you, that is where much of the great creativity and innovation takes place, in America's cities and town halls.

There is an opportunity here to experiment. This is using a Republican argument. What might work well in Arizona might not work well in Connecticut, or vice versa. This is an opportunity to hear from the mayors of America, to hear from the town halls, to hear from legislative leaders and Governors. They are the people every day who make important decisions.

Are Republicans saying at this moment they have contempt or mistrust of local decision-making? That has been almost the phrase that they have adopted for the last 25 years: ''turn decision-making back to local government.'' There are different regional problems that demand different regional solutions, and this offers the opportunity.

Lastly, our friend, the gentleman from Pennsylvania, said it was good for the blogosphere. One thing we know about Republicans, if they thought they could drill for oil in the blogosphere, they would give it a go.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield myself 15 seconds.

As a former city controller, I look to a future time when I can bring my friend from Massachusetts up to speed on why with good reason we think there needs to be aggressive auditing and oversight of local governments.

Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. WELLER), a member of our committee.

Mr. WELLER of Illinois. Mr. Speaker, I reluctantly rise in opposition to this legislation before us today. I generally enjoy working with Chairman RANGEL and my subcommittee chairman, Mr. MCDERMOTT, and Mr. NEAL, people I enjoy working with. But it is hard to support policy that fails to include some good ideas. We should have a bipartisan bill before us today, and the issue is this bill fails to build on the successes of the 2005 energy bill.

The district that I represent south of Chicago, cities like Joliet, a lot of rural communities, bedroom communities, was a big winner in the 2005 energy bill. Thanks to the incentives for wind and biofuels, ethanol and biodiesel, we are seeing hundreds of millions of dollars of new investment in wind energy and biofuels in the district that I represent, thanks to the energy bill of 2005. I was hoping we would build on that. I was also hoping that this legislation would include good ideas about energy conservation.

We made one of the centerpieces of the 2005 energy bill incentives for homeowners to make their home more energy efficient. It said that about 20 percent of the energy we consume is consumed in our home, and we included a tax credit for homebuilders as well as homeowners to invest in better insulation and better windows and better roofs and better heating and cooling technology, and they could save on that investment and, in the long term, save on energy consumption.

It is estimated that today about 65 percent of U.S. homes are not insulated adequately, according to Harvard. That same study said if they were insulated properly, we would reduce the need to import 76 supertankers of crude oil from Saudi Arabia or Venezuela or some other foreign country. So energy efficiency is a key part of our strategy for energy independence. Also, because you are consuming less, you reduce climate change.

We should have extended the tax credit for existing homes. We should have extended the tax credit for new homes. Let's give tax incentives to those who want to bring energy efficiency to home.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentlewoman from Pennsylvania (Ms. SCHWARTZ).

(Ms. SCHWARTZ asked and was given permission to revise and extend her remarks.)

Ms. SCHWARTZ. Mr. Speaker, I stand here today to be not only supportive, but enthusiastic about this legislation. It does very much what we have all been talking about really actually for hours today, about the fact that it embraces our ingenuity, our innovation and our deep interest in energy efficiency and conservation and in new technologies.

In fact, this legislation provides for tax credit bond financing, to make sure that our cities and our States can move forward in helping our people be able to do this. There are special provisions to make sure that people can make sure their homes or residences are more energy efficient. It uses tax credits to do that.

And there is a provision I have worked on particularly to make sure that our largest commercial buildings can be the most energy efficient that we know they can be. We know that giving them some tax incentives to make sure that our commercial buildings are as energy efficient will help us not only today, but for 50 and 75 years in the future.

So I support this legislation. I am proud of it. I think we have used our public dollars in a very creative and important way.

Mr. Speaker, I rise in support of the Renewable Energy and Energy Conservation Act.

This bill redirects $16 billion in oil industry tax giveaways into the development of renewable energy and energy conservation—setting a new direction for U.S. energy policy and putting the Nation on a path to energy independence.

This new direction provides tax incentives for alternative sources of energy—renewable, American-made sources, including wind, geothermal, solar, fuel cells, and bio-diesel;

This new direction invests seriously in energy conservation, providing tax incentives for energy efficient vehicles, energy efficient buildings and energy efficient appliances;

And, this new direction empowers local and State governments, through new tax credit bonds, to invest in local initiatives that reduce energy use such as public transit, green buildings, and renewable energy production;

We are serious about putting America's innovation and talents to work to develop and distribute new sources of American-made energy for American businesses and American families.

I am particularly proud that this bill contains a 5-year extension of the energy efficient commercial building tax deduction, which I proposed in my Buildings for the 21st Century Act.

The building industry can play an important role in enabling America to meet its future energy needs by being models of energy efficiency. Buildings account for 39 percent of total U.S. energy consumption and 71 percent of total U.S. electricity consumption.

We must take advantage of this moment to ensure that the next generation of buildings are constructed to the highest efficiency standards, and my proposal, contained in this legislation, which is supported by the American Institute of Architects, the U.S. Green Building Council, and the National Electrical Manufacturers Association, will ensure that happens.

I urge a yes vote because this legislation recognizes our ingenuity, innovation and technology as a Nation and moves the Nation forward towards energy efficiency, conservation, and energy independence.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, how much time is remaining on both sides?

The SPEAKER pro tempore. The gentleman from Pennsylvania has 13¾ minutes, and the gentleman from Washington has 22½ minutes.

Mr. ENGLISH of Pennsylvania. Obviously I am going to reserve the balance of my time at this point.

Mr. MCDERMOTT. Mr. Speaker, I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Speaker, having the right to close, I will reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Can the gentleman enlighten us on how many speakers he has remaining, or is he prepared to close now?

Mr. MCDERMOTT. At this moment, we haven't heard anything to respond to. All we have heard is a defense of the insurance companies.

The SPEAKER pro tempore. The gentleman from Washington will suspend.

The gentleman from Washington reserves.

The gentleman from Pennsylvania is recognized.

Mr. ENGLISH of Pennsylvania. Then I reserve the balance of my time.

The SPEAKER pro tempore. The gentleman from Washington has the opportunity to close.

The gentleman from Pennsylvania is recognized.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, is he prepared to close then?

The SPEAKER pro tempore. The gentleman from Washington has reserved his time, as is his prerogative.

The gentleman from Pennsylvania is recognized.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Speaker, this bill and the bill that just passed before us is a fiscal Frankenstein. It is a typical pattern: more budget gimmicks on spending, more tax increases.

Last week, a farm bill passed. Budget gimmicks, tax increases. Earlier this week, the SCHIP bill passed. Budget gimmicks, tax increases. Today, right now, these energy bills are passing. What are they? Budget gimmicks, tax increases.

Right now, the bill that just passed before had $6 billion in savings that were used last week in last week's farm bill, all to give the appearance that the majority is keeping their word on their PAYGO.

More importantly, these bills, in addition to their budget gimmicks, raise taxes on consumers. This will cost our constituents at their pocketbooks and at the pump.

The worst part of this bill, I think, aside from the fact that it seeks to pick winners and losers in the marketplace, to do nothing, nothing, to reduce our dependence on foreign oil, to reduce our independence, it has $6 billion of walk-around money, of green pork, for large city mayors and Governors. No accountability. Just as long as it is in the spirit of green, in the spirit of, you know, energy, you get the money.

Every time we have ever built a new program before, as this one does, you have example after example of waste, fraud and abuse. It doesn't do a thing to help the environment, it doesn't do a thing to help our fiscal balance sheet, but it does everything to create a new program that wastes money, that requires higher taxes.

We are seeing a consistent pattern here: more spending gimmicks and more tax increases. These tax increases will raise prices. They will raise prices on energy. They will raise gas prices.

This is a missed opportunity, and the missed opportunity is we could have worked together to make ourselves less dependent on foreign oil, do a better job on energy conservation, and advance the cause for renewables.

Sadly, this does not do it, because it is more budget gimmicks and spending increases.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, while I agreed with my friend from Wisconsin about the farm bill, he could not be more wrong when it comes to what is happening here on this energy legislation.

First and foremost, it is not just the appearance of PAYGO. We are rolling up our sleeves and actually funding this legislation, instead of the borrow-and-spend policies that we have seen the other side of the aisle practice for the last 12 years. We have a bipartisan ''pay-for'' that was approved in the first hours of this session, closing an unnecessary loophole that was snuck in in the last session of Congress.

The notion about picking winners and losers is also wrong. With the leadership our Chair of the select committee, Mr. NEAL, we had extensive hearings to listen to what happened across-the-board in terms of alternative energy. We have rationalized how they are treated for subsidizing wind, for solar, for biomass, for wave energy, a whole range of alternative energy sources.

We are not picking winners and losers. We are extending tax subsidies, and we are treating them all fairly to let the marketplace act. We are increasing the supply of energy. By providing incentives for domestic production of alternatives it is going to make a huge difference. And we are relying on the energy and activity of cities and States across the country that are far ahead of the Federal Government when it comes to dealing with global warming, with dealing with energy efficiency. We have at least 612 cities that have already initiated their own Programs of Kyoto compliance. We are

providing some resources to help them do something about it.

Last, but not least, we are closing the egregious loophole that had the Federal Government subsidize the purchase of the largest, most energy-inefficient luxury cars. We have closed that hummer loophole. We are instead using this money to provide opportunities for using smaller, more fuel efficient vehicles; and we are subsidizing plug-in hybrids, a very good trade off.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, it is my privilege to yield 2½ minutes to the gentleman from Texas (Mr. BRADY), a member of our committee.

Mr. BRADY of Texas. Mr. Speaker, this bill does do some good things, no question. It does focus on renewable energy, providing incentives for plug-in hybrid vehicles. It encourages energy-efficient homes and appliances in buildings. All of that is very good. We need to be more green as a country, and we need to have a balanced portfolio. Without question. But this is, I think, an extreme way, in some ways even a vindictive way, to achieve it.

In this bill, we create a tax on suburban moms for buying Explorers to take their children around town. We punish American companies for creating jobs here in America. We punish them for creating energy here in the United States.

There are 1.8 million jobs related to energy. What this bill does is encourage outsourcing. It actually decreases production in the U.S. of oil and gas and punishes companies for investing in the United States, a tax break that was not singled out for oil and gas. In fact, 73 Democrats on this floor supported the investment in new manufacturing and new investment in the United States.

This bill increases dependence on foreign oil; cripples America's fledgling biodiesel industry. It kills a major renewable diesel problem. There is no nuclear, no hydrogen, no new refineries, no transmission lines, no coal-to-liquid, no clean coal technology.

But it does have a study on the carbon footprint of the American Tax Code, which surely ranks just below suing OPEC as an effective way to lower prices.

Whether you call this a ''$6 a gallon gas'' bill, a ''hug Hugo Chavez'' gas bill, a ''less energy'' tax bill, the fact of the matter is we all want a new direction. But we want a new direction away from higher prices. We want a new direction away from dependence on foreign oil.

The truth is, we have to get serious about lessening our dependence on foreign oil. Light bulbs alone won't do it. New production of oil and gas, along with these new renewables, will.

