

## Calendar No. 78

117TH CONGRESS  
1ST SESSION**S. 2118**

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

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IN THE SENATE OF THE UNITED STATES

JUNE 17, 2021

Mr. WYDEN (for himself, Ms. STABENOW, Mr. MENENDEZ, Mr. CARPER, Mr. CARDIN, Mr. BROWN, Mr. BENNET, Mr. CASEY, Mr. WHITEHOUSE, and Ms. CORTEZ MASTO) introduced the following bill; which was read the first time

JUNE 21, 2021

Read the second time and placed on the calendar

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**A BILL**

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

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

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

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

1 (b) AMENDMENT OF 1986 CODE.—Except as other-  
 2 wise expressly provided, whenever in this Act an amend-  
 3 ment or repeal is expressed in terms of an amendment  
 4 to, or repeal of, a section or other provision, the reference  
 5 shall be considered to be made to a section or other provi-  
 6 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

#### TITLE I—INCENTIVES FOR CLEAN ELECTRICITY

Sec. 101. Clean electricity production credit.

Sec. 102. Clean electricity investment credit.

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

#### TITLE II—INCENTIVES FOR CLEAN TRANSPORTATION

Sec. 201. Clean fuel production credit.

Sec. 202. Transportation electrification.

Sec. 203. Credit for production of clean hydrogen.

Sec. 204. Temporary extensions of existing fuel incentives.

#### TITLE III—INCENTIVES FOR ENERGY EFFICIENCY

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

Sec. 302. Energy efficient home improvement credit.

Sec. 303. Enhancement of energy efficient commercial buildings deduction.

Sec. 304. Enhancement of energy credit for geothermal heat pumps.

#### TITLE IV—TERMINATION OF CERTAIN FOSSIL FUEL PROVISIONS

Sec. 401. Termination of provisions relating to oil, gas, and other materials.

Sec. 402. Modification of certain provisions relating to oil, gas, and other fossil  
 fuels.

#### TITLE V—WORKFORCE DEVELOPMENT REQUIREMENTS

Sec. 501. Use of qualified apprentices.

#### TITLE VI—MISCELLANEOUS

Sec. 601. Adjustment of qualifying advanced energy project credit.

Sec. 602. Issuance of exempt facility bonds for qualified carbon dioxide capture  
 facilities.

Sec. 603. Limitation on importation of certain energy equipment and compo-  
 nents.

Sec. 604. Elimination of negative effects on small businesses and certain individual taxpayers.

1           **TITLE I—INCENTIVES FOR**  
 2           **CLEAN ELECTRICITY**

3   **SEC. 101. CLEAN ELECTRICITY PRODUCTION CREDIT.**

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

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

8           “(a) AMOUNT OF CREDIT.—For purposes of section  
 9 38, the clean electricity production credit for any taxable  
 10 year is an amount equal to the product of—

11           “(1) subject to subsection (g)(7), 1.5 cents,  
 12 multiplied by

13           “(2) the kilowatt hours of electricity—

14           “(A) produced by the taxpayer at a quali-  
 15 fied facility, and

16           “(B)(i) sold by the taxpayer to an unre-  
 17 lated person during the taxable year, or

18           “(ii) in the case of a qualified facility  
 19 which is equipped with a metering device which  
 20 is owned and operated by an unrelated person,  
 21 sold, consumed, or stored by the taxpayer dur-  
 22 ing the taxable year.

23           “(b) QUALIFIED FACILITY.—

24           “(1) IN GENERAL.—

1           “(A) DEFINITION.—Subject to subpara-  
2           graphs (B), (C), and (D), the term ‘qualified  
3           facility’ means a facility owned by the tax-  
4           payer—

5                   “(i) which is used for the generation  
6                   of electricity,

7                   “(ii) which is originally placed in serv-  
8                   ice after December 31, 2022,

9                   “(iii) for which the greenhouse gas  
10                  emissions rate (as determined under para-  
11                  graph (2)) is not greater than zero, and

12                  “(iv) in the case of any facility with a  
13                  maximum net output equal to or greater  
14                  than 1 megawatt, which—

15                   “(I) subject to subparagraph (B)  
16                   of paragraph (3), satisfies the require-  
17                   ments under subparagraph (A) of  
18                   such paragraph, and

19                   “(II) with respect to the con-  
20                   struction of such facility, satisfies the  
21                   requirements under section 501 of the  
22                   Clean Energy for America Act.

23           “(B) 10-YEAR PRODUCTION CREDIT.—For  
24           purposes of this section, a facility shall only be  
25           treated as a qualified facility during the 10-year

1 period beginning on the date the facility was  
2 originally placed in service.

3 “(C) EXPANSION OF FACILITY; INCRE-  
4 MENTAL PRODUCTION.—The term ‘qualified fa-  
5 cility’ shall include either of the following in  
6 connection with a facility described in subpara-  
7 graph (A) (without regard to clause (ii) of such  
8 subparagraph) that was placed in service before  
9 January 1, 2023, but only to the extent of the  
10 increased amount of electricity produced at the  
11 facility by reason of the following:

12 “(i) A new unit placed in service after  
13 December 31, 2022.

14 “(ii) Any efficiency improvements or  
15 additions of capacity placed in service after  
16 December 31, 2022.

17 “(D) COORDINATION WITH OTHER CRED-  
18 ITS.—The term ‘qualified facility’ shall not in-  
19 clude any facility for which a credit determined  
20 under section 45, 45J, 45Q, 48, or 48D is al-  
21 lowed under section 38 for the taxable year or  
22 any prior taxable year.

23 “(2) GREENHOUSE GAS EMISSIONS RATE.—

24 “(A) IN GENERAL.—For purposes of this  
25 section, the term ‘greenhouse gas emissions

1 rate' means the amount of greenhouse gases  
2 emitted into the atmosphere by a facility in the  
3 production of electricity, expressed as grams of  
4 CO<sub>2</sub>e per KWh.

5 “(B) FUEL COMBUSTION AND GASIFI-  
6 CATION.—In the case of a facility which pro-  
7 duces electricity through combustion or gasifi-  
8 cation, the greenhouse gas emissions rate for  
9 such facility shall be equal to the net rate of  
10 greenhouse gases emitted into the atmosphere  
11 by such facility (taking into account lifecycle  
12 greenhouse gas emissions, as described in sec-  
13 tion 211(o)(1)(H) of the Clean Air Act (42  
14 U.S.C. 7545(o)(1)(H))) in the production of  
15 electricity, expressed as grams of CO<sub>2</sub>e per  
16 KWh.

17 “(C) ESTABLISHMENT OF EMISSIONS  
18 RATES FOR FACILITIES.—

19 “(i) IN GENERAL.—The Secretary and  
20 the Administrator of the Environmental  
21 Protection Agency shall establish green-  
22 house gas emissions rates for types or cat-  
23 egories of facilities, which a taxpayer shall  
24 use for purposes of this section.

1                   “(ii)       PUBLISHING       EMISSIONS  
2                   RATES.—The Secretary shall annually pub-  
3                   lish a table that sets forth the greenhouse  
4                   gas emissions rates for similar types or  
5                   categories of facilities.

6                   “(iii)       PROVISIONAL       EMISSIONS  
7                   RATE.—

8                   “(I) IN GENERAL.—In the case  
9                   of any facility for which an emissions  
10                  rate has not been established by the  
11                  Secretary and the Administrator of  
12                  the Environmental Protection Agency,  
13                  a taxpayer which owns such facility  
14                  may file a petition with the Secretary  
15                  and the Administrator of the Environ-  
16                  mental Protection Agency for deter-  
17                  mination of the emissions rate with  
18                  respect to such facility.

19                  “(II) ESTABLISHMENT OF PROVI-  
20                  SIONAL       AND       FINAL       EMISSIONS  
21                  RATE.—In the case of a facility for  
22                  which a petition described in sub-  
23                  clause (I) has been filed, the Sec-  
24                  retary and the Administrator of the

1 Environmental Protection Agency  
2 shall—

3 “(aa) not later than 12  
4 months after the date on which  
5 the petition was filed, provide a  
6 provisional emissions rate for  
7 such facility which a taxpayer  
8 shall use for purposes of this sec-  
9 tion, and

10 “(bb) not later than 24  
11 months after the date on which  
12 the petition was filed, establish  
13 the emissions rate for such facil-  
14 ity.

15 “(D) CARBON CAPTURE AND SEQUESTRA-  
16 TION EQUIPMENT.—For purposes of this sub-  
17 section, the amount of greenhouse gases emit-  
18 ted into the atmosphere by a facility in the pro-  
19 duction of electricity shall not include any quali-  
20 fied carbon dioxide that is captured by the tax-  
21 payer and—

22 “(i) pursuant to any regulations es-  
23 tablished under paragraph (2) of section  
24 45Q(f), disposed of by the taxpayer in se-  
25 cure geological storage, or



1           “(ii) utilized by the taxpayer in a  
2           manner described in paragraph (5) of such  
3           section.

4           “(3) WAGE REQUIREMENTS.—

5           “(A) IN GENERAL.—The requirements de-  
6           scribed in this subparagraph with respect to  
7           any facility are that the taxpayer shall ensure  
8           that any laborers and mechanics employed by  
9           contractors and subcontractors in—

10           “(i) the construction of such facility,

11           or

12           “(ii) for any year during the period  
13           described in paragraph (1)(B), the alter-  
14           ation or repair of such facility,

15           shall be paid wages at rates not less than the  
16           prevailing rates for construction, alteration, or  
17           repair of a similar character in the locality as  
18           determined by the Secretary of Labor, in ac-  
19           cordance with subchapter IV of chapter 31 of  
20           title 40, United States Code.

21           “(B) FAILURE TO SATISFY WAGE RE-  
22           QUIREMENTS.—

23           “(i) IN GENERAL.—In the case of any  
24           taxpayer which fails to satisfy the require-  
25           ment under subparagraph (A) with respect

1 to any facility for any year during the pe-  
2 riod described in paragraph (1)(B), the  
3 amount of the credit which would (but for  
4 this subparagraph) be allowable under this  
5 section with respect to such facility for  
6 such year shall be reduced to zero.

7 “(ii) CORRECTION AND PENALTY.—  
8 Clause (i) shall not apply with respect to  
9 any failure by the taxpayer to satisfy the  
10 requirement under subparagraph (A) with  
11 respect to any facility for any year if, with  
12 respect to any laborer or mechanic who  
13 was paid wages at a rate below the rate  
14 described in such subparagraph for any pe-  
15 riod during such year, such taxpayer—

16 “(I) makes payment to such la-  
17 borer or mechanic in an amount equal  
18 to the sum of—

19 “(aa) an amount equal to  
20 the difference between—

21 “(AA) the amount of  
22 wages paid to such laborer  
23 or mechanic during such pe-  
24 riod, and

1                   “(BB) the amount of  
2                   wages required to be paid to  
3                   such laborer or mechanic  
4                   pursuant to such subpara-  
5                   graph during such period,  
6                   plus

7                   “(bb) interest on the  
8                   amount determined under item  
9                   (aa) at the underpayment rate  
10                  established under section 6621  
11                  for the period described in such  
12                  item, and

13                  “(II) makes payment to the Sec-  
14                  retary of a penalty in an amount  
15                  equal to the product of—

16                   “(aa) \$5,000, multiplied by  
17                   “(bb) the total number of la-  
18                   borers and mechanics who were  
19                   paid wages at a rate below the  
20                   rate described in subparagraph  
21                   (A) for any period during such  
22                   year.

23                  “(c) INFLATION ADJUSTMENT.—

24                   “(1) IN GENERAL.—In the case of a calendar  
25                   year beginning after 2021, the 1.5 cent amount in

1 paragraph (1) of subsection (a) shall be adjusted by  
2 multiplying such amount by the inflation adjustment  
3 factor for the calendar year in which the sale or use  
4 of the electricity occurs. If any amount as increased  
5 under the preceding sentence is not a multiple of 0.1  
6 cent, such amount shall be rounded to the nearest  
7 multiple of 0.1 cent.

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

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

24 “(d) CREDIT PHASE-OUT.—

1           “(1) IN GENERAL.—If the Secretary, the Sec-  
2           retary of Energy, and the Administrator of the En-  
3           vironmental Protection Agency determine that the  
4           annual greenhouse gas emissions from the produc-  
5           tion of electricity in the United States are equal to  
6           or less than 25 percent of the annual greenhouse gas  
7           emissions from the production of electricity in the  
8           United States for calendar year 2021, the amount of  
9           the clean electricity production credit under sub-  
10          section (a) for any qualified facility the construction  
11          of which begins during a calendar year described in  
12          paragraph (2) shall be equal to the product of—

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

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

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

20                   “(A) for a facility the construction of  
21                   which begins during the first calendar year fol-  
22                   lowing the calendar year in which the deter-  
23                   mination described in paragraph (1) is made,  
24                   100 percent,

1           “(B) for a facility the construction of  
2           which begins during the second calendar year  
3           following such determination year, 75 percent,

4           “(C) for a facility the construction of  
5           which begins during the third calendar year fol-  
6           lowing such determination year, 50 percent, and

7           “(D) for a facility the construction of  
8           which begins during any calendar year subse-  
9           quent to the year described in subparagraph  
10          (C), 0 percent.

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

12           “(1) CO<sub>2</sub>e PER KWh.—The term ‘CO<sub>2</sub>e per  
13           KWh’ means, with respect to any greenhouse gas,  
14           the equivalent carbon dioxide (as determined based  
15           on global warming potential) per kilowatt hour of  
16           electricity produced.

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

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

1           “(A) would otherwise be released into the  
2           atmosphere as industrial emission of green-  
3           house gas,

4           “(B) is measured at the source of capture  
5           and verified at the point of disposal or utiliza-  
6           tion, and

7           “(C) is captured and disposed or utilized  
8           within the United States (within the meaning of  
9           section 638(1)) or a possession of the United  
10          States (within the meaning of section 638(2)).

11          “(f) FINAL GUIDANCE.—Not later than January 1,  
12          2023, the Secretary and the Administrator of the Environ-  
13          mental Protection Agency shall issue final guidance re-  
14          garding implementation of this section, including calcula-  
15          tion of greenhouse gas emission rates for qualified facili-  
16          ties and determination of clean electricity production cred-  
17          its under this section.

18          “(g) SPECIAL RULES.—

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

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

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

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

5           “(A) IN GENERAL.—For purposes of sub-  
6           section (a)—

7                   “(i) the kilowatt hours of electricity  
8                   produced by a taxpayer at a qualified facil-  
9                   ity shall include any production in the  
10                  form of useful thermal energy by any com-  
11                  bined heat and power system property  
12                  within such facility, and

13                   “(ii) the amount of greenhouse gases  
14                   emitted into the atmosphere by such facil-  
15                   ity in the production of such useful ther-  
16                   mal energy shall be included for purposes  
17                   of determining the greenhouse gas emis-  
18                   sions rate for such facility.

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

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



1           “(i) IN GENERAL.—For purposes of  
2           subparagraph (A)(i), the amount of kilo-  
3           watt hours of electricity produced in the  
4           form of useful thermal energy shall be  
5           equal to the quotient of—

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

10                      “(II) the heat rate for such facil-  
11                      ity.

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

19           “(3) PRODUCTION ATTRIBUTABLE TO THE TAX-  
20           PAYER.—In the case of a qualified facility in which  
21           more than 1 person has an ownership interest, ex-  
22           cept to the extent provided in regulations prescribed  
23           by the Secretary, production from the facility shall  
24           be allocated among such persons in proportion to

1 their respective ownership interests in the gross  
2 sales from such facility.

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

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

16 “(6) ALLOCATION OF CREDIT TO PATRONS OF  
17 AGRICULTURAL COOPERATIVE.—

18 “(A) ELECTION TO ALLOCATE.—

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

1 basis of the amount of business done by  
2 the patrons during the taxable year.

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

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

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

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

1           able year of the organization or, if earlier,  
2           for the taxable year of each patron ending  
3           on or after the date on which the patron  
4           receives notice from the cooperative of the  
5           apportionment.

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

14                 “(i) such reduction, over

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

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

23                 “(D) ELIGIBLE COOPERATIVE DEFINED.—  
24          For purposes of this section, the term ‘eligible  
25          cooperative’ means a cooperative organization

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

7 “(7) INCREASE IN CREDIT IN CERTAIN  
8 CASES.—

9 “(A) NASCENT CLEAN ENERGY TECH-  
10 NOLOGY.—

11 “(i) IN GENERAL.—In the case of any  
12 qualified facility which generates electricity  
13 using a nascent clean energy technology,  
14 for purposes of determining the amount of  
15 the credit under subsection (a) with re-  
16 spect to any electricity produced by the  
17 taxpayer at such facility using such tech-  
18 nology during the taxable year, the amount  
19 under paragraph (1) of such subsection  
20 shall be increased by an amount equal to  
21 10 percent of the amount otherwise in ef-  
22 fect under such paragraph (without appli-  
23 cation of subparagraph (B) or (C)).

24 “(ii) DEFINITION.—For purposes of  
25 this subparagraph, the term ‘nascent clean

1 energy technology’ means any technology  
2 or method used for the production of elec-  
3 tricity which, in the calendar year pre-  
4 ceding the calendar year in which construc-  
5 tion of the qualified facility began,  
6 achieved a market penetration level of less  
7 than 3 percent.

8 “(iii) MARKET PENETRATION  
9 LEVEL.—For purposes of this subpara-  
10 graph, the term ‘market penetration level’  
11 means, with respect to any calendar year,  
12 the amount equal to the greater of—

13 “(I) the amount (expressed as a  
14 percentage) equal to the quotient of—

15 “(aa) the sum of all elec-  
16 tricity produced (expressed in  
17 terawatt hours) from the tech-  
18 nology or method used for the  
19 production of electricity by all  
20 electricity generating facilities in  
21 the United States during such  
22 calendar year (as determined by  
23 the Secretary on the basis of  
24 data reported by the Energy In-

1 formation Administration), di-  
2 vided by

3 “(bb) the total domestic  
4 power sector electricity produc-  
5 tion (expressed in terawatt  
6 hours) for such calendar year, or

7 “(II) the amount determined  
8 under this clause for the preceding  
9 calendar year with respect to such  
10 technology or method.

11 “(B) ENERGY COMMUNITIES.—

12 “(i) IN GENERAL.—In the case of any  
13 qualified facility which is located in an en-  
14 ergy community, for purposes of deter-  
15 mining the amount of the credit under  
16 subsection (a) with respect to any elec-  
17 tricity produced by the taxpayer at such  
18 facility during the taxable year, the  
19 amount under paragraph (1) of such sub-  
20 section shall be increased by an amount  
21 equal to 10 percent of the amount other-  
22 wise in effect under such paragraph (with-  
23 out application of subparagraph (A) or  
24 (C)).

1           “(ii) ENERGY COMMUNITY.—For pur-  
2 poses of this subparagraph, the term ‘en-  
3 ergy community’ means a census tract—

4           “(I) in which—

5           “(aa) for the calendar year  
6 in which construction of the  
7 qualified facility began—

8           “(AA) not less than 5  
9 percent of the employment  
10 in such tract is within the  
11 oil and gas sector, or

12           “(BB) an industrial fa-  
13 cility is located which is  
14 mandated to report emis-  
15 sions of greenhouse gases  
16 under the Greenhouse Gas  
17 Reporting Program estab-  
18 lished under part 98 of title  
19 40, Code of Federal Regula-  
20 tions,

21           “(bb) after December 31,  
22 1999, a coal mine has closed, or

23           “(cc) after December 31,  
24 2009, a coal-fired electric gener-  
25 ating unit has been retired, or



1                   “(II) which is immediately adja-  
2                   cent to any census tract described in  
3                   subclause (I).

4                   “(C) DOMESTIC CONTENT.—

5                   “(i) IN GENERAL.—In the case of any  
6                   qualified facility which satisfies the re-  
7                   quirement under clause (ii)(I), for pur-  
8                   poses of determining the amount of the  
9                   credit under subsection (a) with respect to  
10                  any electricity produced by the taxpayer at  
11                  such facility during the taxable year, the  
12                  amount under paragraph (1) of such sub-  
13                  section shall be increased by an amount  
14                  equal to 10 percent of the amount other-  
15                  wise in effect under such paragraph (with-  
16                  out application of subparagraph (A) or  
17                  (B)).

18                  “(ii) REQUIREMENT.—

19                  “(I) IN GENERAL.—Subject to  
20                  clause (iii), the requirement described  
21                  in this subclause with respect to any  
22                  qualified facility is that, prior to the  
23                  end of the taxable year in which such  
24                  facility is placed in service, the tax-  
25                  payer shall certify to the Secretary

1 that, any steel, iron, or manufactured  
2 product used in the construction of  
3 such facility was produced in the  
4 United States.

5 “(II) STEEL AND IRON.—In the  
6 case of steel or iron, subclause (I)  
7 shall be applied in a manner con-  
8 sistent with section 661.5(b) of title  
9 49, Code of Federal Regulations.

10 “(III) MANUFACTURED PROD-  
11 UCT.—For purposes of subclause (I),  
12 a manufactured product shall be  
13 deemed to have been manufactured in  
14 the United States if not less than 55  
15 percent of the total cost of the compo-  
16 nents of such product is attributable  
17 to components which are mined, pro-  
18 duced, or manufactured in the United  
19 States.

20 “(iii) INTERNATIONAL AGREE-  
21 MENTS.—This subparagraph shall be ap-  
22 plied in a manner which is consistent with  
23 the obligations of the United States under  
24 international agreements.

1           “(8) CREDIT REDUCED FOR GRANTS, TAX-EX-  
2           EMPT BONDS, SUBSIDIZED ENERGY FINANCING, AND  
3           OTHER CREDITS.—Rules similar to the rules under  
4           section 45(b)(3) shall apply for purposes of this sec-  
5           tion.

6           “(h) ELECTION FOR DIRECT PAYMENT.—

7           “(1) IN GENERAL.—The applicable percentage  
8           of the amount of any credit determined under sub-  
9           section (a) with respect to any qualified facility for  
10          any taxable year during the period described in sub-  
11          section (b)(1)(B) shall, at the election of the tax-  
12          payer, be treated as a payment equal to such  
13          amount which is made by the taxpayer against the  
14          tax imposed by chapter 1 for such taxable year.

15          “(2) FORM AND EFFECT OF ELECTION.—

16                 “(A) IN GENERAL.—An election under  
17                 paragraph (1) shall be made prior to the date  
18                 on which the qualified facility is placed in serv-  
19                 ice and in such manner as the Secretary may  
20                 prescribe. Such election, once made, shall—

21                         “(i) be irrevocable with respect to  
22                         such qualified facility for the period de-  
23                         scribed in subsection (b)(1)(B), and

24                         “(ii) for any taxable year during such  
25                         period, reduce the amount of the credit

1           which would (but for this subsection) be al-  
2           lowable under this section with respect to  
3           such qualified facility for such taxable year  
4           to zero.

5           “(B) ADDITIONAL INFORMATION.—For  
6           purposes of an election under paragraph (1),  
7           the Secretary may require such information as  
8           the Secretary deems necessary for purposes of  
9           preventing duplication, fraud, or any improper  
10          payments under this subsection.

11          “(3) APPLICATION TO PARTNERSHIPS AND S  
12          CORPORATIONS.—In the case of a partnership or S  
13          corporation which makes an election under para-  
14          graph (1)—

15                 “(A) such paragraph shall apply with re-  
16                 spect to such partnership or corporation with-  
17                 out regard to the fact that no tax is imposed  
18                 by chapter 1 on such partnership or corpora-  
19                 tion, and

20                 “(B)(i) in the case of a partnership, each  
21                 partner’s distributive share of the credit deter-  
22                 mined under subsection (a) with respect to the  
23                 qualified facility shall be deemed to be zero, and

24                 “(ii) in the case of a S corporation, each  
25                 shareholder’s pro rata share of the credit deter-

1           mined under subsection (a) with respect to the  
2           qualified facility shall be deemed to be zero.

3           “(4) CERTAIN ENTITIES TREATED AS TAX-  
4           PAYERS.—In the case of an election under this sub-  
5           section—

6                   “(A) any State utility with a service obliga-  
7                   tion, as such terms are defined in section 217  
8                   of the Federal Power Act (as in effect on the  
9                   date of the enactment of this subsection),

10                   “(B) any mutual or cooperative electric  
11                   company described in section 501(c)(12) or sec-  
12                   tion 1381(a)(2)(C), or

13                   “(C) an Indian tribal government (as de-  
14                   fined in section 139E(c)(1)),

15           shall be treated as a taxpayer for purposes of this  
16           subsection and determining the amount of any credit  
17           under subsection (a).

18           “(5) EXCESS PAYMENT.—

19                   “(A) IN GENERAL.—In the case of any  
20                   payment made to a taxpayer under this sub-  
21                   section which the Secretary determines con-  
22                   stitutes an excessive payment, the tax imposed  
23                   on such taxpayer by chapter 1 for the taxable  
24                   year in which such determination is made shall

1 be increased by an amount equal to the sum  
2 of—

3 “(i) the amount of the excessive pay-  
4 ment, plus

5 “(ii) an amount equal to 20 percent of  
6 the excessive payment.

7 “(B) REASONABLE CAUSE.—Subparagraph  
8 (A)(ii) shall not apply if the taxpayer dem-  
9 onstrates to the satisfaction of the Secretary  
10 that the excessive payment resulted from rea-  
11 sonable cause.

12 “(C) DEFINITION.—For purposes of this  
13 paragraph, the term ‘excessive payment’ means,  
14 with respect to a qualified facility for any tax-  
15 able year, an amount equal to the excess of—

16 “(i) the amount of the payment made  
17 to the taxpayer under this subsection with  
18 respect to such facility for such taxable  
19 year, over

20 “(ii) the amount of the credit which  
21 (without application of this subsection) is  
22 otherwise allowable under this section with  
23 respect to such facility for such taxable  
24 year.

1           “(6) APPLICABLE PERCENTAGE.—For purposes  
2 of paragraph (1)—

3           “(A) IN GENERAL.—In the case of any  
4 qualified facility which satisfies the require-  
5 ments under subsection (g)(7)(C)(ii) with re-  
6 spect to the construction of such facility, the  
7 applicable percentage shall be 100 percent.

8           “(B) PHASED DOMESTIC CONTENT RE-  
9 QUIREMENT.—Subject to subparagraph (C), in  
10 the case of any qualified facility which fails to  
11 satisfy the requirements under such subsection  
12 with respect to the construction of such facility,  
13 the applicable percentage shall be—

14           “(i) if construction of such facility  
15 began before January 1, 2024, 100 per-  
16 cent,

17           “(ii) if construction of such facility  
18 began in calendar year 2024, 90 percent,

19           “(iii) if construction of such facility  
20 began in calendar year 2025, 85 percent,  
21 and

22           “(iv) if construction of such facility  
23 began after December 31, 2025, 0 percent.

24           “(C) EXCEPTION.—If the Secretary deter-  
25 mines that, for purposes of application of the

1 requirements under subsection (g)(7)(C)(ii)  
2 with respect to the construction of the qualified  
3 facility—

4 “(i) their application would be incon-  
5 sistent with the public interest,

6 “(ii) such materials and products are  
7 not produced in the United States in suffi-  
8 cient and reasonably available quantities  
9 and of a satisfactory quality, or

10 “(iii) inclusion of domestic material  
11 will increase the cost of the construction of  
12 the qualified facility by more than 25 per-  
13 cent,

14 the applicable percentage shall be 100 per-  
15 cent.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 38(b) is amended—

18 (A) in paragraph (32), by striking “plus”  
19 at the end,

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

22 (C) by adding at the end the following new  
23 paragraph:

24 “(34) the clean electricity production credit de-  
25 termined under section 45U(a).”.



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

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

4           (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to facilities placed in service after  
 6 December 31, 2022.

7 **SEC. 102. CLEAN ELECTRICITY INVESTMENT CREDIT.**

8           (a) BUSINESS CREDIT.—

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

12 **“SEC. 48D. CLEAN ELECTRICITY INVESTMENT CREDIT.**

13           “(a) INVESTMENT CREDIT FOR QUALIFIED PROP-  
 14           ERTY.—

15           “(1) IN GENERAL.—For purposes of section 46,  
 16           the clean electricity investment credit for any taxable  
 17           year is—

18           “(A) except as provided in subparagraph  
 19           (B), an amount equal to 30 percent of the  
 20           qualified investment for such taxable year with  
 21           respect to—

22           “(i) any qualified facility, and

23           “(ii) any grid improvement property,

24           and

1           “(B) in the case of a qualified facility  
2           which is a microgrid, an amount equal to the  
3           product of—

4                   “(i) 30 percent of the qualified invest-  
5                   ment for such taxable year with respect to  
6                   such microgrid, and

7                   “(ii) the relative avoided emissions  
8                   rate with respect to such microgrid (as de-  
9                   termined under subsection (b)(3)(C)(iv)).

10           “(2) INCREASE IN CREDIT RATE IN CERTAIN  
11           CASES.—

12                   “(A) DISADVANTAGED AND ENERGY COM-  
13                   MUNITIES.—

14                           “(i) IN GENERAL.—In the case of—

15                                   “(I) any energy storage property  
16                                   or any qualified investment with re-  
17                                   spect to a qualified facility (with the  
18                                   exception of any such facility de-  
19                                   scribed in section 45U(b)(2)(B))—

20   “(aa) which is placed in  
21   service within a disadvantaged  
22   community or an energy commu-  
23   nity (as defined in section  
24   45U(g)(7)(B)(ii)), and

1                   “(bb) has a maximum net  
2                   output of less than 5 megawatts,  
3                   or

4                   “(II) any qualified property  
5                   which is not described in subclause (I)  
6                   and is placed in service within an en-  
7                   ergy community,

8                   for purposes applying paragraph (1) with  
9                   respect to such property or investment, the  
10                  percentage under subparagraph (A) of  
11                  such paragraph (or, in the case of a  
12                  microgrid, subparagraph (B)(i) of such  
13                  paragraph), shall be increased by 10 per-  
14                  centage points.

15                  “(ii) DISADVANTAGED COMMUNITY.—  
16                  For purposes of this subparagraph, the  
17                  term ‘disadvantaged community’ has the  
18                  same meaning given the term ‘low-income  
19                  community’ in section 45D(e)(1), as ap-  
20                  plied by substituting ‘60 percent’ for ‘80  
21                  percent’ each place it appears in subpara-  
22                  graph (B) thereof.

