

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.

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

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.

TITLE I—INCENTIVES FOR CLEAN ELECTRICITY

SEC. 101. CLEAN ELECTRICITY PRODUCTION CREDIT.

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

“SEC. 45U. CLEAN ELECTRICITY PRODUCTION CREDIT.

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

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

“(2) the kilowatt hours of electricity—

“(A) produced by the taxpayer at a qualified facility, and

“(B)(i) sold by the taxpayer to an unrelated person during the taxable year, or

“(ii) in the case of a qualified facility which is equipped with a metering device which is owned and operated by an unrelated person, sold, consumed, or stored by the taxpayer during the taxable year.

“(b) QUALIFIED FACILITY.—

“(1) IN GENERAL.—

“(A) DEFINITION.—Subject to subparagraphs (B), (C), and (D), the term ‘qualified facility’ means a facility owned by the taxpayer—

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

“(ii) which is originally placed in service after December 31, 2022,

“(iii) for which the greenhouse gas emissions rate (as determined under paragraph (2)) is not greater than zero, and

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

“(I) subject to subparagraph (B) of paragraph (3), satisfies the requirements under subparagraph (A) of such paragraph, and

“(II) with respect to the construction of such facility, satisfies the requirements under section 501 of the Clean Energy for America Act.

“(B) 10-YEAR PRODUCTION CREDIT.—For purposes of this section, a facility shall only be 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

rate' means the amount of greenhouse gases emitted into the atmosphere by a facility in the production of electricity, expressed as grams of CO₂e per KWh.

“(B) FUEL COMBUSTION AND GASIFICATION.—In the case of a facility which produces electricity through combustion or gasification, the greenhouse gas emissions rate for such facility shall be equal to the net rate of greenhouse gases emitted into the atmosphere by such facility (taking into account lifecycle greenhouse gas emissions, as described in section 211(o)(1)(H) of the Clean Air Act (42 U.S.C. 7545(o)(1)(H))) in the production of electricity, expressed as grams of CO₂e per KWh.

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

“(i) IN GENERAL.—The Secretary and the Administrator of the Environmental Protection Agency shall establish greenhouse gas emissions rates for types or categories of facilities, which a taxpayer shall 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

Environmental Protection Agency
shall—

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

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

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

“(i) pursuant to any regulations es-
tablished under paragraph (2) of section
45Q(f), disposed of by the taxpayer in se-
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) CO₂e PER KWh.—The term ‘CO₂e 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-

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

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

“(i) such reduction, over

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

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

“(D) ELIGIBLE COOPERATIVE DEFINED.—

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

described in section 1381(a) which is owned more than 50 percent by agricultural producers or by entities owned by agricultural producers. For this purpose an entity owned by an agricultural producer is one that is more than 50 percent owned by agricultural producers.

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

“(A) NASCENT CLEAN ENERGY TECHNOLOGY.—

“(i) IN GENERAL.—In the case of any qualified facility which generates electricity using a nascent clean energy technology, for purposes of determining the amount of the credit under subsection (a) with respect to any electricity produced by the taxpayer at such facility using such technology during the taxable year, the amount under paragraph (1) of such subsection shall be increased by an amount equal to 10 percent of the amount otherwise in effect under such paragraph (without application of subparagraph (B) or (C)).

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

energy technology’ means any technology or method used for the production of electricity which, in the calendar year preceding the calendar year in which construction of the qualified facility began, achieved a market penetration level of less than 3 percent.

“(iii) MARKET PENETRATION LEVEL.—For purposes of this subparagraph, the term ‘market penetration level’ means, with respect to any calendar year, the amount equal to the greater of—

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

“(aa) the sum of all electricity produced (expressed in terawatt hours) from the technology or method used for the production of electricity by all electricity generating facilities in the United States during such calendar year (as determined by the Secretary on the basis of 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

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

“(i) their application would be inconsistent with the public interest,

“(ii) such materials and products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality, or

“(iii) inclusion of domestic material will increase the cost of the construction of the qualified facility by more than 25 percent,

the applicable percentage shall be 100 percent.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) is amended—

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

(B) in paragraph (33), by striking the period at the end and inserting “, plus”, and

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

“(34) the clean electricity production credit determined 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

clean energy technology (as defined in section 45U(g)(7)(A)(ii)), for purposes applying paragraph (1) with respect to any qualified investment with respect to such facility, the percentage under subparagraph (A) of such paragraph (or, in the case of a microgrid, subparagraph (B)(i) of such paragraph), shall be increased by 10 percentage points.