Mr. MCDERMOTT. Mr. Speaker, I yield 30 seconds to the gentleman from Oregon (Mr. BLUMENAUER) to answer the arguments presented.

Mr. BLUMENAUER. Mr. Speaker, my good friend from Texas doesn't understand, I fear, how the Hummer loophole works. It is not the suburban mom running around with their kids in a Hummer or a Cadillac Escalante. It only is for business use that the Hummer loophole applies.

We are closing it for business use, so there is not an extra incentive for somebody to buy the largest, most fuel inefficient vehicles, and gives them a tax break that they won't give to somebody who buys a Ford Taurus.

□ 1845

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, with the passage of the energy bill just approved and the passage of this energy bill today, we move America in a historic direction, a new direction on energy, not just away from our overdependence on fossil fuels, but away from our overdependence on fossilized ideas like those that have dominated this House for the last 12 years.

One of those fossilized ideas is that it is okay to keep borrowing from our grandchildren. So today the reason that we hear talk about higher taxes on a bill that is basically revenue neutral, that doesn't borrow from our grandchildren and doesn't raise significant new revenues, but rather restricts and evaluates our tax credits to determine how they can be most effective, is that they don't understand this new kind of thinking.

Just as they favored foreign corporations over farmers last week, today they favor fossilized energy over new energy and energy independence.

You know, going green is not just about securing a healthy planet to raise our children. It is creating opportunities for jobs and economic development in biodiesel and in renewable energy like solar and geothermal power. New technologies bring new opportunities. A new class of jobs are being created, neither blue collar nor white collar but green collar jobs of many types from green energy.

It is a matter of recognizing that some boondoggles come along, like where a oil company decides it will drop a little dab of grease in its petroleum byproducts in order to claim a renewable biodiesel tax credit and destroy a new emerging industry like our biodiesel companies and our biofuels companies that are helping us become energy independent.

So this is a bill about jobs and about evaluating the oversubsidization of a fossil fuel industry and moving to new energies, biodiesel, recognizing the power of solar power, plug-in hybrids, recognizing that we can become the leaders in the world in green jobs, green collar jobs. This bill offers us a chance to lead on green energy, not become green with envy as other countries leap over us.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield 30 seconds to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Speaker, we are told this bill is fully paid for and is fiscally responsible. But how many times have we seen this same tax break on the floor supposedly paying for another bill? Is it the second time, third time? I don't mind double-counting, but there is something offensive about triple-counting. I think that is what got Enron in trouble in the first place.

Today we are using this as an excuse to raise taxes and cut jobs and cut energy production here. It is not fiscally responsible.

And by the way, the tax on SUVs is not Hummers. It is above $15,300, and that is a lot of Explorers and a lot of small business vehicles.

Mr. MCDERMOTT. Mr. Speaker, I yield to the gentlewoman from Nevada (Ms. BERKLEY) for a unanimous consent request.

(Ms. BERKLEY asked and was given permission to revise and extend her remarks.)

Ms. BERKLEY. I thank the gentleman for yielding.

Mr. Speaker, I rise today in support of energy independence, national security and weaning ourselves off of Middle Eastern oil.

It is sheer madness that—6 years after 9/11—we still rely on unstable and dictatorial regimes like Saudi Arabia to feed our oil habit. They have shown time and time again that they care nothing for international peace, peace in the Middle East or helping us find a solution for the debacle in Iraq: We know they use our oil dollars to fund terrorist organizations like Hamas, and Sunni insurgents in Iraq. And yet we still send them billions of dollars a year in oil revenues, because we are so dependent on their oil to fuel our energy needs.

We are funding both sides of the war on terror. No country on Earth has ever successfully fought a war against itself. This bill is a step in the right direction by funding alternative, clean energies that will set America on the path to energy independence.

With Mr. RANGEL's leadership, my colleagues and I on the Ways and Means Committee have expanded and extended the tax credits for plug-in hybrid vehicles, cellulosic alcohol, ethanol and biodiesel.

This package also promotes alternative fuels by providing assistance for the installation and conversion of E–85 fuel pumps and the production of flex-fuel vehicles that run on renewable fuel. Another provision encourages the domestic development and production of advanced technology vehicles and the next generation of vehicle batteries and plug-in hybrid vehicles.

Our addiction to oil has gone on long enough. It is time we declare independence by harnessing the Sun, wind, geothermal, biomass and other clean renewable technology, so that future generations of Americans won't have to rely on our enemies to satisfy our energy needs.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

I'm sorry, it seems like the gentleman from Texas has forgotten what happened in the early hours of this session. We passed H.R. 6; 36 of your Members voted for it, to close the tax, to

set the money aside to be put into this bill when we decided what were reasonable uses of that money. It has never been used before. This funding source has not been used ever on this floor before, so you are incorrect in your assertion.

Mr. Speaker, I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield 2 minutes to a member of our leadership, who is also a member of our committee, the gentleman from Virginia (Mr. CANTOR).

Mr. CANTOR. Mr. Speaker, I rise in opposition to this bill. Frankly, I think that the American people are looking for some common sense when we talk about an energy plan. I don't think there is any disagreement among my colleagues in this House that we certainly ought to be looking at ways to diversify our energy sources. There is no question.

But I think that the imperative, and that most Americans would agree, that we must first look to securing our energy independence. I would dare say there aren't many experts out there who would predict that we can establish our energy independence through the tax benefits allowed through this bill.

I think most Americans would agree we do have a fossil fuel economy. And given the instability around the globe today, it is imperative that we do all we can to support our domestic production industries so that we do not, do not find ourselves on the receiving end of the global pricing structure or from other countries that we rely on for our global energy supplies.

With that, I would posit, Mr. Speaker, that $14 billion in taxes on our production industry will do so much to damage the incentive to see an increase in domestic production, much less do anything to help our constituents and the people of this country when they go to the pump and see prices nearing $3 a gallon.

So I don't see the common sense in this bill. My colleagues have already talked about the $6 billion in taxpayer funds that are going to flow to localities unfettered. These are taxpayer dollars. These are not our dollars. This kind of allocation of funds deserves some transparency. This reminds me of some of the hidden funds that we see in many of the other bills, and that somehow this money is going to show up and add to our energy independence.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman just made some arguments. He said the country is like a supertanker and we are heading for the rocks and we shouldn't change the direction. No, no, no, we should keep going right straight into the rocks.

Now if you want to criticize this bill for not doing enough, I will go along with you, and I think there are many other Members on our side. But our problem is we can't seem to get any help from the other side to turn the wheel even a half inch. They say oh, if you take money away from the oil industry; they don't want to pay for anything, Mr. Speaker. They simply want to run on the rocks and the Democrats are not going to run this country onto the rocks.

We are going to change the direction we are going with energy. This bill is not the answer to everything. It is not as much as it should be or could be, but we are going in the right direction.

Mr. Speaker, I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, how much time remains on both sides?

The SPEAKER pro tempore. The gentleman from Pennsylvania has 7 minutes remaining. The gentleman from Washington has 16½ minutes.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, is it not generally the obligation of the Chair to invite the two sides to even up time to some extent?

The SPEAKER pro tempore. Does the gentleman from Washington seek recognition?

Does the gentleman from Pennsylvania seek recognition?

Mr. ENGLISH of Pennsylvania. I will defer to the gentleman.

Mr. MCDERMOTT. Mr. Speaker, is closing the right of the majority?

The SPEAKER pro tempore. The gentleman is correct.

Mr. MCDERMOTT. I reserve the balance of my time to close.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, do I understand the gentleman is now prepared to close?

The SPEAKER pro tempore. Does the gentleman from Pennsylvania seek to yield time?

Mr. ENGLISH of Pennsylvania. Mr. Speaker, is it our understanding that the gentleman is prepared to close?

The SPEAKER pro tempore. Does the gentleman yield to the gentleman from Washington to ask a question?

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I would hope I wouldn't have to yield any time to determine this.

The SPEAKER pro tempore. The gentleman from Washington has the right to close.

Mr. ENGLISH of Pennsylvania. Is the gentleman prepared to close?

The SPEAKER pro tempore. It is the prerogative of the gentleman from Pennsylvania to yield time to the gentleman from Washington to inquire as to that.

Mr. ENGLISH of Pennsylvania. Very well. I will yield 5 seconds.

Mr. MCDERMOTT. No, I'll take my own time. I'm prepared to close.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, in that case, I would like to yield 3 minutes to one additional speaker, a gentleman who I think has proven himself in this particular policy area for many years, and I think a good Democrat, the gentleman from Texas (Mr. GENE GREEN).

(Mr. GENE GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. GENE GREEN of Texas. Mr. Speaker, I thank the gentleman. And if I had known we had so much time on our side, Jim, I would have asked you for time.

Mr. Speaker, I begin by stating how disappointed I am to come to the House floor today and speak against one of this Congress's first major energy initiatives. It pains me because I truly support the bill's goals of promoting clean, domestic, renewable energy.

What I disagree with is how this Congress chooses to pay for these worthy initiatives. I understand we have a budget deficit and funds for new alternative energy programs are in short supply, but like a broken record, this Congress continues to raid the piggybank of America's energy producers.

Now I know it makes great press releases to say this Congress is taking away the record profits of big oil to invest in renewable energy. But are we drafting press releases or are we drafting sound policy?

Earlier this year, I stood on the floor and supported H.R. 6, the Clean Energy Act, which included many of the same tax provisions as the bill today, and I encouraged my colleagues at that time to do the same. While I had concerns, it could reduce incentives for domestic production, the bill did not include more punitive measures that could destabilize our Nation's gasoline supply even further.

As a show of good faith during that critical 100 hours for our new majority, I voted for that bill. But I expressed my support for H.R. 6 on the floor concluding with my remarks with one important message: If we hit one industry for billions and billions of dollars, you can't go back for more and more and expect enough gasoline for our cars and fuel to heat and cool our homes.

Only 6 months later, here we are again, only this time we are almost doubling the amount of taxes on U.S. oil and gas companies. I am not here to protect the interest of big oil, I am here to protect the interests of the American consumer who relies on those critical energy supplies. And I'm here to protect the jobs of U.S. workers.

Neither of these interests are advanced if we in Congress continue to view America's energy industry as the ATM for Congress.

Everyone agrees we must invest more in renewable sources of energy, but this isn't a buffet. We don't have the luxury to pick and choose which energy resources our Nation will rely on. The Energy Information Administration predicts that natural gas, oil and coal will comprise approximately the same share of our total energy supply in 2030 as it did in 2005, even with the new investments for renewable energy. That is why our Nation's energy security requires tax policies that promote greater supplies of these fuels, not policies that hinder domestic production and refinery capacity.

H.R. 6 included tax provisions that brought in $7.7 billion, mostly from the section 199 repeal. That same section now scores $11.4. In only 6 months, the same proposal has increased in cost by an additional $4 billion.

