

117TH CONGRESS
1ST SESSION

S. 1298

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

IN THE SENATE OF THE UNITED STATES

APRIL 22, 2021

Mr. WYDEN (for himself, Ms. STABENOW, Mr. SCHUMER, Ms. CANTWELL, Mr. CARPER, Mr. CARDIN, Mr. BENNET, Mr. WHITEHOUSE, Ms. HASSAN, Ms. CORTEZ MASTO, Mrs. FEINSTEIN, Mr. DURBIN, Ms. KLOBUCHAR, Mrs. SHAHEEN, Mrs. GILLIBRAND, Mr. BLUMENTHAL, Mr. SCHATZ, Ms. HIRONO, Mr. HEINRICH, Mr. KAINE, Mr. BOOKER, Mr. VAN HOLLEN, Ms. SMITH, Ms. BALDWIN, Ms. ROSEN, Mr. LEAHY, Mr. KING, and Mr. MURPHY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

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

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

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

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents of
 6 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 provisions.

TITLE II—INCENTIVES FOR CLEAN TRANSPORTATION

Sec. 201. Clean fuel production credit.

Sec. 202. Transportation electrification.

Sec. 203. 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—CLEAN ELECTRICITY AND FUEL BONDS

Sec. 401. Clean energy bonds.

TITLE V—TERMINATION OF CERTAIN FOSSIL FUEL PROVISIONS

Sec. 501 Termination of provisions relating to oil, gas, and other materials.

TITLE VI—WORKFORCE DEVELOPMENT REQUIREMENTS

Sec. 601. Use of qualified apprentices.

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) 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.—

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

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

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

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

11 “(iv) in the case of any facility with a
12 total nameplate capacity equal to or great-
13 er than 1 megawatt, which—

14 “(I) satisfies the requirements
15 under paragraph (3), and

16 “(II) with respect to the con-
17 struction of such facility, satisfies the
18 requirements under section 601 of the
19 Clean Energy for America Act.

20 “(B) 10-YEAR PRODUCTION CREDIT.—For
21 purposes of this section, a facility shall only be
22 treated as a qualified facility during the 10-year
23 period beginning on the date the facility was
24 originally placed in service.

“(C) EXPANSION OF FACILITY; INCREMENTAL PRODUCTION.—A qualified facility shall include either of the following in connection with a facility described in subparagraph (A)(i) that was placed in service before January 1, 2023, but only to the extent of the increased amount of electricity produced at the facility by reason of the following:

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

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

“(D) COORDINATION WITH OTHER CREDITS.—The term ‘qualified facility’ shall not include any facility for which a credit determined under section 45, 45J, 48, or 48D is allowed under section 38 for the taxable year or any prior taxable year.

“(2) GREENHOUSE GAS EMISSIONS RATE.—

“(A) IN GENERAL.—For purposes of this 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, in consultation with 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.

“(ii) PUBLISHING EMISSIONS RATES.—The Secretary shall publish a

1 table that sets forth the greenhouse gas
 2 emissions rates for similar types or cat-
 3 egories of facilities.

4 “(iii) PROVISIONAL EMISSIONS
 5 RATE.—

6 “(I) IN GENERAL.—In the case
 7 of any facility for which an emissions
 8 rate has not been established by the
 9 Secretary, a taxpayer which owns
 10 such facility may file a petition with
 11 the Secretary for determination of the
 12 emissions rate with respect to such fa-
 13 cility.

14 “(II) ESTABLISHMENT OF PROVI-
 15 SIONAL AND FINAL EMISSIONS
 16 RATE.—In the case of a facility for
 17 which a petition described in sub-
 18 clause (I) has been filed, the Sec-
 19 retary, in consultation with the Ad-
 20 ministrator of the Environmental Pro-
 21 tection Agency, shall—

22 “(aa) not later than 12
 23 months after the date on which
 24 the petition was filed, provide a
 25 provisional emissions rate for

1 such facility which a taxpayer
2 shall use for purposes of this sec-
3 tion, and

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

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

16 “(i) pursuant to any regulations es-
17 tablished under paragraph (2) of section
18 45Q(f), disposed of by the taxpayer in se-
19 cure geological storage, or

20 “(ii) utilized by the taxpayer in a
21 manner described in paragraph (5) of such
22 section.

23 “(3) WAGE REQUIREMENTS.—The requirements
24 described in this paragraph with respect to any facil-
25 ity are that the taxpayer shall ensure that any labor-

1 ers and mechanics employed by contractors and sub-
2 contractors in—

3 “(A) the construction of such facility, or

4 “(B) for any year during the period de-
5 scribed in paragraph (1)(B), the alteration or
6 repair of such facility,

7 shall be paid wages at rates not less than the pre-
8 vailing rates for construction, alteration, or repair of
9 a similar character in the locality as determined by
10 the Secretary of Labor, in accordance with sub-
11 chapter IV of chapter 31 of title 40, United States
12 Code.

13 “(c) INFLATION ADJUSTMENT.—

14 “(1) IN GENERAL.—In the case of a calendar
15 year beginning after 2021, the 1.5 cent amount in
16 paragraph (1) of subsection (a) shall be adjusted by
17 multiplying such amount by the inflation adjustment
18 factor for the calendar year in which the sale or use
19 of the electricity occurs. If any amount as increased
20 under the preceding sentence is not a multiple of 0.1
21 cent, such amount shall be rounded to the nearest
22 multiple of 0.1 cent.

23 “(2) ANNUAL COMPUTATION.—The Secretary
24 shall, not later than April 1 of each calendar year,
25 determine and publish in the Federal Register the

1 inflation adjustment factor for such calendar year in
2 accordance with this subsection.

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

14 “(d) CREDIT PHASE-OUT.—

15 “(1) IN GENERAL.—If the Secretary, in con-
16 sultation with the Secretary of Energy and the Ad-
17 ministrator of the Environmental Protection Agency,
18 determines that the annual greenhouse gas emis-
19 sions from the production of electricity in the United
20 States are equal to or less than 25 percent of the
21 annual greenhouse gas emissions from the produc-
22 tion of electricity in the United States for calendar
23 year 2021, the amount of the clean electricity pro-
24 duction credit under subsection (a) for any qualified
25 facility the construction of which begins during a

1 calendar year described in paragraph (2) shall be
2 equal to the product of—

3 “(A) the amount of the credit determined
4 under subsection (a) 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 facility the construction of
11 which begins during the first calendar year fol-
12 lowing the calendar year in which the deter-
13 mination described in paragraph (1) is made,
14 100 percent,

15 “(B) for a facility the construction of
16 which begins during the second calendar year
17 following such determination year, 75 percent,

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

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

24 “(e) DEFINITIONS.—In this section:

1 “(1) CO₂e PER KWh.—The term ‘CO₂e per
2 KWh’ means, with respect to any greenhouse gas,
3 the equivalent carbon dioxide (as determined based
4 on global warming potential) per kilowatt hour of
5 electricity produced.

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

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

14 “(A) would otherwise be released into the
15 atmosphere as industrial emission of green-
16 house gas,

17 “(B) is measured at the source of capture
18 and verified at the point of disposal or utiliza-
19 tion, and

20 “(C) is captured and disposed or utilized
21 within the United States (within the meaning of
22 section 638(1)) or a possession of the United
23 States (within the meaning of section 638(2)).

24 “(f) FINAL GUIDANCE.—Not later than January 1,
25 2023, the Secretary, in consultation with the Adminis-

1 trator of the Environmental Protection Agency, shall issue
 2 final guidance regarding implementation of this section,
 3 including calculation of greenhouse gas emission rates for
 4 qualified facilities and determination of clean electricity
 5 production credits under this section.