23                  “(B) NASCENT CLEAN ENERGY TECH-  
24                  NOLOGY.—In the case of any qualified facility  
25                  which generates electricity using a nascent

1 clean energy technology (as defined in section  
2 45U(g)(7)(A)(ii)), for purposes applying para-  
3 graph (1) with respect to any qualified invest-  
4 ment with respect to such facility, the percent-  
5 age under subparagraph (A) of such paragraph  
6 (or, in the case of a microgrid, subparagraph  
7 (B)(i) of such paragraph), shall be increased by  
8 10 percentage points.

9 “(C) DOMESTIC CONTENT.—

10 “(i) IN GENERAL.—In the case of any  
11 qualified investment with respect to a  
12 qualified facility or with respect to grid im-  
13 provement property which satisfies the re-  
14 quirement under clause (ii)(I), for pur-  
15 poses of applying paragraph (1) with re-  
16 spect to such qualified investment, the per-  
17 centage under subparagraph (A) of such  
18 paragraph (or, in the case of a qualified in-  
19 vestment with respect to a microgrid, sub-  
20 subparagraph (B)(i) of such paragraph), shall  
21 be increased by 10 percentage points.

22 “(ii) REQUIREMENTS.—

23 “(I) IN GENERAL.—The require-  
24 ment described in this subclause with  
25 respect to any qualified investment

1 with respect to a qualified facility or  
2 with respect to grid improvement  
3 property is satisfied if the taxpayer  
4 certifies to the Secretary that—

5 “(aa) in the case of a quali-  
6 fied investment with respect to a  
7 qualified facility, any property  
8 used at such facility is composed  
9 of steel, iron, or manufactured  
10 products which were produced in  
11 the United States, and

12 “(bb) in the case of a quali-  
13 fied investment with respect to  
14 any grid improvement property,  
15 such property is composed of  
16 steel, iron, or manufactured  
17 products which were produced in  
18 the United States.

19 “(II) STEEL AND IRON.—In the  
20 case of steel or iron, subclause (I)  
21 shall be applied in a manner con-  
22 sistent with section 661.5(b) of title  
23 49, Code of Federal Regulations.

24 “(III) MANUFACTURED PROD-  
25 UCT.—For purposes of subclause (I),

1 a manufactured product shall be  
2 deemed to have been manufactured in  
3 the United States if not less than 55  
4 percent of the total cost of the compo-  
5 nents of such product is attributable  
6 to components which are mined, pro-  
7 duced, or manufactured in the United  
8 States.

9 “(iii) INTERNATIONAL AGREEMENTS.—This subparagraph shall be ap-  
10 plied in a manner which is consistent with  
11 the obligations of the United States under  
12 international agreements.  
13

14 “(D) MAXIMUM CREDIT RATE.—Notwith-  
15 standing any adjustment or increase pursuant  
16 to this paragraph, the percentage under sub-  
17 paragraph (A) or (B)(i) of paragraph (1) shall  
18 not exceed 50 percent.

19 “(b) QUALIFIED INVESTMENT WITH RESPECT TO  
20 ANY QUALIFIED FACILITY.—

21 “(1) IN GENERAL.—For purposes of subsection  
22 (a), the qualified investment with respect to any  
23 qualified facility for any taxable year is the sum  
24 of—

1           “(A) the basis of any qualified property  
2 placed in service by the taxpayer during such  
3 taxable year which is part of a qualified facility,  
4 plus

5           “(B) the amount of any expenditures  
6 which are—

7           “(i) paid or incurred by the taxpayer  
8 for qualified interconnection property—

9           “(I) in connection with a quali-  
10 fied facility which has a maximum net  
11 output of not greater than 5  
12 megawatts, and

13           “(II) placed in service during the  
14 taxable year of the taxpayer, and

15           “(ii) properly chargeable to capital ac-  
16 count of the taxpayer.

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

19           “(A) which is—

20           “(i) tangible personal property, or

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

1           “(B) with respect to which depreciation (or  
2 amortization in lieu of depreciation) is allow-  
3 able, and

4           “(C)(i) the construction, reconstruction, or  
5 erection of which is completed by the taxpayer,  
6 or

7           “(ii) which is acquired by the taxpayer if  
8 the original use of such property commences  
9 with the taxpayer.

10       “(3) QUALIFIED FACILITY.—

11           “(A) IN GENERAL.—For purposes of this  
12 section, the term ‘qualified facility’ means a fa-  
13 cility—

14           “(i) which is used for the generation  
15 of electricity,

16           “(ii) which is originally placed in serv-  
17 ice after December 31, 2022,

18           “(iii) for which the anticipated green-  
19 house gas emissions rate (as determined  
20 under subparagraph (B)(ii)) is not greater  
21 than zero, and

22           “(iv) in the case of any facility with a  
23 maximum net output equal to or greater  
24 than 1 megawatt, which—



1           “(I) satisfies the requirements of  
2           subparagraph (B)(iii), and

3           “(II) with respect to the con-  
4           struction of such facility, satisfies the  
5           requirements under section 501 of the  
6           Clean Energy for America Act.

7           “(B) ADDITIONAL RULES.—

8           “(i) EXPANSION OF FACILITY; INCRE-  
9           MENTAL PRODUCTION.—Rules similar to  
10          the rules of section 45U(b)(1)(C) shall  
11          apply for purposes of this paragraph.

12          “(ii) GREENHOUSE GAS EMISSIONS  
13          RATE.—Rules similar to the rules of sec-  
14          tion 45U(b)(2) shall apply for purposes of  
15          this paragraph.

16          “(iii) WAGE REQUIREMENTS.—

17                  “(I) IN GENERAL.—The require-  
18                  ments described in this subclause with  
19                  respect to any facility are that the  
20                  taxpayer shall ensure that any labor-  
21                  ers and mechanics employed by con-  
22                  tractors and subcontractors in—

23                          “(aa) the construction of  
24                          such facility, or

1           “(bb) for any year during  
2           the 5-year period beginning on  
3           the date the facility is originally  
4           placed in service, the alteration  
5           or repair of such facility,  
6           shall be paid wages at rates not less  
7           than the prevailing rates for construc-  
8           tion, alteration, or repair of a similar  
9           character in the locality as determined  
10          by the Secretary of Labor, in accord-  
11          ance with subchapter IV of chapter 31  
12          of title 40, United States Code.

13           “(II) CORRECTION AND PENALTY  
14          RELATED TO FAILURE TO SATISFY  
15          WAGE REQUIREMENTS.—For purposes  
16          of section 50(a), a taxpayer shall not  
17          be treated as failing to satisfy the re-  
18          quirements of this clause if such tax-  
19          payer meets requirements similar to  
20          the requirements of section  
21          45U(b)(3)(B)(ii).

22          “(C) MICROGRIDS.—

23           “(i) IN GENERAL.—For purposes of  
24          this section, the term ‘qualified facility’  
25          shall include any microgrid which satisfies

1 the requirements under clauses (i), (ii),  
2 and (iv) of subparagraph (A).

3 “(ii) MICROGRID.—For purposes of  
4 this section, the term ‘microgrid’ means an  
5 interconnected system of distributed en-  
6 ergy resources used for the generation of  
7 electricity which—

8 “(I) is contained within a clearly  
9 defined electrical boundary and has  
10 the ability to operate as a single and  
11 controllable entity,

12 “(II) has the ability to be man-  
13 aged and isolated from the applicable  
14 grid region in order to withstand larg-  
15 er disturbances and maintain the sup-  
16 ply of electricity to connected infra-  
17 structure, and

18 “(III) has a maximum net output  
19 of not greater than 20 megawatts.

20 “(iii) APPLICABLE GRID REGION.—  
21 For purposes of this subparagraph, the  
22 term ‘applicable grid region’ means a set  
23 of power plants and transmission lines  
24 which are—

1           “(I) under the control of a single  
2 grid operator, and

3           “(II) interconnected to the  
4 microgrid.

5           “(iv) RELATIVE AVOIDED EMISSIONS  
6 RATE.—

7           “(I) IN GENERAL.—For purposes  
8 of subsection (a)(1)(B)(ii), the relative  
9 avoided emissions rate shall be the  
10 amount equal to the quotient of—

11           “(aa) the amount equal to  
12 the non-baseload output emis-  
13 sions rate for the applicable grid  
14 region minus the greenhouse gas  
15 emissions rate for the microgrid,  
16 divided by

17           “(bb) the non-baseload out-  
18 put emissions rate for the appli-  
19 cable grid region.

20           “(II) NON-BASELOAD OUTPUT  
21 EMISSIONS RATE.—

22           “(aa) IN GENERAL.—For  
23 purposes of this subparagraph,  
24 the term ‘non-baseload output  
25 emissions rate’ means the

1 amount of greenhouse gases  
2 emitted into the atmosphere by  
3 the applicable grid region for the  
4 production of electricity (ex-  
5 pressed as grams of CO<sub>2</sub>e per  
6 KWh) above baseload.

7 “(bb) DETERMINATION.—

8 The non-baseload output emis-  
9 sions rate for any applicable grid  
10 region shall be determined by the  
11 Administrator of the Environ-  
12 mental Protection Agency and  
13 the Secretary.

14 “(D) EXCLUSION.—The term ‘qualified fa-  
15 cility’ shall not include any facility for which—

16 “(i) a renewable electricity production  
17 credit determined under section 45,

18 “(ii) an advanced nuclear power facil-  
19 ity production credit determined under sec-  
20 tion 45J,

21 “(iii) a carbon oxide sequestration  
22 credit determined under section 45Q,

23 “(iv) a clean electricity production  
24 credit determined under section 45U, or

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

5                   “(4) QUALIFIED INTERCONNECTION PROP-  
6                   ERTY.—For purposes of this paragraph—

7                   “(A) IN GENERAL.—The term ‘qualified  
8                   interconnection property’ means, with respect to  
9                   a qualified facility which is not a microgrid, any  
10                  tangible property—

11                  “(i) which is part of an addition,  
12                  modification, or upgrade to a transmission  
13                  system which is required at or beyond the  
14                  point at which the qualified facility inter-  
15                  connects to such transmission system in  
16                  order to accommodate such interconnec-  
17                  tion,

18                  “(ii)(I) which is constructed, recon-  
19                  structed, or erected by the taxpayer, or

20                  “(II) for which the cost with respect  
21                  to the construction, reconstruction, or erec-  
22                  tion of such property is paid or incurred by  
23                  such taxpayer, and

1           “(iii) the original use of which, pursu-  
2           ant to an interconnection agreement, com-  
3           mences with the utility.

4           “(B) INTERCONNECTION AGREEMENT.—  
5           The term ‘interconnection agreement’ means an  
6           agreement entered into by a utility and the tax-  
7           payer for the purposes of interconnecting the  
8           qualified facility owned by such taxpayer to the  
9           transmission system of such utility.

10          “(C) TRANSMISSION SYSTEM.—The term  
11          ‘transmission system’ means the facilities  
12          owned, controlled, or operated by a utility which  
13          are used to provide electric transmission serv-  
14          ice.

15          “(D) UTILITY.—The term ‘utility’ means  
16          the owner or operator of an electrical trans-  
17          mission or distribution system which is subject  
18          to the regulatory authority of—

19                 “(i) the Federal Energy Regulatory  
20                 Commission, or

21                 “(ii) a State public utility commission  
22                 or other appropriate State agency.

23          “(5) COORDINATION WITH REHABILITATION  
24          CREDIT.—The qualified investment with respect to  
25          any qualified facility for any taxable year shall not

1 include that portion of the basis of any property  
2 which is attributable to qualified rehabilitation ex-  
3 penditures (as defined in section 47(c)(2)).

4 “(6) DEFINITIONS.—For purposes of this sub-  
5 section, the terms ‘CO<sub>2</sub>e per KWh’ and ‘greenhouse  
6 gas emissions rate’ have the same meaning given  
7 such terms under section 45U(b).

8 “(c) QUALIFIED INVESTMENT WITH RESPECT TO  
9 GRID IMPROVEMENT PROPERTY.—

10 “(1) IN GENERAL.—

11 “(A) QUALIFIED INVESTMENT.—For pur-  
12 poses of subsection (a), the qualified investment  
13 with respect to grid improvement property for  
14 any taxable year is the basis of any grid im-  
15 provement property placed in service by the tax-  
16 payer during such taxable year.

17 “(B) GRID IMPROVEMENT PROPERTY.—  
18 For purposes of this section, the term ‘grid im-  
19 provement property’ means any energy storage  
20 property or qualified transmission property  
21 which—

22 “(i) satisfies the requirements of  
23 paragraph (4), and

24 “(ii) with respect to the construction  
25 of such property, satisfies the requirements



1           under section 501 of the Clean Energy for  
2           America Act.

3           “(2) ENERGY STORAGE PROPERTY.—For pur-  
4           poses of this subsection, the term ‘energy storage  
5           property’ means property—

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

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

11                   “(ii) stored by the taxpayer for an un-  
12                  related person,

13           “(B) with respect to which depreciation (or  
14           amortization in lieu of depreciation) is allow-  
15           able,

16           “(C)(i) the construction, reconstruction, or  
17           erection of which is completed by the taxpayer,  
18           or

19           “(ii) which is acquired by the taxpayer if  
20           the original use of such property commences  
21           with the taxpayer,

22           “(D) which has a capacity of not less than  
23           5 kilowatt hours, and

24           “(E) which is placed in service after De-  
25           cember 31, 2021.

1 “(3) QUALIFIED TRANSMISSION PROPERTY.—

2 “(A) IN GENERAL.—For purposes of this  
3 subsection, the term ‘qualified transmission  
4 property’ means property—

5 “(i) which is—

6 “(I) an overhead, submarine, or  
7 underground transmission property  
8 which is capable of transmitting elec-  
9 tricity at a voltage of not less than  
10 275 kilovolts, and

11 “(II) other equipment necessary  
12 for the operation of property described  
13 in clause (i), including equipment list-  
14 ed as ‘transmission plant’ in the Uni-  
15 form System of Accounts for the Fed-  
16 eral Energy Regulatory Commission  
17 under part 101 of subchapter C of  
18 chapter I of title 18, Code of Federal  
19 Regulations,

20 “(ii) which satisfies the requirements  
21 under subparagraphs (B), (C), and (E) of  
22 paragraph (2).

23 “(B) EXCLUSION.—The term ‘qualified  
24 transmission property’ shall not include any

1 property used for distribution of electricity be-  
2 tween substations and end-use customers.

3 “(4) WAGE REQUIREMENTS.—

4 “(A) IN GENERAL.—The requirements de-  
5 scribed in this subparagraph with respect to  
6 any property are that the taxpayer shall ensure  
7 that any laborers and mechanics employed by  
8 contractors and subcontractors in—

9 “(i) the construction of such property,

10 or

11 “(ii) for any year during the 5-year  
12 period beginning on the date the property  
13 is originally placed in service, the alter-  
14 ation or repair of such property,

15 shall be paid wages at rates not less than the  
16 prevailing rates for construction, alteration, or  
17 repair of a similar character in the locality as  
18 determined by the Secretary of Labor, in ac-  
19 cordance with subchapter IV of chapter 31 of  
20 title 40, United States Code.

21 “(B) CORRECTION AND PENALTY RELATED  
22 TO FAILURE TO SATISFY WAGE REQUIRE-  
23 MENTS.—For purposes of section 50(a), a tax-  
24 payer shall not be treated as failing to satisfy  
25 the requirements of this clause if such taxpayer

1           meets requirements similar to the requirements  
2           of section 45U(b)(3)(B)(ii).

3           “(d) SPECIAL RULES.—

4           “(1) CERTAIN PROGRESS EXPENDITURE RULES  
5           MADE APPLICABLE.—Rules similar to the rules of  
6           subsections (c)(4) and (d) of section 46 (as in effect  
7           on the day before the date of the enactment of the  
8           Revenue Reconciliation Act of 1990) shall apply for  
9           purposes of subsection (a).

10           “(2) SPECIAL RULE FOR PROPERTY FINANCED  
11           BY SUBSIDIZED ENERGY FINANCING OR INDUSTRIAL  
12           DEVELOPMENT BONDS.—Rules similar to the rules  
13           of section 48(a)(4) shall apply for purposes of this  
14           section.

15           “(e) CREDIT PHASE-OUT.—

16           “(1) IN GENERAL.—If the Secretary, the Sec-  
17           retary of Energy, and the Administrator of the En-  
18           vironmental Protection Agency determine that the  
19           annual greenhouse gas emissions from the produc-  
20           tion of electricity in the United States are equal to  
21           or less than 25 percent of the annual greenhouse gas  
22           emissions from the production of electricity in the  
23           United States for calendar year 2021, the amount of  
24           the clean electricity investment credit under sub-  
25           section (a) for any qualified investment with respect

1 to any qualified facility or grid improvement prop-  
2 erty the construction of which begins during a cal-  
3 endar year described in paragraph (2) shall be equal  
4 to the product of—

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

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

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

12 “(A) for any qualified investment with re-  
13 spect to any qualified facility or grid improve-  
14 ment property the construction of which begins  
15 during the first calendar year following the cal-  
16 endar year in which the determination described  
17 in paragraph (1) is made, 100 percent,

18 “(B) for any qualified investment with re-  
19 spect to any qualified facility or grid improve-  
20 ment property the construction of which begins  
21 during the second calendar year following such  
22 determination year, 75 percent,

23 “(C) for any qualified investment with re-  
24 spect to any qualified facility or grid improve-  
25 ment property the construction of which begins

1           during the third calendar year following such  
2           determination year, 50 percent, and

3           “(D) for any qualified investment with re-  
4           spect to any qualified facility or grid improve-  
5           ment property the construction of which begins  
6           during any calendar year subsequent to the  
7           year described in subparagraph (C), 0 percent.

8           “(f) GREENHOUSE GAS.—In this section, the term  
9           ‘greenhouse gas’ has the same meaning given such term  
10          under section 45U(e)(2).

11          “(g) RECAPTURE OF CREDIT.—For purposes of sec-  
12          tion 50, if the Secretary and the Administrator of the En-  
13          vironmental Protection Agency determine that the green-  
14          house gas emissions rate for a qualified facility is signifi-  
15          cantly higher than the anticipated greenhouse gas emis-  
16          sions rate claimed by the taxpayer for purposes of the  
17          clean electricity investment credit under this section, the  
18          facility or equipment shall cease to be investment credit  
19          property in the taxable year in which the determination  
20          is made.

21          “(h) FINAL GUIDANCE.—Not later than January 1,  
22          2023, the Secretary and the Administrator of the Environ-  
23          mental Protection Agency shall issue final guidance re-  
24          garding implementation of this section.

25          “(i) ELECTION FOR DIRECT PAYMENT.—

1           “(1) IN GENERAL.—In the case of any qualified  
2 property or grid improvement property placed in  
3 service during any taxable year, the applicable per-  
4 centage of the amount of any credit determined  
5 under subsection (a) with respect to such property  
6 for such taxable year shall, at the election of the tax-  
7 payer, be treated as a payment equal to such  
8 amount which is made by the taxpayer against the  
9 tax imposed by chapter 1 for such taxable year (re-  
10 gardless of whether such tax would have been on  
11 such taxpayer).

12           “(2) FORM AND EFFECT OF ELECTION.—

13           “(A) IN GENERAL.—An election under  
14 paragraph (1) shall be made prior to the date  
15 on which the qualified property or grid improve-  
16 ment property is placed in service and in such  
17 manner as the Secretary may prescribe. Such  
18 election, once made, shall—

19                   “(i) be irrevocable with respect to the  
20 qualified property or grid improvement  
21 property to which such election applies,  
22 and

23                   “(ii) reduce the amount of the credit  
24 which would (but for this subsection) be al-  
25 lowable under this section with respect to

1           such property for the taxable year in which  
2           such property is placed in service to zero.

3           “(B) ADDITIONAL INFORMATION.—For  
4           purposes of an election under paragraph (1),  
5           the Secretary may require such information as  
6           the Secretary deems necessary for purposes of  
7           preventing duplication, fraud, or any improper  
8           payments under this subsection.

9           “(3) APPLICATION TO PARTNERSHIPS AND S  
10          CORPORATIONS; EXCESS PAYMENTS.—Rules similar  
11          to the rules of paragraphs (3) and (5) of section  
12          45U(h) shall apply for purposes of this subsection.

13          “(4) SPECIAL RULES FOR CERTAIN ENTITIES.—

14                 “(A) ELIGIBILITY OF CERTAIN PROP-  
15                 ERTY.—For purposes of this subsection, para-  
16                 graphs (3) and (4) of section 50(b) shall not  
17                 apply with respect to—

18                         “(i) any State utility with a service  
19                         obligation, as such terms are defined in  
20                         section 217 of the Federal Power Act (as  
21                         in effect on the date of the enactment of  
22                         this subsection),

23                         “(ii) any mutual or cooperative elec-  
24                         tric company described in section  
25                         501(c)(12) or section 1381(a)(2)(C), or



1                   “(iii) an Indian tribal government (as  
2                   defined in section 139E(c)(1)).

3                   “(B) CERTAIN ENTITIES TREATED AS TAX-  
4                   PAYERS.—In the case of an election under this  
5                   subsection, any entity described in clause (i),  
6                   (ii), or (iii) of subparagraph (A) shall be treat-  
7                   ed as a taxpayer for purposes of this subsection  
8                   and determining the amount of any credit  
9                   under subsection (a).

10                   “(5) APPLICABLE PERCENTAGE.—For purposes  
11                   of paragraph (1)—

12                   “(A) IN GENERAL.—In the case of any  
13                   property which satisfies the requirements under  
14                   subsection (a)(2)(C)(ii) with respect to the con-  
15                   struction of such property, the applicable per-  
16                   centage shall be 100 percent.

17                   “(B) PHASED DOMESTIC CONTENT RE-  
18                   QUIREMENT.—Subject to subparagraph (C), in  
19                   the case of any property which fails to satisfy  
20                   the requirements under such subsection with re-  
21                   spect to the construction of such property, the  
22                   applicable percentage shall be—

23                   “(i) if construction of such property  
24                   began before January 1, 2024, 100 per-  
25                   cent,

1 “(ii) if construction of such property  
2 began in calendar year 2024, 90 percent,

3 “(iii) if construction of such property  
4 began in calendar year 2025, 85 percent,  
5 and

6 “(iv) if construction of such property  
7 began after December 31, 2025, 0 percent.

8 “(C) EXCEPTION.—If the Secretary deter-  
9 mines that, for purposes of application of the  
10 requirements under subsection (a)(2)(C)(ii)  
11 with respect to the construction of such prop-  
12 erty—

13 “(i) their application would be incon-  
14 sistent with the public interest,

15 “(ii) such materials and products are  
16 not produced in the United States in suffi-  
17 cient and reasonably available quantities  
18 and of a satisfactory quality, or

19 “(iii) inclusion of domestic material  
20 will increase the cost of the construction of  
21 the property by more than 25 percent,  
22 the applicable percentage shall be 100 per-  
23 cent.”.

24 (2) PUBLIC UTILITY PROPERTY.—Section 50(d)  
25 is amended—

1 (A) in paragraph (2)—

2 (i) by adding after the first sentence  
3 the following new sentence: “At the elec-  
4 tion of a taxpayer, this paragraph shall not  
5 apply to any grid improvement property  
6 (as defined in section 48D(c)(1)(B)), pro-  
7 vided—”, and

8 (ii) by adding the following new sub-  
9 paragraphs:

10 “(A) no election under this paragraph shall  
11 be permitted if the making of such election is  
12 prohibited by a State or political subdivision  
13 thereof, by any agency or instrumentality of the  
14 United States, or by a public service or public  
15 utility commission or other similar body of any  
16 State or political subdivision that regulates pub-  
17 lic utilities as described in section  
18 7701(a)(33)(A),

19 “(B) an election under this paragraph  
20 shall be made separately with respect to each  
21 grid improvement property by the due date (in-  
22 cluding extensions) of the Federal tax return  
23 for the taxable year in which such property is  
24 placed in service by the taxpayer, and once

1 made, may be revoked only with the consent of  
2 the Secretary, and

3 “(C) an election shall not apply with re-  
4 spect to any energy storage property (as de-  
5 fined in section 48D(c)(2)) if such property has  
6 a maximum capacity equal to or less than 500  
7 kilowatt hours.”, and

8 (B) by adding at the end the following:  
9 “Paragraphs (1)(B) and (2)(B) of the section  
10 46(e) referred to in paragraph (1) of this sub-  
11 section shall not apply to any qualified invest-  
12 ment described in section 48D of a real estate  
13 investment trust.”

14 (3) CONFORMING AMENDMENTS.—

15 (A) Section 46 is amended—

16 (i) by striking “and” at the end of  
17 paragraph (5),

18 (ii) by striking the period at the end  
19 of paragraph (6) and inserting “, and”,  
20 and

21 (iii) by adding at the end the fol-  
22 lowing new paragraph:

23 “(7) the clean electricity investment credit.”.

24 (B) Section 49(a)(1)(C) is amended—

1 (i) by striking “and” at the end of  
2 clause (iv),

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

5 (iii) by adding at the end the fol-  
6 lowing new clauses:

7 “(vi) the basis of any qualified prop-  
8 erty which is part of a qualified facility  
9 under section 48D, and

10 “(vii) the basis of any energy storage  
11 property under section 48D.”.

12 (C) Section 50(a)(2)(E) is amended by  
13 striking “or 48C(b)(2)” and inserting  
14 “48C(b)(2), or 48D(e)”.

15 (D) The table of sections for subpart E of  
16 part IV of subchapter A of chapter 1 is amend-  
17 ed by inserting after the item relating to section  
18 48C the following new item:

“48D. Clean electricity investment credit.”.

19 (4) EFFECTIVE DATE.—The amendments made  
20 by this subsection shall apply to property placed in  
21 service after December 31, 2021, under rules similar  
22 to the rules of section 48(m) of the Internal Revenue  
23 Code of 1986 (as in effect on the day before the  
24 date of the enactment of the Revenue Reconciliation  
25 Act of 1990).

1 (b) INDIVIDUAL CREDIT.—

2 (1) IN GENERAL.—Subpart A of part IV of sub-  
3 chapter A of chapter 1 is amended by inserting after  
4 section 25D the following:

5 **“SEC. 25E. RESIDENTIAL CLEAN ELECTRICITY CREDIT.**

6 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
7 dividual, there shall be allowed as a credit against the tax  
8 imposed by this chapter for the taxable year an amount  
9 equal to 30 percent of the expenditures made by the tax-  
10 payer for any qualified property and any energy storage  
11 property which is—

12 “(1) for use in connection with a dwelling unit  
13 which is located in the United States and used as a  
14 residence by the taxpayer, and

15 “(2) placed in service during such taxable year.

16 “(b) QUALIFIED PROPERTY.—

17 “(1) IN GENERAL.—The term ‘qualified prop-  
18 erty’ means property—

19 “(A) which is tangible personal property,

20 “(B) which is used for the generation of  
21 electricity,

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

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

1           “(E) which is originally placed in service  
2           after December 31, 2022, and

3           “(F) for which the anticipated greenhouse  
4           gas emissions rate (as determined under para-  
5           graph (2)) is not greater than zero.

6           “(2) ESTABLISHMENT OF EMISSIONS RATES  
7           FOR QUALIFIED PROPERTY.—

8           “(A) IN GENERAL.—The Secretary and the  
9           Administrator of the Environmental Protection  
10          Agency, shall establish greenhouse gas emis-  
11          sions rates for types or categories of qualified  
12          property which are for use in a dwelling unit,  
13          which a taxpayer shall use for purposes of this  
14          section.

15          “(B) PUBLISHING EMISSIONS RATES.—  
16          The Secretary shall publish a table that sets  
17          forth the greenhouse gas emissions rates for  
18          similar types or categories of qualified property.

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

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

24                 “(2) is equipped with a metering device which  
25                 is owned and operated by an unrelated person,

1           “(3) has a capacity of not less than 3 kilowatt  
2 hours, and

3           “(4) satisfies the requirements under subpara-  
4 graphs (A), (C), (D), and (E) of subsection (b)(1).

5           “(d) CARRYFORWARD OF UNUSED CREDIT.—

6           “(1) IN GENERAL.—If the credit allowable  
7 under subsection (a) exceeds the applicable tax limit,  
8 such excess shall be carried to each of the 3 suc-  
9 ceeding taxable years and added to the credit allow-  
10 able under subsection (a) for such succeeding tax-  
11 able year.

12           “(2) LIMITATION.—The amount of the unused  
13 credit which may be taken into account under para-  
14 graph (1) for any taxable year shall not exceed the  
15 amount (if any) by which the applicable tax limit for  
16 such taxable year exceeds the sum of—

17           “(A) the credit allowable under subsection  
18 (a) for which such taxable year determined  
19 without regard to this subsection, and

20           “(B) the amounts which, by reason of this  
21 subsection, are carried to such taxable year and  
22 are attributable to taxable years before the un-  
23 used credit year.

24           “(3) APPLICABLE TAX LIMIT.—For purposes of  
25 this subsection, the term ‘applicable tax limit’ means



1 the limitation imposed by section 26(a) for such tax-  
2 able year reduced by the sum of the credits allowable  
3 under this subpart (other than this section).

4 “(e) CREDIT PHASE-OUT.—

5 “(1) IN GENERAL.—If the Secretary, the Sec-  
6 retary of Energy, and the Administrator of the En-  
7 vironmental Protection Agency determine that the  
8 annual greenhouse gas emissions from the produc-  
9 tion of electricity in the United States are equal to  
10 or less than the percentage specified in section  
11 48D(e), the amount of the credit allowable under  
12 subsection (a) for any qualified property or energy  
13 storage property placed in service during a calendar  
14 year described in paragraph (2) shall be equal to the  
15 product of—

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

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

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

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

1 year in which the determination described in  
2 paragraph (1) is made, 100 percent,

3 “(B) for property placed in service during  
4 the second calendar year following such deter-  
5 mination year, 75 percent,

6 “(C) for property placed in service during  
7 the third calendar year following such deter-  
8 mination year, 50 percent, and

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

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

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

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

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

3           “(3) CONDOMINIUMS.—

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

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

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

1           “(5) COORDINATION WITH OTHER CREDITS.—

2           The terms ‘qualified property’ and ‘energy storage  
3           property’ shall not include any property for which a  
4           credit is allowed under section 25D for any expendi-  
5           ture with respect to such property.