This large increase in new taxes targeted at the U.S. energy industry will reduce our Nation's energy security by discouraging domestic oil and gas production, discouraging new investments in refining capacity, and actually tilting the competitive playing field for global energy resources against U.S.-based oil and gas companies.

I've heard many Members of this chamber preach to the energy industry on the need to reduce the cost of gasoline for consumers and invest more in refinary capacity.

Can anyone tell me how increasing their taxes could possibly accomplish these twin goals?

From 1992–2006 the five major oil companies invested $765 billion in new capital energy infrastructure, compared to their net income of $662 billion.

These companies invested more than they earned, and less money in their coffers means less money for critical infrastructure investments.

And finally, let's talk about jobs. In the United States, there are almost 1.9 million Americans directly employed in the oil and natural gas industry and almost 6 million total U.S. jobs resulting from oil and gas activity when indirect and other employment is considered.

Increasing costs on the domestic oil and gas industry, and on U.S. based oil and gas companies operating abroad, will jeopardize these highpaying jobs.

So before this Congress makes yet another ATM withdrawal from the oil and gas industry, let us not ignore the big picture of ensuring Americans have a stable supply of energy to help move us towards our long term goals of cleaner energy sources.

I urge my colleagues to vote for sound energy policy and vote against this bill.

Mr. ENGLISH of Pennsylvania. Does the gentleman have any additional speakers?

Mr. MCDERMOTT. No. I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. I yield 1 minute to the gentleman from Texas (Mr. GOHMERT).

Mr. GOHMERT. Mr. Speaker, I thank my friend from Pennsylvania.

We are told this is a new direction. This isn't a new direction. This isn't new thinking. We saw it 30 years which brought gas shrines. We saw it 30 years ago, and it brought us gas lines. We had a chance in this bill to fix a lot of problems.

We lost in my district, down in Lufkin, Texas, home of Charlie Wilson, we lost nearly 1,000 hardworking union jobs because natural gas was too expensive. We have lost a whole bunch more, and are in danger of losing more in Longview because natural gas is too high. We could have addressed that and fixed that.

But I guess the good thing that came out 30 years ago was that the gas lines and the problems that arose and the high gas prices brought us Ronald Reagan, and people's memories have waned some.

But this is Saturday, and there are not many people watching, but please note that when the policies in this bill end up helping gas run up to $5 a gallon—yes, it will help alternative fuels, but we would have gotten there eventually anyway. But please note that when it gets to $5 a gallon and more people, including union people, are losing their jobs, they will ultimately note and voters will long remember.

So long live gas lines and Jimmy Carter's legacy.

□ 1900

Mr. ENGLISH of Pennsylvania. Mr. Speaker, how much time do we have remaining?

The SPEAKER pro tempore. The gentleman from Pennsylvania has 3 minutes remaining.

Mr. ENGLISH of Pennsylvania. And may I confirm again that the gentleman is prepared to close?

Mr. MCDERMOTT. Yes.

Mr. ENGLISH of Pennsylvania. Thank you. In that case, I yield the balance of our time to a member of the Ways and Means Committee and the ranking member of the Budget Committee, the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Speaker, I appreciate the gentleman yielding.

I rise in opposition to this for a number of reasons. Does anybody on Earth think that by raising taxes on oil and gas that we're not going to raise prices on oil and gas? Does anybody believe that we're not going to raise gas prices with this bill? Does anybody believe that we're not going to make it more expensive for people to heat their homes? Does anybody believe we're not going to make us more dependent on foreign oil? That's what this bill does. This bill raises gas prices, makes it more expensive for us to heat our homes, make us more dependent on foreign oil, and less competitive internationally.

It could have been a good bill. It could have done more to make us less dependent on foreign oil. It could have helped us do more to make us energy independent, renewable. And why are we raising all these taxes? So we can come up with a new pork barrel spending program to give to big cities to spend as they wish.

Why on Earth would we do that when we're going to make our constituents pay higher gas prices? The intentions are noble. The delivery is bad. This policy has been tried before, and it has failed.

I urge defeat of this bill because it is a missed opportunity. It's a missed opportunity to a real bipartisan success, like we had in the Energy Policy Act of 2005, where we invested in hydrogen, in renewable energy, in conservation and, yes, in more domestic production. That's what we should do. You can't do one and not the other.

We need to produce more energy here so we're less dependent on foreign oil. That's very important. This does none of that. It goes in the wrong direction.

We need to incentivize conservation. There's some conservation incentives here. We need to do more on renewables and do it in such a way where it's not picking winners and losers; where the best technology gets funded. Sadly, this bill says we're going to pick this technology and not that technology, and by doing so, we're hurting tomorrow's breakthroughs, tomorrow's innovations.

What we really ought to do is make us less dependent on foreign oil, lower gas prices, lower home heating costs, more conservation, and not pick winners and losers, and incentivize tomorrow's breakthroughs so the genius of America can continue to expand and come up with those new technologies we never heard of before.

Sadly, this prevents that from happening. It disincentivizes that. I urge a ''no'' vote because we shouldn't be raising taxes, doing budget gimmicks and making it more expensive for us to take our kids to school, to go to work and heat our homes.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

This is really a defining moment for the Congress, Mr. Speaker, and how we vote will define whether we embrace the future or cling to the past that is destroying us.

Now, the last speaker talked about somehow, if we take back some of the obscene profits from the oil industry and use it to develop alternative energy and to invest in conservation measures around this country, that that will be the end of the Western World as we've known it. Between 2004 and 2006, oil companies experienced profit increases of an average of 62 percent, some of them as high as 117 percent. Now, oil profits, in the dictionary, that would be obscene, and anybody who thinks we're destroying the oil industry here simply is unwilling to look at the facts.

Supporting this energy legislation is really a vote to move toward our national security because our addiction to oil makes us vulnerable to foreign countries and keeps our soldiers fighting and dying in Iraq. No one here in this House still believes that oil wasn't a major reason why we went into Iraq.

Supporting this energy legislation is a vote to strengthen America's domestic economy because our addiction has made the American people vulnerable to punishing and unrelenting price shocks. We didn't start the increase in prices in energy. Gasoline prices weren't started in here by raising taxes. If you think that the oil companies, I don't know if there's anybody in this country who thinks that the Congress is what makes the oil prices go up, the gasoline prices.

Now, supporting this energy legislation is also a vote to save our planet,

because addiction to oil has placed us on a collision course with global warming. Every witness who came before the Ways and Means Committee, whether they were called by the Republicans or the Democrats, agreed that global warming is something we must deal with. The arguments I hear are not about whether there is global warming. The question is how should we deal with it how quickly, what's the best way.

Now, you either turn back now and we will face economic calamity and planetary catastrophe, that's a choice you guys can make, or turn back now and we fail the American people in our global responsibility.

The choice is very clear. The choice is really easy, and the need is urgent for our children, for our grandchildren, for the planet.

I ask all the Members to support this legislation.

Mr. LEWIS of Georgia. Mr. Speaker, I rise today in support of greater energy efficiency. I read an article recently about the residents of Gudda, a small village in India, who are harnessing the Sun's power to bring light into their homes when the Sun sets. This tiny village has nothing; no power lines to bring electricity, no real roads for vehicles to bring food and supplies, water is scarce, and yet this village has easily succeeded to make use of alternative energy. Gudda has shown that being green is easy and can be done by anyone!

The time has come for America to lead the world in the fight against climate change and in protecting our environment. We must not delay as we move toward energy independence.

Alternative energy means new jobs for Americans, lower energy costs and more technology that we can export to other countries. This legislation does more than fight global warming and protect our environment, it will strengthen our economy and make the United States the leader in providing alternative energy.

Let's show the world that the United States cares about global warming and is willing to do something about it. Let's show the world that our talent and technology will improve lives around the world. Let's vote for this bill today.

Mr. NEAL of Massachusetts. Mr. Speaker, I rise today to support an energy bill that puts our country on a greener energy path. The tax provisions will expedite the adoption of green energy from solar, wind, biofuels, geothermal and other environmentally friendly sources.

The $16 billion energy tax package helps energy stakeholders and communities to invest in renewable sources as well as energy conservation and efficiency.

One of the new and more progressive tax provisions is an energy conservation bond program which helps municipalities finance conservation projects that reduce greenhouse gas emissions. Massachusetts stands to receive over $76 million through this program and since the largest cities and counties are given priority in this program, Springfield, Massachusetts, would be eligible for $1.8 million in bonding authority helping to lead the way to a greener Massachusetts.

Mr. Speaker, this legislation takes an innovative approach to new technologies and ideas to promote greener energy. The incentives are not narrowly focused on energy industry players alone. Consumers are also given incentives to make energy-efficient investments in their homes and properties, which represents a holistic approach to lessening our reliance on fossil fuels and towards a greener, cleaner America.

Mr. STARK. Mr. Speaker, I rise today in support of ending senseless tax breaks and subsidies for giant oil and gas companies and making needed investments in clean energy and efficiency. Although I support the energy package before us today, I urge my colleagues to realize that this is a small, first step. There is a tremendous amount of work to be done to confront global warming and shift our nation away from our addiction to fossil fuels.

Today we have an opportunity to greatly increase energy conservation by setting new efficiency standards for appliances and promoting carbon-neutral green buildings. These two steps will prevent as much as 10 billion tons of carbon dioxide from entering the atmosphere. In addition to these measures, I strongly support the Udall-Platts amendment to establish a Renewable Electricity Standard, which will ensure that 15 percent of our electricity is produced through renewable sources by 2020.

In 2006 the top five oil companies raked in record-breaking profits of over $119 billion. As President Bush himself has admitted, there is no need to give oil companies taxpayer-funded subsidies when the price of oil is at or near all time highs. I support the tax portion of the package that ends $16 billion in tax breaks for companies like Exxon/Mobil and closes the ridiculous loophole that has allowed business owners a $25,000 deduction for purchasing a gaz-guzzling Hummer. The savings generated are then invested in developing clean energy.

My support for the energy package is tempered by the fact that it does not include any increase in our woefully out-of-date CAFE standards. I am also troubled that we are continuing to subsidize corn-based ethanol production. A simple shift from gasoline to ethanol will do nothing to reduce greenhouse gas emissions, but it will eat up open space and continue to drive up food prices.

Both bills make important progress and I urge my colleagues to support them. However, larger changes, such as a carbon tax, are needed if we are serious about stopping global warming.

Mr. THOMPSON of California. Mr. Speaker, my district—California's First Congressional District—provides ample evidence of the importance of renewable energy. My district is home to The Geysers, the largest complex of geothermal power plants in the world—which can generate enough energy to run over 750,000 homes. My district is also home to California's best wine country and wineries that use solar systems to generate all of their electricity.

This legislation extends and improves Federal incentives for renewable energy production so that States across America can follow California's lead.

We extend the tax credit for the production of biomass, geothermal, wind, and many other types of renewable energy. We extend the solar investment tax credit for 8 years providing long-term stability to that industry. We expand existing and create new incentives for taxpayers to make their homes and their businesses more energy efficient. And we make an investment in technology known as ''smart meters''—tools that will allow consumers to better manage their electricity usage during peak hours.