“(C) DOMESTIC CONTENT.—

“(i) IN GENERAL.—In the case of any qualified investment with respect to a qualified facility or with respect to grid improvement property which satisfies the requirement under clause (ii)(I), for purposes of applying paragraph (1) with respect to such qualified investment, the percentage under subparagraph (A) of such paragraph (or, in the case of a qualified investment with respect to a microgrid, subparagraph (B)(i) of such paragraph), shall be increased by 10 percentage points.

“(ii) REQUIREMENTS.—

“(I) IN GENERAL.—The requirement described in this subclause with 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 AGREE-
 10 MENTS.—This subparagraph shall be ap-
 11 plied in a manner which is consistent with
 12 the obligations of the United States under
 13 international agreements.

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

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

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

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

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

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

“(iii) APPLICABLE GRID REGION.—
For purposes of this subparagraph, the
term ‘applicable grid region’ means a set
of power plants and transmission lines
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 CO₂e 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 ‘CO2e 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 PERTY.—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

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

“(C) an election shall not apply with respect to any energy storage property (as defined in section 48D(c)(2)) if such property has a maximum capacity equal to or less than 500 kilowatt hours.”, and

(B) by adding at the end the following: “Paragraphs (1)(B) and (2)(B) of the section 46(e) referred to in paragraph (1) of this subsection shall not apply to any qualified investment described in section 48D of a real estate investment trust.”

(3) CONFORMING AMENDMENTS.—

(A) Section 46 is amended—

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

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

(iii) by adding at the end the following new paragraph:

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

(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 TERMI-**
7 **NATIONS OF VARIOUS ENERGY PROVISIONS.**

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:

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

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

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

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

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

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

“(II) for purposes of paragraph
 (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 redes-
 8 ignated, 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

greenhouse gas emissions from the production of electricity in the United States are equal to or less than 25 percent of the annual greenhouse gas emissions from the production of electricity in the United States for calendar year 2021, the amount of the carbon oxide sequestration credit under subsection (a) for any qualified facility the construction of which begins during a calendar year described in paragraph (2) shall be equal to the product of—

“(i) the amount of the credit determined under subsection (a) without regard to this subsection, multiplied by

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

“(B) OTHER INDUSTRIAL FACILITIES.—In the case of any qualified facility described in subsection (d)(1)(B)(ii) the construction of which begins during a calendar year described in paragraph (2), subparagraph (A) shall be applied by substituting ‘industrial sector’ for ‘production of electricity’ each place it appears.

“(C) DIRECT AIR CAPTURE FACILITIES.—
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.—

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

“(i) subject to clause (ii) of subparagraph (B), the requirements under clause (i) of such subparagraph, and

“(ii) with respect to—

“(I) the construction of any facility the construction of which begins after the date of enactment of the Clean Energy for America Act, and

“(II) the construction of any carbon capture equipment, the requirements under section 501 of the Clean Energy for America Act.

“(B) REQUIREMENTS.—

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

“(I) in the case of any facility 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 CORPORATIONS; 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)).

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

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

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

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

“(ix) qualified biogas property, or

“(x) qualified manure resource recov-
ery property,”.

(B) 30-PERCENT CREDIT.—Section
48(a)(2)(A)(i) is amended by striking “and” at
the end of subclause (IV), by striking “and” at
the end of subclause (V), and by adding at the
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 Duction 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

“(dd) in the case of a facility which is estimated to produce qualified clean hydrogen which is described in subparagraph (D) of section 45X(b)(2), 100 percent of the energy percentage otherwise applicable under subparagraph (A)(ii).

“(II) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under this section with respect to any qualified clean hydrogen production facility which fails to produce qualified clean hydrogen consistent with the applicable percentage reduction in lifecycle greenhouse gas emissions described in section 45X(b)(2) which were estimated for such facility pursuant to subclause (I).

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

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

“(I) this section (other than pursuant to this paragraph), or

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

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

(7) FUEL CELLS USING ELECTROMECHANICAL PROCESSES.—

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

(i) in subparagraph (A)(i)—

(I) by inserting “or electromechanical” after “electrochemical”, and

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

(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

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

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

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

“(2) APPLICABLE AMOUNT.—For purposes of paragraph (1)(B), the applicable amount with respect to any transportation fuel shall be an amount equal to \$1.00 increased by 10 cents for every kilogram of CO₂e per mmBTU (or fraction thereof) for which the emissions rate for such fuel is below zero.