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

12          “(h) FINAL GUIDANCE.—Not later than January 1,  
13          2023, the Secretary and the Administrator of the Environ-  
14          mental Protection Agency shall issue final guidance re-  
15          garding implementation of this section, including calcula-  
16          tion of greenhouse gas emission rates for qualified prop-  
17          erty and determination of residential clean electricity  
18          property credits under this section.”.

19                 (2) CONFORMING AMENDMENTS.—

20                 (A) Section 23(c)(1) is amended by strik-  
21                 ing “and section 25D” and inserting “, section  
22                 25D, and section 25E”.

23                 (B) Section 25(e)(1)(C) is amended by  
24                 striking “and 25D” and inserting “25D, and  
25                 25E”.

1           (C) Paragraph (1) of section 45(d) is  
2 amended by striking “with respect to which”  
3 and all that follows through the period and in-  
4 serting the following: “with respect to which—

5           “(A) any qualified small wind energy prop-  
6 erty expenditure (as defined in subsection  
7 (d)(4) of section 25D) is taken into account in  
8 determining the credit under such section, or

9           “(B) any expenditures for qualified prop-  
10 erty (as defined in subsection (b) of section  
11 25E) which uses wind to produce electricity is  
12 taken into account in determining the credit  
13 under such section.”.

14           (D) Section 1016(a) is amended—

15           (i) by redesignating paragraphs (35)  
16 through (38) as paragraphs (36) through  
17 (39), respectively, and

18           (ii) by inserting after paragraph (34)  
19 the following:

20           “(35) to the extent provided in section 25E(g),  
21 in the case of amounts with respect to which a credit  
22 has been allowed under section 25E,”.

23           (E) The table of contents for subpart A of  
24 part IV of subchapter A of chapter 1 is amend-

1           ed by inserting after the item relating to section  
2           25D the following new item:

“Sec. 25E. Residential clean electricity credit.”.

3           (3) EFFECTIVE DATE.—The amendments made  
4           by this subsection shall apply to property placed in  
5           service after December 31, 2022.

6 **SEC. 103. EXTENSIONS, MODIFICATIONS, AND TERMINATIONS OF VARIOUS ENERGY PROVISIONS.**  
7

8           (a) RESIDENTIAL ENERGY EFFICIENT PROPERTY.—

9           (1) ELIMINATION OF PHASEOUT.—Section  
10          25D(g) is amended to read as follows:

11          “(g) APPLICABLE PERCENTAGE.—For purposes of  
12          subsection (a), the applicable percentage shall be 30 per-  
13          cent.”.

14          (2) EFFECTIVE DATE.—The amendments made  
15          by this subsection shall apply to property placed in  
16          service after December 31, 2020.

17          (b) RENEWABLE ELECTRICITY PRODUCTION CRED-  
18          IT.—

19          (1) CARRYFORWARD OF CREDIT.—

20                  (A) IN GENERAL.—Section 39(a) is  
21                  amended by adding at the end the following:

22                  “(4) 25-YEAR CARRYFORWARD FOR RENEW-  
23                  ABLE ELECTRICITY PRODUCTION CREDIT.—In the  
24                  case of the renewable electricity production credit—

1           “(A) this section shall be applied sepa-  
 2           rately from the business credit (other than the  
 3           renewable electricity production credit), and

4           “(B) paragraph (2) shall be applied—

5                   “(i) by substituting ‘26 taxable years’  
 6                   for ‘21 taxable years’ in subparagraph (A)  
 7                   thereof, and

8                   “(ii) by substituting ‘25 taxable years’  
 9                   for ‘20 taxable years’ in subparagraph (B)  
 10                  thereof.”.

11           (B) EFFECTIVE DATE.—The amendment  
 12           made by this paragraph shall apply to credit  
 13           carryforwards carried to taxable years begin-  
 14           ning after the date of enactment of this Act.

15           (2) ELECTION FOR DIRECT PAYMENT FOR RE-  
 16           NEWABLE ELECTRICITY PRODUCTION CREDIT.—Sec-  
 17           tion 45 is amended by adding at the end the fol-  
 18           lowing:

19           “(f) ELECTION FOR DIRECT PAYMENT.—

20                   “(1) IN GENERAL.—The amount of any credit  
 21                   determined under subsection (a) with respect to any  
 22                   qualified facility for any taxable year during the pe-  
 23                   riod described in subsection (a)(2)(A)(ii) shall, at  
 24                   the election of the taxpayer, be treated as a payment  
 25                   equal to such amount which is made by the taxpayer

1 against the tax imposed by chapter 1 for such tax-  
2 able year.

3 “(2) FORM AND EFFECT OF ELECTION.—

4 “(A) IN GENERAL.—An election under  
5 paragraph (1) shall be made prior to the appli-  
6 cable date on and in such manner as the Sec-  
7 retary may prescribe. Such election, once made,  
8 shall—

9 “(i) be irrevocable with respect to  
10 such qualified facility for the period de-  
11 scribed in subsection (a)(2)(A)(ii), and

12 “(ii) for any taxable year during such  
13 period, reduce the amount of the credit  
14 which would (but for this paragraph) be al-  
15 lowable under this section with respect to  
16 such qualified facility for such taxable year  
17 to zero.

18 “(B) ADDITIONAL INFORMATION.—For  
19 purposes of an election under paragraph (1),  
20 the Secretary may require such information as  
21 the Secretary deems necessary for purposes of  
22 preventing duplication, fraud, or any improper  
23 payments under this subsection.



1           “(C) APPLICABLE DATE.—For purposes of  
2 this paragraph, the term ‘applicable date’  
3 means—

4           “(i) in the case of any qualified facil-  
5 ity which is placed in service after Decem-  
6 ber 31, 2020, and before the date of enact-  
7 ment of the Clean Energy for America Act,  
8 the earlier of—

9           “(I) the date which is 180 days  
10 after the date of enactment of such  
11 Act, or

12           “(II) the end of the taxable year  
13 in which such facility is placed in  
14 service,

15           “(ii) in the case of any qualified facil-  
16 ity the construction of which begins before  
17 the date of enactment of the Clean Energy  
18 for America Act and which is not placed in  
19 service before such date, the later of—

20           “(I) the date on which such facil-  
21 ity is placed in service, or

22           “(II) the date which is 180 days  
23 after the date of enactment of such  
24 Act, or

1                   “(iii) in the case of any qualified facil-  
2                   ity the construction of which begins on or  
3                   after the date of enactment of the Clean  
4                   Energy for America Act, the date on which  
5                   such facility is placed in service.

6                   “(3) APPLICATION TO PARTNERSHIPS AND S  
7                   CORPORATIONS; EXCESS PAYMENT.—Rules similar to  
8                   the rules of paragraphs (3) and (5) of section  
9                   45U(h) shall apply for purposes of this subsection.

10                   “(4) CERTAIN ENTITIES TREATED AS TAX-  
11                   PAYERS.—In the case of an election under this sub-  
12                   section—

13                   “(A) any State utility with a service obliga-  
14                   tion, as such terms are defined in section 217  
15                   of the Federal Power Act (as in effect on the  
16                   date of the enactment of this subsection),

17                   “(B) any mutual or cooperative electric  
18                   company described in section 501(c)(12) or sec-  
19                   tion 1381(a)(2)(C), or

20                   “(C) an Indian tribal government (as de-  
21                   fined in section 139E(c)(1)),  
22                   shall be treated as a taxpayer for purposes of this  
23                   subsection and determining the amount of any credit  
24                   under subsection (a).”.

1 (c) TERMINATION OF ALLOCATION OF UNUTILIZED  
 2 LIMITATION FOR ADVANCED NUCLEAR POWER FACILI-  
 3 TIES.—

4 (1) IN GENERAL.—Section 45J(b) is amended  
 5 by striking paragraph (5).

6 (2) EFFECTIVE DATE.—The amendment made  
 7 by this subsection shall apply to facilities the con-  
 8 struction of which begins after the date of enact-  
 9 ment of this Act.

10 (d) MODIFICATION OF CREDIT FOR CARBON DIOX-  
 11 IDE SEQUESTRATION.—

12 (1) IN GENERAL.—Section 45Q is amended—

13 (A) in subsection (a)(4)(B)(i), by inserting  
 14 “subject to subsection (f)(8),” before “used  
 15 by”,

16 (B) in subsection (b)(1)—

17 (i) in subparagraph (A), by striking  
 18 “The applicable dollar amount” and insert-  
 19 ing “Except as provided in subparagraph  
 20 (B), the applicable dollar amount”,

21 (ii) by redesignating subparagraph  
 22 (B) as subparagraph (C),

23 (iii) by inserting after subparagraph  
 24 (A) the following:

1           “(B) APPLICABLE DOLLAR AMOUNT FOR  
2 DIRECT AIR CAPTURE FACILITIES.—In the case  
3 of any qualified facility described in subsection  
4 (d)(1)(A) for which construction begins after  
5 the date of enactment of the Clean Energy for  
6 America Act, the applicable dollar amount shall  
7 be an amount equal to—

8                   “(i) for any taxable year beginning in  
9 a calendar year before 2027—

10                           “(I) for purposes of paragraph  
11 (3) of subsection (a), \$175, and

12                           “(II) for purposes of paragraph  
13 (4) of such subsection, \$150, and

14                   “(ii) for any taxable year beginning in  
15 a calendar year after 2026—

16                           “(I) for purposes of paragraph  
17 (3) of subsection (a), an amount equal  
18 to the product of \$175 and the infla-  
19 tion adjustment factor for such cal-  
20 endar year determined under section  
21 43(b)(3)(B) for such calendar year,  
22 determined by substituting ‘2025’ for  
23 ‘1990’, and

24                           “(II) for purposes of paragraph  
25 (4) of such subsection, an amount

1 equal to the product of \$150 and the  
2 inflation adjustment factor for such  
3 calendar year determined under sec-  
4 tion 43(b)(3)(B) for such calendar  
5 year, determined by substituting  
6 ‘2025’ for ‘1990.’”, and

7 (iv) in subparagraph (C), as so reded-  
8 icated, by inserting “or (B)” after “sub-  
9 paragraph (A)”,

10 (C) by striking subsection (d) and insert-  
11 ing the following:

12 “(d) QUALIFIED FACILITY.—

13 “(1) IN GENERAL.—For purposes of this sec-  
14 tion, the term ‘qualified facility’ means—

15 “(A) any direct air capture facility, and

16 “(B) any industrial facility which cap-  
17 tures—

18 “(i) in the case of an electricity gener-  
19 ating facility, not less than 75 percent of  
20 the carbon oxide which would otherwise be  
21 released into the atmosphere, or

22 “(ii) in the case of an industrial facil-  
23 ity which is not an electricity generating  
24 facility, not less than 50 percent of the

1 carbon oxide which would otherwise be re-  
2 leased into the atmosphere.

3 “(2) COORDINATION WITH OTHER CREDITS.—

4 The term ‘qualified facility’ shall not include any fa-  
5 cility for which a credit determined under section  
6 45U or 48D is allowed under section 38 for the tax-  
7 able year or any prior taxable year.”,

8 (D) in subsection (f), by adding at the end  
9 the following:

10 “(8) ELIMINATION OF USE OF CARBON OXIDE  
11 AS TERTIARY INJECTANT.—In the case of any quali-  
12 fied facility the construction of which begins after  
13 December 31, 2026, subsection (a)(4)(B)(i) shall not  
14 apply.”,

15 (E) by redesignating subsection (h) as sub-  
16 section (i), and

17 (F) by inserting after subsection (g) the  
18 following:

19 “(h) CREDIT PHASE-OUT.—

20 “(1) IN GENERAL.—

21 “(A) REDUCTION BASED ON EMISSIONS  
22 FROM PRODUCTION OF ELECTRICITY.—Subject  
23 to subparagraphs (B) and (C), if the Secretary  
24 and the Administrator of the Environmental  
25 Protection Agency determine that the annual

1 greenhouse gas emissions from the production  
2 of electricity in the United States are equal to  
3 or less than 25 percent of the annual green-  
4 house gas emissions from the production of  
5 electricity in the United States for calendar  
6 year 2021, the amount of the carbon oxide se-  
7 questration credit under subsection (a) for any  
8 qualified facility the construction of which be-  
9 gins during a calendar year described in para-  
10 graph (2) shall be equal to the product of—

11 “(i) the amount of the credit deter-  
12 mined under subsection (a) without regard  
13 to this subsection, multiplied by

14 “(ii) the phase-out percentage under  
15 paragraph (2).

16 “(B) OTHER INDUSTRIAL FACILITIES.—In  
17 the case of any qualified facility described in  
18 subsection (d)(1)(B)(ii) the construction of  
19 which begins during a calendar year described  
20 in paragraph (2), subparagraph (A) shall be ap-  
21 plied by substituting ‘industrial sector’ for ‘pro-  
22 duction of electricity’ each place it appears.

23 “(C) DIRECT AIR CAPTURE FACILITIES.—  
24 In the case of any qualified facility described in

1 subsection (d)(1)(A), subparagraph (A) shall  
2 not apply.

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

5 “(A) for a facility the construction of  
6 which begins during the first calendar year fol-  
7 lowing the calendar year in which the deter-  
8 mination described in paragraph (1)(A) is  
9 made, 100 percent,

10 “(B) for a facility the construction of  
11 which begins during the second calendar year  
12 following such determination year, 75 percent,

13 “(C) for a facility the construction of  
14 which begins during the third calendar year fol-  
15 lowing such determination year, 50 percent, and

16 “(D) for a facility the construction of  
17 which begins during any calendar year subse-  
18 quent to the year described in subparagraph  
19 (C), 0 percent.”.

20 (2) WAGE REQUIREMENTS.—Section 45Q(f), as  
21 amended by paragraph (1)(D), is amended by add-  
22 ing at the end the following:

23 “(9) WAGE REQUIREMENTS.—



1           “(A) IN GENERAL.—The term ‘qualified  
2 facility’ shall not include any facility which fails  
3 to satisfy—

4                   “(i) subject to clause (ii) of subpara-  
5 graph (B), the requirements under clause  
6 (i) of such subparagraph, and

7                   “(ii) with respect to—

8                           “(I) the construction of any facil-  
9 ity the construction of which begins  
10 after the date of enactment of the  
11 Clean Energy for America Act, and

12                           “(II) the construction of any car-  
13 bon capture equipment,  
14 the requirements under section 501 of the  
15 Clean Energy for America Act.

16           “(B) REQUIREMENTS.—

17                   “(i) IN GENERAL.—The requirements  
18 described in this clause with respect to any  
19 facility, and any carbon capture equipment  
20 placed in service at such facility, are that  
21 the taxpayer shall ensure that any laborers  
22 and mechanics employed by contractors  
23 and subcontractors in—

24                           “(I) in the case of any facility  
25 the construction of which begins after

1 the date of enactment of the Clean  
2 Energy for America Act, the construc-  
3 tion of such facility, or

4 “(II) during the 12-year period  
5 beginning on the date on which car-  
6 bon capture equipment is originally  
7 placed in service at any facility (as de-  
8 scribed in paragraphs (3)(A) and  
9 (4)(A) of subsection (a)), the alter-  
10 ation or repair of such facility or such  
11 equipment,

12 shall be paid wages at rates not less than  
13 the prevailing rates for construction, alter-  
14 ation, or repair of a similar character in  
15 the locality as determined by the Secretary  
16 of Labor, in accordance with subchapter  
17 IV of chapter 31 of title 40, United States  
18 Code.

19 “(ii) FAILURE TO SATISFY WAGE RE-  
20 QUIREMENTS; CORRECTION AND PEN-  
21 ALTY.—In the case of any taxpayer which  
22 fails to satisfy the requirement under  
23 clause (i) with respect to the construction  
24 of any facility or the alteration or repair of  
25 a facility or carbon capture equipment in

1           any year during the period described in  
2           clause (i)(II), rules similar to the rules of  
3           clauses (i) and (ii) of section 45U(b)(3)(B)  
4           shall apply for purposes of this subpara-  
5           graph.”.

6           (3) ELECTION FOR DIRECT PAYMENT.—Section  
7           45Q, as amended by the preceding paragraphs of  
8           this subsection, is amended—

9                   (A) by redesignating subsection (i) as sub-  
10                  section (j), and

11                   (B) by inserting after subsection (h) the  
12                  following:

13           “(i) ELECTION FOR DIRECT PAYMENT.—

14                   “(1) IN GENERAL.—The amount of any credit  
15                  determined under paragraph (3) or (4) of subsection  
16                  (a) with respect to any qualified carbon oxide for  
17                  any taxable year during the period described in  
18                  paragraph (3)(A) or (4)(A) of such subsection, re-  
19                  spectively, shall, at the election of the taxpayer, be  
20                  treated as a payment equal to such amount which is  
21                  made by the taxpayer against the tax imposed by  
22                  chapter 1 for such taxable year.

23                   “(2) FORM AND EFFECT OF ELECTION.—

24                           “(A) IN GENERAL.—An election under  
25                           paragraph (1) shall be made prior to the appli-

1 cable date and in such manner as the Secretary  
2 may prescribe. Such election, once made,  
3 shall—

4 “(i) be irrevocable with respect to  
5 such carbon capture equipment for the pe-  
6 riod described in paragraph (3)(A) or  
7 (4)(A) of subsection (a), and

8 “(ii) for any taxable year during such  
9 period, reduce the amount of the credit  
10 which would (but for this paragraph) be al-  
11 lowable under this section with respect to  
12 such equipment for such taxable year to  
13 zero.

14 “(B) ADDITIONAL INFORMATION.—For  
15 purposes of an election under paragraph (1),  
16 the Secretary may require such information as  
17 the Secretary deems necessary for purposes of  
18 preventing duplication, fraud, or any improper  
19 payments under this subsection.

20 “(C) APPLICABLE DATE.—For purposes of  
21 this paragraph, the term ‘applicable date’  
22 means—

23 “(i) in the case of any carbon capture  
24 equipment which is placed in service after  
25 December 31, 2020, and before the date of

1 enactment of the Clean Energy for Amer-  
2 ica Act, the earlier of—

3 “(I) the date which is 180 days  
4 after the date of enactment of such  
5 Act, or

6 “(II) the end of the taxable year  
7 in which such equipment is placed in  
8 service,

9 “(ii) in the case of any carbon capture  
10 equipment the construction of which began  
11 before the date of enactment of the Clean  
12 Energy for America Act and which has not  
13 placed in service before such date, the later  
14 of—

15 “(I) the date on which such  
16 equipment is placed in service, or

17 “(II) the date which is 180 days  
18 after the date of enactment of such  
19 Act, and

20 “(iii) in the case of any carbon cap-  
21 ture equipment the construction of which  
22 begins on or after the date of enactment of  
23 the Clean Energy for America Act, the  
24 date on which such equipment is placed in  
25 service.

1           “(3) APPLICATION TO PARTNERSHIPS AND S  
2 CORPORATION; EXCESS PAYMENT.—Rules similar to  
3 the rules of paragraphs (3) and (5) of section  
4 45U(h) shall apply for purposes of this subsection.

5           “(4) CERTAIN ENTITIES TREATED AS TAX-  
6 PAYERS.—In the case of an election under this sub-  
7 section—

8                   “(A) any State utility with a service obliga-  
9 tion, as such terms are defined in section 217  
10 of the Federal Power Act (as in effect on the  
11 date of the enactment of this subsection),

12                   “(B) any mutual or cooperative electric  
13 company described in section 501(c)(12) or sec-  
14 tion 1381(a)(2)(C), or

15                   “(C) an Indian tribal government (as de-  
16 fined in section 139E(c)(1)),

17 shall be treated as a taxpayer for purposes of this  
18 subsection and determining the amount of any credit  
19 under subsection (a).”.

20           (4) CREDIT REDUCED FOR GRANTS, TAX-EX-  
21 EMPT BONDS, SUBSIDIZED ENERGY FINANCING, AND  
22 OTHER CREDITS.—Section 45Q(f), as amended by  
23 paragraphs (1)(D) and (2), is amended by adding at  
24 the end the following:

1           “(10) CREDIT REDUCED FOR GRANTS, TAX-EX-  
2           EMPT BONDS, SUBSIDIZED ENERGY FINANCING, AND  
3           OTHER CREDITS.—Rules similar to the rules under  
4           section 45(b)(3) shall apply for purposes of this sec-  
5           tion.”.

6           (5) EFFECTIVE DATES.—

7           (A) IN GENERAL.—The amendments made  
8           by paragraph (1) (with the exception of the  
9           amendment made under subparagraph (D) of  
10          such paragraph) shall apply to facilities the  
11          construction of which begins after the date of  
12          enactment of this Act.

13          (B) ELIMINATION OF USE OF CARBON  
14          OXIDE AS TERTIARY INJECTANT.—The amend-  
15          ment made by paragraph (1)(D) shall apply to  
16          facilities the construction of which begins after  
17          December 31, 2026.

18          (C) WAGE REQUIREMENTS.—The amend-  
19          ments made by paragraph (2) shall apply to fa-  
20          cilities or equipment the construction of which  
21          begins after December 31, 2021.

22          (D) ELECTION FOR DIRECT PAYMENT.—  
23          The amendments made by paragraph (3) shall  
24          apply to carbon capture equipment which is  
25          placed in service after December 31, 2020.

1           (E) CREDIT REDUCED FOR GRANTS, TAX-  
2           EXEMPT BONDS, SUBSIDIZED ENERGY FINANC-  
3           ING, AND OTHER CREDITS.—The amendments  
4           made by paragraph (4) shall apply to taxable  
5           years beginning after the date of enactment of  
6           this Act.

7           (e) MODIFICATION OF CREDITS FOR ENERGY PROP-  
8           ERTY.—

9           (1) TERMINATION.—

10           (A) SOLAR ENERGY PROPERTY.—Section  
11           48(a)(3)(A)(i) is amended by inserting “but  
12           only with respect to property the construction  
13           of which begins before January 1, 2024,” after  
14           “swimming pool.”

15           (B) GEOTHERMAL ENERGY PROPERTY.—  
16           Section 48(a)(3)(A)(iii) is amended by inserting  
17           “with respect to property the construction of  
18           which begins before January 1, 2024, and”  
19           after “but only”.

20           (C) QUALIFIED OFFSHORE WIND FACILI-  
21           TIES.—Section 48(a)(5)(F) is amended by  
22           striking “January 1, 2026” each place it ap-  
23           pears and inserting “January 1, 2024”.

24           (2) ELIMINATION OF PHASEOUTS.—



1 (A) IN GENERAL.—Section 48 is amended  
2 by striking paragraphs (6) and (7).

3 (B) EFFECTIVE DATE.—The amendments  
4 made by this paragraph shall apply to property  
5 the construction of which begins after Decem-  
6 ber 31, 2020.

7 (3) INCREASE IN CREDIT RATE FOR GEO-  
8 THERMAL DEPOSITS.—

9 (A) IN GENERAL.—Section  
10 48(a)(2)(A)(i)(II) is amended by striking  
11 “paragraph (3)(A)(i)” and inserting “clause (i)  
12 or (iii) of paragraph (3)(A)”.

13 (B) EFFECTIVE DATE.—The amendments  
14 made by this paragraph shall apply to property  
15 the construction of which begins after Decem-  
16 ber 31, 2020.

17 (4) ELECTION FOR DIRECT PAYMENT.—

18 (A) IN GENERAL.—Section 48, as amended  
19 by paragraph (1), is amended by adding at the  
20 end the following:

21 “(e) ELECTION FOR DIRECT PAYMENT.—

22 “(1) IN GENERAL.—In the case of any energy  
23 property placed in service during any taxable year,  
24 the amount of any credit determined under sub-  
25 section (a) with respect to such property for such

1 taxable year shall, at the election of the taxpayer, be  
2 treated as a payment equal to such amount which is  
3 made by the taxpayer against the tax imposed by  
4 chapter 1 for such taxable year (regardless of wheth-  
5 er such tax would have been on such taxpayer).

6 “(2) FORM AND EFFECT OF ELECTION.—

7 “(A) IN GENERAL.—An election under  
8 paragraph (1) shall be made prior to the appli-  
9 cable date and in such manner as the Secretary  
10 may prescribe. Such election, once made,  
11 shall—

12 “(i) be irrevocable with respect to the  
13 energy property to which such election ap-  
14 plies, and

15 “(ii) reduce the amount of the credit  
16 which would (but for this subsection) be al-  
17 lowable under this section with respect to  
18 such property for the taxable year in which  
19 such property is placed in service to zero.

20 “(B) ADDITIONAL INFORMATION.—For  
21 purposes of an election under paragraph (1),  
22 the Secretary may require such information as  
23 the Secretary deems necessary for purposes of  
24 preventing duplication, fraud, or any improper  
25 payments under this subsection.

1           “(C) APPLICABLE DATE.—For purposes of  
2 this paragraph, the term ‘applicable date’  
3 means—

4           “(i) in the case of any energy property  
5 which is placed in service after December  
6 31, 2020, and before the date of enact-  
7 ment of the Clean Energy for America Act,  
8 the earlier of—

9           “(I) the date which is 180 days  
10 after the date of enactment of such  
11 Act, or

12           “(II) the end of the taxable year  
13 in which such property is placed in  
14 service,

15           “(ii) in the case of any energy prop-  
16 erty the construction of which began before  
17 the date of enactment of the Clean Energy  
18 for America Act and which has not been  
19 placed in service before such date, the later  
20 of—

21           “(I) the date on which such prop-  
22 erty is placed in service, or

23           “(II) the date which is 180 days  
24 after the date of enactment of such  
25 Act, or

1           “(iii) in the case of any energy prop-  
2           erty the construction of which begins on or  
3           after the date of enactment of the Clean  
4           Energy for America Act, the date on which  
5           such property is placed in service.

6           “(3) APPLICATION TO PARTNERSHIPS AND S  
7           CORPORATIONS; EXCESS PAYMENT.—Rules similar to  
8           the rules of paragraphs (3) and (5) of section  
9           45U(h) shall apply for purposes of this subsection.

10          “(4) SPECIAL RULES FOR CERTAIN ENTITIES.—

11           “(A) ELIGIBILITY OF CERTAIN PROP-  
12           ERTY.—For purposes of this subsection, para-  
13           graphs (3) and (4) of section 50(b) shall not  
14           apply with respect to—

15           “(i) any State utility with a service  
16           obligation, as such terms are defined in  
17           section 217 of the Federal Power Act (as  
18           in effect on the date of the enactment of  
19           this subsection),

20           “(ii) any mutual or cooperative elec-  
21           tric company described in section  
22           501(c)(12) or section 1381(a)(2)(C), or

23           “(iii) an Indian tribal government (as  
24           defined in section 139E(c)(1)).

1           “(B) CERTAIN ENTITIES TREATED AS TAX-  
 2           PAYERS.—In the case of an election under this  
 3           subsection, any entity described in clause (i),  
 4           (ii), or (iii) of subparagraph (A) shall be treat-  
 5           ed as a taxpayer for purposes of this subsection  
 6           and determining the amount of any credit  
 7           under subsection (a).”.

8           (B) EFFECTIVE DATE.—The amendment  
 9           made by this paragraph shall apply to property  
 10          placed in service after December 31, 2020.

11          (5) ENERGY CREDIT FOR QUALIFIED BIOGAS  
 12          PROPERTY AND QUALIFIED MANURE RESOURCE RE-  
 13          COVERY PROPERTY.—

14           (A) IN GENERAL.—Section 48(a)(3)(A) is  
 15           amended by striking “or” at the end of clause  
 16           (vii) and by adding at the end the following new  
 17           clauses:

18                   “(ix) qualified biogas property, or  
 19                   “(x) qualified manure resource recov-  
 20                   ery property,”.

21           (B) 30-PERCENT CREDIT.—Section  
 22           48(a)(2)(A)(i) is amended by striking “and” at  
 23           the end of subclause (IV), by striking “and” at  
 24           the end of subclause (V), and by adding at the  
 25           end the following new subclauses:

1                   “(VI) qualified biogas property,  
2                   and  
3                   “(VII) qualified manure resource  
4                   recovery property, and”.

5                   (C) DEFINITIONS.—Section 48(c) is  
6                   amended by adding at the end the following  
7                   new paragraphs:

8                   “(6) QUALIFIED BIOGAS PROPERTY.—

9                   “(A) IN GENERAL.—The term ‘qualified  
10                   biogas property’ means property comprising a  
11                   system which—

12                   “(i) uses anaerobic digesters, or other  
13                   biological, chemical, thermal, or mechanical  
14                   processes (alone or in combination), to  
15                   convert biomass (as defined in section  
16                   45K(c)(3)) into a gas which consists of not  
17                   less than 52 percent methane, and

18                   “(ii) captures such gas for use as a  
19                   fuel.

20                   “(B) INCLUSION OF CERTAIN CLEANING  
21                   AND CONDITIONING EQUIPMENT.—Such term  
22                   shall include any property which cleans and  
23                   conditions the gas referred to in subparagraph  
24                   (A) for use as a fuel.

1           “(C) TERMINATION.—No credit shall be  
2           determined under this section with respect to  
3           any qualified biogas property for any period  
4           after December 31, 2023.

5           “(7) QUALIFIED MANURE RESOURCE RECOVERY  
6           PROPERTY.—

7           “(A) IN GENERAL.—The term ‘qualified  
8           manure resource recovery property’ means  
9           property comprising a system which uses phys-  
10          ical, biological, chemical, thermal, or mechanical  
11          processes to recover the nutrients nitrogen and  
12          phosphorus from a non-treated digestate or ani-  
13          mal manure by reducing or separating at least  
14          50 percent of the concentration of such nutri-  
15          ents, excluding any reductions during the incin-  
16          eration, storage, composting, or field application  
17          of the non-treated digestate or animal manure.

18          “(B) INCLUSION OF CERTAIN PROCESSING  
19          EQUIPMENT.—Such term shall include—

20                  “(i) any property which is used to re-  
21                  cover the nutrients referred to in subpara-  
22                  graph (A), such as—

23                                  “(I) biological reactors,

24                                  “(II) crystallizers,

1                   “(III) water filtration membrane  
2                   systems and other water purifiers,  
3                   “(IV) evaporators,  
4                   “(V) distillers,  
5                   “(VI) decanter centrifuges, and  
6                   “(VII) equipment that facilitates  
7                   the process of removing and  
8                   dewatering suspended and dissolved  
9                   solids, ammonia stripping, gasifi-  
10                  cation, or ozonation, and  
11                  “(ii) any thermal drier which treats  
12                  the nutrients recovered by the processes re-  
13                  ferred to in subparagraph (A).