I have some concerns with the language in this section that refers to net metering, but I am confident that we can use the conference process to clarify these specific provisions.

Mr. Speaker, this legislation makes a critical investment renewable energy, and it does so without increasing the Federal deficit by a dime.

The new Democratic Leadership has made a strong commitment to fiscal responsibility and this legislation meets the rigorous Pay-As-You-Go requirements of the 110th Congress.

I am proud of this investment in alternative energy and I urge an aye vote on this legislation.

Mr. CONYERS. Mr. Speaker, today I rise in support of H.R. 2776. Every day we see the effects of global warming and it is imperative the Congress act on this critical issue. It is important that we continue to improve our environment as we strive to fight the effects of global warming. H.R. 2776 would implement tax incentives to encourage the production of renewable resources and other energy efficient programs, necessary measures towards fighting global warming. There are many groups, businesses and trade organizations who join me in supporting this bill including Greenpeace, General Electric, Friends of the Earth, Public Citizen, Sierra Club, and Whirlpool.

H.R. 2776 will use tax credits and incentives to increase the use of renewable and alternative fuels. It will extend the renewable energy tax credit for those who choose to use renewable energy sources such as wind facilities, hydropower, and marine renewable energies. The bill will also continue providing the solar energy and fuel cell investment credit by extending a 30 percent investment tax credit for 8 years. Finally, this bill will provide tax incentives for renewable fuels such as biodiesel, renewable diesel, celloslosic alcohol.

In addition, this legislation promotes the use of energy-efficient products to reduce the Nation's consumption of energy. It provides tax incentives for consumers to purchase energy efficient products such as hybrid vehicles and to outfit workplaces with energy efficient products. Manufacturers are also granted tax incentives encouraging them to create energy efficient products. H.R. 2776 builds a partnership between Federal, State, and local governments that would provide local authorities the ability to raise interest free funds for energy conservation programs in mass transit and green buildings.

Furthermore, H.R. 2776 will increase funding to encourage the research and development of renewable energy. This bill provides billions to States to give low interest loan programs to working families to purchase energy-efficient appliances and energy-efficient home improvements such as solar panels, insulation or geothermal heat pumps. These energy saving improvements will dramatically reduce energy consumption. This legislation also grants interest free loans for research facilities and research grants for the development of celloslosic ethanol, cleaner carbon dioxide, and automobile battery technologies.

H.R. 2776 also repeals a tax loophole. The bill limits the ability of oil and gas companies

to claim foreign tax credits, while leaving significant tax breaks untouched. Yet, this provision has no impact on oil and gas production in the United States, providing additional revenue to the U.S. treasury.

Mr. Speaker, Southeast Michigan has been hit hard due to the Bush administration's misguided trade policy. Governor Granholm unveiled a 21st century job initiative where billions of dollars will be invested in developing new technologies and emerging industries. In my hometown of Detroit, Next Energy, a 501 (c)3 organization that promotes renewable energy, will directly benefit from these tax breaks because they have made impressive strides in automotive and electric power.

I believe, this piece of legislation will directly contribute to providing jobs to my constituents, end America's addiction to oil, and hopefully transform the automotive industry. I urge my colleagues to support H.R. 2776.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 615, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. ENGLISH OF PENNSYLVANIA

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. ENGLISH of Pennsylvania. I am indeed, in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. English of Pennsylvania moves to recommit the bill H.R. 2776 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Renewable Energy and Energy Conservation Tax Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—PRODUCTION AND INVESTMENT INCENTIVES

SEC. 101. EXTENSION OF RENEWABLE ENERGY CREDIT.

(a) IN GENERAL.—Subsection (d) of section 45 (relating to qualified facilities) is amended by striking ''January 1, 2009'' each place it appears and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 102. EXTENSION OF ENERGY CREDIT.

(a) IN GENERAL.—

(1) QUALIFIED FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(2) QUALIFIED MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(3) SOLAR PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment this Act.

SEC. 103. EXPANSION AND MODIFICATION OF ADVANCED COAL PROJECT INVESTMENT CREDIT.

(a) CREDIT RATE PARITY AMONG PROJECTS.—Section 48A(a) (relating to qualifying advanced coal project credit) is amended by striking ''equal to'' and all that follows and inserting ''equal to 30 percent of the qualified investment for such taxable year.''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48A(d)(3)(A) (relating to aggregate credits) is amended by striking ''$1,300,000,000'' and inserting ''$1,800,000,000''.

(c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

(1) IN GENERAL.—Subparagraph (B) of section 48A(d)(3) (relating to aggregate credits) is amended to read as follows:

''(B) PARTICULAR PROJECTS.—Of the dollar amount in subparagraph (A), the Secretary is authorized to certify—

''(i) $800,000,000 for integrated gasification combined cycle projects the application for which is submitted during the period described in paragraph (2)(A)(i),

''(ii) $500,000,000 for projects which use other advanced coal-based generation technologies the application for which is submitted during the period described in paragraph (2)(A)(i),

''(iii) $300,000,000 for integrated gasification combined cycle projects the application for which is submitted during the period described in paragraph (2)(A)(ii), and

''(iv) $200,000,000 for other advanced coal-based generation technology projects the application for which is submitted during the period described in paragraph (2)(A)(ii).''.

(2) APPLICATION PERIOD FOR ADDITIONAL PROJECTS.—Subparagraph (A) of section 48A(d)(2) (relating to certification) is amended to read as follows:

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

''(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(B) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

''(ii) for an allocation from the dollar amount specified in clause (iii) or (iv) of paragraph (3)(B) during the 3-year period beginning at the earlier of the termination of the period described in clause (i) or the date prescribed by the Secretary.''.

(3) CAPTURE AND SEQUESTRATION OF CARBON DIOXIDE EMISSIONS REQUIREMENT.—Section 48A(e)(1) (relating to requirements) is amended by striking ''and'' at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting '', and'', and by adding at the end the following new subparagraph:

''(G) in the case of any project the application for which is submitted during the period described in paragraph (2)(A)(ii), the project includes equipment to separate and sequester 65 percent of such project's total carbon dioxide emissions.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 104. EXPANSION AND MODIFICATION OF COAL GASIFICATION INVESTMENT CREDIT.

(a) CREDIT RATE.—Section 48B(a) (relating to qualifying gasification project credit) is amended by striking ''20 percent'' and inserting ''30 percent''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48B(d)(1) (relating to qualifying gasification project program) is amended by striking ''$350,000,000'' and inserting ''$500,000,000 (of which $150,000,000 shall be allocated for qualifying gasification projects that include equipment to separate and sequester 75 percent of such a project's total carbon dioxide emissions)''.

(c) ELIGIBLE PROJECTS INCLUDE FISCHER-TROPSCH PROCESS.—Section 48B(c)(7) (defining eligible entity) is amended by striking ''and'' at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting '', and'', and by adding at the end the following new subparagraph:

''(H) transportation grade liquid fuels.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 105. EXPANSION OF SPECIAL ALLOWANCE TO CELLULOSIC BIOMASS ALCOHOL FUEL PLANT PROPERTY.

(a) IN GENERAL.—Paragraph (3) of section 168(l) (relating to special allowance for cellulosic biomass ethanol plant property) is amended to read as follows:

''(3) CELLULOSIC BIOMASS ALCOHOL.—For purposes of this subsection, the term 'cellulosic biomass alcohol' means any alcohol produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (l) of section 168 is amended by striking ''cellulosic biomass ethanol'' each place it appears and inserting ''cellulosic biomass alcohol''.

(2) The heading of section 168(l) is amended by striking ''CELLULOSIC BIOMASS ETHANOL'' and inserting ''CELLULOSIC BIOMASS ALCOHOL''.

(3) The heading of paragraph (2) of section 168(l) is amended by striking ''CELLULOSIC BIOMASS ETHANOL'' and inserting ''CELLULOSIC BIOMASS ALCOHOL''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 106. EXTENSION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 30C(g) (relating to termination) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 107. EXTENSION OF BIODIESEL AND RENEWABLE DIESEL USED AS FUEL.

(a) IN GENERAL.—

(1) INCOME TAX CREDITS FOR BIODIESEL AND RENEWABLE DIESEL AND SMALL AGRI-BIODIESEL PRODUCER CREDIT.—Subsection (g) of section 40A (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(2) EXCISE TAX CREDIT.—Section 6426(c)(6) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(3) FUELS NOT USED FOR TAXABLE PURPOSES.—Section 6427(e)(5)(B) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 108. EXTENSION OF ENERGY EFFICIENT COMMERCIAL BUILDING DEDUCTION.

(a) IN GENERAL.—Subsection (h) of section 179D (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

TITLE II—TAX CREDIT BONDS

SEC. 201. EXTENSION AND MODIFICATION OF CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—

(1) INCREASE.—Section 54(f) (relating to limitation on amount of bonds designated) is amended—

(A) by striking ''$1,200,000,000'' in paragraph (1) and inserting ''$1,600,000,000'', and

(B) by striking ''$750,000,000'' in paragraph (2) and inserting ''$1,000,000,000''.

(2) EXTENSION.—Subsection (m) of section 54 (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to allocations after the date of the enactment of this Act.

TITLE III—CONSERVATION INCENTIVES

SEC. 301. EXTENSION AND MODIFICATION OF CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) EXTENSION.—Section 25D(g) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) MAXIMUM CREDIT FOR SOLAR ELECTRIC PROPERTY.—

(1) IN GENERAL.—Section 25D(b)(1)(A) (relating to maximum credit) is amended by striking ''$2,000'' and inserting ''$4,000''.

(2) CONFORMING AMENDMENT.—Section 25D(e)(4)(A)(i) is amended by striking ''$6,667'' and inserting ''$13,334''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures made after December 31, 2007.

SEC. 302. EXTENSION OF CREDIT FOR HYBRID MOTOR VEHICLES AND ADVANCED LEAN BURN VEHICLES.

(a) IN GENERAL.—Subsection (j) of section 30B (relating to termination) is amended—

(1) by striking ''December 31, 2010'' in paragraph (2) and inserting ''December 31, 2011'', and

(2) by striking ''December 31, 2009'' in paragraph (3) and inserting ''December 31, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 303. EXTENSION OF NONBUSINESS ENERGY PROPERTY CREDIT.

(a) IN GENERAL.—Subsection (g) of section 25C (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to property placed in service after December 31, 2007.

SEC. 304. EXTENSION OF NEW ENERGY EFFICIENT HOME CREDIT.

(a) IN GENERAL.—Subsection (g) of section 45L (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

TITLE IV—REVENUE PROVISIONS

SEC. 401. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—All property of a covered expatriate shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence, determined without regard to paragraph (3).

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of paragraph (1) shall be reduced (but not below zero) by $600,000.