6 “(g) SPECIAL RULES.—

7 “(1) ONLY PRODUCTION IN THE UNITED
 8 STATES TAKEN INTO ACCOUNT.—Consumption or
 9 sales shall be taken into account under this section
 10 only with respect to electricity the production of
 11 which is within—

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

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

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

18 “(A) IN GENERAL.—For purposes of sub-
 19 section (a)—

20 “(i) the kilowatt hours of electricity
 21 produced by a taxpayer at a qualified facil-
 22 ity shall include any production in the
 23 form of useful thermal energy by any com-
 24 bined heat and power system property
 25 within such facility, and

1 “(ii) the amount of greenhouse gases
 2 emitted into the atmosphere by such facil-
 3 ity in the production of such useful ther-
 4 mal energy shall be included for purposes
 5 of determining the greenhouse gas emis-
 6 sions rate for such facility.

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

13 “(C) CONVERSION FROM BTU TO KWH.—

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

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

23 “(II) the heat rate for such facil-
 24 ity.

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

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

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

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

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

7 “(A) ELECTION TO ALLOCATE.—

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

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

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

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

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

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

1 zation for such year, an amount equal to the
 2 excess of—

3 “(i) such reduction, over

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

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

12 “(D) ELIGIBLE COOPERATIVE DEFINED.—

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

21 “(h) ELECTION FOR DIRECT PAYMENT.—

22 “(1) IN GENERAL.—The amount of any credit
 23 determined under subsection (a) with respect to any
 24 qualified facility for any taxable year during the pe-
 25 riod described in subsection (b)(1)(B) shall, at the

1 election of the taxpayer, be treated as a payment
 2 equal to such amount which is made by the taxpayer
 3 against the tax imposed by chapter 1 for such tax-
 4 able year.

5 “(2) FORM AND EFFECT OF ELECTION.—An
 6 election under paragraph (1) shall be made prior to
 7 the date on which construction of the qualified facil-
 8 ity begins and in such manner as the Secretary may
 9 prescribe. Such election, once made, shall—

10 “(A) be irrevocable with respect to such
 11 qualified facility for the period described in sub-
 12 section (b)(1)(B), and

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

18 “(3) APPLICATION TO PARTNERSHIPS AND S
 19 CORPORATIONS.—In the case of a partnership or S
 20 corporation which makes an election under para-
 21 graph (1)—

22 “(A) such paragraph shall apply with re-
 23 spect to such partnership or corporation with-
 24 out regard to the fact that no tax is imposed

1 by chapter 1 on such partnership or corpora-
 2 tion, and

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

7 “(ii) in the case of a S corporation, each
 8 shareholder’s pro rata share of the credit deter-
 9 mined under subsection (a) with respect to the
 10 qualified facility shall be deemed to be zero.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 38(b) is amended—

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

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

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

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

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

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

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

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

5 (a) BUSINESS CREDIT.—

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

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

10 “(a) INVESTMENT CREDIT FOR QUALIFIED PROP-
 11 erty.—

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

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

19 “(i) any qualified facility, and

20 “(ii) any grid improvement property,

21 and

22 “(B) in the case of a qualified facility
 23 which is a microgrid, an amount equal to the
 24 product of—

1 “(i) 30 percent of the qualified invest-
 2 ment for such taxable year with respect to
 3 such microgrid, and

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

7 “(2) DISADVANTAGED COMMUNITIES.—

8 “(A) IN GENERAL.—In the case of any
 9 qualified facility (with the exception of any such
 10 facility described in section 45U(b)(2)(B)) or
 11 energy storage property which is placed in serv-
 12 ice within a disadvantaged community, para-
 13 graph (1) shall be applied by substituting ‘40
 14 percent’ for ‘30 percent’.

15 “(B) DISADVANTAGED COMMUNITY.—For
 16 purposes of this paragraph, the term ‘disadvan-
 17 taged community’ has the same meaning given
 18 the term ‘low-income community’ in section
 19 45D(e)(1).

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

22 “(1) IN GENERAL.—For purposes of subsection
 23 (a), the qualified investment with respect to any
 24 qualified facility for any taxable year is the basis of
 25 any qualified property placed in service by the tax-

1 payer during such taxable year which is part of a
 2 qualified facility.

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

5 “(A) which is—

6 “(i) tangible personal property, or

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

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

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

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

18 “(3) QUALIFIED FACILITY.—

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

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

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

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

“(iv) in the case of any facility with a total nameplate capacity equal to or greater than 1 megawatt, which—

“(I) satisfies the requirements under subparagraph (B)(iii), and

“(II) with respect to the construction of such facility, satisfies the requirements under section 601 of the Clean Energy for America Act.

“(B) ADDITIONAL RULES.—

“(i) EXPANSION OF FACILITY; INCREMENTAL PRODUCTION.—Rules similar to the rules of section 45U(b)(1)(B) shall apply for purposes of this paragraph.

“(ii) ESTABLISHMENT OF EMISSIONS RATES FOR QUALIFIED FACILITIES.—

“(I) IN GENERAL.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish greenhouse gas emissions rates for types or

1 categories of facilities, which a tax-
2 payer shall use for purposes of this
3 section.

4 “(II) PUBLISHING EMISSIONS
5 RATES.—The Secretary shall publish
6 a table that sets forth the greenhouse
7 gas emissions rates for similar types
8 or categories of facilities.

9 “(iii) WAGE REQUIREMENTS.—The
10 requirements described in this clause with
11 respect to any facility are that the tax-
12 payer shall ensure that any laborers and
13 mechanics employed by contractors and
14 subcontractors in—

15 “(I) the construction of such fa-
16 cility, or

17 “(II) for any year during the 5-
18 year period beginning on the date the
19 facility is originally placed in service,
20 the alteration or repair of such facil-
21 ity,

22 shall be paid wages at rates not less than
23 the prevailing rates for construction, alter-
24 ation, or repair of a similar character in
25 the locality as determined by the Secretary

1 of Labor, in accordance with subchapter
2 IV of chapter 31 of title 40, United States
3 Code.

4 “(C) MICROGRIDS.—

5 “(i) IN GENERAL.—For purposes of
6 this section, the term ‘qualified facility’
7 shall include any microgrid.

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

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

17 “(II) has the ability to be man-
18 aged and isolated from the applicable
19 grid region in order to withstand larg-
20 er disturbances and maintain the sup-
21 ply of electricity to connected critical
22 infrastructure, and

23 “(III) has no point of inter-
24 connection to the applicable grid re-

1 gion with a throughput capacity in ex-
2 cess of 20 megawatts.

3 “(iii) APPLICABLE GRID REGION.—

4 For purposes of this subparagraph, the
5 term ‘applicable grid region’ means a set
6 of power plants and transmission lines
7 which are—

8 “(I) under the control of a single
9 grid operator, and

10 “(II) interconnected to the
11 microgrid.

12 “(iv) RELATIVE AVOIDED EMISSIONS
13 RATE.—

14 “(I) IN GENERAL.—For purposes
15 of subsection (a)(1)(B)(ii), the relative
16 avoided emissions rate shall be the
17 amount equal to the quotient of—

18 “(aa) the amount equal to
19 the non-baseload output emis-
20 sions rate for the applicable grid
21 region minus the greenhouse gas
22 emissions rate for the microgrid,
23 divided by

1 “(bb) the non-baseload out-
2 put emissions rate for the appli-
3 cable grid region.