14                  “(C) TERMINATION.—No credit shall be  
15                  determined under this section with respect to  
16                  any qualified manure resource recovery prop-  
17                  erty for any period after December 31, 2023.”.

18                  (D) DENIAL OF DOUBLE BENEFIT FOR  
19                  QUALIFIED BIOGAS PROPERTY.—Section 45(e)  
20                  is amended by adding at the end the following  
21                  new paragraph:

22                  “(12) COORDINATION WITH ENERGY CREDIT  
23                  FOR QUALIFIED BIOGAS PROPERTY.—The term  
24                  ‘qualified facility’ shall not include any facility which  
25                  produces electricity from gas produced by qualified



1 biogas property (as defined in section 48(c)(6)) if a  
 2 credit is determined under section 48 with respect to  
 3 such property for the taxable year or any prior tax-  
 4 able year.”.

5 (E) EFFECTIVE DATE.—The amendments  
 6 made by this paragraph shall apply to property  
 7 placed in service after December 31, 2020,  
 8 under rules similar to the rules of section 48(m)  
 9 of such Code (as in effect on the day before the  
 10 date of the enactment of the Revenue Reconcili-  
 11 ation Act of 1990).

12 (6) EXPANSION OF ENERGY CREDIT TO IN-  
 13 CLUDE CLEAN HYDROGEN PRODUCTION FACILI-  
 14 TIES.—

15 (A) IN GENERAL.—Section 48(a)(5) is  
 16 amended—

17 (i) in subparagraph (A)(ii), by insert-  
 18 ing “subject to subparagraph (G)(i),” be-  
 19 fore “the energy percentage”,

20 (ii) in subparagraph (B), by inserting  
 21 “or 45X” after “section 45”,

22 (iii) in subparagraph (C)—

23 (I) in clause (i), by inserting “or,  
 24 subject to subparagraph (G)(ii), a  
 25 qualified clean hydrogen production

1 facility (as defined in section  
2 45X(d)(3))” after “section 45(d)”,

3 (II) in clause (ii), by inserting  
4 “(or, in the case of a qualified clean  
5 hydrogen production facility, which is  
6 placed in service after 2020 and the  
7 construction of which begins before  
8 January 1, 2030)” after “January 1,  
9 2022”, and

10 (III) in clause (iii)(I), by insert-  
11 ing “or 45X” after “section 45”, and  
12 (iv) by adding at the end the fol-

13 lowing:

14 “(G) QUALIFIED CLEAN HYDROGEN PRO-  
15 DUCION FACILITIES.—

16 “(i) ENERGY PERCENTAGE.—

17 “(I) IN GENERAL.—For purposes  
18 of subparagraph (A)(ii), in the case of  
19 a qualified investment credit facility  
20 which is a qualified clean hydrogen  
21 production facility, the energy per-  
22 centage with respect to such facility  
23 shall be an amount (expressed as a  
24 percentage) equal to—

1           “(aa) in the case of a facility  
2           which is estimated to produce  
3           qualified clean hydrogen (as de-  
4           fined in described in section  
5           45X(d)(2)) which is described in  
6           subparagraph (A) of section  
7           45X(b)(2), 20 percent of the en-  
8           ergy percentage otherwise appli-  
9           cable under subparagraph (A)(ii),  
10           “(bb) in the case of a facil-  
11           ity which is estimated to produce  
12           qualified clean hydrogen which is  
13           described in subparagraph (B) of  
14           section 45X(b)(2), 25 percent of  
15           the energy percentage otherwise  
16           applicable under subparagraph  
17           (A)(ii),  
18           “(cc) in the case of a facility  
19           which is estimated to produce  
20           qualified clean hydrogen which is  
21           described in subparagraph (C) of  
22           section 45X(b)(2), 34 percent of  
23           the energy percentage otherwise  
24           applicable under subparagraph  
25           (A)(ii), and

1           “(dd) in the case of a facil-  
2           ity which is estimated to produce  
3           qualified clean hydrogen which is  
4           described in subparagraph (D) of  
5           section 45X(b)(2), 100 percent of  
6           the energy percentage otherwise  
7           applicable under subparagraph  
8           (A)(ii).

9           “(II) RECAPTURE.—The Sec-  
10          retary shall, by regulations, provide  
11          for recapturing the benefit of any  
12          credit allowable under this section  
13          with respect to any qualified clean hy-  
14          drogen production facility which fails  
15          to produce qualified clean hydrogen  
16          consistent with the applicable percent-  
17          age reduction in lifecycle greenhouse  
18          gas emissions described in section  
19          45X(b)(2) which were estimated for  
20          such facility pursuant to subclause  
21          (I).

22          “(ii) NO DOUBLE BENEFIT.—For pur-  
23          poses of this paragraph, the term ‘qualified  
24          investment credit facility’ shall not include  
25          any qualified clean hydrogen production fa-

1 cility for which a credit is allowed under  
2 section 38 for the taxable year or any prior  
3 taxable year which is properly allocable to  
4 any credit determined under—

5 “(I) this section (other than pur-  
6 suant to this paragraph), or

7 “(II) section 45, 45J, 45Q, 45U,  
8 45V, or 48D.”.

9 (B) EFFECTIVE DATE.—The amendments  
10 made by this paragraph shall apply to property  
11 placed in service after December 31, 2020.

12 (7) FUEL CELLS USING ELECTROMECHANICAL  
13 PROCESSES.—

14 (A) IN GENERAL.—Section 48(c)(1) is  
15 amended—

16 (i) in subparagraph (A)(i)—

17 (I) by inserting “or  
18 electromechanical” after “electro-  
19 chemical”, and

20 (II) by inserting “(1 kilowatts in  
21 the case of a fuel cell power plant  
22 with a linear generator assembly)”  
23 after “0.5 kilowatt”, and

24 (ii) in subparagraph (C)—

1 (I) by inserting “, or linear gen-  
 2 erator assembly,” after “a fuel cell  
 3 stack assembly”, and

4 (II) by inserting “or  
 5 electromechanical” after “electro-  
 6 chemical”.

7 (B) LINEAR GENERATOR ASSEMBLY LIM-  
 8 TATION.—Section 48(c)(1) is amended by re-  
 9 designating subparagraph (D) as subparagraph  
 10 (E) and by inserting after subparagraph (C)  
 11 the following new subparagraph:

12 “(D) LINEAR GENERATOR ASSEMBLY.—  
 13 The term ‘linear generator assembly’ does not  
 14 include any assembly which contains rotating  
 15 parts.”.

16 (C) EFFECTIVE DATE.—The amendments  
 17 made by this paragraph shall apply to property  
 18 the construction of which begins after Decem-  
 19 ber 31, 2020.

20 (f) COST RECOVERY FOR QUALIFIED FACILITIES,  
 21 QUALIFIED PROPERTY, AND GRID IMPROVEMENT PROP-  
 22 erty.—

23 (1) IN GENERAL.—Section 168(e)(3)(B) is  
 24 amended—

1 (A) in clause (vi)(III), by striking “and” at  
2 the end,

3 (B) in clause (vii), by striking the period  
4 at the end and inserting “, and”, and

5 (C) by inserting after clause (vii) the fol-  
6 lowing:

7 “(viii) any qualified facility (as de-  
8 fined in section 45U(b)(1)(A)), any quali-  
9 fied property (as defined in subsection  
10 (b)(2) of section 48D), or any grid im-  
11 provement property (as defined in sub-  
12 section (c)(1)(B) of such section).”.

13 (2) ALTERNATIVE SYSTEM.—The table con-  
14 tained in section 168(g)(3)(B) is amended by insert-  
15 ing after the item relating to subparagraph (B)(vii)  
16 the following new item:

“(B)(viii) ..... 30”.

17 (3) EFFECTIVE DATE.—The amendments made  
18 by this subsection shall apply to facilities and prop-  
19 erty placed in service after December 31, 2022.

20 **TITLE II—INCENTIVES FOR**  
21 **CLEAN TRANSPORTATION**

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

23 (a) IN GENERAL.—

24 (1) ALLOWANCE OF CREDIT.—Subpart D of  
25 part IV of subchapter A of chapter 1, as amended

1 by section 101, is amended by adding at the end the  
2 following new section:

3 **“SEC. 45V. CLEAN FUEL PRODUCTION CREDIT.**

4 “(a) AMOUNT OF CREDIT.—

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

8 “(A) for any transportation fuel sold dur-  
9 ing any calendar year ending before January 1,  
10 2030, an amount equal to the product of—

11 “(i) \$1.00 per gallon (or gallon equiv-  
12 alent) with respect to any transportation  
13 fuel which is—

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

16 “(II) sold by the taxpayer in a  
17 manner described in paragraph (4),  
18 and

19 “(ii) the emissions factor for such fuel  
20 (as determined under subsection (b)), and

21 “(B) for any transportation fuel which is  
22 sold during any calendar year beginning after  
23 December 31, 2029, and which has an emis-  
24 sions rate equal to or less than zero, an amount  
25 equal to the applicable amount (as determined



1 under paragraph (2)) per gallon (or gallon  
2 equivalent) with respect to any transportation  
3 fuel which is—

4 “(i) produced by the taxpayer at a  
5 qualified facility, and

6 “(ii) sold by the taxpayer in a manner  
7 described in paragraph (4).

8 “(2) APPLICABLE AMOUNT.—For purposes of  
9 paragraph (1)(B), the applicable amount with re-  
10 spect to any transportation fuel shall be an amount  
11 equal to \$1.00 increased by 10 cents for every kilo-  
12 gram of CO<sub>2</sub>e per mmBTU (or fraction thereof) for  
13 which the emissions rate for such fuel is below zero.

14 “(3) SPECIAL RATE FOR SUSTAINABLE AVIA-  
15 TION FUEL.—

16 “(A) IN GENERAL.—In the case of an  
17 transportation fuel which is sustainable aviation  
18 fuel, paragraphs (1)(A)(i) and (2) shall each be  
19 applied by substituting ‘\$2.00’ for ‘\$1.00’.

20 “(B) SUSTAINABLE AVIATION FUEL.—For  
21 purposes of this subparagraph (A), the term  
22 ‘sustainable aviation fuel’ means liquid fuel  
23 which is sold for use in, or used in, an aircraft  
24 and which—

1 “(i) consists of synthesized hydro-  
2 carbons,

3 “(ii) meets the requirements of—

4 “(I) ASTM International Stand-  
5 ard D7566, or

6 “(II) the Fischer Tropsch provi-  
7 sions of ASTM International Stand-  
8 ard D1655, Annex A1,

9 “(iii) is derived from—

10 “(I) biomass (as such term is de-  
11 fined in section 45K(c)(3)), or

12 “(II) electrolysis powered by re-  
13 newable energy resources, or

14 “(III) carbon oxides captured  
15 from an industrial source or from the  
16 ambient air, and

17 “(iv) is not derived from palm fatty  
18 acid distillates.

19 “(4) SALE.—For purposes of paragraph (1),  
20 the transportation fuel is sold in a manner described  
21 in this paragraph if such fuel is sold by the taxpayer  
22 to an unrelated person—

23 “(A) for use by such person in the produc-  
24 tion of a fuel mixture,

1           “(B) for use by such person in a trade or  
2 business, or

3           “(C) who sells such fuel at retail to an-  
4 other person and places such fuel in the fuel  
5 tank of such other person.

6           “(5) ROUNDING.—If any amount determined  
7 under paragraph (1)(A) or (2) is not a multiple of  
8 0.1 cent, such amount shall be rounded to the near-  
9 est multiple of 0.1 cent.

10          “(b) EMISSIONS FACTORS.—

11           “(1) EMISSIONS FACTOR.—

12           “(A) CALCULATION.—

13           “(i) IN GENERAL.—The emissions fac-  
14 tor of a transportation fuel shall be an  
15 amount equal to the quotient of—

16           “(I) an amount equal to—

17           “(aa) the baseline emissions  
18 rate, minus

19           “(bb) the emissions rate for  
20 such fuel, divided by

21           “(II) the baseline emissions rate.

22           “(B) BASELINE EMISSIONS RATE.—For  
23 purposes of this paragraph, the term ‘baseline  
24 emissions rate’ means—

1 “(i) for any calendar year ending be-  
2 fore January 1, 2026, 75 kilograms of  
3 CO<sub>2</sub>e per mmBTU,

4 “(ii) for calendar years 2026 and  
5 2027, 50 kilograms of CO<sub>2</sub>e per mmBTU,  
6 and

7 “(iii) for calendar years 2028 and  
8 2029, 25 kilograms of CO<sub>2</sub>e per mmBTU.

9 “(C) ESTABLISHMENT OF EMISSIONS  
10 RATE.—The Secretary and the Secretary of En-  
11 ergy shall establish the emissions rate for simi-  
12 lar types and categories of transportation fuels  
13 based on the amount of lifecycle greenhouse gas  
14 emissions (as described in section 211(o)(1)(H)  
15 of the Clean Air Act (42 U.S.C.  
16 7545(o)(1)(H)), as in effect on the date of the  
17 enactment of this section) for such fuels, ex-  
18 pressed as kilograms of CO<sub>2</sub>e per mmBTU,  
19 which a taxpayer shall use for purposes of this  
20 section.

21 “(D) ROUNDING OF EMISSIONS RATE.—  
22 The Secretary may round the emissions rates  
23 under subparagraph (B) to the nearest multiple  
24 of 5 kilograms of CO<sub>2</sub>e per mmBTU, except  
25 that, in the case of an emissions rate that is

1 less than 2.5 kilograms of CO<sub>2</sub>e per mmBTU,  
2 the Secretary may round such rate to zero.

3 “(E) PROVISIONAL EMISSIONS RATE.—

4 “(i) IN GENERAL.—In the case of any  
5 transportation fuel for which an emissions  
6 rate has not been established by under  
7 subparagraph (C), a taxpayer producing  
8 such fuel may file a petition with the Sec-  
9 retary and the Secretary of Energy for de-  
10 termination of the emissions rate with re-  
11 spect to such fuel.

12 “(ii) ESTABLISHMENT OF PROVI-  
13 SIONAL AND FINAL EMISSIONS RATE.—In  
14 the case of a transportation fuel for which  
15 a petition described in clause (i) has been  
16 filed, the Secretary and the Secretary of  
17 Energy shall—

18 “(I) not later than 12 months  
19 after the date on which the petition  
20 was filed, provide a provisional emis-  
21 sions rate for such fuel which a tax-  
22 payer shall use for purposes of this  
23 section, and

24 “(II) not later than 24 months  
25 after the date on which the petition

1                   was filed, establish the emissions rate  
2                   for such fuel.

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

7                   “(2) PUBLISHING EMISSIONS RATE.—The Sec-  
8                   retary shall publish annually a table that sets forth  
9                   the emissions rate (as established pursuant to para-  
10                  graph (1)) for similar types and categories of trans-  
11                  portation fuels.

12                  “(c) INFLATION ADJUSTMENT.—

13                  “(1) IN GENERAL.—In the case of calendar  
14                  years beginning after 2023, the \$1.00 amount in  
15                  paragraphs (1)(A)(i) and (2) of subsection (a) and  
16                  the \$2.00 amount in subsection (a)(3) shall each be  
17                  adjusted by multiplying such amount by the inflation  
18                  adjustment factor for the calendar year in which the  
19                  sale or use of the transportation fuel occurs. If any  
20                  amount as increased under the preceding sentence is  
21                  not a multiple of 1 cent, such amount shall be  
22                  rounded to the nearest multiple of 1 cent.

23                  “(2) INFLATION ADJUSTMENT FACTOR.—For  
24                  purposes of paragraph (1), the inflation adjustment  
25                  factor shall be the inflation adjustment factor deter-

1 mined and published by the Secretary pursuant to  
2 section 45U(c), determined by substituting ‘calendar  
3 year 2022’ for ‘calendar year 1992’ in paragraph (3)  
4 thereof.

5 “(d) CREDIT PHASE-OUT.—

6 “(1) IN GENERAL.—If the Secretary and the  
7 Administrator of the Environmental Protection  
8 Agency determine that the greenhouse gas emissions  
9 from the transportation of persons and goods annu-  
10 ally in the United States are equal to or less than  
11 25 percent of the greenhouse gas emissions from the  
12 transportation of persons and goods in the United  
13 States during calendar year 2021, the amount of the  
14 clean fuel production credit under this section shall  
15 be determined by substituting the applicable amount  
16 (as determined under paragraph (2)(A)) for the dol-  
17 lar amount applicable under paragraphs (1)(A)(i)  
18 and (2) of subsection (a).

19 “(2) APPLICABLE DOLLAR AMOUNT.—

20 “(A) IN GENERAL.—The applicable  
21 amount for any taxable year described in sub-  
22 paragraph (B) shall be an amount equal to the  
23 product of—

24 “(i) the dollar amount applicable  
25 under paragraphs (1)(A)(i) and (2) of sub-

1 section (a) (as adjusted by subsection (c)),  
2 multiplied by

3 “(ii) the phase-out percentage under  
4 subparagraph (B).

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

8 “(i) for any taxable year beginning in  
9 the first calendar year following the cal-  
10 endar year in which the determination de-  
11 scribed in paragraph (1) is made, 100 per-  
12 cent,

13 “(ii) for any taxable year beginning in  
14 the second calendar year following such de-  
15 termination year, 75 percent,

16 “(iii) for any taxable year beginning  
17 in the third calendar year following such  
18 determination year, 50 percent, and

19 “(iv) for any taxable year beginning in  
20 any calendar year subsequent to the year  
21 described in clause (iii), 0 percent.

22 “(e) DEFINITIONS.—In this section:

23 “(1) mmBTU.—The term ‘mmBTU’ means  
24 1,000,000 British thermal units.



1           “(2) CO<sub>2</sub>e.—The term ‘CO<sub>2</sub>e’ means, with re-  
2           spect to any greenhouse gas, the equivalent carbon  
3           dioxide (as determined based on relative global  
4           warming potential).

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

10          “(4) QUALIFIED FACILITY.—

11               “(A) IN GENERAL.—The term ‘qualified  
12               facility’ means a facility—

13                       “(i) used for the production of trans-  
14                       portation fuels, and

15                       “(ii) which—

16                               “(I) subject to clause (ii) of sub-  
17                               paragraph (B), satisfies the require-  
18                               ments under clause (i) of such sub-  
19                               paragraph, and

20                               “(II) with respect to the con-  
21                               struction of such facility, satisfies the  
22                               requirements under section 501 of the  
23                               Clean Energy for America Act.

1 Clause (ii)(II) shall not apply to any facil-  
2 ity placed in service before January 1,  
3 2023.

4 “(B) WAGE REQUIREMENTS.—

5 “(i) IN GENERAL.—The requirements  
6 described in this subparagraph with re-  
7 spect to any facility are that the taxpayer  
8 shall ensure that any laborers and mechan-  
9 ics employed by contractors and sub-  
10 contractors in—

11 “(I) the construction of such fa-  
12 cility, or

13 “(II) for any year described in  
14 subsection (a)(1) for which the credit  
15 under this section is claimed, the al-  
16 teration or repair of such facility,  
17 shall be paid wages at rates not less than  
18 the prevailing rates for construction, alter-  
19 ation, or repair of a similar character in  
20 the locality as determined by the Secretary  
21 of Labor, in accordance with subchapter  
22 IV of chapter 31 of title 40, United States  
23 Code.

24 “(ii) FAILURE TO SATISFY WAGE RE-  
25 QUIREMENTS; CORRECTION AND PEN-

1 ALTY.—In the case of any taxpayer which  
2 fails to satisfy the requirement under  
3 clause (i) with respect to the construction  
4 of any facility or the alteration or repair of  
5 such facility in any year during the period  
6 described in clause (i)(II), rules similar to  
7 the rules of clauses (i) and (ii) of section  
8 45U(b)(3)(B) shall apply for purposes of  
9 this subparagraph.

10 “(iii) SPECIAL RULE FOR FACILITIES  
11 PLACED IN SERVICE BEFORE JANUARY 1,  
12 2023.—In the case of any facility placed in  
13 service before January 1, 2023—

14 “(I) clause (i)(I) shall not apply,

15 and

16 “(II) clause (ii) shall be applied  
17 without regard to the phrase ‘the con-  
18 struction of any facility or’.

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

22 “(f) FINAL GUIDANCE.—Not later than January 1,  
23 2023, the Secretary and the Secretary of Energy shall  
24 jointly issue final guidance regarding implementation of  
25 this section, including calculation of emissions factors for

1 transportation fuel, the table described in subsection  
2 (b)(2), and the determination of clean fuel production  
3 credits under this section.

4 “(g) SPECIAL RULES.—

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

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

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

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

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

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

1 ownership interests in the gross sales from such fa-  
2 cility.

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

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

16 “(5) ALLOCATION OF CREDIT TO PATRONS OF  
17 AGRICULTURAL COOPERATIVE.—

18 “(A) ELECTION TO ALLOCATE.—

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

1 basis of the amount of business done by  
2 the patrons during the taxable year.

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

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

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

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

1           able year of the organization or, if earlier,  
2           for the taxable year of each patron ending  
3           on or after the date on which the patron  
4           receives notice from the cooperative of the  
5           apportionment.

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

14               “(i) such reduction, over

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

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

23          “(D) ELIGIBLE COOPERATIVE DEFINED.—

24          For purposes of this section the term ‘eligible  
25          cooperative’ means a cooperative organization

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

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 38(b), as amended by section  
9 101, is amended

10 (i) in paragraph (33), by striking  
11 “plus” at the end,

12 (ii) in paragraph (34), by striking the  
13 period at the end and inserting “, plus”,  
14 and

15 (iii) by adding at the end the fol-  
16 lowing new paragraph:

17 “(35) the clean fuel production credit deter-  
18 mined under section 45V(a).”.

19 (B) The table of sections for subpart D of  
20 part IV of subchapter A of chapter 1, as  
21 amended by section 101, is amended by adding  
22 at the end the following new item:

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

23 (C) Section 4101(a)(1) is amended by in-  
24 serting “every person producing a fuel eligible



1 for the clean fuel production credit (pursuant to  
2 section 45V),” after “section 6426(b)(4)(A),”.

3 (3) EFFECTIVE DATE.—The amendments made  
4 by this section shall apply to transportation fuel pro-  
5 duced after December 31, 2022.

6 (b) SUSTAINABLE AVIATION FUEL CREDIT.—

7 (1) IN GENERAL.—Subpart D of part IV of  
8 subchapter A of chapter 1 is amended by inserting  
9 after section 40A the following new section:

10 **“SEC. 40B. SUSTAINABLE AVIATION FUEL CREDIT.**

11 “(a) IN GENERAL.—

12 “(1) CREDIT AMOUNT.—For purposes of sec-  
13 tion 38, the sustainable aviation fuel credit for the  
14 taxable year is, with respect to any sale or use of a  
15 qualified mixture which occurs during such taxable  
16 year, an amount equal to the product of—

17 “(A) the number of gallons of sustainable  
18 aviation fuel in such mixture, multiplied by

19 “(B) the sum of—

20 “(i) \$1.50, plus

21 “(ii) the applicable supplementary  
22 credit amount with respect to the sustain-  
23 able aviation fuel.

24 “(2) APPLICABLE SUPPLEMENTARY CREDIT  
25 AMOUNT.—

1           “(A) IN GENERAL.—For purposes of this  
2 section, the applicable supplementary credit  
3 amount means, with respect to any sustainable  
4 aviation fuel, an amount equal to \$0.01 for  
5 every percentage point by which the lifecycle  
6 greenhouse gas emissions reduction percentage  
7 with respect to such fuel exceeds 50 percent.

8           “(B) LIMITATION.—In no event shall the  
9 applicable supplementary credit amount exceed  
10 \$0.50.

11       “(b) QUALIFIED MIXTURE.—For purposes of this  
12 section—

13           “(1) IN GENERAL.—The term ‘qualified mix-  
14 ture’ means a mixture of sustainable aviation fuel  
15 and kerosene if—

16           “(A) such mixture is produced in the  
17 United States by a taxpayer, and

18           “(B) such mixture is—

19           “(i) sold for use in an aircraft, or

20           “(ii) used by the taxpayer in an air-  
21 craft.

22           “(2) SALE OR USE MUST BE IN TRADE OR  
23 BUSINESS, ETC.—Sustainable aviation fuel used in  
24 the production of a qualified mixture shall be taken  
25 into account—

1           “(A) only if the sale or use described in  
2           paragraph (1) is in a trade or business of the  
3           taxpayer, and

4           “(B) for the taxable year in which such  
5           sale or use occurs.

6           “(3) FUELING MUST BE IN THE UNITED  
7           STATES.—A qualified mixture shall not be treated as  
8           used or sold for use in an aircraft unless the trans-  
9           fer of such mixture to the fuel tank of such aircraft  
10          occurs in the United States.

11          “(4) UNITED STATES.—For purposes of this  
12          subsection, the term ‘United States’ includes any  
13          possession of the United States.

14          “(c) SUSTAINABLE AVIATION FUEL.—For purposes  
15          of this section, the term ‘sustainable aviation fuel’ means  
16          liquid fuel—

17                 “(1) which—

18                         “(A) consists of synthesized hydrocarbons,

19                         “(B) meets the requirements of—

20                                 “(i) ASTM International Standard  
21                                 D7566, or

22                                 “(ii) the Fischer Tropsch provisions of  
23                                 ASTM International Standard D1655,  
24                                 Annex A1,

25                         “(C) is derived from—

1                   “(i) biomass (as such term is defined  
2                   in section 45K(c)(3)), or

3                   “(ii) electrolysis powered by renewable  
4                   energy resources, or

5                   “(iii) carbon oxides captured from an  
6                   industrial source or from the ambient air,  
7                   and

8                   “(D) is not derived from palm fatty acid  
9                   distillates, and

10                  “(2) which has been certified by the producer of  
11                  such fuel in accordance with subsection (d) as hav-  
12                  ing lifecycle greenhouse gas emissions that are equal  
13                  to or less than 50 percent of the lifecycle greenhouse  
14                  gas emissions for petroleum-based jet fuel.

15                  “(d) CERTIFICATION REQUIREMENTS.—A certifi-  
16                  cation meet the requirements of this subsection if such  
17                  certification is based on a method which—

18                   “(1) demonstrates that the fuel conforms  
19                   with—

20                   “(A) the sustainability criteria of the Car-  
21                   bon Offsetting and Reduction Scheme for Inter-  
22                   national Aviation, and

23                   “(B) the traceability and information  
24                   transmission requirements approved by the

1 International Civil Aviation Organization with  
2 the agreement of the United States,

3 “(2) takes into account all elements used to de-  
4 termine lifecycle emissions by the International Civil  
5 Aviation Organization, and

6 “(3) is approved by—

7 “(A) the International Civil Aviation Orga-  
8 nization, or

9 “(B) the Secretary and Administrator of  
10 the Environmental Protection Agency.

11 “(e) TIME LIMIT FOR ADOPTION OF NEW SUSTAIN-  
12 ABLE AVIATION FUEL EMISSIONS REDUCTION TEST.—

13 For purposes of subparagraph (B) of subsection (d)(3),  
14 the Secretary and the Administrator of the Environmental  
15 Protection Agency shall, within 24 months after the date  
16 of the enactment of this section, adopt at least one method  
17 for testing lifecycle greenhouse gas emissions that meets  
18 the requirements of such subsection.

19 “(f) CERTIFICATION OF SUSTAINABLE AVIATION  
20 FUEL.—No credit shall be allowed under this section with  
21 respect to any sustainable aviation fuel unless the tax-  
22 payer obtains a certification (in such form and manner  
23 as prescribed by the Secretary) from the producer or im-  
24 porter of the sustainable aviation fuel which identifies the

1 product produced and the percentage of sustainable avia-  
 2 tion fuel in the product.

3 “(g) TERMINATION.—This section shall not apply to  
 4 any sale or use after December 31, 2022.”.

5 (2) CREDIT MADE PART OF GENERAL BUSINESS  
 6 CREDIT.— Section 38(b), as amended by this Act, is  
 7 amended—

8 (A) in paragraph (34), by striking “plus”  
 9 at the end,

10 (B) in paragraph (35), by striking the pe-  
 11 riod at the end and inserting “, plus”, and

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

14 “(36) the sustainable aviation fuel credit deter-  
 15 mined under section 40B.”.

16 (3) COORDINATION WITH RENEWABLE DIE-  
 17 SEL.—

18 (A) IN GENERAL.—Section 40A(f) is  
 19 amended by striking paragraph (4).

20 (B) OTHER COORDINATION RULES.—

21 (i) The last sentence of section  
 22 40A(d)(1) is amended by inserting “or  
 23 40B” after “40”.

1           (ii) The second sentence of section  
2           40A(f)(3) is amended by inserting “or  
3           40B” after “40”.

4           (C) REGULATIONS.—Under rules pre-  
5           scribed by the Secretary of the Treasury (or the  
6           Secretary’s delegate), the amount of the credit  
7           allowed under section 40B of the Internal Rev-  
8           enue Code of 1986 (as added by this sub-  
9           section) shall be properly reduced to take into  
10          account any benefit provided with respect to  
11          sustainable aviation fuel (as defined in such  
12          section 40B) by reason of the application of  
13          section 6426 or section 6427(e).

14          (4) EFFECTIVE DATE.—

15               (A) IN GENERAL.—The amendments made  
16               by this subsection shall apply to taxable years  
17               ending after the date of the enactment of this  
18               Act.