''(B) ADJUSTMENT FOR INFLATION.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount in subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any amount as adjusted under clause (i) is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the time for payment of the additional tax attributable to such property shall be extended until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF EXTENSION.—The due date for payment of tax may not be extended under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond which is furnished to, and accepted by, the Secretary, which is conditioned on the payment of tax (and interest thereon), and which meets the requirements of section 6325, or

''(ii) it is another form of security for such payment (including letters of credit) that meets such requirements as the Secretary may prescribe.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer makes an irrevocable waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable.

''(7) INTEREST.—For purposes of section 6601, the last date for the payment of tax

shall be determined without regard to the election under this subsection.

''(c) EXCEPTION FOR CERTAIN PROPERTY.—Subsection (a) shall not apply to—

''(1) any deferred compensation item (as defined in subsection (d)(4)),

''(2) any specified tax deferred account (as defined in subsection (e)(2)), and

''(3) any interest in a nongrantor trust (as defined in subsection (f)(3)).

''(d) TREATMENT OF DEFERRED COMPENSATION ITEMS.—

''(1) WITHHOLDING ON ELIGIBLE DEFERRED COMPENSATION ITEMS.—

''(A) IN GENERAL.—In the case of any eligible deferred compensation item, the payor shall deduct and withhold from any taxable payment to a covered expatriate with respect to such item a tax equal to 30 percent thereof.

''(B) TAXABLE PAYMENT.—For purposes of subparagraph (A), the term 'taxable payment' means with respect to a covered expatriate any payment to the extent it would be includible in the gross income of the covered expatriate if such expatriate continued to be subject to tax as a citizen or resident of the United States. A deferred compensation item shall be taken into account as a payment under the preceding sentence when such item would be so includible.

''(2) OTHER DEFERRED COMPENSATION ITEMS.—In the case of any deferred compensation item which is not an eligible deferred compensation item—

''(A)(i) with respect to any deferred compensation item to which clause (ii) does not apply, an amount equal to the present value of the covered expatriate's accrued benefit shall be treated as having been received by such individual on the day before the expatriation date as a distribution under the plan, and

''(ii) with respect to any deferred compensation item referred to in paragraph (4)(D), the rights of the covered expatriate to such item shall be treated as becoming transferable and not subject to a substantial risk of forfeiture on the day before the expatriation date,

''(B) no early distribution tax shall apply by reason of such treatment, and

''(C) appropriate adjustments shall be made to subsequent distributions from the plan to reflect such treatment.

''(3) ELIGIBLE DEFERRED COMPENSATION ITEMS.—For purposes of this subsection, the term 'eligible deferred compensation item' means any deferred compensation item with respect to which—

''(A) the payor of such item is—

''(i) a United States person, or

''(ii) a person who is not a United States person but who elects to be treated as a United States person for purposes of paragraph (1) and meets such requirements as the Secretary may provide to ensure that the payor will meet the requirements of paragraph (1), and

''(B) the covered expatriate—

''(i) notifies the payor of his status as a covered expatriate, and

''(ii) makes an irrevocable waiver of any right to claim any reduction under any treaty with the United States in withholding on such item.

''(4) DEFERRED COMPENSATION ITEM.—For purposes of this subsection, the term 'deferred compensation item' means—

''(A) any interest in a plan or arrangement described in section 219(g)(5),

''(B) any interest in a foreign pension plan or similar retirement arrangement or program,

''(C) any item of deferred compensation, and

''(D) any property, or right to property, which the individual is entitled to receive in connection with the performance of services to the extent not previously taken into account under section 83 or in accordance with section 83.

''(5) EXCEPTION.—Paragraphs (1) and (2) shall not apply to any deferred compensation item which is attributable to services performed outside the United States while the covered expatriate was not a citizen or resident of the United States.

''(6) SPECIAL RULES.—

''(A) APPLICATION OF WITHHOLDING RULES.—Rules similar to the rules of subchapter B of chapter 3 shall apply for purposes of this subsection.

''(B) APPLICATION OF TAX.—Any item subject to the withholding tax imposed under paragraph (1) shall be subject to tax under section 871.

''(C) COORDINATION WITH OTHER WITHHOLDING REQUIREMENTS.—Any item subject to withholding under paragraph (1) shall not be subject to withholding under section 1441 or chapter 24.

''(e) TREATMENT OF SPECIFIED TAX DEFERRED ACCOUNTS.—

''(1) ACCOUNT TREATED AS DISTRIBUTED.—In the case of any interest in a specified tax deferred account held by a covered expatriate on the day before the expatriation date—

''(A) the covered expatriate shall be treated as receiving a distribution of his entire interest in such account on the day before the expatriation date,

''(B) no early distribution tax shall apply by reason of such treatment, and

''(C) appropriate adjustments shall be made to subsequent distributions from the account to reflect such treatment.

''(2) SPECIFIED TAX DEFERRED ACCOUNT.—For purposes of paragraph (1), the term 'specified tax deferred account' means an individual retirement plan (as defined in section 7701(a)(37)) other than any arrangement described in subsection (k) or (p) of section 408, a qualified tuition program (as defined in section 529), a Coverdell education savings account (as defined in section 530), a health savings account (as defined in section 223), and an Archer MSA (as defined in section 220).

''(f) SPECIAL RULES FOR NONGRANTOR TRUSTS.—

''(1) IN GENERAL.—In the case of a distribution (directly or indirectly) of any property from a nongrantor trust to a covered expatriate—

''(A) the trustee shall deduct and withhold from such distribution an amount equal to 30 percent of the taxable portion of the distribution, and

''(B) if the fair market value of such property exceeds its adjusted basis in the hands of the trust, gain shall be recognized to the trust as if such property were sold to the expatriate at its fair market value.

''(2) TAXABLE PORTION.—For purposes of this subsection, the term 'taxable portion' means, with respect to any distribution, that portion of the distribution which would be includible in the gross income of the covered expatriate if such expatriate continued to be subject to tax as a citizen or resident of the United States.

''(3) NONGRANTOR TRUST.—For purposes of this subsection, the term 'nongrantor trust' means the portion of any trust that the individual is not considered the owner of under subpart E of part I of subchapter J. The determination under the preceding sentence shall be made immediately before the expatriation date.

''(4) SPECIAL RULES RELATING TO WITHHOLDING.—For purposes of this subsection—

''(A) rules similar to the rules of subsection (d)(6) shall apply, and

''(B) the covered expatriate shall be treated as having waived any right to claim any reduction under any treaty with the United States in withholding on any distribution to which paragraph (1)(A) applies.

''(g) DEFINITIONS AND SPECIAL RULES RELATING TO EXPATRIATION.—For purposes of this section—

''(1) COVERED EXPATRIATE.—

''(A) IN GENERAL.—The term 'covered expatriate' means an expatriate who meets the requirements of subparagraph (A), (B), or (C) of section 877(a)(2).

''(B) EXCEPTIONS.—An individual shall not be treated as meeting the requirements of subparagraph (A) or (B) of section 877(a)(2) if—

''(i) the individual—

''(I) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(II) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 10 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or

''(ii)(I) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(II) the individual has been a resident of the United States (as so defined) for not more than 10 taxable years before the date of relinquishment.

''(C) COVERED EXPATRIATES ALSO SUBJECT TO TAX AS CITIZENS OR RESIDENTS.—In the case of any covered expatriate who is subject to tax as a citizen or resident of the United States for any period beginning after the expatriation date, such individual shall not be treated as a covered expatriate during such period for purposes of subsections (d)(1) and (f) and section 2801.

''(2) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes his citizenship, and

''(B) any long-term resident of the United States who ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)).

''(3) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date on which the individual ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)).

''(4) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

''(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of

a certificate of loss of nationality by the United States Department of State.

''(5) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(6) EARLY DISTRIBUTION TAX.—The term 'early distribution tax' means any increase in tax imposed under section 72(t), 220(e)(4), 223(f)(4), 409A(a)(1)(B), 529(c)(6), or 530(d)(4).

''(h) OTHER RULES.—

''(1) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(A) any time period for acquiring property which would result in the reduction in the amount of gain recognized with respect to property disposed of by the taxpayer shall terminate on the day before the expatriation date, and

''(B) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(2) STEP-UP IN BASIS.—Solely for purposes of determining any tax imposed by reason of subsection (a), property which was held by an individual on the date the individual first became a resident of the United States (within the meaning of section 7701(b)) shall be treated as having a basis on such date of not less than the fair market value of such property on such date. The preceding sentence shall not apply if the individual elects not to have such sentence apply. Such an election, once made, shall be irrevocable.

''(3) COORDINATION WITH SECTION 684.—If the expatriation of any individual would result in the recognition of gain under section 684, this section shall be applied after the application of section 684.

''(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) TAX ON GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—

(1) IN GENERAL.—Subtitle B (relating to estate and gift taxes) is amended by inserting after chapter 14 the following new chapter:

''CHAPTER 15—GIFTS AND BEQUESTS FROM EXPATRIATES

''Sec. 2801. Imposition of tax.

''SEC. 2801. IMPOSITION OF TAX.

''(a) IN GENERAL.—If, during any calendar year, any United States citizen or resident receives any covered gift or bequest, there is hereby imposed a tax equal to the product of—

''(1) the highest rate of tax specified in the table contained in section 2001(c) as in effect on the date of such receipt (or, if greater, the highest rate of tax specified in the table applicable under section 2502(a) as in effect on the date), and

''(2) the value of such covered gift or bequest.

''(b) TAX TO BE PAID BY RECIPIENT.—The tax imposed by subsection (a) on any covered gift or bequest shall be paid by the person receiving such gift or bequest.

''(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection (a) shall apply only to the extent that the value of covered gifts and bequests received by any person during the calendar year exceeds $10,000.

''(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE TAX.—The tax imposed by subsection (a) on any covered gift or bequest shall be reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

''(e) COVERED GIFT OR BEQUEST.—

''(1) IN GENERAL.—For purposes of this chapter, the term 'covered gift or bequest' means—

''(A) any property acquired by gift directly or indirectly from an individual who, at the time of such acquisition, is a covered expatriate, and

''(B) any property acquired directly or indirectly by reason of the death of an individual who, immediately before such death, was a covered expatriate.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Such term shall not include—

''(A) any property shown on a timely filed return of tax imposed by chapter 12 which is a taxable gift by the covered expatriate, and

''(B) any property included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate.

''(3) TRANSFERS IN TRUST.—

''(A) DOMESTIC TRUSTS.—In the case of a covered gift or bequest made to a domestic trust—

''(i) subsection (a) shall apply in the same manner as if such trust were a United States citizen, and

''(ii) the tax imposed by subsection (a) on such gift or bequest shall be paid by such trust.

''(B) FOREIGN TRUSTS.—

''(i) IN GENERAL.—In the case of a covered gift or bequest made to a foreign trust, subsection (a) shall apply to any distribution attributable to such gift or bequest from such trust (whether from income or corpus) to a United States citizen or resident in the same manner as if such distribution were a covered gift or bequest.

''(ii) DEDUCTION FOR TAX PAID BY RECIPIENT.—There shall be allowed as a deduction under section 164 the amount of tax imposed by this section which is paid or accrued by a United States citizen or resident by reason of a distribution from a foreign trust, but only to the extent such tax is imposed on the portion of such distribution which is included in the gross income of such citizen or resident.