4 “(II) NON-BASELOAD OUTPUT
5 EMISSIONS RATE.—

6 “(aa) IN GENERAL.—For
7 purposes of this subparagraph,
8 the term ‘non-baseload output
9 emissions rate’ means the
10 amount of greenhouse gases
11 emitted into the atmosphere by
12 the applicable grid region for the
13 production of electricity (ex-
14 pressed as grams of CO₂e per
15 KWh) above baseload.

16 “(bb) DETERMINATION.—
17 The non-baseload output emis-
18 sions rate for any applicable grid
19 region shall be determined by the
20 Administrator of the Environ-
21 mental Protection Agency, in
22 consultation with the Secretary.

23 “(III) GREENHOUSE GAS EMIS-
24 SIONS RATE.—For purposes of this
25 subparagraph, the term ‘greenhouse

1 gas emissions rate’ has the same
 2 meaning given such term under sec-
 3 tion 45U(b)(2).

4 “(D) EXCLUSION.—The term ‘qualified fa-
 5 cility’ shall not include any facility for which a
 6 renewable electricity production credit under
 7 section 45, an advanced nuclear power facility
 8 production credit under section 45J, or an en-
 9 ergy credit determined under section 48 is al-
 10 lowed under section 38 for the taxable year or
 11 any prior taxable year.

12 “(4) COORDINATION WITH REHABILITATION
 13 CREDIT.—The qualified investment with respect to
 14 any qualified facility for any taxable year shall not
 15 include that portion of the basis of any property
 16 which is attributable to qualified rehabilitation ex-
 17 penditures (as defined in section 47(c)(2)).

18 “(c) QUALIFIED INVESTMENT WITH RESPECT TO
 19 GRID IMPROVEMENT PROPERTY.—

20 “(1) IN GENERAL.—

21 “(A) QUALIFIED INVESTMENT.—For pur-
 22 poses of subsection (a), the qualified investment
 23 with respect to grid improvement property for
 24 any taxable year is the basis of any grid im-

1 provement property placed in service by the tax-
2 payer during such taxable year.

3 “(B) GRID IMPROVEMENT PROPERTY.—
4 For purposes of this section, the term ‘grid im-
5 provement property’ means any energy storage
6 property or qualified transmission property
7 which—

8 “(i) satisfies the requirements under
9 paragraph (4), and

10 “(ii) with respect to the construction
11 of such property, satisfies the requirements
12 under section 601 of the Clean Energy for
13 America Act.

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

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

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

22 “(ii) in the case of a facility which is
23 equipped with a metering device which is
24 owned and operated by an unrelated per-
25 son, sold or consumed by the taxpayer,

1 “(B) with respect to which depreciation is
2 allowable,

3 “(C) which is constructed, reconstructed,
4 erected, or acquired by the taxpayer,

5 “(D) the original use of which commences
6 with the taxpayer,

7 “(E) which has a capacity of not less than
8 5 kilowatt hours, and

9 “(F) which is placed in service after De-
10 cember 31, 2021.

11 “(3) QUALIFIED TRANSMISSION PROPERTY.—

12 “(A) IN GENERAL.—For purposes of this
13 subsection, the term ‘qualified transmission
14 property’ means—

15 “(i) any overhead, submarine, or un-
16 derground transmission property which is
17 capable of transmitting electricity at a
18 voltage of not less than 275 kilovolts, and

19 “(ii) any other equipment necessary
20 for the operation of a new circuit, includ-
21 ing equipment listed as ‘transmission
22 plant’ in the Uniform System of Accounts
23 for the Federal Energy Regulatory Com-
24 mission under part 101 of subchapter C of

1 chapter I of title 18, Code of Federal Reg-
 2 ulations.

3 “(B) EXCLUSION.—The term ‘qualified
 4 transmission property’ shall not include any
 5 property used for distribution of electricity.

6 “(4) WAGE REQUIREMENTS.—The requirements
 7 described in this paragraph with respect to any
 8 property are that the taxpayer shall ensure that any
 9 laborers and mechanics employed by contractors and
 10 subcontractors in—

11 “(A) the construction of such property, or

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

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

22 “(d) CERTAIN PROGRESS EXPENDITURE RULES
 23 MADE APPLICABLE.—Rules similar to the rules of sub-
 24 sections (c)(4) and (d) of section 46 (as in effect on the
 25 day before the date of the enactment of the Revenue Rec-

1 onciliation Act of 1990) shall apply for purposes of sub-
 2 section (a).

3 “(e) CREDIT PHASE-OUT.—

4 “(1) IN GENERAL.—If the Secretary, in con-
 5 sultation with the Secretary of Energy and the Ad-
 6 ministrator of the Environmental Protection Agency,
 7 determines that the annual greenhouse gas emis-
 8 sions from the production of electricity in the United
 9 States are equal to or less than 25 percent of the
 10 annual greenhouse gas emissions from the produc-
 11 tion of electricity in the United States for calendar
 12 year 2021, the amount of the clean electricity invest-
 13 ment credit under subsection (a) for any qualified
 14 property or grid improvement property the construc-
 15 tion of which begins during a calendar year de-
 16 scribed in paragraph (2) shall be equal to the prod-
 17 uct of—

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

21 “(B) the phase-out percentage under para-
 22 graph (2).

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

1 “(A) for property the construction of which
2 begins during the first calendar year following
3 the calendar year in which the determination
4 described in paragraph (1) is made, 100 per-
5 cent,

6 “(B) for property the construction of
7 which begins during the second calendar year
8 following such determination year, 75 percent,

9 “(C) for property the construction of which
10 begins during the third calendar year following
11 such determination year, 50 percent, and

12 “(D) for property the construction of
13 which begins during any calendar year subse-
14 quent to the year described in subparagraph
15 (C), 0 percent.

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

19 “(g) RECAPTURE OF CREDIT.—For purposes of sec-
20 tion 50, if the Secretary, in consultation with the Adminis-
21 trator of the Environmental Protection Agency, deter-
22 mines that the greenhouse gas emissions rate for a quali-
23 fied facility is significantly higher than the anticipated
24 greenhouse gas emissions rate claimed by the taxpayer for
25 purposes of the clean electricity investment credit under

1 this section, the facility or equipment shall cease to be in-
 2 vestment credit property in the taxable year in which the
 3 determination is made.

4 “(h) FINAL GUIDANCE.—Not later than January 1,
 5 2023, the Secretary, in consultation with the Adminis-
 6 trator of the Environmental Protection Agency, shall issue
 7 final guidance regarding implementation of this section.

8 “(i) ELECTION FOR DIRECT PAYMENT.—

9 “(1) IN GENERAL.—In the case of any qualified
 10 property or grid improvement property placed in
 11 service during any taxable year, the amount of any
 12 credit determined under subsection (a) with respect
 13 to such property for such taxable year shall, at the
 14 election of the taxpayer, be treated as a payment
 15 equal to such amount which is made by the taxpayer
 16 against the tax imposed by chapter 1 for such tax-
 17 able year (regardless of whether such tax would have
 18 been on such taxpayer).

19 “(2) FORM AND EFFECT OF ELECTION.—An
 20 election under paragraph (1) shall be made prior to
 21 the date on which construction of the qualified prop-
 22 erty or grid improvement property begins and in
 23 such manner as the Secretary may prescribe. Such
 24 election, once made, shall—

1 “(A) be irrevocable with respect to the
2 qualified property or grid improvement property
3 to which such election applies, and

4 “(B) reduce the amount of the credit
5 which would (but for this subsection) be allow-
6 able under this section with respect to such
7 property for the taxable year in which such
8 property is placed in service to zero.