“(3) SPECIAL RATE FOR SUSTAINABLE AVIATION FUEL.—

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

“(B) SUSTAINABLE AVIATION FUEL.—For purposes of this subparagraph (A), the term ‘sustainable aviation fuel’ means liquid fuel which is sold for use in, or used in, an aircraft 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 CO₂e per mmBTU,

4 “(ii) for calendar years 2026 and
5 2027, 50 kilograms of CO₂e per mmBTU,
6 and

7 “(iii) for calendar years 2028 and
8 2029, 25 kilograms of CO₂e 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 CO₂e 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 CO₂e per mmBTU, except
25 that, in the case of an emissions rate that is

1 less than 2.5 kilograms of CO₂e 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) CO₂e.—The term ‘CO₂e’ 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-

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

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

“(i) such reduction, over

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

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

“(D) ELIGIBLE COOPERATIVE DEFINED.—

For purposes of this section the term ‘eligible
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 “(l) 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-

ing property placed in service by the taxpayer during the taxable year”, and

(ii) in paragraph (1), by striking “\$30,000” and inserting “\$200,000”.

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to property placed in service after December 31, 2021.

(3) ADDITIONAL MODIFICATION.—

(A) IN GENERAL.—Section 30C, as amended by paragraphs (1) and (2), is amended—

(i) in subsection (c)(2)—

(I) in subparagraph (A), by striking “one or more” and all that follows through the period and inserting the following: “hydrogen or any transportation fuel for which the clean fuel production credit is allowed under section 45V with respect to the production and sale of such fuel.”, and

(II) by striking subparagraph (B) and inserting the following:

“(B) Any mixture—

“(i) which consists of—

“(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

subchapter A of chapter 1 to the location immediately before section 37 in subpart C of part IV of subchapter A of chapter 1.

(B) CONFORMING AMENDMENTS.—

(i) Section 36C, as amended by paragraph (2) and as redesignated and moved by subparagraph (A), is amended—

(I) in subsection (a), by striking “There shall be allowed” and inserting “In the case of an individual, there shall be allowed”,

(II) by striking subsection (c),

(III) by redesignating subsections (d), (f), and (g) as subsections (c), (d), and (e), respectively,

(IV) in subsection (d), as so redesignated—

(aa) by striking “(determined without regard to subsection (c))” each place it appears, and

(bb) by striking paragraph (3), and

(V) in subsection (e)(3)(B), as so redesignated, by striking “subsection

1 (d)(1)” and inserting “subsection
2 (c)(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(c)(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(c)(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(c)(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.”,

(ii) by striking “is \$2,500.” in paragraph (2) and inserting “is—

“(i) \$2,500, in the case of a vehicle sold before January 1, 2026, and

“(ii) \$5,000, in the case of a vehicle sold after December 31, 2025.” and

(iii) by striking “paragraphs (2) and (3)” in paragraph (1) and inserting “paragraphs (2), (3), (4), and (5)”.

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to vehicles acquired after December 31, 2021.

(7) LIMITATION BASED ON PLACE OF ASSEMBLY.—

(A) IN GENERAL.—Paragraph (1) of section 36C(c), as redesignated, moved, and amended by the preceding paragraphs of this subsection, is further amended—

(i) by striking “and” at the end of subparagraph (F)(ii),

(ii) by striking the period at the end of subparagraph (G) and inserting “, and”, and

(iii) by adding at the end the following 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 redes-
3 ignated, 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-

centage reduction in lifecycle greenhouse gas emissions which is not less than 50 percent.

“(B) EXCLUSION.—The term ‘qualified clean hydrogen’ shall not include any hydrogen for which a credit is allowed for the taxable year—

“(i) under section 38 which is properly allocable to any credit determined under this part (other than this section), or

“(ii) under subchapter B of chapter 65 of subtitle F.

“(3) QUALIFIED CLEAN HYDROGEN PRODUCTION FACILITY.—

“(A) IN GENERAL.—The term ‘qualified clean hydrogen production facility’ means—

“(i) a facility owned by the taxpayer—

“(I) which produces qualified clean hydrogen which, with respect to any taxable year, is sold by the taxpayer to an unrelated person or used by the taxpayer, and

“(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.—

“(i) IN GENERAL.—The requirements described in this clause with respect to any dwelling unit are that the eligible contractor shall ensure that any laborers and mechanics employed by such contractor and subcontractors in the construction of such dwelling unit shall be paid wages at rates not less than the prevailing rates for construction of a similar character in the locality as determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.