''(iii) ELECTION TO BE TREATED AS DOMESTIC TRUST.—Solely for purposes of this section, a foreign trust may elect to be treated as a domestic trust. Such an election may be revoked with the consent of the Secretary.

''(f) COVERED EXPATRIATE.—For purposes of this section, the term 'covered expatriate' has the meaning given to such term by section 877A(g)(1).''.

(2) CLERICAL AMENDMENT.—The table of chapters for subtitle B is amended by inserting after the item relating to chapter 14 the following new item:

''CHAPTER 15. GIFTS AND BEQUESTS FROM EXPATRIATES.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—

(1) IN GENERAL.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(g)(4).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 877(e) is amended to read as follows:

''(1) IN GENERAL.—Any long-term resident of the United States who ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)) shall be treated for purposes of this section and sections 2107, 2501, and 6039G in the same manner as if such resident were a citizen of the United States who lost United States citizenship on the date of such cessation or commencement.''.

(B) Paragraph (6) of section 7701(b) is amended by adding at the end the following flush sentence:

''An individual shall cease to be treated as a lawful permanent resident of the United States if such individual commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country, does not waive the benefits of such treaty applicable to residents of the foreign country, and notifies the Secretary of the commencement of such treatment.''.

(C) Section 7701 is amended by striking subsection (n) and by redesignating subsections (o) and (p) as subsections (n) and (o), respectively.

(d) INFORMATION RETURNS.—Section 6039G is amended—

(1) by inserting ''or 877A'' after ''section 877(b)'' in subsection (a), and

(2) by inserting ''or 877A'' after ''section 877(a)'' in subsection (d).

(e) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (as defined in section 877A(g) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) is on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Chapter 15 of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to covered gifts and bequests (as defined in section 2801 of such Code, as so added) received on or after the date of the enactment of this Act, regardless of when the transferor expatriated.

SEC. 402. REPEAL OF SUSPENSION OF CERTAIN PENALTIES AND INTEREST.

(a) IN GENERAL.—Section 6404 is amended by striking subsection (g) and by redesignating subsection (h) as subsection (g).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to notices provided by the Secretary of the Treasury, or his delegate, after the date which is 6 months after the date of the enactment of the Small Business and Work Opportunity Tax Act of 2007.

SEC. 403. INCREASE IN INFORMATION RETURN PENALTIES.

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Subsections (a)(1), (b)(1)(A), and (b)(2)(A) of section 6721 are each amended by striking ''$50'' and inserting ''$100''.

(2) AGGREGATE ANNUAL LIMITATION.—Subsections (a)(1), (d)(1)(A), and (e)(3)(A) of section 6721 are each amended by striking ''$250,000'' and inserting ''$900,000''.

(b) REDUCTION WHERE CORRECTION WITHIN 30 DAYS.—

(1) IN GENERAL.—Subparagraph (A) of section 6721(b)(1) is amended by striking ''$15'' and inserting ''$30''.

(2) AGGREGATE ANNUAL LIMITATION.—Subsections (b)(1)(B) and (d)(1)(B) of section 6721 are each amended by striking ''$75,000'' and inserting ''$200,000''.

(c) REDUCTION WHERE CORRECTION ON OR BEFORE AUGUST 1.—

(1) IN GENERAL.—Subparagraph (A) of section 6721(b)(2) is amended by striking ''$30'' and inserting ''$60''.

(2) AGGREGATE ANNUAL LIMITATION.—Subsections (b)(2)(B) and (d)(1)(C) of section 6721 are each amended by striking ''$150,000'' and inserting ''$400,000''.

(d) AGGREGATE ANNUAL LIMITATIONS FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Paragraph (1) of section 6721(d) is amended—

(1) by striking ''$100,000'' in subparagraph (A) and inserting ''$250,000'',

(2) by striking ''$25,000'' in subparagraph (B) and inserting ''$75,000'', and

(3) by striking ''$50,000'' in subparagraph (C) and inserting ''$150,000''.

(e) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Paragraph (2) of section 6721(e) is amended by striking ''$100'' and inserting ''$250''.

(f) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(1) IN GENERAL.—Subsection (a) of section 6722 is amended by striking ''$50'' and inserting ''$100''.

(2) AGGREGATE ANNUAL LIMITATION.—Subsections (a) and (c)(2)(A) of section 6722 are each amended by striking ''$100,000'' and inserting ''$600,000''.

(3) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Paragraph (1) of section 6722(c) is amended by striking ''$100'' and inserting ''$250''.

(g) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 is amended—

(1) by striking ''$50'' and inserting ''$100'', and

(2) by striking ''$100,000'' and inserting ''$600,000''.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

SEC. 404. CLARIFICATION THAT CREDITS FOR FUEL ARE DESIGNED TO PROVIDE INCENTIVE FOR UNITED STATES PRODUCTION.

(a) BIODIESEL FUELS CREDIT.—Paragraph (5) of section 40A(d), as added by subsection (c), is amended to read as follows:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel unless—

''(A) such biodiesel is produced in the United States for use as a fuel in the United States, and

''(B) the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the biodiesel which identifies the product produced and the location of such production.

For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(b) EXCISE TAX CREDIT.—Paragraph (2) of section 6426(i), as added by subsection (c), is amended to read as follows:

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel unless—

''(A) such biodiesel or alternative fuel is produced in the United States for use as a fuel in the United States, and

''(B) the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of such biodiesel or alternative fuel which identifies the product produced and the location of such production.''.

(c) PROVISIONS CLARIFYING TREATMENT OF FUELS WITH NO NEXUS TO THE UNITED STATES.—

(1) ALCOHOL FUELS CREDIT.—Subsection (d) of section 40 is amended by adding at the end the following new paragraph:

''(6) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(2) BIODIESEL FUELS CREDIT.—Subsection (d) of section 40A is amended by adding at the end the following new paragraph:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(3) EXCISE TAX CREDIT.—

(A) IN GENERAL.—Section 6426 is amended by adding at the end the following new subsection:

''(h) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

''(1) ALCOHOL.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States.

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel which is produced outside the United States for use as a fuel outside the United States.

For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

(B) CONFORMING AMENDMENT.—Subsection (e) of section 6427 is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section 6426(h).''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel produced, and sold or used, after the date of the enactment of this Act.

(2) PROVISIONS CLARIFYING TREATMENT OF FUELS WITH NO NEXUS TO THE UNITED STATES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by subsection (c) shall take effect as if included in section 301 of the American Jobs Creation Act of 2004.

(B) ALTERNATIVE FUEL CREDITS.—So much of the amendments made by subsection (c) as relate to the alternative fuel credit or the alternative fuel mixture credit shall take effect as if included in section 11113 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.

(C) RENEWABLE DIESEL.—So much of the amendments made by subsection (c) as relate to renewable diesel shall take effect as if included in section 1346 of the Energy Policy Act of 2005.

SEC. 405. MODIFICATION OF LIMITATION ON AUTOMOBILE DEPRECIATION.

(a) IN GENERAL.—Paragraph (5) of section 280F(d) (defining passenger automobile) is amended to read as follows:

''(5) PASSENGER AUTOMOBILE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'passenger automobile' means any 4-wheeled vehicle—

''(i) which is primarily designed or which can be used to carry passengers over public streets, roads, or highways (except any vehicle operated exclusively on a rail or rails), and

''(ii) which is rated at not more than 14,000 pounds gross vehicle weight.

''(B) EXCEPTIONS.—The term 'passenger automobile' shall not include—

''(i) any exempt-design vehicle, and

''(ii) any exempt-use vehicle.

''(C) EXEMPT-DESIGN VEHICLE.—The term 'exempt-design vehicle' means—

''(i) any vehicle which, by reason of its nature or design, is not likely to be used more than a de minimis amount for personal purposes, and

''(ii) any vehicle—

''(I) which is designed to have a seating capacity of more than 9 persons behind the driver''s seat,

''(II) which is equipped with a cargo area of at least 5 feet in interior length which is an open area or is designed for use as an open area but is enclosed by a cap and is not readily accessible directly from the passenger compartment, or

''(III) has an integral enclosure, fully enclosing the driver compartment and load carrying device, does not have seating rearward of the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield.

''(D) EXEMPT-USE VEHICLE.—The term 'exempt-use vehicle' means—

''(i) any ambulance, hearse, or combination ambulance-hearse used by the taxpayer directly in a trade or business,

''(ii) any vehicle used by the taxpayer directly in the trade or business of transporting persons or property for compensation or hire, and

''(iii) any truck or van if substantially all of the use of such vehicle by the taxpayer is directly in—

''(I) a farming business (within the meaning of section 263A(e)(4)),

''(II) the transportation of a substantial amount of equipment, supplies, or inventory, or

''(III) the moving or delivery of property which requires substantial cargo capacity.

''(E) RECAPTURE.—In the case of any vehicle which is not a passenger automobile by reason of being an exempt-use vehicle, if such vehicle ceases to be an exempt-use vehicle in any taxable year after the taxable year in which such vehicle is placed in service, a rule similar to the rule of subsection (b) shall apply.''.

(b) CONFORMING AMENDMENT.—Section 179(b) (relating to limitations) is amended by striking paragraph (6).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2007.

SEC. 406. EXTENSION OF COAL EXCISE TAX LEVELS.

Paragraph (2) of section 4121(e) (relating to reduction in amount of tax) is amended to read as follows:

''(2) TEMPORARY INCREASE TERMINATION DATE.—For purposes of paragraph (1), the temporary increase termination date is the first January 1 after the date of the enactment of this paragraph as of which there is—

''(A) no balance of repayable advances made to the Black Lung Disability Trust Fund, and

''(B) no unpaid interest on such advances.''.

SEC. 407. BULK TRANSFER EXCEPTION NOT TO APPLY TO FINISHED GASOLINE.

(a) IN GENERAL.—Subparagraph (B) of section 4081(a)(1) (relating to tax on removal, entry, or sale) is amended by adding at the end the following new clause:

''(iii) EXCEPTION FOR FINISHED GASOLINE.—Clause (i) shall not apply to any gasoline

which meets the requirements for gasoline under section 211 of the Clean Air Act.''.

(b) EXCEPTION TO TAX ON FINISHED GASOLINE FOR PRIOR TAXABLE REMOVALS.—Paragraph (1) of section 4081(a) is amended by adding at the end the following new subparagraph:

''(C) EXEMPTION FOR PREVIOUSLY TAXED FINISHED GASOLINE.—The tax imposed by this paragraph shall not apply to the removal of gasoline described in subparagraph (B)(iii) from any terminal if there was a prior taxable removal or entry of such fuel under clause (i), (ii), or (iii) of subparagraph (A). The preceding sentence shall not apply to the volume of any product added to such gasoline at the terminal unless there was a prior taxable removal or entry of such product under clause (i), (ii), or (iii) of subparagraph (A).''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to fuel removed, entered, or sold after December 31, 2007.