9 “(3) APPLICATION TO PARTNERSHIPS AND S
10 CORPORATIONS.—Rules similar to the rules of sec-
11 tion 45U(h)(3) shall apply for purposes of this sub-
12 section.”.

13 (2) PUBLIC UTILITY PROPERTY.—Paragraph
14 (2) of section 50(d) is amended—

15 (A) by adding after the first sentence the
16 following new sentence: “At the election of a
17 taxpayer, this paragraph shall not apply to any
18 grid improvement property (as defined in sec-
19 tion 48D(c)(1)(B)), provided—”, and

20 (B) by adding the following new subpara-
21 graphs:

22 “(A) no election under this paragraph shall
23 be permitted if the making of such election is
24 prohibited by, or required by, a State or polit-
25 ical subdivision thereof, by any agency or in-

1 strumentality of the United States, or by a pub-
 2 lic service or public utility commission or other
 3 similar body of any State or political subdivi-
 4 sion that regulates public utilities as described
 5 in section 7701(a)(33)(A),

6 “(B) an election under this paragraph
 7 shall be made separately with respect to each
 8 grid improvement property by the due date (in-
 9 cluding extensions) of the Federal tax return
 10 for the taxable year in which such property is
 11 placed in service by the taxpayer, and once
 12 made, may be revoked only with the consent of
 13 the Secretary, and

14 “(C) an election shall not apply with re-
 15 spect to any energy storage property (as de-
 16 fined in section 48D(c)(2)) if such property has
 17 a maximum capacity equal to or less than 500
 18 kilowatt hours.”.

19 (3) CONFORMING AMENDMENTS.—

20 (A) Section 46 is amended—

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

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

1 (iii) by adding at the end the fol-
 2 lowing new paragraph:

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

4 (B) Section 49(a)(1)(C) is amended—

5 (i) by striking “and” at the end of
 6 clause (iv),

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

9 (iii) by adding at the end the fol-
 10 lowing new clauses:

11 “(vi) the basis of any qualified prop-
 12 erty which is part of a qualified facility
 13 under section 48D, and

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

16 (C) Section 50(a)(2)(E) is amended by
 17 striking “or 48C(b)(2)” and inserting
 18 “48C(b)(2), or 48D(e)”.

19 (D) The table of sections for subpart E of
 20 part IV of subchapter A of chapter 1 is amend-
 21 ed by inserting after the item relating to section
 22 48C the following new item:

“48D. Clean electricity investment credit.”.

23 (4) EFFECTIVE DATE.—The amendments made
 24 by this subsection shall apply to property placed in
 25 service after December 31, 2022, under rules similar

1 to the rules of section 48(m) of the Internal Revenue
 2 Code of 1986 (as in effect on the day before the
 3 date of the enactment of the Revenue Reconciliation
 4 Act of 1990).

5 (b) INDIVIDUAL CREDIT.—

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

8 **“SEC. 25D. RESIDENTIAL CLEAN ELECTRICITY CREDIT.**

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

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

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

19 “(b) QUALIFIED PROPERTY.—

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

22 “(A) which is tangible personal property,

23 “(B) which is used for the generation of
 24 electricity,

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

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

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

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

10 “(2) ESTABLISHMENT OF EMISSIONS RATES
11 FOR QUALIFIED PROPERTY.—

12 “(A) IN GENERAL.—The Secretary, in con-
13 sultation with the Administrator of the Envi-
14 ronmental Protection Agency, shall establish
15 greenhouse gas emissions rates for types or cat-
16 egories of qualified property which are for use
17 in a dwelling unit, which a taxpayer shall use
18 for purposes of this section.

19 “(B) PUBLISHING EMISSIONS RATES.—
20 The Secretary shall publish a table that sets
21 forth the greenhouse gas emissions rates for
22 similar types or categories of qualified property.

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

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

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

6 “(3) has a capacity of not less than 3 kilowatt
7 hours.

8 “(d) CARRYFORWARD OF UNUSED CREDIT.—

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

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

20 “(A) the credit allowable under subsection
21 (a) for which such taxable year determined
22 without regard to this subsection, and

23 “(B) the amounts which, by reason of this
24 subsection, are carried to such taxable year and

1 are attributable to taxable years before the un-
2 used credit year.

3 “(3) APPLICABLE TAX LIMIT.—For purposes of
4 this subsection, the term ‘applicable tax limit’ means
5 the limitation imposed by section 26(a) for such tax-
6 able year reduced by the sum of the credits allowable
7 under this subpart (other than this section).

8 “(e) CREDIT PHASE-OUT.—

9 “(1) IN GENERAL.—If the Secretary determines
10 that the annual greenhouse gas emissions from the
11 production of electricity in the United States are
12 equal to or less than the percentage specified in sec-
13 tion 48D(e), the amount of the credit allowable
14 under subsection (a) for any qualified property or
15 energy storage property placed in service during a
16 calendar year described in paragraph (2) shall be
17 equal to the product of—

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

21 “(B) the phase-out percentage under para-
22 graph (2).

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

1 “(A) for property placed in service during
 2 the first calendar year following the calendar
 3 year in which the determination described in
 4 paragraph (1) is made, 100 percent,

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

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

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

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

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

22 “(2) TENANT-STOCKHOLDER IN COOPERATIVE
 23 HOUSING CORPORATION.—In the case of an indi-
 24 vidual who is a tenant-stockholder (as defined in sec-
 25 tion 216) in a cooperative housing corporation (as

defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

“(3) CONDOMINIUMS.—

“(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which the individual owns, such individual shall be treated as having made the individual's proportionate share of any expenditures of such association.

“(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term ‘condominium management association’ means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

“(4) ALLOCATION IN CERTAIN CASES.—If less than 80 percent of the use of a property is for non-business purposes, only that portion of the expenditures for such property which is properly allocable to

1 use for nonbusiness purposes shall be taken into ac-
 2 count.

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

9 “(h) FINAL GUIDANCE.—Not later than January 1,
 10 2023, the Secretary, in consultation with the Adminis-
 11 trator of the Environmental Protection Agency, shall issue
 12 final guidance regarding implementation of this section,
 13 including calculation of greenhouse gas emission rates for
 14 qualified property and determination of residential clean
 15 electricity property credits under this section.”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Paragraph (1) of section 45(d) is
 18 amended by striking “Such term” and all that
 19 follows through the period and inserting the fol-
 20 lowing: “Such term shall not include any facil-
 21 ity with respect to which any expenditures for
 22 qualified property (as defined in subsection (b)
 23 of section 25D) which uses wind to produce
 24 electricity is taken into account in determining
 25 the credit under such section.”.

1 (B) Paragraph (34) of section 1016(a) is
 2 amended by striking “section 25D(f)” and in-
 3 serting “section 25D(g)”.

4 (C) The item relating to section 25D in
 5 the table of contents for subpart A of part IV
 6 of subchapter A of chapter 1 is amended to
 7 read as follows:

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

8 (3) EFFECTIVE DATE.—The amendments made
 9 by this section shall apply to property placed in serv-
 10 ice after December 31, 2022.

11 **SEC. 103. EXTENSIONS, MODIFICATIONS, AND TERMI-**
 12 **NATIONS OF VARIOUS ENERGY PROVISIONS.**

13 (a) RESIDENTIAL ENERGY EFFICIENT PROPERTY.—

14 (1) IN GENERAL.—Section 25D(h) is amended
 15 by striking “December 31, 2023” and inserting
 16 “December 31, 2022”.

