

# EXTENSION, EXPANSION AND MODIFICATION OF GREEN INCENTIVES

## Renewable Energy Credits

The production credit (section 45) and the energy credit (section 48) would generally be extended through 2024. Conformity to wage and hour, apprenticeship and domestic content requirements may be necessary in order to claim the maximum amount of credit. Additional credits may be available for facilities in certain low-income and other communities.

## Carbon Capture and Sequestration Credit (Section 45Q)

The credit would be extended to include carbon capture facilities where construction or planning and design begin before 2033. Increases the potential credit to \$60 per ton provided prevailing wage and apprenticeship requirements are met in the construction of new facilities.

## Clean Fuels

Credits for biodiesel, renewable diesel, biodiesel mixtures, alternative fuels, alternative fuel mixtures and second-generation biofuels would be retroactively extended through 2024. New credits for sustainable aviation fuels sold or used after 2022 and for clean hydrogen produced after 2022 would be provided.

## Energy Efficient Commercial Buildings (Section 179D)

The proposal would modify the section 179D deduction to provide an increased deduction if prevailing wage and apprenticeship standards are met, reduce some standards regarding the amount of energy savings required, disregard section 179D deductions claimed more than 3 years prior in determining the allowable deduction for the current year, eliminate the partial allowance and modify a number of standards that are required to be met and the manner of satisfying those standards. The proposal is generally effective after 2022.

## Energy Efficient Homes Credit (Section 45L)

The proposal would provide an increased credit from \$2,000 per unit to \$2,500 to \$5,000 for single family homes, and reduce the credit from \$2,000 per unit down to \$500 to \$1,000 for multifamily units. For manufactured homes, the credit increases from \$1,000 per unit to \$2,500 to \$5,000 per unit. The proposal will also modify the standards that are required to be met and the manner of satisfying those standards. The larger credits shown are for Zero Energy Ready homes as defined by the Department of Energy. The proposal is generally effective after 2022, and extends the credit through December 31, 2032.

Home Type	Tax Credit under Current Legislation	Tax Credit under Proposed Legislation
Single Family	\$2,000	\$2,500 (\$5,000 for Zero Energy Ready)
Multifamily	\$2,000	\$500 (\$1,000 for Zero Energy Ready)
Manufactured Homes	\$1,000	\$2,500 (\$5,000 for Zero Energy Ready)

## Clean Vehicle Credits

Beginning in 2023, a \$3750 credit would be provided for the purchase of new electric powered vehicle whose battery which has a capacity of not less than 7 kilowatt hours that meets certain standards

regarding its construction. The credit would not be available if the purchaser's modified adjusted gross income exceeds a stated amount (\$300,000 joint, \$150,000 single) or the manufacturer's suggested retail price exceeds \$55,000 (\$80,000 in the case of a van, SUV or pickup truck). The credit would not be limited to a fixed number of vehicles. Beginning in 2024, the credit could be transferred from the purchaser to a registered dealer that sold the vehicle and procedures would be provided for the advance payment of transferred credits. Credits for the purchase of used electric powered vehicles and certain commercial vehicles would also be provided.

### **Alternative Fuel Refueling Property (Section 30C)**

The credit would be retroactively extended through 2032 and the maximum allowable per item of property increased from \$30,000 to \$100,000, effective after 2022. Modifications to the definition of alternative fuel refueling property would also be made, including clarification that bidirectional charging equipment qualifies.

### **Advanced Energy Project Credit (Section 48C)**

A 30 percent credit would be made available for projects that support the manufacture of equipment used in the production of alternative energy, the capture and sequestration of carbon, the more efficient transfer of electricity and other environmentally oriented activities. Projects would be required to be certified by the Secretary of the Treasury and meet wage and apprenticeship requirements. The total amount of credit would be limited to \$10 billion.

### **Advanced Manufacturing Production Credit**

A credit for the production and sale of certain kinds of property used in the generation of alternative energy would be provided, effective in 2023. The credit would not be allowed for property produced in a facility that was eligible for the advanced energy project credit.

### **Superfund**

The superfund tax on petroleum would be reinstated at a rate of 16.4 cents per barrel, effective January 1, 2023.

### **Additional Credits**

New credits for clean electricity and fuel production and equipment would be provided.

### **Election to Treat Certain Credits as Refundable**

An election would be made available to treat the credits for production of clean hydrogen, carbon capture and sequestration and advanced manufacturing production as refundable, generally effective beginning in 2023.

### **Election to Transfer Certain Credits**

An election to transfer to an unrelated taxpayer certain alternative and clean energy credits would be made available, generally effective beginning in 2023. Payment for such transfers would be required to be in cash and would not be treated as income to the transferor or as an expense to the transferee.

### **Research Credits for Small Businesses (Section 41(h))**

The amount of research credits a small business (gross receipts less than \$5 million) is allowed to treat as a credit against payroll taxes would be increased from \$250,000 to \$500,000, effective for tax years beginning after 2022.