SEC. 408. PARTICIPANTS IN GOVERNMENT SECTION 457 PLANS ALLOWED TO TREAT ELECTIVE DEFERRALS AS ROTH CONTRIBUTIONS.

(a) IN GENERAL.—Section 402A(e)(1) (defining applicable retirement plan) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).''.

(b) ELECTIVE DEFERRALS.—Section 402A(e)(2) (defining elective deferral) is amended to read as follows:

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means—

''(A) any elective deferral described in subparagraph (A) or (C) of section 402(g)(3), and

''(B) any elective deferral of compensation by an individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2007.

SEC. 409. REDUCING REIT HOLDING PERIOD SAFE HARBOR.

(a) IN GENERAL.—Paragraph (6) of section 857(b) (relating to income from prohibited transactions) is amended—

(1) by striking ''4 years'' each place it appears and inserting ''2 years'', and

(2) by striking ''4-year'' each place it appears and inserting ''2-year''.

(b) CONFORMING AMENDMENT.—

(1) Subparagraph (A) of section 856(j)(4) (relating to coordination with coordination with 4-year holding period) is amended by striking ''4 years'' and inserting ''2 years''.

(2) The heading for paragraph (4) of section 856(j) is amended by striking ''4-YEAR'' and inserting ''2-YEAR''.

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

SEC. 410. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

Subparagraph (B) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking ''114.75 percent'' and inserting ''117.50''.

Mr. ENGLISH of Pennsylvania (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania is recognized for 5 minutes in support of his motion.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, we have had, I think, a very good debate today on the energy tax bill, and I admire the passion on the other side, even if I don't associate myself with all of its particulars. I believe the debate offered Members a chance to hear both good and bad about what is in this bill.

The very bad, huge tax increases on American oil and gas companies and on domestic production and the green bond slush fund are removed from our substitute in this motion to recommit.

But the fact that I strongly oppose the bill put together by the other side does not mean that the tax code can't play a constructive and creative role in promoting conservation and increasing the use of renewable and alternative fuels.

The motion to recommit provides Members of the House with the opportunity to consider a different approach on these issues.

This motion would extend many current law provisions designed to encourage the production of alternative fuels and the conservation of energy, many of which the majority saw fit to include in their bill.

But several current tax provisions encouraging energy conservation will expire if H.R. 2776 is enacted in its current form, including incentives for individuals to make energy efficiency upgrades in their home, to install solar power and solar water heating capacity, and to purchase hybrid and other fuel-efficient vehicles.

I believe the extension of these consumer-based tax credits is important, and I regret that the majority chose not to include them in their bill and rejected, on a party-line vote in committee, an effort to restore the tax credit for making energy efficiency upgrades to existing homes.

It is unfortunate that the majority has become so enamored of their tax credit slush fund program that they forgot the tax credits for consumers are highly effective. For example, 2007 hybrid vehicle sales in the United States are projected to be double the level from 2005, the year Republicans first enacted the credit.

In addition, my substitute would extend the section 45 production tax credit that has helped increase the amount of electricity generated from sources like wind and biomass and landfill gas.

But unlike the bill before us, H.R. 2776 as reported by the committee, my substitute does not reduce the value of the wind credit. Many supporters of the credit, even those who have endorsed the extension provided by the bill, have expressed real reservations that the ''haircut'' given to the credit, that it could threaten the continued rapid expansion of this promising alternative to fossil fuel-powered electricity generation.

Finally, let me highlight the fact that the motion to recommit does justice to America's greatest energy source, coal.

This country's vast reserves of coal can continue to fuel America's economic engine for decades, even centuries to come. More than half of the electricity in America comes from coal. It would be irresponsible, if not irrational, to ignore this inconvenient truth.

Therefore, Mr. Speaker, the substitute would extend and reauthorize the advanced coal and coal gasification investment tax credits. These credits reward companies for investing in promising technologies that convert coal into clean-burning natural gas. By placing a new carbon sequestration requirement on these projects, the provision helps secure our energy security while protecting our environment at the same time.

The credit also helps manufacturers who depend on natural gas as a feedstock, because it will ensure a secure, reliable and affordable source of this vital commodity. In doing so, we can help keep the high-paying manufacturing jobs that rely on natural gas right here in the United States.

And Mr. Speaker, if Members want to vote for an energy bill that might actually increase the supply of energy, that might actually lower the price of gasoline or heating oil, that will encourage the clean development of our Nation's most abundant energy source, coal, you have your chance right now.

Join us in voting for this motion to recommit.

Mr. MCDERMOTT. Mr. Speaker, I rise in opposition.

The SPEAKER pro tempore. The gentleman from Washington is recognized for 5 minutes.

Mr. MCDERMOTT. Mr. Speaker, the proposal Republicans have put on the table here are like the things that addicts say. They just want one more fix; let's just have one more quick fix to take care of their problems.

The things that you have said here make me wonder if you understand how business operates. To give people a one-year extension of money and say, make plans, build buildings, hire people and start a new industry, but you've got a one-year guarantee, indicates you have no idea how business runs. That's why we made it 4 years, to give people an opportunity to actually do this.

People listening might ask themselves, well, what's the cost to all this. Well, it costs a long-term extension for renewable energies. It costs a long-term extension for solar properties. It costs the production tax credit for cellulosic ethanol, which plays into the ethanol question. It costs a long-term extension of energy-efficient commercial building expenditures. How can you build a building in one year, from planning to building to constructing, how can you do that? But that's what you're suggesting; we will give them one year.

The Republican motion to recommit makes sure that the renewable energy industry is denied the economic certainty they need to drive production of energy from renewable sources in order that the oil and gas industry can be fully sheltered.

You wouldn't want any competition for Big Oil.

I yield 2 minutes to the gentleman from Texas to talk about how you pay for it.

The SPEAKER pro tempore. The gentleman is free to yield, but he has to control the amount of time. The Chair cannot do that for him.

Mr. DOGGETT. Mr. Speaker, we know, first of all, what is not in this motion to recommit. What is not in this motion to recommit is anything about the exciting new opportunity with plug-in hybrids. This has been deleted from the bill with this motion to recommit.

We know, as the gentleman from Washington is just saying, that what those who have worked so hard in solar power have requested, an 8-year extension so we can get the investment. We heard from investment bankers saying you need that kind of dependability in order to get the money that solar power needs to expand particularly throughout the South and Southwest. That will not be available under this Republican proposal.

But what is in this proposal? Well, after all of the very strange comments that have been made about denying mom an opportunity to drive an SUV, the same tax on Hummers that is in our proposal is in their motion to recommit. Look at the bill. Look at the scoring from the Joint Committee on Taxation for the motion to recommit at page 2, line 7, and you will see exactly that same matter.

□ 1915

In fact, after all the talk about how we don't want taxes on the petroleum industry, when I look at their proposal, I find almost $1 billion in taxes on gasoline that they are proposing in their motion to recommit.

When I look at the line just above that in the same scoring document, I find almost $1 billion that is proposed by them in a tax on coal.

Now, there may be a need to do that at some point as we build our energy future here.

But everyone who votes for their motion to recommit, they need to understand today that they are voting for about $1 billion in gasoline taxes and almost $1 billion in taxes on coal, all at the same time they are denying our renewable industries what they need in wind and solar. They are denying them the dependability necessary to attract private investment to let those industries grow.

You know, we have so much fossilized thinking that we must overcome if we are to combat the real threat of climate change that endangers our country, that is perhaps our greatest long-term national security challenge. It's certainly a challenge to our health and our future.

And we also have to address the need for a new energy future that does not leave us dependent on foreign sources of energy. We have ample solar power here, we have great potential in this country, if we are willing to make the hard decisions to not be bound by the ideas of the past and move to the future.

You can do that today by rejecting this motion to recommit. When you reject the motion to recommit, you will also be rejecting about $1 billion in taxes on gasoline, about $1 billion in taxes on coal.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 65, nays 346, not voting 22, as follows:

[Roll No. 834]

YEAS—65

Alexander
Bachus
Baker
Barton (TX)
Bishop (UT)
Blunt
Boehner
Bono
Boustany
Brady (TX)
Broun (GA)
Camp (MI)
Cannon
Cantor
Capito
Conaway
Davis, Tom
Deal (GA)
Dent
Ehlers
English (PA)
Fortenberry
Frelinghuysen
Gerlach
Gillmor
Granger
Hastings (WA)
Herger
Hobson
Hoekstra
Hulshof
Inglis (SC)
Kingston
Knollenberg
Linder
Lungren, Daniel E.
McCrery
Myrick
Nunes
Peterson (PA)
Petri
Pickering
Platts
Porter
Price (GA)
Pryce (OH)
Putnam
Regula
Reichert
Renzi
Rogers (KY)
Rogers (MI)
Rohrabacher
Shadegg
Smith (NE)
Smith (TX)
Thornberry
Tiberi
Upton
Walsh (NY)
Weldon (FL)
Weller
Westmoreland
Whitfield
Wolf

NAYS—346

Abercrombie
Ackerman
Aderholt
Akin
Allen
Altmire
Andrews
Arcuri
Baca
Bachmann
Baird
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Bean
Becerra
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop (GA)
Bishop (NY)
Blackburn
Blumenauer
Bonner
Boozman
Boren
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Braley (IA)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Butterfield
Buyer
Calvert
Campbell (CA)
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Carter
Castle
Castor
Chabot
Chandler
Cleaver
Clyburn
Cohen
Cole (OK)
Conyers
Cooper
Costa
Costello
Courtney
Cramer
Crowley
Cubin
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis (KY)
Davis, David
Davis, Lincoln
DeFazio
DeGette
DeLauro
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Donnelly
Doolittle
Doyle
Drake
Dreier
Duncan
Edwards
Ellison
Ellsworth
Emanuel
Emerson
Engel
Eshoo
Etheridge
Everett
Fallin
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Forbes
Fossella
Foxx
Frank (MA)
Franks (AZ)
Gallegly
Garrett (NJ)
Giffords
Gilchrest
Gillibrand
Gingrey
Gohmert
Gonzalez
Goodlatte
Gordon
Graves
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hall (TX)
Hare
Harman
Hastings (FL)
Heller
Hensarling
Herseth Sandlin
Higgins
Hill
Hinchey
Hirono
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Jones (NC)
Jones (OH)
Jordan
Kagen
Kanjorski
Kaptur
Keller
Kennedy
Kildee
Kind
King (IA)
King (NY)
Kirk
Kline (MN)
Kucinich
Kuhl (NY)
Lamborn
Lampson
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Lynch
Mack
Mahoney (FL)
Maloney (NY)
Manzullo
Marchant
Markey
Marshall
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul (TX)
McCollum (MN)
McCotter
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Musgrave
Nadler
Napolitano
Neal (MA)
Neugebauer
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Pence
Perlmutter
Peterson (MN)
Pitts
Poe
Pomeroy
Price (NC)
Radanovich
Rahall
Ramstad
Rangel
Rehberg
Reyes
Reynolds
Rodriguez
Rogers (AL)
Ros-Lehtinen
Roskam
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Salazar
Sali
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schmidt
Schwartz
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Sestak
Shays
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Solis
Souder
Space
Spratt
Stark
Stearns
Stupak
Sullivan
Sutton
Tanner
Tauscher
Taylor
Terry
Thompson (CA)
Thompson (MS)
Tiahrt
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walberg
Walden (OR)
Walz (MN)
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wexler
Wicker
Wilson (NM)
Wilson (OH)
Wilson (SC)
Woolsey
Wu
Wynn
Yarmuth
Young (FL)

NOT VOTING—22

Clarke
Clay
Coble
Crenshaw
Davis, Jo Ann
Delahunt
Goode
Hastert
Hayes
Hinojosa
Hunter
Jindal
Johnson, Sam
Kilpatrick
Klein (FL)
LaHood
Lantos
Paul
Saxton
Skelton
Tancredo
Young (AK)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised they have less than 2 minutes to vote.