17 (2) ELIMINATION OF PHASE-OUT.—Section
 18 25D(g) is amended—

19 (A) in paragraph (1), by adding “and” at
 20 the end,

21 (B) in paragraph (2), by striking “, and”
 22 and inserting a period, and

23 (C) by striking paragraph (3).

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

4 (b) TERMINATION OF ALLOCATION OF UNUTILIZED
5 LIMITATION FOR ADVANCED NUCLEAR POWER FACILI-
6 TIES.—Section 45J(b) is amended by striking paragraph
7 (5).

8 (c) MODIFICATION OF CREDIT FOR CARBON DIOXIDE
9 SEQUESTRATION.—

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

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

14 (B) in subsection (b)(1)—

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

19 (ii) by redesignating subparagraph
20 (B) as subparagraph (C),

21 (iii) by inserting after subparagraph
22 (A) the following:

23 “(B) APPLICABLE DOLLAR AMOUNT FOR
24 DIRECT AIR CAPTURE FACILITIES.—In the case
25 of any qualified facility described in subsection

(d)(1) 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 inflation adjustment factor for such calendar 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 equal to the product of \$150 and the inflation adjustment factor for such calendar year determined under sec-

1 tion 43(b)(3)(B) for such calendar
 2 year, determined by substituting
 3 ‘2025’ for ‘1990’.”, and

4 (iv) in subparagraph (C), as so rededesignated,
 5 by inserting “or (B)” after “subparagraph (A)”,
 6

7 (C) by striking subsection (d) and inserting the following:

9 “(d) QUALIFIED FACILITY.—For purposes of this
 10 section, the term ‘qualified facility’ means—

11 “(1) any direct air capture facility, and

12 “(2) any industrial facility which captures—

13 “(A) in the case of an electricity generating facility,
 14 not less than 75 percent of the carbon oxide which
 15 would otherwise be released into the atmosphere, or

17 “(B) in the case of an industrial facility which is not an
 18 electricity generating facility, not less than 50 percent of the
 19 carbon oxide which would otherwise be released into the
 20 atmosphere.”,

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

24 “(8) ELIMINATION OF USE OF CARBON OXIDE
 25 AS TERTIARY INJECTANT.—In the case of any quali-

1 fied facility the construction of which begins after
 2 the date of enactment of the Clean Energy for
 3 America Act, subsection (a)(4)(B)(i) shall not
 4 apply.”,

5 (E) by redesignating subsection (h) as sub-
 6 section (i), and

7 (F) by inserting after subsection (g) the
 8 following:

9 “(h) CREDIT PHASE-OUT.—

10 “(1) IN GENERAL.—

11 “(A) REDUCTION BASED ON EMISSIONS
 12 FROM PRODUCTION OF ELECTRICITY.—Subject
 13 to subparagraphs (B) and (C), if the Secretary,
 14 in consultation with the Secretary of Energy
 15 and the Administrator of the Environmental
 16 Protection Agency, determines that the annual
 17 greenhouse gas emissions from the production
 18 of electricity in the United States are equal to
 19 or less than 25 percent of the annual green-
 20 house gas emissions from the production of
 21 electricity in the United States for calendar
 22 year 2021, the amount of the carbon oxide se-
 23 questration credit under subsection (a) for any
 24 qualified facility the construction of which be-

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

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

“(A) for a facility the construction of which begins during the first calendar year following the calendar year in which the determination described in paragraph (1)(A) is made, 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 (2) ELIMINATION OF ELECTION FOR APPLICA-
 12 BLE FACILITIES.—

13 (A) IN GENERAL.—Section 45Q(f), as
 14 amended by paragraph (1)(C), is amended—

15 (i) by striking paragraph (6), and
 16 (ii) by redesignating paragraphs (7)
 17 and (8) as paragraphs (6) and (7), respec-
 18 tively.

19 (B) CONFORMING AMENDMENT.—Section
 20 45Q(a)(4)(B)(i), as amended by paragraph
 21 (1)(A), is amended by striking “subsection
 22 (f)(8)” and inserting “subsection (f)(7)”.

23 (3) WAGE REQUIREMENTS.—Section 45Q(f), as
 24 amended by paragraphs (1)(C) and (2), is amended
 25 by adding at the end the following:

1 “(8) WAGE REQUIREMENTS.—

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

5 “(i) the requirements under subpara-
6 graph (B), and

7 “(ii) with respect to—

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

12 “(II) the construction of any car-
13 bon capture equipment,
14 the requirements under section 601 of the
15 Clean Energy for America Act.

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

23 “(i) in the case of any facility the con-
24 struction of which begins after the date of

1 enactment of the Clean Energy for Amer-
 2 ica Act, the construction of such facility, or
 3 “(ii) during the 12-year period begin-
 4 ning on the date on which carbon capture
 5 equipment is originally placed in service at
 6 any facility (as described in paragraphs
 7 (3)(A) and (4)(A) of subsection (a)), the
 8 alteration or repair of such facility or such
 9 equipment,
 10 shall be paid wages at rates not less than the
 11 prevailing rates for construction, alteration, or
 12 repair of a similar character in the locality as
 13 determined by the Secretary of Labor, in ac-
 14 cordance with subchapter IV of chapter 31 of
 15 title 40, United States Code.”.

16 (4) ELECTION FOR DIRECT PAYMENT.—Section
 17 45Q, as amended by the preceding paragraphs of
 18 this subsection, is amended—

19 (A) by redesignating subsection (i) as sub-
 20 section (j), and

21 (B) by inserting after subsection (h) the
 22 following:

23 “(i) ELECTION FOR DIRECT PAYMENT.—

24 “(1) IN GENERAL.—The amount of any credit
 25 determined under paragraph (3) or (4) of subsection

(a) with respect to any qualified carbon oxide for any taxable year during the period described in paragraph (3)(A) or (4)(A) of such subsection, respectively, shall, at the election of the taxpayer, be treated as a payment equal to such amount which is made by the taxpayer against the tax imposed by chapter 1 for such taxable year.

“(2) FORM AND EFFECT OF ELECTION.—An election under paragraph (1) shall be made prior to the date on which construction of the carbon capture equipment begins and in such manner as the Secretary may prescribe. Such election, once made, shall—

“(A) be irrevocable with respect to such carbon capture equipment for the period described in paragraph (3)(A) or (4)(A) of subsection (a), and

“(B) for any taxable year during such period, reduce the amount of the credit which would (but for this paragraph) be allowable under this section with respect to such equipment for such taxable year to zero.

“(3) APPLICATION TO PARTNERSHIPS AND S CORPORATIONS.—Rules similar to the rules of sec-

tion 45U(h)(3) shall apply for purposes of this subsection.”.

(5) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendments made by paragraph (1) shall apply to facilities the construction of which begins after the date of enactment of this Act.

(B) ELIMINATION OF ELECTION FOR APPLICABLE FACILITIES.—The amendments made by paragraph (2) shall take effect on the date of enactment of this Act.

(C) WAGE REQUIREMENTS.—The amendments made by paragraph (3) shall apply to facilities or equipment the construction of which begins after December 31, 2021.

(D) ELECTION FOR DIRECT PAYMENT.—The amendments made by paragraph (4) shall apply to equipment the construction of which begins after December 31, 2021.

(d) MODIFICATION OF CREDITS FOR ENERGY PROPERTY.—

(1) SOLAR ENERGY PROPERTY.—Subclause (II) of section 48(a)(2)(A)(i) is amended by striking “January 1, 2024” and inserting “January 1, 2023”.