“(ii) CORRECTION AND PENALTY RELATED TO FAILURE TO SATISFY WAGE REQUIREMENTS.—In the case of any taxpayer which fails to satisfy the requirement under clause (i) with respect to any dwelling unit, rules similar to the rules of section 45U(b)(3)(B)(ii) shall apply for purposes of this subparagraph.

“(C) DENIAL OF DOUBLE BENEFIT.—The term ‘qualified residence’ does not include any dwelling unit for which a deduction determined 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-

erty (including any expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of such property), or

“(B) \$600.

“(2) ADJUSTMENT FOR INFLATION.—

“(A) IN GENERAL.—In the case of a taxable year beginning after 2022, each of the dollar amounts in paragraph (1)(B) (after application of subsection (c)(2)) and subsections (a)(2), (c)(2)(A), and (c)(2)(B)(i)(I) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2021’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(B) ROUNDING.—If any amount as increased under subparagraph (A) is not a multiple of \$10, such amount shall be rounded to the nearest multiple of \$10.

“(c) QUALIFIED PROPERTY.—

“(1) IN GENERAL.—The term ‘qualified property’ 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.**

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-

pany oil related income’ means foreign oil related income (within the meaning of paragraphs (2) and (3) of section 907(c)) other than income derived from a source within a foreign country in connection with—

“(A) oil or gas which was extracted from an oil or gas well located in such foreign country, or

“(B) oil, gas, or a primary product of oil or gas which is sold by the foreign corporation or a related person for use or consumption within such country or is loaded in such country on a vessel or aircraft as fuel for such vessel or aircraft.

Such term shall not include any foreign personal holding company income (as defined in subsection (c)).

“(2) PARAGRAPH (1) APPLIES ONLY WHERE CORPORATION HAS PRODUCED 1,000 BARRELS PER DAY OR MORE.—

“(A) IN GENERAL.—The term ‘foreign base company oil related income’ shall not include any income of a foreign corporation if such corporation is not a large oil producer for 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 nated) 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,

“(II) in which, after December 31, 2009, a coal-fired electric generating unit has been retired, or

“(III) which is immediately adjacent to a census tract described in subclause (I) or (II).”,

(2) in subsection (d)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “this section” and inserting “the Clean Energy for America Act”, and

(ii) by striking subparagraph (B) and inserting the following:

“(B) LIMITATIONS.—

“(i) INITIAL ALLOCATION.—The total amount of credits that may be allocated under the program prior to the date of enactment of the Clean Energy for America Act shall not exceed \$2,300,000,000.

“(ii) ADDITIONAL ALLOCATION.—The total amount of credits that may be allocated under the program on or after to the date of enactment of the Clean Energy for America Act shall not exceed \$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

the application for such project, the certification shall no longer be valid.”,

(C) in paragraph (3)—

(i) by striking subparagraph (A) and inserting the following:

“(A) shall take into consideration only those projects—

“(i) for which there is a reasonable expectation of commercial viability, and

“(ii) which—

“(I) satisfies the requirements under paragraph (6), and

“(II) with respect to the re-equipping, expansion, or establishment of an industrial or manufacturing facility, satisfies the requirements under section 501 of the Clean Energy for America Act, and”, and

(ii) in subparagraph (B)—

(I) by striking clauses (i) and (ii) and inserting the following:

“(i) will provide the greatest net impact in avoiding or reducing anthropogenic emissions of greenhouse gases (or, in the 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

the Secretary deems necessary for purposes of preventing duplication, fraud, or any improper payments under this subsection.

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

“(4) SPECIAL RULES FOR CERTAIN ENTITIES.—

“(A) ELIGIBILITY OF CERTAIN PROPERTY.—For purposes of this subsection, paragraphs (3) and (4) of section 50(b) shall not apply with respect to—

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

“(ii) any mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C), or

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

“(B) CERTAIN ENTITIES TREATED AS TAXPAYERS.—In the case of an election under this 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

117TH CONGRESS
1ST Session

S. 2118

A BILL

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

JUNE 21, 2021

Read the second time and placed on the calendar