□ 1954

Messrs. MANZULLO, WALBERG, CAMPBELL of California, LoBIONDO, WILSON of South Carolina, TIM MURPHY of Pennsylvania, CASTLE, FARR, FORBES, BURTON of Indiana, MARKEY, SALI, POE, FOSSELLA, AKIN, ALTMIRE, MARCHANT, McHENRY, PEARCE, MAHONEY of Florida, GOHMERT, SOUDER, DONNELLY, NEUGEBAUER, CARTER, BOREN, WAMP, LATHAM, FRANKS of Arizona, HENSARLING, SESSIONS, LAMBORN, Mrs. MILLER of Michigan, Mrs. BACHMANN, Messrs. HILL, SENSENBRENNER, REHBERG, BONNER, KLINE of Minnesota, Ms. ROS-LEHTINEN, Messrs. CALVERT, TURNER, SPACE, TERRY, ROGERS of Alabama, DUNCAN, LINCOLN DIAZ-BALART of Florida, BUCHANAN, MARIO DIAZ-BALART of Florida, BURGESS, SULLIVAN, Ms. FALLIN, Messrs. DAVID DAVIS of Tennessee, COLE of Oklahoma, McHUGH, KUHL of New York, WALDEN of Oregon, BILIRAKIS, GARY G. MILLER of California, CHABOT, McKEON, STEARNS, Mrs. EMERSON, Messrs. HALL of Texas, BARTLETT of Maryland, GINGREY, GALLEGLY, HELLER of Nevada, LEWIS of Kentucky, EVERETT, GRAVES, YOUNG of Florida, JONES of North Carolina, DAVIS of Kentucky, SHIMKUS, ROSKAM, ADERHOLT, BROWN of South Carolina, ROYCE, Mrs. BIGGERT, Messrs. ISSA, LEWIS of California, SHUSTER, WICKER, LUCAS, MORAN of Kansas, TIAHRT, RAMSTAD, FEENEY, Mrs. BLACKBURN, Messrs. BUYER, BOOZMAN, DREIER, McCAUL of Texas, JOHNSON of Illinois, MICA, Mrs. SCHMIDT, Mr. RADANOVICH, Ms. GINNY BROWN-WAITE of Florida and Mrs. WILSON of New Mexico changed their vote from ''yea'' to ''nay.''

Mr. SHADEGG and Mr. ROHRABACHER changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

The SPEAKER pro tempore. For what purpose does the gentleman from Louisiana rise?

Mr. McCRERY. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. For what purpose does the gentleman from Florida rise?

Mr. LINCOLN DIAZ-BALART of Florida. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. For what purpose does the gentleman from Massachusetts rise?

Mr. McGOVERN. To demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 221, nays 189, not voting 23, as follows:

[Roll No. 835]

YEAS—221

Abercrombie	Hall (NY)	Pallone
Ackerman	Hare	Pascrell
Allen	Harman	Pastor
Altmire	Hastings (FL)	Payne
Andrews	Herseth Sandlin	Pelosi
Arcuri	Higgins	Perlmutter
Baca	Hill	Peterson (MN)
Baird	Hinchey	Pomeroy
Baldwin	Hirono	Price (NC)
Bean	Hodes	Rahall
Becerra	Holden	Ramstad
Berkley	Holt	Rangel
Berman	Honda	Reichert
Berry	Hooley	Reyes
Bishop (GA)	Hoyer	Ross
Bishop (NY)	Inslee	Rothman
Blumenauer	Israel	Roybal-Allard
Boswell	Jackson (IL)	Ruppersberger
Boucher	Jackson-Lee (TX)	Rush
Boyd (FL)	Jefferson	Ryan (OH)
Boyda (KS)	Johnson (GA)	Salazar
Brady (PA)	Johnson, E. B.	Sánchez, Linda T.
Braley (IA)	Jones (OH)	Sanchez, Loretta
Brown, Corrine	Kagen	Sarbanes
Butterfield	Kanjorski	Schakowsky
Capps	Kaptur	Schiff
Capuano	Kennedy	Schwartz
Cardoza	Kildee	Scott (GA)
Carnahan	Kind	Scott (VA)
Carney	Kirk	Serrano
Carson	Kucinich	Sestak
Castle	Langevin	Shays
Castor	Larsen (WA)	Shea-Porter
Chandler	Larson (CT)	Sherman
Cleaver	Lee	Shuler
Clyburn	Levin	Sires
Cohen	Lewis (GA)	Slaughter
Conyers	Lipinski	Smith (NJ)
Cooper	LoBiondo	Smith (WA)
Costa	Loebsack	Snyder
Costello	Lofgren, Zoe	Solis
Courtney	Lowey	Space
Cramer	Lynch	Spratt
Crowley	Mahoney (FL)	Stark
Cummings	Maloney (NY)	Stupak
Davis (AL)	Markey	Sutton
Davis (CA)	Marshall	Tanner
Davis (IL)	Matsui	Tauscher
Davis, Lincoln	McCarthy (NY)	Taylor
DeFazio	McCollum (MN)	Thompson (CA)
DeGette	McDermott	Thompson (MS)
DeLauro	McGovern	Tierney
Dicks	McIntyre	Towns
Dingell	McNerney	Udall (CO)
Doggett	McNulty	Udall (NM)
Donnelly	Meek (FL)	Van Hollen
Doyle	Meeks (NY)	Velázquez
Ellison	Michaud	Visclosky
Ellsworth	Miller (NC)	Walz (MN)
Emanuel	Miller, George	Wasserman Schultz
Engel	Mitchell	Waters
Eshoo	Mollohan	Watson
Etheridge	Moore (KS)	Watt
Farr	Moore (WI)	Waxman
Fattah	Moran (VA)	Weiner
Ferguson	Murphy (CT)	Welch (VT)
Filner	Murphy, Patrick	Wexler
Frank (MA)	Murtha	Wilson (OH)
Giffords	Nadler	Woolsey
Gilchrest	Napolitano	Wu
Gillibrand	Neal (MA)	Wynn
Gordon	Oberstar	Yarmuth
Green, Al	Obey	
Grijalva	Olver	
Gutierrez		

NAYS—189

Aderholt	Blunt	Burton (IN)
Akin	Boehner	Buyer
Alexander	Bonner	Calvert
Bachmann	Bono	Camp (MI)
Bachus	Boozman	Campbell (CA)
Baker	Boren	Cannon
Barrett (SC)	Boustany	Cantor
Barrow	Brady (TX)	Capito
Bartlett (MD)	Broun (GA)	Carter
Barton (TX)	Brown (SC)	Chabot
Biggert	Brown-Waite, Ginny	Cole (OK)
Bilbray	Buchanan	Conaway
Bilirakis	Burgess	Cubin
Bishop (UT)		Cuellar
Blackburn	Hastert	LaHood
Clarke	Hayes	Lantos
Clay	Hinojosa	Paul
Coble	Hunter	Saxton
Crenshaw	Jindal	Skelton
Davis, Jo Ann	Johnson, Sam	Tancredo
Delahunt	Kilpatrick	Young (AK)
Goode	Klein (FL)	
Culberson	Keller	Porter
Davis (KY)	King (IA)	Price (GA)
Davis, David	King (NY)	Pryce (OH)
Davis, Tom	Kingston	Putnam
Deal (GA)	Kline (MN)	Radanovich
Dent	Knollenberg	Regula
Diaz-Balart, L.	Kuhl (NY)	Rehberg
Diaz-Balart, M.	Lamborn	Renzi
Doolittle	Lampson	Reynolds
Drake	Latham	Rodriguez
Dreier	LaTourette	Rogers (AL)
Duncan	Lewis (CA)	Rogers (KY)
Edwards	Lewis (KY)	Rogers (MI)
Ehlers	Linder	Rohrabacher
Emerson	Lucas	Ros-Lehtinen
English (PA)	Lungren, Daniel E.	Roskam
Everett	Mack	Royce
Fallin	Manzullo	Ryan (WI)
Feeney	Marchant	Sali
Flake	Matheson	Schmidt
Forbes	McCarthy (CA)	Sensenbrenner
Fortenberry	McCaul (TX)	Sessions
Fossella	McCotter	Shadegg
Foxx	McCrery	Shimkus
Franks (AZ)	McHenry	Shuster
Frelinghuysen	McHugh	Simpson
Gallegly	McKeon	Smith (NE)
Garrett (NJ)	McMorris Rodgers	Smith (TX)
Gerlach	Melancon	Souder
Gillmor	Mica	Stearns
Gingrey	Miller (FL)	Sullivan
Gohmert	Miller (MI)	Terry
Gonzalez	Miller, Gary	Thornberry
Goodlatte	Moran (KS)	Tiahrt
Granger	Murphy, Tim	Tiberi
Graves	Musgrave	Turner
Green, Gene	Myrick	Upton
Hall (TX)	Neugebauer	Walberg
Hastings (WA)	Nunes	Walden (OR)
Heller	Ortiz	Walsh (NY)
Hensarling	Pearce	Wamp
Herger	Pence	Weldon (FL)
Hobson	Peterson (PA)	Weller
Hoekstra	Petri	Westmoreland
Hulshof	Pickering	Whitfield
Inglis (SC)	Pitts	Wicker
Issa	Platts	Wilson (NM)
Johnson (IL)	Poe	Wilson (SC)
Jones (NC)		Wolf
Jordan		Young (FL)

NOT VOTING—23

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER (during the vote). Members are advised there is 1 minute remaining on this vote.

□ 2016

Mr. RAMSTAD changed his vote from ''nay'' to ''yea.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mrs. BLACKBURN. Mr. Speaker, on rollcall No. 835, my voting card malfunctioned and did not register my vote. Had my vote been accurately recorded, I would have been recorded as ''nay.''

The SPEAKER. Pursuant to section 3(b) of House Resolution 615, H.R. 2776 is laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1983

Mr. BOYD of Florida. Mr. Speaker, I ask unanimous consent to have my name withdrawn as a cosponsor from H.R. 1983.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.