1 (2) PHASE-OUTS.—Section 48(a) is amended—

2 (A) in paragraph (6)—

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

5 “(A) IN GENERAL.—Subject to subpara-
6 graph (B), in the case of any energy property
7 described in paragraph (3)(A)(i) the construc-
8 tion of which begins after December 31, 2019,
9 before January 1, 2023, the energy percentage
10 determined under paragraph (2) shall be equal
11 to 26 percent.”, and

12 (ii) in subparagraph (B), by striking
13 “January 1, 2024” and inserting “Janu-
14 ary 1, 2023”, and

15 (B) in paragraph (7), by striking subpara-
16 graph (A) and inserting the following:

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B), in the case of any qualified fuel cell
19 property, qualified small wind property, waste
20 energy recovery property, or energy property
21 described in paragraph (3)(A)(ii) the construc-
22 tion of which begins after December 31, 2019,
23 and before January 1, 2023, the energy per-
24 centage determined under paragraph (2) shall
25 be equal to 26 percent.”.

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

4 (e) ENERGY CREDIT.—

5 (1) SOLAR ENERGY PROPERTY.—Section
6 48(a)(3)(A) is amended—

7 (A) in clause (i), by inserting “but only
8 with respect to property the construction of
9 which begins before January 1, 2023,” after
10 “swimming pool,” and

11 (B) in clause (ii), by striking “January 1,
12 2024” and inserting “January 1, 2023”.

13 (2) GEOTHERMAL ENERGY PROPERTY.—Section
14 48(a)(3)(A)(iii) is amended by inserting “with re-
15 spect to property the construction of which begins
16 before January 1, 2023, and” after “but only”.

17 (3) QUALIFIED OFFSHORE WIND FACILITIES.—
18 Section 48(a)(5)(F) is amended by striking “Janu-
19 ary 1, 2026” each place it appears and inserting
20 “January 1, 2023”.

21 (4) QUALIFIED FUEL CELL PROPERTY.—Sec-
22 tion 48(c)(1)(D) is amended by striking “January 1,
23 2024” and inserting “January 1, 2023”.

1 (5) QUALIFIED MICROTURBINE PROPERTY.—
 2 Section 48(c)(2)(D) is amended by striking “Janu-
 3 ary 1, 2024” and inserting “January 1, 2023”.

4 (6) COMBINED HEAT AND POWER SYSTEM
 5 PROPERTY.—Section 48(c)(3)(A)(iv) is amended by
 6 striking “January 1, 2024” and inserting “January
 7 1, 2023”.

8 (7) QUALIFIED SMALL WIND ENERGY PROP-
 9 PERTY.—Section 48(c)(4)(C) is amended by striking
 10 “January 1, 2024” and inserting “January 1,
 11 2023”.

12 (8) WASTE ENERGY RECOVERY PROPERTY.—
 13 Section 48(c)(5)(D) is amended by striking “Janu-
 14 ary 1, 2024” and inserting “January 1, 2023”.

15 (f) COST RECOVERY FOR QUALIFIED FACILITIES,
 16 QUALIFIED PROPERTY, AND GRID IMPROVEMENT PROP-
 17 PERTY.—

18 (1) IN GENERAL.—Section 168(e)(3)(B) is
 19 amended—

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

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

24 (C) by inserting after clause (vii) the fol-
 25 lowing:

1 “(viii) any qualified facility (as de-
 2 fined in section 45U(b)(1)(A)), any quali-
 3 fied property (as defined in subsection
 4 (b)(2) of section 48D), or any grid im-
 5 provement property (as defined in sub-
 6 section (c)(1)(B) of such section).”.

7 (2) **ALTERNATIVE SYSTEM.**—The table con-
 8 tained in section 168(g)(3)(B) is amended by insert-
 9 ing after the item relating to subparagraph (B)(vii)
 10 the following new item:

“(B)(viii) 30”.

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

14 **TITLE II—INCENTIVES FOR** 15 **CLEAN TRANSPORTATION**

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

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

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

21 “(a) **AMOUNT OF CREDIT.**—

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

1 “(A) for any transportation fuel sold dur-
2 ing any calendar year ending before January 1,
3 2030, and amount equal to the product of—

4 “(i) \$1.00 per gallon (or gallon equiv-
5 alent) with respect to any transportation
6 fuel which is—

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

9 “(II) sold by the taxpayer in a
10 manner described in paragraph (3),
11 and

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

14 “(B) for any transportation fuel sold dur-
15 ing any calendar year beginning after December
16 31, 2029, an amount equal to the applicable
17 amount (as determined under paragraph (2))
18 per gallon (or gallon equivalent) with respect to
19 any transportation fuel which is—

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

22 “(ii) sold by the taxpayer in a manner
23 described in paragraph (3).

24 “(2) APPLICABLE AMOUNT.—For purposes of
25 paragraph (1)(B), the applicable amount with re-

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

“(A) for use by such person in the production of a fuel mixture,

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

“(C) who sells such fuel at retail to another person and places such fuel in the fuel tank of such other person.

“(4) ROUNDING.—If any amount determined under paragraph (1)(A) or (2) is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

“(b) EMISSIONS FACTORS.—

“(1) EMISSIONS FACTOR.—

“(A) CALCULATION.—

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

1 “(I) an amount equal to—

2 “(aa) the baseline emissions
3 rate, minus

4 “(bb) the emissions rate for
5 such fuel, divided by

6 “(II) the baseline emissions rate.

7 “(B) BASELINE EMISSIONS RATE.—For
8 purposes of this paragraph, the term ‘baseline
9 emissions rate’ means—

10 “(i) for any calendar year ending be-
11 fore January 1, 2026, 75 kilograms of
12 CO₂e per mmBTU,

13 “(ii) for calendar years 2026 and
14 2027, 50 kilograms of CO₂e per mmBTU,
15 and

16 “(iii) for calendar years 2028 and
17 2029, 25 kilograms of CO₂e per mmBTU.

18 “(C) ESTABLISHMENT OF EMISSIONS
19 RATE.—The Secretary, in consultation with the
20 Administrator of the Environmental Protection
21 Agency, shall establish the emissions rate for
22 similar types and categories of transportation
23 fuels based on the amount of lifecycle green-
24 house gas emissions (as described in section
25 211(o)(1)(H) of the Clean Air Act (42 U.S.C.

7545(o)(1)(H)), as in effect on the date of the enactment of this section) for such fuels, expressed as kilograms of CO₂e per mmBTU, which a taxpayer shall use for purposes of this section.

“(D) ROUNDING OF EMISSIONS RATE.—

The Secretary may round the emissions rates under subparagraph (B) to the nearest multiple of 5 kilograms of CO₂e per mmBTU, except that, in the case of an emissions rate that is less than 2.5 kilograms of CO₂e per mmBTU, the Secretary may round such rate to zero.

“(E) PROVISIONAL EMISSIONS RATE.—

“(i) IN GENERAL.—In the case of any transportation fuel for which an emissions rate has not been established by the Secretary, a taxpayer producing such fuel may file a petition with the Secretary for determination of the emissions rate with respect to such fuel.

“(ii) ESTABLISHMENT OF PROVISIONAL AND FINAL EMISSIONS RATE.—In the case of a transportation fuel for which a petition described in clause (i) has been filed, the Secretary, in consultation with

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

3 “(I) not later than 12 months
4 after the date on which the petition
5 was filed, provide a provisional emis-
6 sions rate for such fuel which a tax-
7 payer shall use for purposes of this
8 section, and

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

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

17 “(2) PUBLISHING EMISSIONS RATE.—The Sec-
18 retary shall publish a table that sets forth the emis-
19 sions rate (as established pursuant to paragraph
20 (1)) for similar types and categories of transpor-
21 tation fuels.