19               (B) SPECIAL RULE.—The Secretary of the  
20               Treasury (or the Secretary’s delegate) shall es-  
21               tablish rules for the application of the amend-  
22               ments made by paragraph (3)(A) with respect  
23               to credits under section 6426 and payments  
24               under section 6427(e) for calendar quarters  
25               ending after the date of the enactment of this

1 Act and before the last taxable year of a tax-  
2 payer which ends after such date of enactment.

3 **SEC. 202. TRANSPORTATION ELECTRIFICATION.**

4 (a) ALTERNATIVE MOTOR VEHICLE CREDIT FOR  
5 FUEL CELL MOTOR VEHICLES.—

6 (1) IN GENERAL.—Section 30B(k) is amend-  
7 ed—

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

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

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

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

16 “(1) IN GENERAL.—Following a determination  
17 by the Secretary and the Secretary of Transpor-  
18 tation that total annual sales of new qualified fuel  
19 cell motor vehicles and new qualified plug-in electric  
20 drive motor vehicles (as defined in section  
21 30D(d)(1)) in the United States are greater than 50  
22 percent of total annual sales of new passenger vehi-  
23 cles in the United States, the amount of the new  
24 qualified fuel cell motor vehicle credit under this sec-  
25 tion for any new qualified fuel cell motor vehicle



1 purchased during a calendar year described in para-  
2 graph (2) shall be equal to the product of—

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

6 “(B) the phase-out percentage under para-  
7 graph (2).

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

10 “(A) for a vehicle purchased during the  
11 first calendar year following the calendar year  
12 in which the determination described in para-  
13 graph (1) is made, 100 percent,

14 “(B) for a vehicle purchased during the  
15 second calendar year following such determina-  
16 tion year, 75 percent,

17 “(C) for a vehicle purchased during the  
18 third calendar year following such determina-  
19 tion year, 50 percent, and

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

23 (3) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall apply to property purchased  
25 after December 31, 2021.

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

3 (1) CREDIT PHASE-OUT.—Section 30C is  
4 amended by striking subsection (g) and inserting the  
5 following:

6 “(g) CREDIT PHASE-OUT.—

7 “(1) IN GENERAL.—Following a determination  
8 by the Secretary, the Secretary of Transportation,  
9 and the Administrator of the Environmental Protec-  
10 tion Agency under section 45V(d)(1) that the green-  
11 house gas emissions from the transportation of per-  
12 sons and goods annually in the United States are  
13 equal to or less than 25 percent of the greenhouse  
14 gas emissions from the transportation of persons  
15 and goods in the United States during calendar year  
16 2021, the amount of the credit under this section for  
17 any qualified alternative fuel vehicle refueling prop-  
18 erty placed in service during a calendar year de-  
19 scribed in paragraph (2) shall be equal to the prod-  
20 uct of—

21 “(A) the amount of the credit allowed  
22 under subsection (a) (as determined without re-  
23 gard to this subsection), multiplied by

24 “(B) the phase-out percentage under para-  
25 graph (2).

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

3           “(A) for any property placed in service  
4 during the first calendar year following the cal-  
5 endar year in which the determination described  
6 in paragraph (1) is made, 100 percent,

7           “(B) for any property placed in service  
8 during the second calendar year following such  
9 determination year, 75 percent,

10           “(C) for any property placed in service  
11 during the third calendar year following such  
12 determination year, 50 percent, and

13           “(D) for any property placed in service  
14 during any calendar year subsequent to the  
15 year described in subparagraph (C), 0 per-  
16 cent.”.

17           (2) MODIFICATION.—

18           (A) IN GENERAL.—Section 30C(b) is  
19 amended—

20           (i) by striking “with respect to all  
21 qualified alternative fuel vehicle refueling  
22 property placed in service by the taxpayer  
23 during the taxable year at a location” and  
24 inserting “with respect to any single item  
25 of qualified alternative fuel vehicle refuel-

1 ing property placed in service by the tax-  
2 payer during the taxable year”, and

3 (ii) in paragraph (1), by striking  
4 “\$30,000” and inserting “\$200,000”.

5 (B) EFFECTIVE DATE.—The amendments  
6 made by this paragraph shall apply to property  
7 placed in service after December 31, 2021.

8 (3) ADDITIONAL MODIFICATION.—

9 (A) IN GENERAL.—Section 30C, as amend-  
10 ed by paragraphs (1) and (2), is amended—

11 (i) in subsection (c)(2)—

12 (I) in subparagraph (A), by strik-  
13 ing “one or more” and all that follows  
14 through the period and inserting the  
15 following: “hydrogen or any transpor-  
16 tation fuel for which the clean fuel  
17 production credit is allowed under sec-  
18 tion 45V with respect to the produc-  
19 tion and sale of such fuel.”, and

20 (II) by striking subparagraph (B)  
21 and inserting the following:

22 “(B) Any mixture—

23 “(i) which consists of—

24 “(I) any transportation fuel—

1                   “(aa) for which the clean  
2                   fuel production credit is allowed  
3                   under section 45V with respect to  
4                   the production and sale of such  
5                   fuel, and

6                   “(bb) which is a liquid fuel,  
7                   and

8                   “(II) any taxable fuel (as defined  
9                   in section 4083(a)(1)), and

10                   “(ii) at least 20 percent of the volume  
11                   of which consists of fuel described in  
12                   clause (i)(I).”, and

13                   (ii) in subsection (e), by adding at the  
14                   end the following:

15                   “(7) WAGE REQUIREMENTS.—

16                   “(A) IN GENERAL.—The term ‘qualified  
17                   alternative fuel vehicle refueling property’ shall  
18                   not include any property which fails to satisfy—

19                   “(i) subject to clause (ii) of subpara-  
20                   graph (B), the requirements under clause  
21                   (i) of such subparagraph, and

22                   “(ii) with respect to the construction  
23                   of such property, the requirements under  
24                   section 501 of the Clean Energy for Amer-  
25                   ica Act.

1 “(B) REQUIREMENTS.—

2 “(i) IN GENERAL.—The requirements  
3 described in this clause with respect to any  
4 property are that the taxpayer shall ensure  
5 that any laborers and mechanics employed  
6 by contractors and subcontractors in the  
7 construction of such property are to be  
8 paid wages at rates not less than the pre-  
9 vailing rates for construction of a similar  
10 character in the locality as determined by  
11 the Secretary of Labor, in accordance with  
12 subchapter IV of chapter 31 of title 40,  
13 United States Code.

14 “(ii) CORRECTION AND PENALTY RE-  
15 LATED TO FAILURE TO SATISFY WAGE RE-  
16 QUIREMENTS.—In the case of any taxpayer  
17 which fails to satisfy the requirement  
18 under clause (i) with respect to any prop-  
19 erty, rules similar to the rules of section  
20 45U(b)(3)(B)(ii) shall apply for purposes  
21 of this subparagraph.”

22 (B) EFFECTIVE DATE.—The amendments  
23 made by this paragraph shall apply to property  
24 placed in service after December 31, 2022.

25 (c) ELECTRIC VEHICLES.—

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

3           (A) IN GENERAL.—Section 30D(g)(3)(E)  
4           is amended by striking clause (ii) and inserting  
5           the following:

6                     “(ii) after December 31, 2014.”.

7           (B) EFFECTIVE DATE.—The amendments  
8           made by this paragraph shall apply to vehicles  
9           acquired after December 31, 2020.

10          (2) ELIMINATION ON LIMITATION ON NUMBER  
11          OF VEHICLES ELIGIBLE FOR CREDIT.—

12          (A) IN GENERAL.—Section 30D is amend-  
13          ed by striking subsection (e).

14          (B) EFFECTIVE DATE.—The amendment  
15          made by this paragraph shall apply to vehicles  
16          sold after May 24, 2021.

17          (3) MAKING NEW QUALIFIED PLUG-IN ELEC-  
18          TRIC DRIVE MOTOR VEHICLE CREDIT REFUNDABLE  
19          FOR INDIVIDUALS.—

20          (A) IN GENERAL.—The Internal Revenue  
21          Code of 1986 is amended—

22                     (i) by redesignating section 30D as  
23                     section 36C, and

24                     (ii) by moving section 36C (as so re-  
25                     designated) from subpart A of part IV of

1 subchapter A of chapter 1 to the location  
2 immediately before section 37 in subpart C  
3 of part IV of subchapter A of chapter 1.

4 (B) CONFORMING AMENDMENTS.—

5 (i) Section 36C, as amended by para-  
6 graph (2) and as redesignated and moved  
7 by subparagraph (A), is amended—

8 (I) in subsection (a), by striking  
9 “There shall be allowed” and insert-  
10 ing “In the case of an individual,  
11 there shall be allowed”,

12 (II) by striking subsection (c),

13 (III) by redesignating subsections  
14 (d), (f), and (g) as subsections (c),  
15 (d), and (e), respectively,

16 (IV) in subsection (d), as so re-  
17 designating—

18 (aa) by striking “(deter-  
19 mined without regard to sub-  
20 section (c))” each place it ap-  
21 pears, and

22 (bb) by striking paragraph  
23 (3), and

24 (V) in subsection (e)(3)(B), as so  
25 redesignated, by striking “subsection



1 (d)(1)” and inserting “subsection  
2 (e)(1)”.

3 (ii) Subsection (l)(1) of section 30B,  
4 as added by subsection (a)(2), is amended  
5 by striking “section 30D(d)(1)” and in-  
6 serting “section 36C(e)(1)”.

7 (iii) Paragraph (37) of section  
8 1016(a) is amended by striking “section  
9 30D(f)(1)” and inserting “section  
10 36C(d)(1)”.

11 (iv) Section 6501(m) is amended by  
12 striking “30D(e)(4)” and inserting  
13 “36C(d)(6)”.

14 (v) Section 166(b)(5)(A)(ii) of title  
15 23, United States Code, is amended by  
16 striking “section 30D(d)(1)” and inserting  
17 “section 36C(e)(1)”.

18 (vi) The table of sections for subpart  
19 C of part IV of subchapter A of chapter 1  
20 is amended by inserting after the item re-  
21 lating to section 36B the following new  
22 item:

“Sec. 36C. New qualified plug-in electric drive motor vehicles.”.

23 (C) EFFECTIVE DATE.—The amendments  
24 made by this paragraph shall apply to vehicles  
25 acquired after December 31, 2021.

1 (4) VIN REQUIREMENT.—

2 (A) IN GENERAL.—Section 36C(e)(1), as  
3 redesignated and moved by paragraph (3), is  
4 amended—

5 (i) in subparagraph (E), by striking  
6 “and” at the end,

7 (ii) in subparagraph (F)(ii), by strik-  
8 ing the period at the end and inserting “,  
9 and”, and

10 (iii) by adding at the end the fol-  
11 lowing:

12 “(G) for which the taxpayer has provided  
13 the vehicle identification number on the return  
14 of tax for the taxable year, unless, in accord-  
15 ance with applicable rules promulgated by the  
16 Secretary of Transportation, the vehicle is not  
17 assigned such a number.”.

18 (B) MATHEMATICAL OR CLERICAL  
19 ERROR.—Section 6213(g)(2) is amended—

20 (i) in subparagraph (P), by striking  
21 “and” at the end,

22 (ii) in subparagraph (Q), by striking  
23 the period at the end and inserting “,  
24 and”, and

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

3 “(R) an omission of a correct vehicle iden-  
4 tification number required under section  
5 36C(c)(1)(G) (relating to credit for new quali-  
6 fied plug-in electric drive motor vehicles) to be  
7 included on a return, or the inclusion of any in-  
8 formation with respect to the credit under sec-  
9 tion 36C which is inconsistent with the report  
10 provided under section 36C(g).”.

11 (C) EFFECTIVE DATE.—The amendments  
12 made by this paragraph shall apply to vehicles  
13 acquired after December 31, 2021.

14 (5) PHASEOUT.—Section 36C, as redesignated,  
15 moved, and amended by the preceding paragraphs of  
16 this subsection, is amended by adding at the end the  
17 following:

18 “(f) CREDIT PHASE-OUT.—

19 “(1) IN GENERAL.—Following a determination  
20 by the Secretary and the Secretary of Transpor-  
21 tation that total annual sales of new qualified fuel  
22 cell motor vehicles (as defined in section 30B(b)(3))  
23 and new qualified plug-in electric drive motor vehi-  
24 cles in the United States are greater than 50 per-  
25 cent of total annual sales of new passenger vehicles

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

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

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

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

14 “(A) for a vehicle sold or acquired during  
15 the first calendar year following the calendar  
16 year in which the determination described in  
17 paragraph (1) is made, 100 percent,

18 “(B) for a vehicle sold or acquired during  
19 the second calendar year following such deter-  
20 mination year, 75 percent,

21 “(C) for a vehicle sold or acquired during  
22 the third calendar year following such deter-  
23 mination year, 50 percent, and

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

4           (6) CREDIT INCREASE.—

5           (A) IN GENERAL.—Subsection (b) of sec-  
6           tion 36C, as redesignated and moved by the  
7           preceding paragraphs of this subsection, is  
8           amended—

9                   (i) by adding at the end the following  
10           new paragraphs:

11           “(4) VEHICLES PRODUCED BY LABOR ORGANI-  
12           ZATION FACILITY.—In the case of a vehicle the final  
13           assembly of which is at a facility whose production  
14           workers are members of or represented by a labor  
15           organization, the amount determined under this  
16           paragraph is \$2,500.

17           “(5) ASSEMBLY IN UNITED STATES.—In the  
18           case of a vehicle—

19                   “(A) the final assembly of which is at a fa-  
20           cility which is located in the United States, and

21                   “(B) which is acquired before January 1,  
22           2026,

23           the amount determined under this paragraph is  
24           \$2,500.”,

1 (ii) by striking “is \$2,500.” in para-  
2 graph (2) and inserting “is—

3 “(i) \$2,500, in the case of a vehicle  
4 sold before January 1, 2026, and

5 “(ii) \$5,000, in the case of a vehicle  
6 sold after December 31, 2025.” and

7 (iii) by striking “paragraphs (2) and  
8 (3)” in paragraph (1) and inserting “para-  
9 graphs (2), (3), (4), and (5)”.

10 (B) EFFECTIVE DATE.—The amendments  
11 made by this paragraph shall apply to vehicles  
12 acquired after December 31, 2021.

13 (7) LIMITATION BASED ON PLACE OF ASSEM-  
14 BLY.—

15 (A) IN GENERAL.—Paragraph (1) of sec-  
16 tion 36C(c), as redesignated, moved, and  
17 amended by the preceding paragraphs of this  
18 subsection, is further amended—

19 (i) by striking “and” at the end of  
20 subparagraph (F)(ii),

21 (ii) by striking the period at the end  
22 of subparagraph (G) and inserting “,  
23 and”, and

24 (iii) by adding at the end the fol-  
25 lowing new subparagraph:

1           “(H) in the case of a vehicle sold after De-  
2 cember 31, 2025, the final assembly of which is  
3 at a facility which is located in the United  
4 States.”.

5           (B) EFFECTIVE DATE.—The amendments  
6 made by this paragraph shall apply to vehicles  
7 acquired after December 31, 2021.

8           (8) LIMITATION BASED ON MANUFACTURER’S  
9 SUGGESTED RETAIL PRICE.—

10           (A) IN GENERAL.—Paragraph (1) of sec-  
11 tion 36C(c), as redesignated, moved, and  
12 amended by the preceding paragraphs of this  
13 subsection, is further amended—

14           (i) by striking “and” at the end of  
15 subparagraph (G),

16           (ii) by striking the period at the end  
17 of subparagraph (H) and inserting “,  
18 and”, and

19           (iii) by adding at the end the fol-  
20 lowing new subparagraph:

21           “(I) the manufacturer’s suggested retail  
22 price for which is not in excess of \$80,000.”.

23           (B) EFFECTIVE DATE.—The amendments  
24 made by this paragraph shall apply to vehicles  
25 acquired after December 31, 2021.

1 (9) REPORTING REQUIREMENT.—

2 (A) IN GENERAL.—Section 36C, as reded-  
3 igned, moved, and amended by the preceding  
4 paragraphs of this subsection, is further amend-  
5 ed by adding at the end the following new sub-  
6 section:

7 “(g) REPORTING REQUIREMENT.—The person who  
8 sells or leases any new qualified plug-in electric drive  
9 motor vehicle to the taxpayer shall furnish a report to the  
10 taxpayer and to the Secretary, at such time and in such  
11 manner as the Secretary shall provide, containing—

12 “(1) the taxpayer’s name and taxpayer identi-  
13 fication number,

14 “(2) the vehicle identification number of the ve-  
15 hicle, unless, in accordance with applicable rules pro-  
16 mulgated by the Secretary of Transportation, the ve-  
17 hicle is not assigned such a number,

18 “(3) the battery capacity of the vehicle,

19 “(4) verification that original use of the vehicle  
20 commences with the taxpayer, and

21 “(5) the maximum credit under this section al-  
22 lowable to the taxpayer with respect to the vehicle.”.

23 (B) EFFECTIVE DATE.—The amendments  
24 made by this paragraph shall apply to vehicles  
25 acquired after December 31, 2021.



1           (10) LIMITATION TO NON-BUSINESS VEHI-  
2 CLES.—

3           (A) IN GENERAL.—Paragraph (1) of sec-  
4 tion 36C(c), as redesignated, moved, and  
5 amended by the preceding paragraphs of this  
6 subsection, is further amended—

7                   (i) by striking “and” at the end of  
8 subparagraph (H),

9                   (ii) by striking the period at the end  
10 of subparagraph (I) and inserting “, and”,  
11 and

12                   (iii) by adding at the end the fol-  
13 lowing new subparagraph:

14                   “(J) which is not of a character subject to  
15 the allowance for depreciation.”.

16           (B) EFFECTIVE DATE.—The amendments  
17 made by this paragraph shall apply to vehicles  
18 acquired after December 31, 2021.

19           (11) QUALIFIED COMMERCIAL ELECTRIC VEHI-  
20 CLES.—

21           (A) IN GENERAL.—Subpart D of part IV  
22 of subchapter A of chapter 1, as amended by  
23 sections 101 and 201, is amended by adding at  
24 the end the following new section:

1 **“SEC. 45W. CREDIT FOR QUALIFIED COMMERCIAL ELEC-**  
2 **TRIC VEHICLES.**

3 “(a) IN GENERAL.—For purposes of section 38, the  
4 qualified commercial electric vehicle credit for any taxable  
5 year is an amount equal to the sum of the credit amounts  
6 determined under subsection (b) with respect to each  
7 qualified commercial electric vehicle placed in service by  
8 the taxpayer during the taxable year.

9 “(b) PER VEHICLE AMOUNT.—

10 “(1) IN GENERAL.—The amount determined  
11 under this subsection with respect to any qualified  
12 commercial electric vehicle shall be equal to the less-  
13 er of—

14 “(A) 30 percent of the basis of such vehi-  
15 cle, or

16 “(B) the incremental cost of such vehicle.

17 “(2) INCREMENTAL COST.—

18 “(A) IN GENERAL.—For purposes of para-  
19 graph (1)(B), the incremental cost of any quali-  
20 fied commercial electric vehicle is an amount  
21 equal to the excess of the purchase price for  
22 such vehicle over such price for a comparable  
23 vehicle.

24 “(B) COMPARABLE VEHICLE.—For pur-  
25 poses of this paragraph, the term ‘comparable  
26 vehicle’ means, with respect to any qualified

1 commercial electric vehicle, any vehicle which is  
 2 powered solely by a gasoline or diesel internal  
 3 combustion engine and which is comparable in  
 4 weight, size, and use to such vehicle.

5 “(C) COMPARATIVE PRICE.— For purposes  
 6 of subparagraph (A), the Secretary and the  
 7 Secretary of Transportation shall publish an  
 8 annual list of prices of various types and classes  
 9 of commercial vehicles described in subpara-  
 10 graph (B).

11 “(3) EXCLUSION.—For purposes of paragraph  
 12 (1)(A), the basis of any qualified commercial electric  
 13 vehicle which is a qualified electric transportation  
 14 option shall not include any cost relating to any  
 15 component or feature which—

16 “(A) is not integral to the vehicle, or

17 “(B) does not contribute to improving the  
 18 efficiency or range of the electric propulsion of  
 19 the vehicle.

20 “(c) QUALIFIED COMMERCIAL ELECTRIC VEHI-  
 21 CLE.—For purposes of this section—

22 “(1) IN GENERAL.—The term ‘qualified com-  
 23 mercial electric vehicle’ means—

24 “(A) any vehicle which—

1 “(i) meets the requirements of sub-  
 2 paragraphs (A), (B), (C), (D), and (G) of  
 3 section 36C(c)(1),

4 “(ii) is primarily propelled by an elec-  
 5 tric motor which draws electricity from a  
 6 battery which—

7 “(I) has a capacity of not less  
 8 than 10 kilowatt hours, and

9 “(II) is capable of being re-  
 10 charged from an external source of  
 11 electricity, and

12 “(iii) is of a character subject to the  
 13 allowance for depreciation, and

14 “(B) any qualified electric transportation  
 15 option.

16 “(2) QUALIFIED ELECTRIC TRANSPORTATION  
 17 OPTION.—

18 “(A) IN GENERAL.—The term ‘qualified  
 19 electric transportation option’ means any vehi-  
 20 cle used in any manner of transportation—

21 “(i) the original use of which com-  
 22 mences with the taxpayer,

23 “(ii) which is acquired for use or lease  
 24 by the taxpayer and not for resale,

1           “(iii) which is capable of moving pas-  
2           sengers, cargo, or property,

3           “(iv) which is powered by an inte-  
4           grated, on-board electric propulsion system  
5           which—

6                       “(I) is the primary source of pro-  
7                       pulsion,

8                       “(II) is capable of powering the  
9                       vehicle (including any of its compo-  
10                      nents and accessories) for not less  
11                      than  $\frac{2}{3}$  of the maximum operating  
12                      period between recharging or refueling  
13                      of such vehicle, and

14                      “(III) in the case of a vehicle  
15                      which derives any of its power from  
16                      the on-board combustion of a fuel,  
17                      uses a renewable fuel,

18                      “(v) which was manufactured for sale  
19                      in commercial quantities with a reasonable  
20                      expectation of profit,

21                      “(vi) which is in compliance with any  
22                      applicable safety or air quality standards,  
23                      as determined by the Secretary, the Sec-  
24                      retary of Transportation, the Secretary of  
25                      Homeland Security, and the Administrator

1 of the Environmental Protection Agency,  
2 and

3 “(vii) which is of a character subject  
4 to the allowance for depreciation.

5 “(B) ON-BOARD ELECTRIC PROPULSION  
6 SYSTEM.—For purposes of this paragraph, the  
7 term ‘on-board electric propulsion system’  
8 means—

9 “(i) 1 or more on-board traction bat-  
10 teries which—

11 “(I) are integrated or swappable,  
12 and

13 “(II) have an aggregate capacity  
14 (as defined in subsection (d)(4)) of  
15 not less than 10 kilowatt hours, or

16 “(ii) an on-board power source other  
17 than a battery with an electrical output ca-  
18 pacity equivalent of not less than 10 kilo-  
19 watt hours, as determined by the Sec-  
20 retary.

21 “(C) RENEWABLE FUEL.—For purposes of  
22 this paragraph, the term ‘renewable fuel’ means  
23 any fuel at least 85 percent of the volume of  
24 which consists of one or more of the following:

25 “(i) Ethanol.

1                   “(ii) Biodiesel (as defined in section  
2                   40A(d)(1)).

3                   “(iii) Advanced biofuel (as defined in  
4                   section 211(o)(1)(B) of the Clean Air Act  
5                   (42 U.S.C. 7545(o)(1)(B))).

6                   “(iv) Renewable natural gas.

7                   “(v) Hydrogen.

8                   “(d) SPECIAL RULES.—

9                   “(1) IN GENERAL.—Rules similar to the rules  
10                  under subsection (d) of section 36C shall apply for  
11                  purposes of this section.

12                  “(2) PROPERTY USED BY TAX-EXEMPT ENTI-  
13                  TY.—In the case of a vehicle the use of which is de-  
14                  scribed in paragraph (3) or (4) of section 50(b) and  
15                  which is not subject to a lease, the person who sold  
16                  such vehicle to the person or entity using such vehi-  
17                  cle shall be treated as the taxpayer that placed such  
18                  vehicle in service, but only if such person clearly dis-  
19                  closes to such person or entity in a document the  
20                  amount of any credit allowable under subsection (a)  
21                  with respect to such vehicle.

22                  “(e) CREDIT PHASE-OUT.—

23                  “(1) IN GENERAL.—Following a determination  
24                  by the Secretary and the Secretary of Transpor-  
25                  tation that total annual sales of qualified commercial

1 electric vehicles in the United States are greater  
2 than 50 percent of total annual sales of new com-  
3 mercial vehicles in the United States, the amount of  
4 the credit allowed under this section for any quali-  
5 fied commercial electric vehicle acquired during a  
6 calendar year described in paragraph (2) shall be  
7 equal to the product of—

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

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

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

15 “(A) for a vehicle acquired during the first  
16 calendar year following the calendar year in  
17 which the determination described in paragraph  
18 (1) is made, 100 percent,

19 “(B) for a vehicle acquired during the sec-  
20 ond calendar year following such determination  
21 year, 75 percent,

22 “(C) for a vehicle acquired during the  
23 third calendar year following such determina-  
24 tion year, 50 percent, and



1           “(D) for a vehicle acquired during any cal-  
2           endar year subsequent to the year described in  
3           subparagraph (C), 0 percent.

4           “(f) REPORTING REQUIREMENT.—The person who  
5           sells or leases any qualified commercial electric vehicle to  
6           the taxpayer shall furnish a report to the taxpayer and  
7           to the Secretary, at such time and in such manner as the  
8           Secretary shall provide, containing—

9           “(1) the taxpayer’s name and taxpayer identi-  
10          fication number,

11          “(2) the vehicle identification number of the ve-  
12          hicle, unless, in accordance with applicable rules pro-  
13          mulgated by the Secretary of Transportation, the ve-  
14          hicle is not assigned such a number,

15          “(3) the battery capacity of the vehicle,

16          “(4) verification that original use of the vehicle  
17          commences with the taxpayer, and

18          “(5) the maximum credit under this section al-  
19          lowable to the taxpayer with respect to the vehicle.”.

20                 (B) MATHEMATICAL OR CLERICAL  
21                 ERROR.—Section 6213(g)(2), as amended by  
22                 paragraph (4), is further amended—

23                         (i) in subparagraph (Q), by striking  
24                         “and” at the end,

1 (ii) in subparagraph (R), by striking  
 2 the period at the end and inserting “,  
 3 and”, and

4 (iii) by adding at the end the fol-  
 5 lowing:

6 “(S) the inclusion of any information for  
 7 purposes of the credit under section 45W which  
 8 is inconsistent with the report provided under  
 9 section 45W(f).”.

10 (C) CONFORMING AMENDMENTS.—

11 (i) Section 38(b), as amended by sec-  
 12 tion 201, is further amended by striking  
 13 paragraph (30) and inserting the following:

14 “(30) the qualified commercial electric vehicle  
 15 credit determined under section 45W,”.

16 (ii) The table of sections for subpart  
 17 D of part IV of subchapter A of chapter 1,  
 18 as amended by sections 101 and 102, is  
 19 amended by adding at the end the fol-  
 20 lowing new item:

“Sec. 45W. Qualified commercial electric vehicle credit.”.

21 (D) EFFECTIVE DATE.—The amendments  
 22 made by this paragraph shall apply to vehicles  
 23 acquired after December 31, 2021.

24 (12) CERTIFICATION BY SECRETARY.—No cred-  
 25 it shall be allowed under section 36C or section 45W

1 of the Internal Revenue Code of 1986 for any vehi-  
2 cle acquired after December 31, 2021, unless the  
3 Secretary of the Treasury certifies that no credit  
4 under either such section will be allowed with respect  
5 to any new qualified plug-in electric drive motor ve-  
6 hicle, any qualified 2- or 3-wheeled plug-in electric  
7 vehicle, or any qualified commercial electric vehicle  
8 the final assembly of which is in the People’s Repub-  
9 lic of China.

10 **SEC. 203. CREDIT FOR PRODUCTION OF CLEAN HYDROGEN.**

11 (a) IN GENERAL.—Subpart D of part IV of sub-  
12 chapter A of chapter 1, as amended by sections 101, 201,  
13 and 202, is amended by adding at the end the following  
14 new section:

15 **“SEC. 45X. CREDIT FOR PRODUCTION OF CLEAN HYDRO-**  
16 **GEN.**

17 “(a) AMOUNT OF CREDIT.—For purposes of section  
18 38, the clean hydrogen production credit for any taxable  
19 year is an amount equal to the product of—

20 “(1) the applicable amount, multiplied by

21 “(2) the kilograms of qualified clean hydro-  
22 gen—

23 “(A) produced by the taxpayer at a quali-  
24 fied clean hydrogen production facility during

1 the 10-year period beginning on the date the fa-  
2 cility was placed in service, and

3 “(B) sold by the taxpayer to an unrelated  
4 person, or used by the taxpayer, during the tax-  
5 able year.

6 “(b) APPLICABLE AMOUNT.—

7 “(1) IN GENERAL.—For purposes of subsection  
8 (a)(1), the applicable amount shall be an amount  
9 equal to the applicable percentage of \$3.00. If any  
10 amount as determined under the preceding sentence  
11 is not a multiple of 0.1 cent, such amount shall be  
12 rounded to the nearest multiple of 0.1 cent.

13 “(2) APPLICABLE PERCENTAGE.—For purposes  
14 of paragraph (1), the term ‘applicable percentage’  
15 means—

16 “(A) in the case of any qualified clean hy-  
17 drogen which is produced through a process  
18 that, as compared to hydrogen produced by  
19 steam-methane reforming, achieves a percent-  
20 age reduction in lifecycle greenhouse gas emis-  
21 sions which is less than 75 percent, 20 percent,

22 “(B) in the case of any qualified clean hy-  
23 drogen which is produced through a process  
24 that, as compared to hydrogen produced by  
25 steam-methane reforming, achieves a percent-

1 age reduction in lifecycle greenhouse gas emis-  
2 sions which is not less than 75 percent and less  
3 than 85 percent, 25 percent,

4 “(C) in the case of any qualified clean hy-  
5 drogen which is produced through a process  
6 that, as compared to hydrogen produced by  
7 steam-methane reforming, achieves a percent-  
8 age reduction in lifecycle greenhouse gas emis-  
9 sions which is not less than 85 percent and less  
10 than 95 percent, 34 percent, and

11 “(D) in the case of any qualified clean hy-  
12 drogen which is produced through a process  
13 that, as compared to hydrogen produced by  
14 steam-methane reforming, achieves a percent-  
15 age reduction in lifecycle greenhouse gas emis-  
16 sions which is not less than 95 percent, 100  
17 percent.