22 “(c) INFLATION ADJUSTMENT.—

23 “(1) IN GENERAL.—In the case of calendar
24 years beginning after 2023, the \$1.00 amount in
25 paragraphs (1)(A)(i) and (2) of subsection (a) shall

1 be adjusted by multiplying such amount by the infla-
2 tion adjustment factor for the calendar year in
3 which the sale or use of the transportation fuel oc-
4 curs. If any amount as increased under the pre-
5 ceding sentence is not a multiple of 1 cent, such
6 amount shall be rounded to the nearest multiple of
7 1 cent.

8 “(2) INFLATION ADJUSTMENT FACTOR.—For
9 purposes of paragraph (1), the inflation adjustment
10 factor shall be the inflation adjustment factor deter-
11 mined and published by the Secretary pursuant to
12 section 45U(c), determined by substituting ‘calendar
13 year 2022’ for ‘calendar year 1992’ in paragraph (3)
14 thereof.

15 “(d) CREDIT PHASE-OUT.—

16 “(1) IN GENERAL.—If the Secretary, in con-
17 sultation with the Secretary of Energy and the Ad-
18 ministrator of the Environmental Protection Agency,
19 determines that the greenhouse gas emissions from
20 the transportation of persons and goods annually in
21 the United States are equal to or less than 25 per-
22 cent of the greenhouse gas emissions from the trans-
23 portation of persons and goods in the United States
24 during calendar year 2021, the amount of the clean
25 fuel production credit under this section shall be de-

1 terminated by substituting the applicable amount (as
 2 determined under paragraph (2)(A)) for the dollar
 3 amount in paragraphs (1)(A)(i) and (2) of sub-
 4 section (a).

5 “(2) APPLICABLE DOLLAR AMOUNT.—

6 “(A) IN GENERAL.—The applicable
 7 amount for any taxable year described in sub-
 8 paragraph (B) shall be an amount equal to the
 9 product of—

10 “(i) the dollar amount in paragraphs
 11 (1)(A)(i) and (2) of subsection (a) (as ad-
 12 justed by subsection (c)), multiplied by

13 “(ii) the phase-out percentage under
 14 subparagraph (B).

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

18 “(i) for any taxable year beginning in
 19 the first calendar year following the cal-
 20 endar year in which the determination de-
 21 scribed in paragraph (1) is made, 100 per-
 22 cent,

23 “(ii) for any taxable year beginning in
 24 the second calendar year following such de-
 25 termination year, 75 percent,

1 “(iii) for any taxable year beginning
 2 in the third calendar year following such
 3 determination year, 50 percent, and

4 “(iv) for any taxable year beginning in
 5 any calendar year subsequent to the year
 6 described in clause (iii), 0 percent.

7 “(e) DEFINITIONS.—In this section:

8 “(1) mmBTU.—The term ‘mmBTU’ means
 9 1,000,000 British thermal units.

10 “(2) CO₂e.—The term ‘CO₂e’ means, with re-
 11 spect to any greenhouse gas, the equivalent carbon
 12 dioxide (as determined based on relative global
 13 warming potential).

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

19 “(4) QUALIFIED FACILITY.—

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

22 “(i) used for the production of trans-
 23 portation fuels, and

24 “(ii) which—

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

3 “(II) with respect to the con-
4 struction of such facility, satisfies the
5 requirements under section 601 of the
6 Clean Energy for America Act.

7 “(B) WAGE REQUIREMENTS.—The re-
8 quirements described in this subparagraph with
9 respect to any facility are that the taxpayer
10 shall ensure that any laborers and mechanics
11 employed by contractors and subcontractors
12 in—

13 “(i) the construction of such facility,
14 or

15 “(ii) for any year described in sub-
16 section (a)(1) for which the credit under
17 this section is claimed, the alteration or re-
18 pair of such facility,

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

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

4 “(f) FINAL GUIDANCE.—Not later than January 1,
5 2023, the Secretary, in consultation with the Adminis-
6 trator of the Environmental Protection Agency, shall issue
7 final guidance regarding implementation of this section,
8 including calculation of emissions factors for transpor-
9 tation fuel, the table described in subsection (b)(2), and
10 the determination of clean fuel production credits under
11 this section.

12 “(g) SPECIAL RULES.—

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

15 “(A) IN GENERAL.—No clean fuel produc-
16 tion credit shall be determined under subsection
17 (a) with respect to any transportation fuel un-
18 less—

19 “(i) the taxpayer is registered as a
20 producer of clean fuel under section 4101
21 at the time of production, and

22 “(ii) such fuel is produced in the
23 United States.

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

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

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

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

1 “(5) ALLOCATION OF CREDIT TO PATRONS OF
2 AGRICULTURAL COOPERATIVE.—

3 “(A) ELECTION TO ALLOCATE.—

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

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

22 “(B) TREATMENT OF ORGANIZATIONS AND
23 PATRONS.—The amount of the credit appor-
24 tioned to any patrons under subparagraph
25 (A)—

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

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

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

23 “(i) such reduction, over

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

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

18 (b) CONFORMING AMENDMENTS.—

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

21 (A) in paragraph (33), by striking “plus”
 22 at the end,

23 (B) in paragraph (34), by striking the pe-
 24 riod at the end and inserting “, plus”, and

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

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

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

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

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

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to transportation fuel produced
15 after December 31, 2022.

16 **SEC. 202. TRANSPORTATION ELECTRIFICATION.**

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

19 (1) IN GENERAL.—Section 30B(k) is amend-
20 ed—

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

22 (B) by redesignating paragraphs (2)
23 through (4) as paragraphs (1) through (3), re-
24 spectively.

1 (2) PHASE-OUT.—Section 30B is amended by
2 adding at the end the following:

3 “(1) CREDIT PHASE-OUT FOR NEW QUALIFIED FUEL
4 CELL MOTOR VEHICLES.—

5 “(1) IN GENERAL.—Following a determination
6 by the Secretary, in consultation with the Secretary
7 of Transportation, that total annual sales of new
8 qualified fuel cell motor vehicles and new qualified
9 plug-in electric drive motor vehicles (as defined in
10 section 30D(d)(1)) in the United States are greater
11 than 50 percent of total annual sales of new pas-
12 senger vehicles in the United States, the amount of
13 the new qualified fuel cell motor vehicle credit under
14 this section for any new qualified fuel cell motor ve-
15 hicle purchased during a calendar year described in
16 paragraph (2) shall be equal to the product of—

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

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

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

24 “(A) for a vehicle purchased during the
25 first calendar year following the calendar year

1 in which the determination described in para-
 2 graph (1) is made, 100 percent,

3 “(B) for a vehicle purchased during the
 4 second calendar year following such determina-
 5 tion year, 75 percent,

6 “(C) for a vehicle purchased during the
 7 third calendar year following such determina-
 8 tion year, 50 percent, and

9 “(D) for a vehicle purchased during any
 10 calendar year subsequent to the year described
 11 in subparagraph (C), 0 percent.”.

12 (3) EFFECTIVE DATE.—The amendments made
 13 by this subsection shall apply to property purchased
 14 after December 31, 2021.