18 “(3) INFLATION ADJUSTMENT.—The \$3.00  
19 amount in paragraph (1) shall be adjusted by multi-  
20 plying such amount by the inflation adjustment fac-  
21 tor (as determined under section 45(e)(2), deter-  
22 mined by substituting ‘2020’ for ‘1992’ in subpara-  
23 graph (B) thereof) for the calendar year in which  
24 the sale or use of the qualified clean hydrogen oc-  
25 curs. If any amount as increased under the pre-

1 ceding sentence is not a multiple of 0.1 cent, such  
2 amount shall be rounded to the nearest multiple of  
3 0.1 cent.

4 “(c) CREDIT REDUCED FOR GRANTS, TAX-EXEMPT  
5 BONDS, SUBSIDIZED ENERGY FINANCING, AND OTHER  
6 CREDITS.—The amount of the credit determined under  
7 subsection (a) with respect to any qualified clean hydrogen  
8 production facility for any taxable year shall be reduced  
9 in a manner similar to the reduction applied under section  
10 45(b)(3).

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

12 “(1) LIFECYCLE GREENHOUSE GAS EMIS-  
13 SIONS.—For purposes of this section, the term  
14 ‘lifecycle greenhouse gas emissions’ has the same  
15 meaning given such term under subparagraph (H) of  
16 section 211(o)(1) of the Clean Air Act (42 U.S.C.  
17 7545(o)(1)), as in effect on the date of enactment of  
18 this section.

19 “(2) QUALIFIED CLEAN HYDROGEN.—

20 “(A) IN GENERAL.—The term ‘qualified  
21 clean hydrogen’ means hydrogen which is pro-  
22 duced through a process that, as compared to  
23 hydrogen produced by steam-methane reforming  
24 of non-renewable natural gas, achieves a per-

1 centage reduction in lifecycle greenhouse gas  
2 emissions which is not less than 50 percent.

3 “(B) EXCLUSION.—The term ‘qualified  
4 clean hydrogen’ shall not include any hydrogen  
5 for which a credit is allowed for the taxable  
6 year—

7 “(i) under section 38 which is prop-  
8 erly allocable to any credit determined  
9 under this part (other than this section),  
10 or

11 “(ii) under subchapter B of chapter  
12 65 of subtitle F.

13 “(3) QUALIFIED CLEAN HYDROGEN PRODUC-  
14 TION FACILITY.—

15 “(A) IN GENERAL.—The term ‘qualified  
16 clean hydrogen production facility’ means—

17 “(i) a facility owned by the tax-  
18 payer—

19 “(I) which produces qualified  
20 clean hydrogen which, with respect to  
21 any taxable year, is sold by the tax-  
22 payer to an unrelated person or used  
23 by the taxpayer, and

24 “(II) which—

1           “(aa) subject to clause (ii)  
2           of subparagraph (B), satisfies the  
3           requirements under clause (i) of  
4           such subparagraph, and

5           “(bb) with respect to the  
6           construction of such facility, sat-  
7           isfies the requirements under sec-  
8           tion 501 of the Clean Energy for  
9           America Act, and

10           “(ii) in connection with any facility  
11           described in clause (i), any property used  
12           to convert feedstock to hydrogen, including  
13           any equipment or supporting facility  
14           which—

15                   “(I) accepts or receives feedstock,

16                   “(II) conditions or stores feed-  
17                   stock or hydrogen, or

18                   “(III) distributes or redistributes  
19                   hydrogen.

20           “(B) WAGE REQUIREMENTS.—

21                   “(i) IN GENERAL.—The requirements  
22                   described in this subparagraph with re-  
23                   spect to any facility are that the taxpayer  
24                   shall ensure that any laborers and mechan-



1           ics employed by contractors and sub-  
2           contractors in—

3                   “(I) the construction of such fa-  
4                   cility, or

5                   “(II) for any year described in  
6                   subsection (a)(2)(A) for which the  
7                   credit under this section is claimed,  
8                   the alteration or repair of such facil-  
9                   ity,

10           shall be paid wages at rates not less than  
11           the prevailing rates for construction, alter-  
12           ation, or repair of a similar character in  
13           the locality as determined by the Secretary  
14           of Labor, in accordance with subchapter  
15           IV of chapter 31 of title 40, United States  
16           Code.

17                   “(ii) FAILURE TO SATISFY WAGE RE-  
18                   QUIREMENTS; CORRECTION AND PEN-  
19                   ALTY.—In the case of any taxpayer which  
20                   fails to satisfy the requirement under  
21                   clause (i) with respect to the construction  
22                   of any facility or the alteration or repair of  
23                   such facility in any year during the period  
24                   described in clause (i)(II), rules similar to  
25                   the rules of clauses (i) and (ii) of section

1           45U(b)(3)(B) shall apply for purposes of  
2           this subparagraph.

3           “(4) STEAM-METHANE REFORMING.—The term  
4           ‘steam-methane reforming’ means a hydrogen pro-  
5           duction process in which high-temperature steam is  
6           used to produce hydrogen from natural gas, without  
7           carbon capture and sequestration.

8           “(e) SPECIAL RULES.—

9           “(1) IN GENERAL.—Rules similar to the rules  
10          of paragraphs (3) and (4) of section 45(e) shall  
11          apply for purposes of this section.

12          “(2) PRODUCTION IN THE UNITED STATES.—  
13          No credit shall be allowed under this section with re-  
14          spect to any qualified clean hydrogen which is pro-  
15          duced outside of the United States (as defined in  
16          section 638(1) or any possession of the United  
17          States (as defined in section 638(2)).

18          “(f) CREDIT PHASE-OUT.—

19          “(1) IN GENERAL.—If the Secretary and the  
20          Administrator of the Environmental Protection  
21          Agency determine that the greenhouse gas emissions  
22          from the transportation of persons and goods annu-  
23          ally in the United States are equal to or less than  
24          25 percent of the greenhouse gas emissions from the  
25          transportation of persons and goods in the United

1 States during calendar year 2021, the amount of the  
2 clean hydrogen production credit under this section  
3 shall be determined by substituting the applicable  
4 amount (as determined under paragraph (2)(A)) for  
5 the dollar amount in subsection (b)(1).

6 “(2) APPLICABLE DOLLAR AMOUNT.—

7 “(A) IN GENERAL.—The applicable  
8 amount for any taxable year described in sub-  
9 paragraph (B) shall be an amount equal to the  
10 product of—

11 “(i) the dollar amount in paragraphs  
12 (1) of subsection (b) (as adjusted by para-  
13 graph (3) of such subsection), multiplied  
14 by

15 “(ii) the phase-out percentage under  
16 subparagraph (B).

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

20 “(i) for any taxable year beginning in  
21 the first calendar year following the cal-  
22 endar year in which the determination de-  
23 scribed in paragraph (1) is made, 100 per-  
24 cent,

1           “(ii) for any taxable year beginning in  
2           the second calendar year following such de-  
3           termination year, 75 percent,

4           “(iii) for any taxable year beginning  
5           in the third calendar year following such  
6           determination year, 50 percent, and

7           “(iv) for any taxable year beginning in  
8           any calendar year subsequent to the year  
9           described in clause (iii), 0 percent.

10          “(g) GUIDANCE.—Not later than 1 year after the  
11          date of enactment of this section, the Secretary, the Sec-  
12          retary of Energy, and Administrator of the Environmental  
13          Protection Agency shall publish guidance prescribing  
14          methods for determining the credit based on lifecycle  
15          greenhouse gas emissions.”.

16          (b) CONFORMING AMENDMENTS.—

17                 (1) Section 38(b) of the Internal Revenue Code  
18                 of 1986, as amended by section 101, 201, and 202,  
19                 is amended—

20                         (A) in paragraph (35), by striking “plus”  
21                         at the end,

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

24                         (C) by adding at the end the following new  
25                         paragraph:

1           “(37) the clean hydrogen production credit de-  
2           termined under section 45X(a).”.

3           (2) The table of sections for subpart D of part  
4           IV of subchapter A of chapter 1, as amended by sec-  
5           tions 101, 201, and 202, is amended by adding at  
6           the end the following new item:

“Sec. 45X. Clean hydrogen production credit.”.

7           (c) EFFECTIVE DATE.—The amendments made by  
8           this section shall apply to hydrogen used or sold after De-  
9           cember 31, 2020.

10   **SEC. 204. TEMPORARY EXTENSIONS OF EXISTING FUEL IN-**  
11                                   **CENTIVES.**

12           (a) SECOND GENERATION BIOFUEL PRODUCER  
13   CREDIT.—

14           (1) IN GENERAL.—Section 40(b)(6)(J)(i) is  
15           amended by striking “2022” and inserting “2023”.

16           (2) EFFECTIVE DATE.—The amendments made  
17           by this subsection shall apply to qualified second  
18           generation biofuel production after December 31,  
19           2021.

20           (b) CREDIT FOR ALTERNATIVE FUEL MIXTURES.—

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

22                           (A) in subsection (d)—

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

1 (ii) in paragraph (5), by striking  
2 “2021” and inserting “2022”, and

3 (B) in subsection (e)—

4 (i) in paragraph (2), by inserting  
5 “nonliquid hydrogen or” before “a fuel de-  
6 scribed”, and

7 (ii) in paragraph (3), by striking  
8 “2021” and inserting “2022”.

9 (2) EFFECTIVE DATE.—The amendments made  
10 by this subsection shall apply to fuel sold or used  
11 after December 31, 2021.

12 (c) ALTERNATIVE FUELS.—

13 (1) IN GENERAL.—Section 6427(e)(6)(C) is  
14 amended by striking “2021” and inserting “2022”.

15 (2) EFFECTIVE DATE.—The amendments made  
16 by this subsection shall apply to fuel sold or used  
17 after December 31, 2021.

18 **TITLE III—INCENTIVES FOR**  
19 **ENERGY EFFICIENCY**

20 **SEC. 301. CREDIT FOR NEW ENERGY EFFICIENT RESIDEN-**  
21 **TIAL BUILDINGS.**

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

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

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

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

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

10       “(b) APPLICABLE AMOUNT.—

11             “(1) IN GENERAL.—For purposes of subsection  
12 (a), the applicable amount shall be an amount equal  
13 to—

14             “(A) in the case of a qualified residence  
15 described in subclause (I) of subsection  
16 (c)(3)(A)(iii), \$2,500, and

17             “(B) in the case of a qualified residence  
18 described in subclause (II) of such subsection,  
19 \$5,000.

20       “(2) ADJUSTMENT FOR INFLATION.—

21             “(A) IN GENERAL.—In the case of a tax-  
22 able year beginning after 2022, the dollar  
23 amounts in paragraph (1) shall each be in-  
24 creased by an amount equal to—

25             “(i) such dollar amount, multiplied by

1           “(ii) the cost-of-living adjustment de-  
2           termined under section 1(f)(3) for the cal-  
3           endar year, determined by substituting  
4           ‘calendar year 2021’ for ‘calendar year  
5           2016’ in subparagraph (A)(ii) thereof.

6           “(B) ROUNDING.—If any amount as in-  
7           creased under subparagraph (A) is not a mul-  
8           tiple of \$100, such amount shall be rounded to  
9           the nearest multiple of \$100.

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

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

14           “(2) ELIGIBLE CONTRACTOR.—The term ‘eligi-  
15           ble contractor’ means—

16           “(A) the person who constructed the quali-  
17           fied residence, or

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

21           “(3) QUALIFIED RESIDENCE.—

22           “(A) IN GENERAL.—The term ‘qualified  
23           residence’ means a dwelling unit—

24           “(i) located in the United States,



1           “(ii) the construction of which is sub-  
2           stantially completed after the date of the  
3           enactment of this section,

4           “(iii) which is certified as satisfying  
5           the applicable national program require-  
6           ments under—

7                   “(I) the Energy Star Residential  
8                   New Construction program (or any  
9                   successor program, as determined by  
10                  the Secretary), as in effect on Janu-  
11                  ary 1 of the year in which construc-  
12                  tion of the dwelling unit begins, or

13                   “(II) the Zero Energy Ready  
14                   Home program (or any successor pro-  
15                   gram, as determined by the Sec-  
16                   retary), as in effect on January 1 of  
17                  the year in which construction of the  
18                  dwelling unit begins, and

19           “(iv) in the case of a multifamily  
20           dwelling unit, subject to clause (ii) of sub-  
21           paragraph (B), which satisfies the require-  
22           ments under clause (i) of such subpara-  
23           graph.

24           “(B) WAGE REQUIREMENTS.—

1           “(i) IN GENERAL.—The requirements  
2           described in this clause with respect to any  
3           dwelling unit are that the eligible con-  
4           tractor shall ensure that any laborers and  
5           mechanics employed by such contractor  
6           and subcontractors in the construction of  
7           such dwelling unit shall be paid wages at  
8           rates not less than the prevailing rates for  
9           construction of a similar character in the  
10          locality as determined by the Secretary of  
11          Labor, in accordance with subchapter IV  
12          of chapter 31 of title 40, United States  
13          Code.

14          “(ii) CORRECTION AND PENALTY RE-  
15          LATED TO FAILURE TO SATISFY WAGE RE-  
16          QUIREMENTS.—In the case of any taxpayer  
17          which fails to satisfy the requirement  
18          under clause (i) with respect to any dwell-  
19          ing unit, rules similar to the rules of sec-  
20          tion 45U(b)(3)(B)(ii) shall apply for pur-  
21          poses of this subparagraph.

22          “(C) DENIAL OF DOUBLE BENEFIT.—The  
23          term ‘qualified residence’ does not include any  
24          dwelling unit for which a deduction determined  
25          under section 179D is allowed for the taxable

1           year in which the dwelling unit is acquired as  
2           provided in subsection (a)(2).

3           “(d) CERTIFICATION.—A certification described in  
4 this section shall be made—

5           “(1) by a third party which is accredited by a  
6           certification program approved by the Secretary and  
7           the Secretary of Energy, and

8           “(2) in accordance with—

9           “(A) any applicable rules under the na-  
10           tional program requirements of the Energy Star  
11           Residential New Construction or Zero Energy  
12           Ready Home programs, as in effect on the date  
13           on which construction of the dwelling unit be-  
14           gins, and

15           “(B) guidance prescribed by the Secretary  
16           and the Secretary of Energy.

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

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

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

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to any qualified residence acquired  
5 after December 31, 2021.

6 **SEC. 302. ENERGY EFFICIENT HOME IMPROVEMENT CRED-**  
7 **IT.**

8 (a) **IN GENERAL.**—Section 25C is amended to read  
9 as follows:

10 **“SEC. 25C. ENERGY EFFICIENT HOME IMPROVEMENT**  
11 **CREDIT.**

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

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

19 “(2) \$1,500.

20 “(b) **APPLICABLE QUALIFIED PROPERTY AMOUNT.**—

21 “(1) **IN GENERAL.**—For any qualified property,  
22 the applicable qualified property amount shall be  
23 equal to the lesser of—

24 “(A) 30 percent of the amount paid or in-  
25 curred by the individual for such qualified prop-

1           erty (including any expenditures for labor costs  
2           properly allocable to the onsite preparation, as-  
3           sembly, or original installation of such prop-  
4           erty), or

5           “(B) \$600.

6           “(2) ADJUSTMENT FOR INFLATION.—

7           “(A) IN GENERAL.—In the case of a tax-  
8           able year beginning after 2022, each of the dol-  
9           lar amounts in paragraph (1)(B) (after applica-  
10          tion of subsection (c)(2)) and subsections  
11          (a)(2), (c)(2)(A), and (c)(2)(B)(i)(I) shall be in-  
12          creased by an amount equal to—

13           “(i) such dollar amount, multiplied by

14           “(ii) the cost-of-living adjustment de-  
15          termined under section 1(f)(3) for the cal-  
16          endar year, determined by substituting  
17          ‘calendar year 2021’ for ‘calendar year  
18          2016’ in subparagraph (A)(ii) thereof.

19           “(B) ROUNDING.—If any amount as in-  
20          creased under subparagraph (A) is not a mul-  
21          tiple of \$10, such amount shall be rounded to  
22          the nearest multiple of \$10.

23          “(c) QUALIFIED PROPERTY.—

24           “(1) IN GENERAL.—The term ‘qualified prop-  
25          erty’ means a furnace, boiler, condensing water heat-

1 er, central air conditioning unit, heat pump, biomass  
2 property, or building envelope improvement which—

3 “(A) except as provided in subparagraph  
4 (B), meets or exceeds the requirements of—

5 “(i) the highest efficiency tier (not in-  
6 cluding any advanced tier) established by  
7 the Consortium for Energy Efficiency  
8 which are in effect at the time that the  
9 property is placed in service, or

10 “(ii) if no standard established by the  
11 Consortium for Energy Efficiency applies  
12 to such property, an equivalent standard  
13 as established by the Secretary and the  
14 Administrator of the Environmental Pro-  
15 tection Agency,

16 “(B) in the case of a building envelope im-  
17 provement—

18 “(i) except as provided in clause (ii)  
19 or (iii), meets or exceeds the latest applica-  
20 ble requirements of the Energy Star pro-  
21 gram (or any successor program, as deter-  
22 mined by the Secretary), as in effect on  
23 January 1 of the year in which the prop-  
24 erty is placed in service,

1           “(ii) in the case of a window treat-  
2           ment, meets or exceeds the applicable cer-  
3           tification requirements for such product  
4           under the Attachments Energy Rating  
5           Council certification program, or

6           “(iii) in the case of insulation de-  
7           scribed in subsection (d)(2)(A), meets the  
8           prescriptive criteria for such material or  
9           system established by the International  
10          Energy Conservation Code, as such Code  
11          (including supplements) is in effect on  
12          January 1 of the calendar year in which  
13          such material or system is installed,

14          “(C) is installed according to applicable  
15          Air Conditioning Contractors of America Qual-  
16          ity Installation standards which are in effect at  
17          the time that the property was placed in serv-  
18          ice,

19          “(D) is for use in a dwelling unit which is  
20          located in the United States and used as a resi-  
21          dence by the individual, and

22          “(E) is reasonably expected to remain in  
23          service in such dwelling unit for not less than  
24          5 years.

1           “(2) SPECIAL RULES FOR CERTAIN HEAT  
2 PUMPS.—

3           “(A) AIR-SOURCE HEAT PUMPS.—In the  
4 case of any air-source heat pump which satisfies  
5 the requirements under paragraph (1), sub-  
6 section (b)(1)(B) shall be applied by sub-  
7 stituting ‘\$800’ for ‘\$600’.

8           “(B) GROUND SOURCE HEAT PUMP.—

9           “(i) IN GENERAL.—In the case of any  
10 qualified geothermal heat pump property  
11 which satisfies the requirements under  
12 subparagraphs (C) through (E) of para-  
13 graph (1)—

14           “(I) subsection (b)(1)(B) shall be  
15 applied by substituting ‘\$10,000’ for  
16 ‘\$600’, and

17           “(II) subsection (a)(2) shall be  
18 applied without regard to the applica-  
19 ble qualified property amount for such  
20 property.

21           “(ii) QUALIFIED GEOTHERMAL HEAT  
22 PUMP PROPERTY.—For purposes of this  
23 subparagraph, the term ‘qualified geo-  
24 thermal heat pump property’ means any  
25 equipment which—



1                   “(I) uses the ground or ground  
2                   water as a thermal energy source to  
3                   heat a dwelling unit located in the  
4                   United States and used as a residence  
5                   by the taxpayer or as a thermal en-  
6                   ergy sink to cool such dwelling unit,  
7                   and

8                   “(II) meets the requirements of  
9                   the Energy Star program which are in  
10                  effect as of January 1 of the calendar  
11                  year in which the expenditure for such  
12                  equipment is made.

13                  “(3) SPECIAL RULE FOR INSULATION.—In the  
14                  case of any building envelope improvement described  
15                  in subsection (d)(2)(A) which satisfies the applicable  
16                  requirements under paragraph (1), subsection (b)(1)  
17                  shall be applied without regard to ‘the lesser of’ and  
18                  without regard to subparagraph (B).

19                  “(d) OTHER DEFINITIONS.—

20                         “(1) BIOMASS PROPERTY.—

21                                 “(A) IN GENERAL.—For purposes of this  
22                                 section, the term ‘biomass property’ means any  
23                                 property which—

1           “(i) uses the burning of biomass fuel  
2           to heat a dwelling unit or to heat water for  
3           use in a dwelling unit, and

4           “(ii) using the higher heating value,  
5           has a thermal efficiency of not less than 75  
6           percent.

7           “(B) BIOMASS FUEL.—For purposes of  
8           subparagraph (A), the term ‘biomass fuel’  
9           means any plant-derived fuel which is available  
10          on a renewable or recurring basis, including any  
11          such fuel which has been subject to a  
12          densification process (such as wood pellets).

13          “(2) BUILDING ENVELOPE IMPROVEMENT.—  
14          For purposes of this section, the term ‘building en-  
15          velope improvement’ means—

16               “(A) any insulation material or system, in-  
17               cluding air barrier insulation, which is specifi-  
18               cally and primarily designed to reduce the heat  
19               loss or gain of a dwelling unit when installed in  
20               or on such dwelling unit, and

21               “(B) exterior doors and windows (including  
22               skylights).

23          “(3) MANUFACTURED HOMES INCLUDED.—For  
24          purposes of this section, the term ‘dwelling unit’ in-  
25          cludes a manufactured home which conforms to Fed-

1       eral Manufactured Home Construction and Safety  
2       Standards (part 3280 of title 24, Code of Federal  
3       Regulations).

4       “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall  
5       be allowed under subsection (a) for any amounts paid or  
6       incurred for which a deduction or credit is allowed under  
7       any other provision of this chapter.”.

8       (b) CLERICAL AMENDMENT.—The table of sections  
9       for subpart A of part IV of subchapter A of chapter 1  
10      is amended by striking the item relating to section 25C  
11      and inserting after the item relating to section 25B the  
12      following item:

    “25C. Energy efficient home improvement credit.”.

13      (c) EFFECTIVE DATE.—The amendments made by  
14      this section shall apply to qualified property placed in  
15      service after December 31, 2021.

16      **SEC. 303. ENHANCEMENT OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.**  
17

18      (a) MAXIMUM AMOUNT OF DEDUCTION.—

19          (1) IN GENERAL.—Section 179D is amended—

20              (A) by striking subsection (b) and insert-  
21              ing the following:

22      “(b) MAXIMUM AMOUNT OF DEDUCTION.—

23          “(1) IN GENERAL.—The deduction under sub-  
24          section (a) with respect to any building for any tax-  
25          able year shall not exceed the excess (if any) of—

1           “(A) the product of—

2                   “(i) the applicable dollar value, and

3                   “(ii) the square footage of the build-  
4           ing, over

5           “(B) the aggregate amount of the deduc-  
6           tions under subsection (a) with respect to the  
7           building for the 3 years immediately preceding  
8           such taxable year.

9           “(2) APPLICABLE DOLLAR VALUE.—For pur-  
10          poses of paragraph (1)(A)(i), the applicable dollar  
11          value shall be an amount equal to \$2.50 increased  
12          (but not above \$5.00) by \$0.10 for each percentage  
13          point by which the total annual energy and power  
14          costs for the building are certified to be reduced by  
15          a percentage greater than 25 percent.”, and

16                   (B) in subsection (d)(1)(A)—

17                           (i) by striking “subsection (b)” and  
18                           inserting “subsection (b)(2)”, and

19                           (ii) by striking “\$1.80” and inserting  
20                           “\$2.50”.

21           (2) INFLATION ADJUSTMENT.—Section  
22          179D(g) is amended to read as follows:

23          “(g) INFLATION ADJUSTMENT.—

24                   “(1) IN GENERAL.—In the case of a taxable  
25          year beginning after 2022, each dollar amount in

1 subsection (b)(2) (and the \$2.50 amount in sub-  
2 section (d)(1)(A)) shall be increased by an amount  
3 equal to—

4 “(A) such dollar amount, multiplied by

5 “(B) the cost-of-living adjustment deter-  
6 mined under section 1(f)(3) for the calendar  
7 year in which the taxable year begins, deter-  
8 mined by substituting ‘calendar year 2021’ for  
9 ‘calendar year 2016’ in subparagraph (A)(ii)  
10 thereof.

11 Any increase determined under the preceding sen-  
12 tence which is not a multiple of 10 cents shall be  
13 rounded to the nearest multiple of 10 cents.

14 “(2) PARTIAL ALLOWANCE.—In the case of a  
15 taxable year beginning after 2020, the \$.60 amount  
16 in (d)(1)(A) shall be increased by an amount equal  
17 to—

18 “(A) such dollar amount, multiplied by

19 “(B) the cost-of-living adjustment deter-  
20 mined under section 1(f)(3) for the calendar  
21 year in which the taxable year begins, deter-  
22 mined by substituting ‘calendar year 2019’ for  
23 ‘calendar year 2016’ in subparagraph (A)(ii)  
24 thereof.

1 Any increase determined under the preceding sen-  
2 tence which is not a multiple of 1 cent shall be  
3 rounded to the nearest cent.”.

4 (b) DEFINITION OF ENERGY EFFICIENT BUILDING  
5 PROPERTY.—

6 (1) ENERGY REDUCTION STANDARD.—Section  
7 179D(c)(1)(D) is amended by striking “50 percent”  
8 and inserting “25 percent”.

9 (2) INCLUSION OF MULTIFAMILY BUILDINGS.—

10 (A) IN GENERAL.—Subparagraph (B) of  
11 section 179D(c)(1) is amended to read as fol-  
12 lows:

13 “(B) which is installed on or in any com-  
14 mercial building or multifamily building which  
15 is located within the United States,”.

16 (B) APPLICATION OF STANDARDS.—Sub-  
17 paragraph (D) of section 179D(c) is amended—

18 (i) by striking “meets the minimum  
19 requirements of Reference Standard 90.1  
20 using methods of calculation under sub-  
21 section (d)(2)” and inserting “meets—

22 “(i) in the case of any property within  
23 the scope of Reference Standard 90.1, the  
24 minimum requirements of Reference

1 Standard 90.1 using methods of calcula-  
2 tion under subsection (d)(2), and

3 “(ii) in the case of any other property,  
4 the minimum requirements of a com-  
5 parable standard to Reference Standard  
6 90.1 which shall be determined by the Sec-  
7 retary and the Secretary of Energy using  
8 methods of calculation under subsection  
9 (d)(2).”.

10 (C) DEFINITIONS.—Subsection (c) of sec-  
11 tion 179D is amended by adding at the end the  
12 following new paragraphs:

13 “(3) COMMERCIAL BUILDING.—The term ‘com-  
14 mercial building’ means a building with a primary  
15 use or purpose other than as residential housing.

16 “(4) MULTIFAMILY BUILDING.—The term ‘mul-  
17 tifamily building’ means a structure of 5 or more  
18 dwelling units with a primary use as residential  
19 housing, and includes such buildings owned and op-  
20 erated as a condominium, cooperative, or other com-  
21 mon interest community.”.

22 (3) WAGE AND WORKFORCE REQUIREMENTS.—

23 (A) IN GENERAL.—Section 179D(c)(1), as  
24 amended by paragraph (2), is amended—

1 (i) in subparagraph (C)(iii), by strik-  
2 ing “and” at the end,

3 (ii) in subparagraph (D), by striking  
4 the period at the end and inserting “,  
5 and”, and

6 (iii) by adding at the end the fol-  
7 lowing:

8 “(E) which satisfies the requirements—

9 “(i) subject to subparagraph (B) of  
10 subsection (d)(7), under subparagraph (A)  
11 of such subsection, and

12 “(ii) with respect to the construction  
13 of such property, the requirements under  
14 section 501 of the Clean Energy for Amer-  
15 ica Act.”.

16 (B) REQUIREMENTS.—Section 179(d) is  
17 amended by adding at the end the following  
18 new paragraph:

19 “(7) WAGE REQUIREMENTS.—

20 “(A) IN GENERAL.—The requirements de-  
21 scribed in this subparagraph with respect to  
22 any property are that the taxpayer shall ensure  
23 that any laborers and mechanics employed by  
24 contractors and subcontractors in the construc-  
25 tion of such property shall be paid wages at



1 rates not less than the prevailing rates for con-  
2 struction of a similar character in the locality  
3 as determined by the Secretary of Labor, in ac-  
4 cordance with subchapter IV of chapter 31 of  
5 title 40, United States Code.

6 “(B) CORRECTION AND PENALTY RELATED  
7 TO FAILURE TO SATISFY WAGE REQUIRE-  
8 MENTS.—In the case of any taxpayer which  
9 fails to satisfy the requirement under subpara-  
10 graph (A) with respect to any property, rules  
11 similar to the rules of section 45U(b)(3)(B)(ii)  
12 shall apply for purposes of this paragraph.”.

13 (4) ELECTION TO USE DIFFERENT STANDARDS  
14 FOR RETROFITS.—Section 179D is amended by re-  
15 designating subsection (h) as subsection (i) and by  
16 inserting after subsection (g) the following new sub-  
17 section:

18 “(h) ALTERNATIVE METHOD FOR ENERGY EFFI-  
19 CIENT RETROFIT BUILDING PROPERTY.—

20 “(1) IN GENERAL.—In the case of a taxpayer  
21 which elects (at such time and in such manner as  
22 the Secretary may provide) the application of this  
23 subsection with respect to any qualified building, the  
24 amount of the deduction allowed under subsection  
25 (a)—

1 “(A) shall be determined—

2 “(i) by substituting ‘energy usage in-  
3 tensity’ for ‘total annual energy and power  
4 costs’ in subsection (b)(2), and

5 “(ii) without regard to subsection  
6 (c)(1)(D), and

7 “(B) shall be allowed for the taxable year  
8 which includes the date of the qualifying final  
9 certification with respect to the qualified ret-  
10 rofit plan of such building in lieu of the taxable  
11 year in which the property is placed in service.

12 “(2) QUALIFIED BUILDING.—For purposes of  
13 this subsection, the term ‘qualified building’ means  
14 a commercial building or multifamily building—

15 “(A) which is located in the United States,

16 “(B) with respect to which a qualified ret-  
17 rofit plan has been established, and

18 “(C) which was originally placed in service  
19 not less than 5 years before the establishment  
20 of the qualified retrofit plan with respect to  
21 such building.

22 “(3) QUALIFIED RETROFIT PLAN.—For pur-  
23 poses of this subsection, the term ‘qualified retrofit  
24 plan’ means a written plan prepared by a qualified  
25 professional which specifies specific modifications to

1 a building which, in the aggregate, are expected to  
2 reduce such building's energy usage intensity by 25  
3 percent or more in comparison to the baseline en-  
4 ergy usage intensity of such building. Such plan  
5 shall provide for a qualified professional to—

6 “(A) as of any date during the 1-year pe-  
7 riod ending on the date of the first certification  
8 described in subparagraph (B), certify the en-  
9 ergy usage intensity of such building as of such  
10 date,

11 “(B) certify the status of property installed  
12 pursuant to such plan as meeting the require-  
13 ments of subparagraphs (B) and (C) of sub-  
14 section (c)(1), and

15 “(C) as of any date following completion of  
16 the plan, certify—

17 “(i) the energy usage intensity of such  
18 building as of such date, and

19 “(ii) the portfolio manager score of  
20 such building as of such date.

21 “(4) QUALIFYING FINAL CERTIFICATION.—For  
22 purposes of this subsection, the term ‘qualifying  
23 final certification’ means, with respect to any quali-  
24 fied retrofit plan, the certification described in para-  
25 graph (3)(C) if—

1           “(A) the energy usage intensity certified in  
2 such certification is not more than 75 percent  
3 of the baseline energy usage intensity of the  
4 building, and

5           “(B) the portfolio manager score certified  
6 in such certification is not less than 50.

7           “(5) OTHER DEFINITIONS.—For purposes of  
8 this subsection—

9           “(A) BASELINE ENERGY USAGE INTEN-  
10 SITY.—The term ‘baseline energy usage inten-  
11 sity’ means the energy usage intensity certified  
12 under paragraph (3)(A).

13           “(B) PORTFOLIO MANAGER SCORE.—The  
14 term ‘portfolio manager score’ means the score  
15 determined under the methodology (as in effect  
16 on the date of the enactment of this Act) devel-  
17 oped by the Administrator of the Environ-  
18 mental Protection Agency for rating a build-  
19 ing’s energy efficiency for purposes of the En-  
20 ergy Star program. Modifications after the date  
21 of the enactment of this paragraph to such  
22 methodology shall be taken into account under  
23 this paragraph as provided by the Secretary  
24 and such Administrator.

1           “(C) ENERGY USAGE INTENSITY.—The  
 2           term ‘energy usage intensity’ means energy  
 3           usage intensity determined in accordance with  
 4           such regulations or other guidance as the Sec-  
 5           retary may provide and measured in British  
 6           thermal units.

7           “(D) QUALIFIED PROFESSIONAL.—The  
 8           term ‘qualified professional’ means an indi-  
 9           vidual who is a licenced architect or a licenced  
 10          engineer and meets such other requirements as  
 11          the Secretary may provide.

12          “(6) CERTAIN RULES NOT APPLICABLE.—Para-  
 13          graphs (1), (5), and (6)(B) of subsection (d) shall  
 14          not apply for purposes of this subsection.”.

15          (c) OTHER RULES.—

16                 (1) ALLOCATION OF DEDUCTION.—Section  
 17                 179D(d)(4) is amended to read as follows:

18                 “(4) ALLOCATION OF DEDUCTION.—

19                         “(A) IN GENERAL.—In the case of energy  
 20                         efficient commercial building property installed  
 21                         on or in property owned by an eligible entity,  
 22                         the Secretary shall promulgate regulations to  
 23                         allow the allocation of the deduction to the per-  
 24                         son primarily responsible for designing the  
 25                         property in lieu of the owner of such property,

1 with such person to be treated as the taxpayer  
2 for purposes of this section.

3 “(B) ELIGIBLE ENTITY.—For purposes of  
4 this paragraph, the term ‘eligible entity’  
5 means—

6 “(i) a Federal, State, or local govern-  
7 ment or a political subdivision thereof,

8 “(ii) an Indian tribe (as defined in  
9 section 45A(c)(6)), or

10 “(iii) an organization described in sec-  
11 tion 501(c) and exempt from tax under  
12 section 501(a).”.

13 (2) ELIMINATION OF INTERIM RULE FOR  
14 LIGHTING SYSTEMS.—Section 179D, as amended by  
15 subsections (a)(2) and (b)(4), is amended by striking  
16 subsection (f) and by redesignating subsections (g),  
17 (h), and (i) as subsections (f), (g), and (h), respec-  
18 tively.

19 (3) APPLICATION TO REAL ESTATE INVEST-  
20 MENT TRUST EARNINGS AND PROFITS.—Section  
21 312(k)(3)(B) is amended—

22 (A) by striking “For purposes of com-  
23 puting the earnings and profits of a corpora-  
24 tion” and inserting the following:

1                   “(I) IN GENERAL.—For purposes  
 2                   of computing the earnings and profits  
 3                   of a corporation, except as provided in  
 4                   clause (ii)”, and

5                   (B) by adding at the end the following new  
 6                   clause:

7                   “(II) SPECIAL RULE.—In the  
 8                   case of a corporation that is a real es-  
 9                   tate investment trust, any amount de-  
 10                  ductible under section 179D shall be  
 11                  allowed in the year in which the prop-  
 12                  erty giving rise to such deduction is  
 13                  placed in service.”.

14                  (d) EFFECTIVE DATE.—The amendments made by  
 15                  this section shall apply to any property placed in service  
 16                  after December 31, 2021.

17                  **SEC. 304. ENHANCEMENT OF ENERGY CREDIT FOR GEO-**  
 18                  **THERMAL HEAT PUMPS.**

19                  (a) IN GENERAL.—Section 48(a) is amended—

20                         (1) in paragraph (2)(A)(i)(III), by striking  
 21                         “paragraph (3)(A)(ii)” and inserting “clause (ii) or  
 22                         (vii) of paragraph (3)(A)”, and

23                         (2) in paragraph (3)(A)(vii), by striking “but  
 24                         only with respect to property the construction of  
 25                         which begins before January 1, 2024,”.

1 (b) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to property the construction of  
 3 which begins after December 31, 2021.

4 **TITLE IV—TERMINATION OF**  
 5 **CERTAIN FOSSIL FUEL PRO-**  
 6 **VISIONS**

7 **SEC. 401. TERMINATION OF PROVISIONS RELATING TO OIL,**  
 8 **GAS, AND OTHER MATERIALS.**

9 (a) AMORTIZATION OF GEOLOGICAL AND GEO-  
 10 PHYSICAL EXPENDITURES.—Section 167(h) is amended  
 11 by adding at the end the following new paragraph:

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

16 (b) ALASKA NATURAL GAS PIPELINES.—Subpara-  
 17 graph (B) of section 168(i)(16) is amended to read as fol-  
 18 lows:

19 “(B) is—

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

22 “(II) treated as placed in service on  
 23 January 1, 2014, if the taxpayer who  
 24 places such system in service before Janu-  
 25 ary 1, 2014, elects such treatment, and



1                   “(ii) placed in service before the end  
2                   of the calendar year in which the date of  
3                   the enactment of the Clean Energy for  
4                   America Act occurs.”.

5           (c) NATURAL GAS GATHERING LINE.—Paragraph  
6 (17) of section 168(i) is amended—

7           (1) in subparagraph (A), by inserting “which  
8           are placed in service before the end of the calendar  
9           year in which the date of the enactment of the Clean  
10          Energy for America Act occurs and are” after “pipe,  
11          equipment, and appurtenances”, and

12          (2) in subparagraph (B), by inserting “which  
13          are placed in service before the end of the calendar  
14          year in which the date of the enactment of the Clean  
15          Energy for America Act occurs and are” after “pipe,  
16          equipment, and appurtenances”.

17          (d) REPEAL OF DEDUCTION FOR TERTIARY  
18 INJECTANTS.—Subsection (c) of section 193 is amend-  
19 ed—

20          (1) in paragraph (1), by striking “or” at the  
21          end,

22          (2) in paragraph (2), by striking the period at  
23          the end and inserting “, or”, and

24          (3) by inserting at the end the following:

1           “(3) which is paid or incurred during any tax-  
2           able year beginning after the date of the enactment  
3           of the Clean Energy for America Act.”.

4           (e) INTANGIBLE DRILLING AND DEVELOPMENT  
5 COSTS.—

6           (1) IN GENERAL.—Subsection (c) of section  
7           263 is amended to read as follows:

8           “(c) INTANGIBLE DRILLING AND DEVELOPMENT  
9 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-  
10 THERMAL WELLS.—

11           “(1) IN GENERAL.—Notwithstanding subsection  
12           (a), and except as provided in subsection (i), regula-  
13           tions shall be prescribed by the Secretary under this  
14           subtitle corresponding to the regulations which  
15           granted the option to deduct as expenses intangible  
16           drilling and development costs in the case of oil and  
17           gas wells and which were recognized and approved  
18           by the Congress in House Concurrent Resolution 50,  
19           Seventy-ninth Congress. Such regulations shall also  
20           grant the option to deduct as expenses intangible  
21           drilling and development costs in the case of wells  
22           drilled for any geothermal deposit (as defined in sec-  
23           tion 613(e)(2)) to the same extent and in the same  
24           manner as such expenses are deductible in the case  
25           of oil and gas wells. This subsection shall not apply

1 with respect to any costs to which any deduction is  
2 allowed under section 59(e) or 291.

3 “(2) EXCLUSION.—

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

9 “(B) AMORTIZATION OF EXCLUDED  
10 AMOUNTS.—The amount not allowable as a de-  
11 duction for any taxable year by reason of sub-  
12 paragraph (A) shall be allowable as a deduction  
13 ratably over the 60-month period beginning  
14 with the month in which the costs are paid or  
15 incurred. For purposes of section 1254, any de-  
16 duction under this subparagraph shall be treat-  
17 ed as a deduction under this subsection.”.

18 (2) CONFORMING AMENDMENTS.—

19 (A) Section 291(b) is amended—

20 (i) in paragraph (1), by striking  
21 “without regard to this section)” and all  
22 that follows and inserting “without regard  
23 to this section) under section 616(a) or  
24 617(a) shall be reduced by 30 percent.”,

1 (ii) in paragraph (2), by striking “sec-  
2 tion 263(c), 616(a), or 617(a)” and insert-  
3 ing “section 616(a) or 617(a)”,

4 (iii) by striking paragraph (4), and

5 (iv) by redesignating paragraph (5) as  
6 paragraph (4).

7 (B) Section 57(a) is amended by striking  
8 paragraph (2).

9 (f) PERCENTAGE DEPLETION.—

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

12 (A) IN GENERAL.—Section 613 is amend-  
13 ed—

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

17 (ii) in subsection (b)—

18 (I) by striking paragraph (2) and  
19 inserting the following:

20 “(2) 15 PERCENT.—If from deposits in the  
21 United States, gold, silver, copper, and iron ore.”,

22 (II) in paragraph (4), by striking  
23 “coal, lignite,”

1 (III) in paragraph (5), by insert-  
2 ing “(except oil shale)” after “clay  
3 and shale”,

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

9 (V) in paragraph (7), by striking  
10 “or” at the end of subparagraph (B),  
11 by striking the period at the end of  
12 subparagraph (C) and inserting “;  
13 or”, and by adding at the end the fol-  
14 lowing new subparagraph:

15 “(D) coal, lignite, and oil shale.”,

16 (iii) in subsection (c)(1), striking  
17 “other than an oil or gas well and”,

18 (iv) in subsection (c)(4)—

19 (I) by striking subparagraphs (A)  
20 and (H),

21 (II) by inserting “and” at the  
22 end of subparagraph (G),

23 (III) by redesignating subpara-  
24 graphs (B) through (G) as subpara-

1 graphs (A) through (F), respectively,  
2 and

3 (IV) by redesignating subpara-  
4 graph (I) as subparagraph (G),

5 (v) in subsection (d), by striking “Ex-  
6 cept as provided in section 613A, in the  
7 case of” and inserting “In the case of”,  
8 and

9 (vi) in subsection (e)(2), by striking  
10 “or section 613A”.

11 (B) CONFORMING AMENDMENTS.—

12 (i) Section 291(a)(2) is amended by  
13 striking “and coal (including lignite)”.

14 (ii)(I) Part I of subchapter I of chap-  
15 ter 1 is amended by striking section 613A  
16 (and the item relating to such section in  
17 the table of sections).

18 (II) Section 45H(d) is amended by  
19 striking “section 613A(d)(3)” and insert-  
20 ing “section 167(h)(5)(C)”.

21 (III) Section 57(a)(1) is amended by  
22 striking the last sentence.

23 (IV) Section 167(h)(5) is amended—

24 (aa) by striking subparagraph

25 (B)(iii) and inserting the following:

1 “(iii) which—

2 “(I) engages (by itself or with a  
3 related person) in the refining of  
4 crude oil, and

5 “(II) together with related per-  
6 sons, has average daily refinery runs  
7 for the taxable year (determined by  
8 dividing the aggregate refinery runs  
9 for the taxable year by the number of  
10 days in the taxable year) in excess of  
11 75,000 barrels.”, and

12 (bb) by adding at the end the fol-  
13 lowing new subparagraph:

14 “(C) RELATED PERSON.—For purposes of  
15 subparagraph (B)(iii), a person is a related per-  
16 son with respect to the taxpayer if a significant  
17 ownership interest in either the taxpayer or  
18 such person is held by the other, or if a third  
19 person has a significant ownership interest in  
20 both the taxpayer and such person. For pur-  
21 poses of the preceding sentence, the term ‘sig-  
22 nificant ownership interest’ means—

23 “(i) with respect to any corporation,  
24 15 percent or more in value of the out-  
25 standing stock of such corporation,

1           “(ii) with respect to a partnership, 15  
2           percent or more interest in the profits or  
3           capital of such partnership, and

4           “(iii) with respect to an estate or  
5           trust, 15 percent or more of the beneficial  
6           interests in such estate or trust.

7           For purposes of determining a significant own-  
8           ership interest, an interest owned by or for a  
9           corporation, partnership, trust, or estate shall  
10          be considered as owned directly both by itself  
11          and proportionately by its shareholders, part-  
12          ners, or beneficiaries, as the case may be.”.

13           (V) Section 703(a)(2) is amended by  
14           inserting “and” at the end of subpara-  
15           graph (D), by striking “, and” at the end  
16           of subparagraph (E) and inserting a pe-  
17           riod, and by striking subparagraph (F).

18           (VI) Section 705(a) is amended by in-  
19           serting “and” at the end of paragraph  
20           (1)(C), by striking “; and” at the end of  
21           paragraph (2)(B) and inserting a period,  
22           and by striking paragraph (3).

23           (VII) Section 1202(e)(3)(D) is  
24           amended by striking “or 613A”.



1 (VIII) Section 1367(a)(2) is amended  
 2 by inserting “and” at the end of subpara-  
 3 graph (C), by striking “, and” at the end  
 4 of subparagraph (D) and inserting a pe-  
 5 riod, and by striking subparagraph (E).

6 (iii) Section 993(c)(2)(C) is amended  
 7 by striking “(including oil, gas, coal, or  
 8 uranium products) under section 613 or  
 9 613A” and inserting “(including uranium  
 10 products) under section 613”.

11 (iv) Section 1446(c)(2) is amended by  
 12 striking “but the amount of such deduction  
 13 shall be determined without regard to sec-  
 14 tions 613 and 613A”.

15 (2) EFFECTIVE DATE.—The amendments made  
 16 by this subsection shall apply to taxable years begin-  
 17 ning after the date of the enactment of this Act.

18 (g) TERMINATION OF CAPITAL GAINS TREATMENT  
 19 FOR ROYALTIES FROM COAL.—

20 (1) IN GENERAL.—Subsection (c) of section  
 21 631 is amended—

22 (A) by striking “coal (including lignite), or  
 23 iron ore” and inserting “iron ore”,

24 (B) by striking “coal or iron ore” each  
 25 place it appears and inserting “iron ore”,

1 (C) by striking “iron ore or coal” each  
2 place it appears and inserting “iron ore”, and

3 (D) by striking “COAL OR” in the heading.

4 (2) CONFORMING AMENDMENTS.—

5 (A) Section 272 is amended by striking  
6 “coal or” each place it appears.

7 (B) Section 1402(a)(3)(B) is amended by  
8 striking “coal,”.

9 (C)(i) The heading of section 631 is  
10 amended by striking “, **COAL**,”.

11 (ii) The item relating to section 631 in the  
12 table of sections for part III of subchapter I of  
13 chapter 1 is amended by striking “, coal,”.

14 (3) EFFECTIVE DATE.—The amendments made  
15 by this subsection shall apply to dispositions after  
16 the date of the enactment of this Act.

17 (h) ENHANCED OIL RECOVERY CREDIT.—

18 (1) IN GENERAL.—Subpart D of part IV of  
19 subchapter A of chapter 1 is amended by striking  
20 section 43.

21 (2) CONFORMING AMENDMENTS.—

22 (A) Section 38(b) is amended by striking  
23 paragraph (6).

24 (B)(i) Section 45Q(e) is amended by add-  
25 ing at the end the following new paragraph:

1           “(4) INFLATION ADJUSTMENT FACTOR.—The  
2 term ‘inflation adjustment factor’ means, with re-  
3 spect to any calendar year, a fraction the numerator  
4 of which is the GNP implicit price deflator for the  
5 preceding calendar year and the denominator of  
6 which is the GNP implicit price deflator for 2008.  
7 For purposes of the preceding sentence, the term  
8 ‘GNP implicit price deflator’ means the first revision  
9 of the implicit price deflator for the gross national  
10 product as computed and published by the Secretary  
11 of Commerce. Not later than April 1 of any calendar  
12 year, the Secretary shall publish the inflation adjust-  
13 ment factor for the preceding calendar year.”.

14           (ii) Section 45Q, as amended by this  
15 Act, is amended in subsection (b)(1) by  
16 striking “determined under section  
17 43(b)(3)(B) for such calendar year, deter-  
18 mined by substituting ‘2025’ for ‘1990’ ”  
19 each place it appears in subparagraph  
20 (A)(ii) and (B)(ii) and inserting “deter-  
21 mined under subsection (e)(4) by sub-  
22 stituting ‘2025’ for ‘2008’ ”.

23           (C) Section 196(c) is amended—

24           (i) by striking paragraph (5), and

1                   (ii) by redesignating paragraphs (6)  
2                   through (14) as paragraphs (5) through  
3                   (13), respectively.

4                   (3) CLERICAL AMENDMENT.—The table of sec-  
5                   tions for subpart D of part IV of subchapter A of  
6                   chapter 1 is amended by striking the item relating  
7                   to section 43.

8                   (4) EFFECTIVE DATE.—The amendments made  
9                   by this subsection shall apply to taxable years begin-  
10                  ning after the date of the enactment of this Act.

11                  (i) CREDIT FOR PRODUCING OIL AND GAS FROM  
12 MARGINAL WELLS.—

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

16                  (2) CONFORMING AMENDMENT.—Section 38(b)  
17                  is amended by striking paragraph (19).

18                  (3) CLERICAL AMENDMENT.—The table of sec-  
19                  tions for subpart D of part IV of subchapter A of  
20                  chapter 1 is amended by striking the item relating  
21                  to section 45L.

22                  (4) EFFECTIVE DATE.—The amendments made  
23                  by this subsection shall apply to taxable years begin-  
24                  ning after the date of the enactment of this Act.

1 (j) QUALIFYING ADVANCED COAL PROJECT CRED-  
2 IT.—

3 (1) IN GENERAL.—Subpart E of part IV of  
4 subchapter A of chapter 1 is amended by striking  
5 section 48A.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 46, as amended by section 102  
8 of this Act, is amended by striking paragraph  
9 (3) and redesignating paragraphs (4) through  
10 (7) as paragraphs (3) through (6), respectively.

11 (B) Section 49(a)(1)(C), as amended by  
12 section 102 of this Act, is amended by striking  
13 clause (iii) and redesignating clauses (iv)  
14 through (vii) as clauses (iii) through (vi), re-  
15 spectively.

16 (C) Section 50(a)(2)(E), as amended by  
17 section 102 of this Act, is amended by striking  
18 “48A(b)(3),”.

19 (3) CLERICAL AMENDMENT.—The table of sec-  
20 tions for subpart E of part IV of subchapter A of  
21 chapter 1 is amended by striking the item relating  
22 to section 48A.

23 (4) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall apply to taxable years begin-  
25 ning after the date of the enactment of this Act.

1 (k) QUALIFYING GASIFICATION PROJECT CREDIT.—

2 (1) IN GENERAL.—Subpart E of part IV of  
3 subchapter A of chapter 1 is amended by striking  
4 section 48B.

5 (2) CONFORMING AMENDMENTS.—

6 (A) Section 46, as amended by this Act, is  
7 amended by striking paragraph (3) and by re-  
8 designating paragraphs (4), (5), and (6) as  
9 paragraphs (3), (4), and (5), respectively.

10 (B) Section 49(a)(1)(C), as amended by  
11 this Act, is amended by striking clause (iii) and  
12 redesignating clauses (iv) through (vi) as  
13 clauses (iii) through (v).

14 (C) Section 50(a)(2)(E), as amended by  
15 this Act, is amended by striking “48B(b)(3),”.

16 (3) CLERICAL AMENDMENT.—The table of sec-  
17 tions for subpart E of part IV of subchapter A of  
18 chapter 1 is amended by striking the item relating  
19 to section 48B.

20 (4) EFFECTIVE DATE.—The amendments made  
21 by this subsection shall apply to taxable years begin-  
22 ning after the date of the enactment of this Act.

23 (l) REPEAL OF PASSIVE LOSS EXCEPTION FOR OIL  
24 AND GAS INTERESTS.—

1           (1) IN GENERAL.—Section 469(c)(3)(A) is  
2 amended—

3           (A) by striking “The term” and inserting  
4 the following:

5                   “(i) EXCEPTION.—The term”.

6           (B) by adding at the end the following new  
7 clause:

8                   “(ii) TERMINATION.—Clause (i) shall  
9 not apply to any taxable year beginning  
10 after the date of the enactment of the  
11 Clean Energy for America Act.”.

12           (2) CONFORMING AMENDMENT.—Section  
13 469(c)(4) is amended by striking “Paragraphs (2)  
14 and (3)” and inserting “Paragraphs (2) and  
15 (3)(A)(i)”.

16           (m) REPEAL OF CORPORATE INCOME TAX EXEMP-  
17 TION FOR PUBLICLY TRADED PARTNERSHIPS WITH  
18 QUALIFYING INCOME AND GAINS FROM ACTIVITIES RE-  
19 LATING TO FOSSIL FUELS.—

20           (1) IN GENERAL.—Section 7704(d)(1) is  
21 amended—

22           (A) in subparagraph (E), by striking “(in-  
23 cluding pipelines transporting gas, oil, or prod-  
24 ucts thereof)”, and

1 (B) in the flush matter at the end, by in-  
2 serting “or any coal, gas, oil, or products there-  
3 of” before the period.

4 (2) EFFECTIVE DATE.—The amendments made  
5 by this subsection shall apply to taxable years begin-  
6 ning after the date of the enactment of this Act.

7 **SEC. 402. MODIFICATION OF CERTAIN PROVISIONS RELAT-**  
8 **ING TO OIL, GAS, AND OTHER FOSSIL FUELS.**

9 (a) MODIFICATIONS OF FOREIGN TAX CREDIT  
10 RULES APPLICABLE TO MAJOR INTEGRATED OIL COMPA-  
11 NIES WHICH ARE DUAL CAPACITY TAXPAYERS.—

12 (1) IN GENERAL.—Section 901 is amended by  
13 redesignating subsection (n) as subsection (o) and  
14 by inserting after subsection (m) the following new  
15 subsection:

16 “(n) SPECIAL RULES RELATING TO MAJOR INTE-  
17 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY  
18 TAXPAYERS.—

19 “(1) GENERAL RULE.—Notwithstanding any  
20 other provision of this chapter, any amount paid or  
21 accrued by a dual capacity taxpayer which is a  
22 major integrated oil company (within the meaning of  
23 section 167(h)(5)) to a foreign country or possession  
24 of the United States for any period shall not be con-  
25 sidered a tax—



1           “(A) if, for such period, the foreign coun-  
2           try or possession does not impose a generally  
3           applicable income tax, or

4           “(B) to the extent such amount exceeds  
5           the amount (determined in accordance with reg-  
6           ulations) which—

7                   “(i) is paid by such dual capacity tax-  
8                   payer pursuant to the generally applicable  
9                   income tax imposed by the country or pos-  
10                  session, or

11                   “(ii) would be paid if the generally ap-  
12                   plicable income tax imposed by the country  
13                   or possession were applicable to such dual  
14                   capacity taxpayer.

15           Nothing in this paragraph shall be construed to  
16           imply the proper treatment of any such amount not  
17           in excess of the amount determined under subpara-  
18           graph (B).

19           “(2) DUAL CAPACITY TAXPAYER.—For pur-  
20           poses of this subsection, the term ‘dual capacity tax-  
21           payer’ means, with respect to any foreign country or  
22           possession of the United States, a person who—

23                   “(A) is subject to a levy of such country or  
24                   possession, and

1           “(B) receives (or will receive) directly or  
2 indirectly a specific economic benefit (as deter-  
3 mined in accordance with regulations) from  
4 such country or possession.

5           “(3) GENERALLY APPLICABLE INCOME TAX.—  
6 For purposes of this subsection—

7           “(A) IN GENERAL.—The term ‘generally  
8 applicable income tax’ means an income tax (or  
9 a series of income taxes) which is generally im-  
10 posed under the laws of a foreign country or  
11 possession on income derived from the conduct  
12 of a trade or business within such country or  
13 possession.

14           “(B) EXCEPTIONS.—Such term shall not  
15 include a tax unless it has substantial applica-  
16 tion, by its terms and in practice, to—

17                   “(i) persons who are not dual capacity  
18 taxpayers, and

19                   “(ii) persons who are citizens or resi-  
20 dents of the foreign country or posses-  
21 sion.”.

22           “(2) EFFECTIVE DATE.—

23           “(A) IN GENERAL.—The amendments made  
24 by this subsection shall apply to taxes paid or

1 accrued in taxable years beginning after the  
2 date of the enactment of this Act.

3 (B) CONTRARY TREATY OBLIGATIONS  
4 UPHELD.—The amendments made by this sub-  
5 section shall not apply to the extent contrary to  
6 any treaty obligation of the United States.

7 (b) REINSTATEMENT OF TREATMENT OF FOREIGN  
8 BASE COMPANY OIL RELATED INCOME AS FOREIGN  
9 BASE COMPANY INCOME.—

10 (1) IN GENERAL.—Section 954(a) is amended  
11 by striking “and” at the end of paragraph (2), by  
12 striking the period at the end of paragraph (3) and  
13 inserting “, and”, and by adding at the end the fol-  
14 lowing new paragraph:

15 “(4) the foreign base company oil related in-  
16 come for the taxable year (determined under sub-  
17 section (g) and reduced as provided in subsection  
18 (b)(5)).”.

19 (2) FOREIGN BASE COMPANY OIL RELATED IN-  
20 COME.—Section 954 is amended by inserting before  
21 subsection (h) the following new subsection:

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

24 “(1) IN GENERAL.—Except as otherwise pro-  
25 vided in this subsection, the term ‘foreign base com-

1       pany oil related income’ means foreign oil related in-  
2       come (within the meaning of paragraphs (2) and (3)  
3       of section 907(c)) other than income derived from a  
4       source within a foreign country in connection with—

5               “(A) oil or gas which was extracted from  
6               an oil or gas well located in such foreign coun-  
7               try, or

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

14       Such term shall not include any foreign personal  
15       holding company income (as defined in subsection  
16       (c)).

17               “(2) PARAGRAPH (1) APPLIES ONLY WHERE  
18       CORPORATION HAS PRODUCED 1,000 BARRELS PER  
19       DAY OR MORE.—

20               “(A) IN GENERAL.—The term ‘foreign  
21               base company oil related income’ shall not in-  
22               clude any income of a foreign corporation if  
23               such corporation is not a large oil producer for  
24               the taxable year.

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

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

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

25          (3) CONFORMING AMENDMENTS.—

1 (A) Section 952(c)(1)(B)(iii) is amended  
2 by redesignating subclauses (I) through (IV) as  
3 subclauses (II) through (V), respectively, and  
4 by inserting before subclause (II) (as redesign-  
5 dated) the following new subclause:

6 “(I) foreign base company oil re-  
7 lated income.”.

8 (B) Section 954(b) is amended—

9 (i) in paragraph (4), by inserting at  
10 the end the following new sentence: “The  
11 preceding sentence shall not apply to for-  
12 eign base company oil-related income de-  
13 scribed in subsection (a)(4).”.

14 (ii) in paragraph (5), by striking “and  
15 the foreign base company services income”  
16 and inserting “the foreign base company  
17 services income, and the foreign base com-  
18 pany oil related income”, and

19 (iii) by adding at the end the fol-  
20 lowing new paragraph:

21 “(6) FOREIGN BASE COMPANY OIL RELATED IN-  
22 COME NOT TREATED AS ANOTHER KIND OF BASE  
23 COMPANY INCOME.—Income of a corporation which  
24 is foreign base company oil related income shall not  
25 be considered foreign base company income of such

1 corporation under paragraph (2) or (3) of subsection  
2 (a).”.

3 (4) EFFECTIVE DATE.—The amendments made  
4 by this subsection shall apply to taxable years of for-  
5 eign corporations beginning after the date of the en-  
6 actment of this Act, and to taxable years of United  
7 States shareholders with or within which such tax-  
8 able years of foreign corporations end.

9 (c) INCLUSION OF FOREIGN OIL AND GAS EXTRAC-  
10 TION INCOME IN TESTED INCOME FOR PURPOSE OF DE-  
11 TERMINING GLOBAL INTANGIBLE LOW-TAXED INCOME.—

12 (1) IN GENERAL.—Section 951A(c)(2)(A)(i) is  
13 amended by inserting “and” at the end of subclause  
14 (III), by striking “and” at the end of subclause (IV)  
15 and inserting “over”, and by striking subclause (V).

16 (2) EFFECTIVE DATE.—The amendments made  
17 by this subsection shall apply to taxable years of for-  
18 eign corporations beginning after the date of the en-  
19 actment of this Act, and to taxable years of United  
20 States shareholders in which or with which such tax  
21 years of foreign corporations end.

22 (d) CLARIFICATION OF TAR SANDS AS CRUDE OIL  
23 FOR EXCISE TAX PURPOSES.—

24 (1) IN GENERAL.—Paragraph (1) of section  
25 4612(a) is amended to read as follows:

1           “(1) CRUDE OIL.—The term ‘crude oil’ includes  
2           crude oil condensates, natural gasoline, any bitumen  
3           or bituminous mixture, any oil derived from a bitu-  
4           men or bituminous mixture (including oil derived  
5           from tar sands), and any oil derived from kerogen-  
6           bearing sources (including oil derived from oil  
7           shale).”.

8           (2) TECHNICAL AMENDMENT.—Paragraph (2)  
9           of section 4612(a) is amended by striking “from a  
10          well located”.

11          (3) EFFECTIVE DATE.—The amendments made  
12          by this subsection shall apply to oil and petroleum  
13          products received, entered, used, or exported after  
14          December 31, 2021.

## 15                   **TITLE V—WORKFORCE** 16           **DEVELOPMENT REQUIREMENTS**

### 17   **SEC. 501. USE OF QUALIFIED APPRENTICES.**

18          (a) IN GENERAL.—All contractors and subcontrac-  
19          tors engaged in the performance of construction, alter-  
20          ation, or repair work on any applicable project shall, sub-  
21          ject to subsection (b), ensure that not less than 15 percent  
22          of the total labor hours of such work be performed by  
23          qualified apprentices.

24          (b) APPRENTICE-TO-JOURNEYWORKER RATIO.—The  
25          requirement under subsection (a) shall be subject to any



1 applicable requirements for apprentice-to-journeyworker  
2 ratios of the Department of Labor or the applicable State  
3 apprenticeship agency.

4 (c) PARTICIPATION.—Each contractor and subcon-  
5 tractor who employs 4 or more individuals to perform con-  
6 struction, alteration, or repair work on an applicable  
7 project shall employ 1 or more qualified apprentices to  
8 perform such work.

9 (d) EXCEPTION.—Notwithstanding any other provi-  
10 sion in this section, this section shall not apply in the case  
11 of a taxpayer who—

12 (1)(A) demonstrates a lack of availability of  
13 qualified apprentices in the geographic area of the  
14 construction, alteration, or repair work; and

15 (B) makes a good faith effort to comply with  
16 the requirements of this section; or

17 (2) in the case of any failure by the taxpayer  
18 to satisfy the requirement under subsection (a) with  
19 respect to the construction, alteration, or repair  
20 work on any applicable project to which paragraph  
21 (1) does not apply, makes payment to the Secretary  
22 of the Treasury (or the Secretary's delegate) of a  
23 penalty in an amount equal to the product of—

24 (A) \$500, multiplied by

1           (B) the total labor hours for which the re-  
2           quirement described in such subsection was not  
3           satisfied with respect to the construction, alter-  
4           ation, or repair work on such applicable project.

5           (e) DEFINITIONS.—In this section:

6           (1) APPLICABLE PROJECT.—The term “applica-  
7           ble project” means, with respect to—

8           (A) subsection (e)(7)(A)(ii) of section 30C  
9           of the Internal Revenue Code of 1986,

10          (B) subsection (f)(9)(A)(ii) of section 45Q  
11          of such Code,

12          (C) subsection (b)(1)(A)(iv)(II) of section  
13          45U of such Code,

14          (D) subsection (e)(4)(A)(ii)(II) of section  
15          45V of such Code,

16          (E) subsection (d)(3)(A)(i)(II)(bb) of sec-  
17          tion 45X of such Code,

18          (F) subsection (d)(3)(A)(ii)(II) of section  
19          48C of such Code,

20          (G) subsections (b)(3)(A)(iv)(II) and  
21          (c)(1)(B)(ii) of section 48D of such Code, and

22          (H) subsection (c)(1)(E)(ii) of section  
23          179D of such Code,

24          any property, equipment, or facility for which a  
25          credit is allowed or determined under such sections.

1 (2) LABOR HOURS.—The term “labor hours”—

2 (A) means the total number of hours de-  
3 voted to the performance of construction, alter-  
4 ation, or repair work by employees of the con-  
5 tractor or subcontractor; and

6 (B) excludes any hours worked by—

7 (i) foremen;

8 (ii) superintendents;

9 (iii) owners; or

10 (iv) persons employed in a bona fide  
11 executive, administrative, or professional  
12 capacity (within the meaning of those  
13 terms in part 541 of title 29, Code of Fed-  
14 eral Regulations).

15 (3) QUALIFIED APPRENTICE.—The term “quali-  
16 fied apprentice” means an individual who is an em-  
17 ployee of the contractor or subcontractor and who is  
18 participating in a registered apprenticeship program,  
19 as defined in section 3131(e)(3)(B) of the Internal  
20 Revenue Code of 1986.

## 21 **TITLE VI—MISCELLANEOUS**

### 22 **SEC. 601. ADJUSTMENT OF QUALIFYING ADVANCED EN-** 23 **ERGY PROJECT CREDIT.**

24 (a) IN GENERAL.—Section 48C is amended—

25 (1) in subsection (c)(1)—

1 (A) in subparagraph (A)—

2 (i) by inserting “, any portion of the  
3 qualified investment of which is certified  
4 by the Secretary under subsection (d) as  
5 eligible for a credit under this section”  
6 after “means a project”,

7 (ii) in clause (i)—

8 (I) by striking “a manufacturing  
9 facility for the production of” and in-  
10 sserting “an industrial or manufac-  
11 turing facility for the production or  
12 recycling of”,

13 (II) in clause (I), by inserting  
14 “water,” after “sun,”,

15 (III) in clause (II), by striking  
16 “an energy storage system for use  
17 with electric or hybrid-electric motor  
18 vehicles” and inserting “energy stor-  
19 age systems and components”,

20 (IV) in clause (III), by striking  
21 “grids to support the transmission of  
22 intermittent sources of renewable en-  
23 ergy, including storage of such en-  
24 ergy” and inserting “grid moderniza-  
25 tion equipment or components”,

1 (V) in subclause (IV), by striking  
2 “and sequester carbon dioxide emis-  
3 sions” and inserting “, remove, use,  
4 or sequester carbon oxide emissions”,  
5 (VI) by striking subclause (V)  
6 and inserting the following:  
7 “(V) equipment designed to re-  
8 fine, electrolyze, or blend any fuel,  
9 chemical, or product which is—  
10 “(aa) renewable, or  
11 “(bb) low-carbon and low-  
12 emission,”,  
13 (VII) by striking subclause (VI),  
14 (VIII) by redesignating subclause  
15 (VII) as subclause (IX),  
16 (IX) by inserting after subclause  
17 (V) the following new subclauses:  
18 “(VI) property designed to  
19 produce energy conservation tech-  
20 nologies (including residential, com-  
21 mercial, and industrial applications),  
22 “(VII) light-, medium-, or heavy-  
23 duty electric or fuel cell vehicles, as  
24 well as—

1                   “(aa) technologies, compo-  
2                   nents, or materials for such vehi-  
3                   cles, and

4                   “(bb) associated charging or  
5                   refueling infrastructure,

6                   “(VIII) hybrid vehicles with a  
7                   gross vehicle weight rating of not less  
8                   than 14,000 pounds, as well as tech-  
9                   nologies, components, or materials for  
10                  such vehicles, or”, and

11                  (X) in subclause (IX), as so re-  
12                  designated, by striking “and” at the  
13                  end and inserting “or”, and

14                  (iii) by striking clause (ii) and insert-  
15                  ing the following:

16                  “(ii) which re-equips an industrial or  
17                  manufacturing facility with equipment de-  
18                  signed to reduce its greenhouse gas emis-  
19                  sions well below current best practices  
20                  through the installation of—

21                  “(I) low- or zero-carbon process  
22                  heat systems,

23                  “(II) carbon capture, transport,  
24                  utilization and storage systems,

1                   “(III) energy efficiency and re-  
2                   duction in waste from industrial proc-  
3                   esses, or

4                   “(IV) any industrial technology  
5                   which significantly reduces greenhouse  
6                   gas emissions, as determined by the  
7                   Secretary.”.

8                   (B) by redesignating subparagraph (B) as  
9                   subparagraph (C), and

10                  (C) by inserting after subparagraph (A)  
11                  the following new subparagraph:

12                  “(B) ADDITIONAL QUALIFYING ADVANCED  
13                  ENERGY PROJECTS.—The term ‘qualifying ad-  
14                  vanced energy project’ shall also include any  
15                  project described in subparagraph (A) which is  
16                  located in a census tract—

17                  “(i) which, prior to the date of enact-  
18                  ment of the Clean Energy for America Act,  
19                  had no projects which received a certifi-  
20                  cation and allocation of credits under sub-  
21                  section (d), and

22                  “(ii)(I) in which, after December 31,  
23                  1999, a coal mine has closed,

1 “(II) in which, after December 31,  
2 2009, a coal-fired electric generating unit  
3 has been retired, or

4 “(III) which is immediately adjacent  
5 to a census tract described in subclause (I)  
6 or (II).”,

7 (2) in subsection (d)—

8 (A) in paragraph (1)—

9 (i) in subparagraph (A), by striking  
10 “this section” and inserting “the Clean  
11 Energy for America Act”, and

12 (ii) by striking subparagraph (B) and  
13 inserting the following:

14 “(B) LIMITATIONS.—

15 “(i) INITIAL ALLOCATION.—The total  
16 amount of credits that may be allocated  
17 under the program prior to the date of en-  
18 actment of the Clean Energy for America  
19 Act shall not exceed \$2,300,000,000.

20 “(ii) ADDITIONAL ALLOCATION.—The  
21 total amount of credits that may be allo-  
22 cated under the program on or after to the  
23 date of enactment of the Clean Energy for  
24 America Act shall not exceed  
25 \$8,000,000,000, of which not greater than



1           \$4,000,000,000 may be allocated to  
2           projects which are not located in a census  
3           tract described in subparagraph (B) of  
4           subsection (c)(1).”,

5           (B) in paragraph (2)—

6           (i) in subparagraph (A), by striking  
7           “2-year” and inserting “3-year”,

8           (ii) in subparagraph (B)—

9           (I) by striking “1 year” and in-  
10          serting “18 months”, and

11          (II) by adding at the end the fol-  
12          lowing new sentence: “Not later than  
13          180 days after the date on which such  
14          evidence was provided by the appli-  
15          cant, the Secretary shall determine  
16          whether the requirements of the cer-  
17          tification have been met.”, and

18          (iii) by adding at the end the fol-  
19          lowing new subparagraph:

20          “(D) LOCATION OF PROJECT.—In the case  
21          of an applicant which receives a certification, if  
22          the Secretary determines that the project has  
23          been placed in service at a location which is ma-  
24          terially different than the location specified in

1 the application for such project, the certifi-  
2 cation shall no longer be valid.”,

3 (C) in paragraph (3)—

4 (i) by striking subparagraph (A) and  
5 inserting the following:

6 “(A) shall take into consideration only  
7 those projects—

8 “(i) for which there is a reasonable  
9 expectation of commercial viability, and

10 “(ii) which—

11 “(I) satisfies the requirements  
12 under paragraph (6), and

13 “(II) with respect to the re-  
14 equipping, expansion, or establishment  
15 of an industrial or manufacturing fa-  
16 cility, satisfies the requirements under  
17 section 501 of the Clean Energy for  
18 America Act, and”, and

19 (ii) in subparagraph (B)—

20 (I) by striking clauses (i) and (ii)  
21 and inserting the following:

22 “(i) will provide the greatest net im-  
23 pact in avoiding or reducing anthropogenic  
24 emissions of greenhouse gases (or, in the  
25 case of a project described in subsection

1 (c)(1)(A)(ii), will provide the greatest re-  
2 duction of greenhouse gas emissions as  
3 compared to current best practices),

4 “(ii) will provide the greatest domestic  
5 job creation (both direct and indirect) dur-  
6 ing the credit period,”

7 (II) by redesignating clauses (iii)  
8 through (v) as clauses (iv) through  
9 (vi), respectively, and

10 (III) by inserting after clause (ii)  
11 the following new clause:

12 “(iii) will provide the greatest job cre-  
13 ation within the vicinity of the project, par-  
14 ticularly with respect to—

15 “(I) low-income communities (as  
16 defined in section 45D(e)), and

17 “(II) dislocated workers who  
18 were previously employed in manufac-  
19 turing, coal power plants, or coal min-  
20 ing,”

21 (D) in paragraph (4)—

22 (i) by striking subparagraph (A) and  
23 inserting the following:

24 “(A) REVIEW AND REPORT.—Not later  
25 than 4 years after the date of enactment of the

1 Clean Energy for America Act, the Secretary  
2 shall—

3 “(i) review the credits allocated under  
4 this section as of such date, and

5 “(ii) submit a report regarding the al-  
6 location of such credits to—

7 “(I) the Committee on Finance  
8 and the Committee on Energy and  
9 Natural Resources of the Senate, and

10 “(II) the Committee on Ways  
11 and Means and the Committee on En-  
12 ergy and Commerce of the House of  
13 Representatives.”, and

14 (ii) by adding at the end the following  
15 new subparagraph:

16 “(D) SPECIAL RULE.—For purposes of re-  
17 allocating credits pursuant to this paragraph,  
18 the limitation under paragraph (1)(B)(ii) with  
19 respect to allocation of credits to projects which  
20 are not located in a census tract described in  
21 subparagraph (B) of subsection (c)(1) shall not  
22 apply.”, and

23 (E) by adding at the end the following:

24 “(6) WAGE REQUIREMENTS.—

1           “(A) IN GENERAL.—The requirements de-  
2           scribed in this subparagraph with respect to  
3           any project are that the taxpayer shall ensure  
4           that any laborers and mechanics employed by  
5           contractors and subcontractors in the re-equip-  
6           ping, expansion, or establishment of an indus-  
7           trial or manufacturing facility shall be paid  
8           wages at rates not less than the prevailing rates  
9           for construction or alteration of a similar char-  
10          acter in the locality as determined by the Sec-  
11          retary of Labor, in accordance with subchapter  
12          IV of chapter 31 of title 40, United States  
13          Code.

14          “(B) CORRECTION AND PENALTY RELATED  
15          TO FAILURE TO SATISFY WAGE REQUIRE-  
16          MENTS.—In the case of any taxpayer which  
17          fails to satisfy the requirement under subpara-  
18          graph (A) with respect to any project—

19                 “(i) rules similar to the rules of sec-  
20                 tion 45U(b)(3)(B)(ii) shall apply for pur-  
21                 poses of this paragraph, and

22                 “(ii) if the failure to satisfy the re-  
23                 quirement under subparagraph (A) is not  
24                 corrected pursuant to the rules described

1           in clause (i), the certification with respect  
2           to such project shall no longer be valid.”,  
3           (3) in subsection (e), by striking “48, 48A, or  
4           48B” and inserting “45Q, 48, 48A, 48B, or 48D”,  
5           and

6           (4) by adding at the end the following:

7           “(f) SPECIAL RULE FOR PROPERTY FINANCED BY  
8           SUBSIDIZED ENERGY FINANCING OR INDUSTRIAL DEVEL-  
9           OPMENT BONDS.—Rules similar to the rules in section  
10          48(a)(4) shall apply for purposes of this section.

11          “(g) TECHNICAL ASSISTANCE.—For purposes of as-  
12          sisting with applications for certification under subsection  
13          (d), the Secretary of Energy shall provide technical assist-  
14          ance to any State (or political subdivision thereof), tribe,  
15          or economic development organization which, prior to the  
16          date of enactment of the Clean Energy for America Act—

17                 “(1) had no applicants for certification under  
18                 such subsection, or

19                 “(2) had less than 2 qualifying advanced energy  
20                 projects which received an allocation of credits under  
21                 such subsection.

22          “(h) ELECTION FOR DIRECT PAYMENT.—

23                 “(1) IN GENERAL.—In the case of any eligible  
24                 property placed in service during any taxable year  
25                 which is part of a qualifying advanced energy

1 project, the amount of any credit determined under  
2 subsection (a) with respect to such property for such  
3 taxable year shall, at the election of the taxpayer, be  
4 treated as a payment equal to such amount which is  
5 made by the taxpayer against the tax imposed by  
6 chapter 1 for such taxable year (regardless of wheth-  
7 er such tax would have been on such taxpayer).

8 “(2) FORM AND EFFECT OF ELECTION.—

9 “(A) IN GENERAL.—An election under  
10 paragraph (1) shall be made as part of the ap-  
11 plication for certification under subsection  
12 (d)(2)(A) and in such manner as the Secretary  
13 may prescribe. Such election, once made,  
14 shall—

15 “(i) be irrevocable with respect to the  
16 eligible property to which such election ap-  
17 plies, and

18 “(ii) reduce the amount of the credit  
19 which would (but for this subsection) be al-  
20 lowable under this section with respect to  
21 such property for the taxable year in which  
22 such property is placed in service to zero.

23 “(B) ADDITIONAL INFORMATION.—For  
24 purposes of an election under paragraph (1),  
25 the Secretary may require such information as

1 the Secretary deems necessary for purposes of  
2 preventing duplication, fraud, or any improper  
3 payments under this subsection.

4 “(3) APPLICATION TO PARTNERSHIPS AND S  
5 CORPORATIONS; EXCESS PAYMENTS.—Rules similar  
6 to the rules of paragraphs (3) and (5) of section  
7 45U(h) shall apply for purposes of this subsection.

8 “(4) SPECIAL RULES FOR CERTAIN ENTITIES.—

9 “(A) ELIGIBILITY OF CERTAIN PROP-  
10 ERTY.—For purposes of this subsection, para-  
11 graphs (3) and (4) of section 50(b) shall not  
12 apply with respect to—

13 “(i) any State utility with a service  
14 obligation, as such terms are defined in  
15 section 217 of the Federal Power Act (as  
16 in effect on the date of the enactment of  
17 this subsection),

18 “(ii) any mutual or cooperative elec-  
19 tric company described in section  
20 501(c)(12) or section 1381(a)(2)(C), or

21 “(iii) an Indian tribal government (as  
22 defined in section 139E(c)(1)).

23 “(B) CERTAIN ENTITIES TREATED AS TAX-  
24 PAYERS.—In the case of an election under this  
25 subsection, any entity described in clause (i),



1           (ii), or (iii) of subparagraph (A) shall be treat-  
2           ed as a taxpayer for purposes of this subsection  
3           and determining the amount of any credit  
4           under subsection (a).”.

5           (b) **AUTHORIZATION OF APPROPRIATIONS.**—To carry  
6 out subsection (f) of section 48C of the Internal Revenue  
7 Code of 1986 (as added by subsection (a)(4)), there is au-  
8 thorized to be appropriated to the State Energy Program  
9 of the Department of Energy, out of moneys in the Treas-  
10 ury not otherwise appropriated, \$500,000, to remain avail-  
11 able until expended.

12          (c) **EFFECTIVE DATE.**—The amendments made by  
13 this section shall apply to property placed in service after  
14 December 31, 2021.

15 **SEC. 602. ISSUANCE OF EXEMPT FACILITY BONDS FOR**  
16 **QUALIFIED CARBON DIOXIDE CAPTURE FA-**  
17 **CILITIES.**

18          (a) **IN GENERAL.**—Section 142 is amended—

19           (1) in subsection (a)—

20                   (A) in paragraph (14), by striking “or” at  
21                   the end,

22                   (B) in paragraph (15), by striking the pe-  
23                   riod at the end and inserting “, or”, and

24                   (C) by adding at the end the following new  
25                   paragraph:

1           “(16) qualified carbon dioxide capture facili-  
2 ties.”, and

3           (2) by adding at the end the following new sub-  
4 section:

5           “(n) QUALIFIED CARBON DIOXIDE CAPTURE FACIL-  
6 ITY.—

7           “(1) IN GENERAL.—For purposes of subsection  
8 (a)(16), the term ‘qualified carbon dioxide capture  
9 facility’ means—

10           “(A) the eligible components of an indus-  
11 trial carbon dioxide facility, and

12           “(B) a direct air capture facility (as de-  
13 fined in section 45Q(e)(1)).

14           “(2) DEFINITIONS.—In this subsection:

15           “(A) ELIGIBLE COMPONENT.—

16           “(i) IN GENERAL.—The term ‘eligible  
17 component’ means any equipment installed  
18 in an industrial carbon dioxide facility  
19 which is—

20           “(I) used for the purpose of cap-  
21 ture, treatment and purification, com-  
22 pression, transportation, or on-site  
23 storage of carbon dioxide produced by  
24 the industrial carbon dioxide facility,  
25 or

1           “(II) integral or functionally re-  
2           lated and subordinate to a process  
3           which converts a solid or liquid prod-  
4           uct from coal, petroleum residue, bio-  
5           mass, or other materials which are re-  
6           covered for their energy or feedstock  
7           value into a synthesis gas composed  
8           primarily of carbon dioxide and hydro-  
9           gen for direct use or subsequent  
10          chemical or physical conversion.

11          “(ii) DEFINITIONS.—For purposes of  
12          this subparagraph—

13                 “(I) BIOMASS.—

14                         “(aa) IN GENERAL.—The  
15                         term ‘biomass’ means any—

16                                 “(AA) agricultural or  
17                                 plant waste,

18                                 “(BB) byproduct of  
19                                 wood or paper mill oper-  
20                                 ations, including lignin in  
21                                 spent pulping liquors, and

22                                 “(CC) other products of  
23                                 forestry maintenance.

24                         “(bb) EXCLUSION.—The  
25                         term ‘biomass’ does not include

1 paper which is commonly recycled.  
2

3 “(II) COAL.—The term ‘coal’  
4 means anthracite, bituminous coal,  
5 subbituminous coal, lignite, and peat.

6 “(B) INDUSTRIAL CARBON DIOXIDE FACIL-  
7 ITY.—

8 “(i) IN GENERAL.—Except as pro-  
9 vided in clause (ii), the term ‘industrial  
10 carbon dioxide facility’ means a facility  
11 that emits carbon dioxide (including from  
12 any fugitive emissions source) that is cre-  
13 ated as a result of any of the following  
14 processes:

15 “(I) Fuel combustion.

16 “(II) Gasification.

17 “(III) Bioindustrial.

18 “(IV) Fermentation.

19 “(V) Any manufacturing industry  
20 relating to—

21 “(aa) chemicals,

22 “(bb) fertilizers,

23 “(cc) glass,

24 “(dd) steel,

25 “(ee) petroleum residues,

1 “(ff) forest products,

2 “(gg) agriculture, including  
3 feedlots and dairy operations,  
4 and

5 “(hh) transportation grade  
6 liquid fuels.

7 “(ii) EXCEPTIONS.—For purposes of  
8 clause (i), an industrial carbon dioxide fa-  
9 cility shall not include—

10 “(I) any geological gas facility, or

11 “(II) any air separation unit  
12 that—

13 “(aa) does not qualify as  
14 gasification equipment, or

15 “(bb) is not a necessary  
16 component of an oxy-fuel com-  
17 bustion process.

18 “(iii) DEFINITIONS.—In this subpara-  
19 graph—

20 “(I) PETROLEUM RESIDUE.—The  
21 term ‘petroleum residue’ means the  
22 carbonized product of high-boiling hy-  
23 drocarbon fractions obtained in petro-  
24 leum processing.

1                   “(II) GEOLOGICAL GAS FACIL-  
2                   ITY.—The term ‘geological gas facil-  
3                   ity’ means a facility that—

4                               “(aa) produces a raw prod-  
5                               uct consisting of gas or mixed  
6                               gas and liquid from a geological  
7                               formation,

8                               “(bb) transports or removes  
9                               impurities from such product, or

10                              “(cc) separates such product  
11                              into its constituent parts.

12                   “(3) SPECIAL RULE FOR FACILITIES WITH LESS  
13                   THAN 65 PERCENT CAPTURE AND STORAGE PER-  
14                   CENTAGE.—

15                              “(A) IN GENERAL.—An eligible component  
16                              of an industrial carbon dioxide facility with a  
17                              capture and storage percentage that is less than  
18                              65 percent shall only be treated as a qualified  
19                              carbon dioxide facility with respect to the per-  
20                              centage of the costs attributable to such eligible  
21                              component which is equal to the capture and  
22                              storage percentage of such facility.

23                              “(B) CAPTURE AND STORAGE PERCENT-  
24                              AGE.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), the capture and storage percentage  
3           shall be an amount, expressed as a per-  
4           centage, equal to the quotient of—

5                   “(I) the total metric tons of car-  
6                   bon dioxide annually captured, trans-  
7                   ported, and injected into—

8                           “(aa) a facility for geologic  
9                           storage, or

10                           “(bb) an enhanced oil or gas  
11                           recovery well followed by geologic  
12                           storage, divided by

13                   “(II) the total metric tons of car-  
14                   bon dioxide which would otherwise be  
15                   released into the atmosphere each  
16                   year as industrial emission of green-  
17                   house gas if the eligible components  
18                   were not installed in the industrial  
19                   carbon dioxide facility.

20           “(ii) LIMITED APPLICATION OF ELIGI-  
21           BLE COMPONENTS.—In the case of eligible  
22           components that are designed to capture  
23           carbon dioxide solely from specific sources  
24           of emissions or portions thereof within an  
25           industrial carbon dioxide facility, the cap-

1           ture and storage percentage under this  
2           subparagraph shall be determined based  
3           only on such specific sources of emissions  
4           or portions thereof.

5           “(4) REGULATIONS.—The Secretary shall issue  
6           such regulations or other guidance as are necessary  
7           to carry out the provisions of this subsection, includ-  
8           ing methods for determining costs attributable to an  
9           eligible component for purposes of paragraph  
10          (3)(A).”.

11          (b) VOLUME CAP.—Section 146(g)(4) is amended by  
12          striking “paragraph (11) of section 142(a) (relating to  
13          high-speed intercity rail facilities)” and inserting “para-  
14          graph (11) or (16) of section 142(a)”.

15          (c) CLARIFICATION OF PRIVATE BUSINESS USE.—  
16          Section 141(b)(6) is amended by adding at the end the  
17          following new subparagraph:

18                  “(C) CLARIFICATION RELATING TO QUALI-  
19                  FIED CARBON DIOXIDE CAPTURE FACILITIES.—  
20                  For purposes of this subsection, the sale of car-  
21                  bon dioxide produced by a qualified carbon di-  
22                  oxide capture facility (as defined in section  
23                  142(n)) which is owned by a governmental unit  
24                  shall not constitute private business use.”.



1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to obligations issued after Decem-  
3 ber 31, 2021.

4 **SEC. 603. LIMITATION ON IMPORTATION OF CERTAIN EN-**  
5 **ERGY EQUIPMENT AND COMPONENTS.**

6 (a) IN GENERAL.—The importation of an article de-  
7 scribed in subsection (b) is prohibited unless the United  
8 Nations certifies that the article is not mined or otherwise  
9 produced using forced labor or child labor.

10 (b) ARTICLES DESCRIBED.—An article described in  
11 this subsection is a solar cell, a wind turbine, energy stor-  
12 age equipment, or a component for such equipment.

13 **SEC. 604. ELIMINATION OF NEGATIVE EFFECTS ON SMALL**  
14 **BUSINESSES AND CERTAIN INDIVIDUAL TAX-**  
15 **PAYERS.**

16 (a) IN GENERAL.—In the case of any taxable year  
17 beginning after the date of the enactment of this Act, the  
18 Secretary of the Treasury (or the Secretary's delegate)  
19 shall pay to each applicable eligible taxpayer an amount  
20 equal to the excess (if any) of—

21 (1) the tax imposed under chapter 1 of the In-  
22 ternal Revenue Code of 1986 (determined after the  
23 application of the amendments made by this Act  
24 which are in effect for such taxable year), over

1           (2) the tax imposed under such chapter on such  
2 taxpayer for such taxable year (determined without  
3 regard to the amendments made by this Act).

4           (b) APPLICABLE ELIGIBLE TAXPAYER.—For pur-  
5 poses of this section—

6           (1) IN GENERAL.—The term “applicable eligible  
7 taxpayer” means, with respect to any taxable year,  
8 any eligible taxpayer who establishes to the satisfac-  
9 tion of the Secretary of the Treasury (or the Sec-  
10 retary’s delegate) that there is an excess described  
11 in subsection (a) with respect to such taxpayer.

12           (2) ELIGIBLE TAXPAYER.—

13           (A) IN GENERAL.—The term “eligible tax-  
14 payer” means, with respect to any taxable  
15 year—

16                   (i) an individual with an adjusted  
17 gross income of not more than \$400,000,  
18 and

19                   (ii) any employer that has an average  
20 number of fewer than 500 employees for  
21 the taxable year.

22           (B) AGGREGATION RULES.—For purposes  
23 of subparagraph (A)(ii), all persons treated as  
24 a single employer under subsection (b), (c),  
25 (m), or (o) of section 414 of the Internal Rev-

1           enue Code of 1986 shall be treated as one em-  
2           ployer.

3           (C) SPECIAL RULE FOR PASS-THRU ENTI-  
4           TIES.—In the case of a partnership, S corpora-  
5           tion, or other pass-thru entity that is described  
6           in subparagraph (A)(ii)—

7                   (i) any partner, shareholder, or other  
8                   applicable individual who is not described  
9                   in subparagraph (A)(i) shall be treated as  
10                  an eligible taxpayer, and

11                   (ii) the amount of the excess described  
12                   under subsection (a) of such partner,  
13                   shareholder, or other applicable individual  
14                   shall be determined by only taking into ac-  
15                   count the income, gain, loss, deduction, or  
16                   credit of such partnership, S corporation,  
17                   or other pass-thru entity.

18           For purposes of the preceding sentence, the  
19           term “applicable individual” means, with re-  
20           spect to any pass-thru entity, any individual to  
21           whom the income, gain, loss, or deduction of  
22           such entity is attributed for tax purposes.

23           (c) TREATMENT OF PAYMENTS.—The amount of any  
24           payment under subsection (a) shall be treated as a refund

1 of taxes due from a provision described in section  
2 1324(b)(2) of title 31, United States Code.

3 (d) REGULATIONS.—The Secretary of the Treasury  
4 (or the Secretary’s delegate) shall issue such regulations  
5 or other guidance as are necessary to carry out the provi-  
6 sions of this section.



**Calendar No. 78**

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 2118**

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**A BILL**

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

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JUNE 21, 2021

Read the second time and placed on the calendar