15 (b) ALTERNATIVE FUEL VEHICLE REFUELING
 16 PROPERTY CREDIT.—

17 (1) EXTENSION AND MODIFICATION.—

18 (A) IN GENERAL.—Section 30C is amend-
 19 ed—

20 (i) in subsection (b)—

21 (I) by striking “with respect to
 22 all qualified alternative fuel vehicle re-
 23 fueling property placed in service by
 24 the taxpayer during the taxable year
 25 at a location” and inserting “with re-

spect to any single item of qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year”, and

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

(ii) in subsection (e), by adding at the end the following:

“(7) WAGE REQUIREMENTS.—

“(A) IN GENERAL.—The term ‘qualified alternative fuel vehicle refueling property’ shall not include any property which fails to satisfy—

“(i) the requirements under subparagraph (B), and

“(ii) with respect to the construction of such property, the requirements under section 601 of the Clean Energy for America Act.

“(B) REQUIREMENTS.—The requirements described in this subparagraph with respect to any property are that the taxpayer shall ensure that any laborers and mechanics employed by contractors and subcontractors in the construction of such property are to be paid wages at rates not less than the prevailing rates for con-

struction 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.”, and

(iii) in subsection (g), by striking “December 31, 2021” and inserting “December 31, 2022”.

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

(2) ADDITIONAL MODIFICATION.—

(A) IN GENERAL.—Section 30C, as amended by paragraph (1), 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—

1 “(i) which consists of—

2 “(I) any transportation fuel—

3 “(aa) for which the clean
4 fuel production credit is allowed
5 under section 45V with respect to
6 the production and sale of such
7 fuel, and

8 “(bb) which is a liquid fuel,
9 and

10 “(II) any taxable fuel (as defined
11 in section 4083(a)(1)), and

12 “(ii) at least 20 percent of the volume
13 of which consists of fuel described in
14 clause (i)(I).”, and

15 (ii) by striking subsection (g) and in-
16 serting the following:

17 “(g) CREDIT PHASE-OUT.—

18 “(1) IN GENERAL.—Following a determination
19 by the Secretary under section 45V(d)(1) that the
20 greenhouse gas emissions from the transportation of
21 persons and goods annually in the United States are
22 equal to or less than 25 percent of the greenhouse
23 gas emissions from the transportation of persons
24 and goods in the United States during calendar year
25 2021, the amount of the credit under this section for

1 any qualified alternative fuel vehicle refueling prop-
 2 erty placed in service during a calendar year de-
 3 scribed in paragraph (2) shall be equal to the prod-
 4 uct of—

5 “(A) the amount of the credit allowed
 6 under subsection (a) (as determined without re-
 7 gard to this subsection), 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 property placed in service
 13 during the first calendar year following the cal-
 14 endar year in which the determination described
 15 in paragraph (1) is made, 100 percent,

16 “(B) for any property placed in service
 17 during the second calendar year following such
 18 determination year, 75 percent,

19 “(C) for any property placed in service
 20 during the third calendar year following such
 21 determination year, 50 percent, and

22 “(D) for any property placed in service
 23 during any calendar year subsequent to the
 24 year described in subparagraph (C), 0 per-
 25 cent.”.

1 (c) ELECTRIC VEHICLES.—

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

4 (A) IN GENERAL.—Section 30D(g)(3)(E)
5 is amended by striking clause (ii) and inserting
6 the following:

7 “(ii) after December 31, 2014.”.

8 (B) EFFECTIVE DATE.—The amendments
9 made by this paragraph shall apply to vehicles
10 acquired after December 31, 2020.

11 (2) ELIMINATION ON LIMITATION ON NUMBER
12 OF VEHICLES ELIGIBLE FOR CREDIT.—

13 (A) IN GENERAL.—Section 30D is amend-
14 ed by striking subsection (e).

15 (B) EFFECTIVE DATE.—The amendment
16 made by this paragraph shall apply to vehicles
17 sold after the date of the enactment of this Act.

18 (3) MAKING NEW QUALIFIED PLUG-IN ELEC-
19 TRIC DRIVE MOTOR VEHICLE CREDIT REFUNDABLE
20 FOR INDIVIDUALS.—

21 (A) IN GENERAL.—The Internal Revenue
22 Code of 1986 is amended—

23 (i) by redesignating section 30D as
24 section 36C, and

(ii) by moving section 36C (as so redesignated) 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

1 (V) in subsection (e)(3)(B), as so
 2 redesignated, by striking “subsection
 3 (d)(1)” and inserting “subsection
 4 (c)(1)”.

5 (ii) Subsection (l)(1) of section 30B,
 6 as added by subsection (a)(2), is amended
 7 by striking “section 30D(d)(1)” and in-
 8 serting “section 36C(c)(1)”.

9 (iii) Paragraph (37) of section
 10 1016(a) is amended by striking “section
 11 30D(f)(1)” and inserting “section
 12 36C(d)(1)”.

13 (iv) Section 6501(m) is amended by
 14 striking “30D(e)(4)” and inserting
 15 “36C(d)(6)”.

16 (v) Section 166(b)(5)(A)(ii) of title
 17 23, United States Code, is amended by
 18 striking “section 30D(d)(1)” and inserting
 19 “section 36C(c)(1)”.

20 (vi) The table of sections for subpart
 21 C of part IV of subchapter A of chapter 1
 22 is amended by inserting after the item re-
 23 lating to section 36B the following new
 24 item:

“Sec. 36C. New qualified plug-in electric drive motor vehicles.”.

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

4 (4) VIN REQUIREMENT.—

5 (A) IN GENERAL.—Section 36C(c)(1), as
 6 redesignated and moved by paragraph (3), is
 7 amended—

8 (i) in subparagraph (E), by striking
 9 “and” at the end,

10 (ii) in subparagraph (F)(ii), by strik-
 11 ing the period at the end and inserting “,
 12 and”, and

13 (iii) by adding at the end the fol-
 14 lowing:

15 “(G) for which the taxpayer has provided
 16 the vehicle identification number on the return
 17 of tax for the taxable year.”.

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.”.

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

11 (5) PHASE-OUT.—Section 36C, as redesignated,
 12 moved, and amended by the preceding paragraphs of
 13 this subsection, is amended by adding at the end the
 14 following:

15 “(f) CREDIT PHASE-OUT.—

16 “(1) IN GENERAL.—Following a determination
 17 by the Secretary, in consultation with the Secretary
 18 of Transportation, that total annual sales of new
 19 qualified fuel cell motor vehicles (as defined in sec-
 20 tion 30B(b)(3)) and new qualified plug-in electric
 21 drive motor vehicles in the United States are greater
 22 than 50 percent of total annual sales of new pas-
 23 senger vehicles in the United States, the amount of
 24 the credit allowed under this section for any new
 25 qualified plug-in electric drive motor vehicle sold or

1 qualified 2- or 3-wheeled plug-in electric vehicle ac-
 2 quired during a calendar year described in para-
 3 graph (2) shall be equal to the product of—

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

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

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

11 “(A) for a vehicle sold or acquired during
 12 the first calendar year following the calendar
 13 year in which the determination described in
 14 paragraph (1) is made, 100 percent,

15 “(B) for a vehicle sold or acquired during
 16 the second calendar year following such deter-
 17 mination year, 75 percent,

18 “(C) for a vehicle sold or acquired during
 19 the third calendar year following such deter-
 20 mination year, 50 percent, and

21 “(D) for a vehicle sold or acquired during
 22 any calendar year subsequent to the year de-
 23 scribed in subparagraph (C), 0 percent.”.

24 (6) QUALIFIED COMMERCIAL ELECTRIC VEHI-
 25 CLES.—

1 (A) IN GENERAL.—Subpart D of part IV
 2 of subchapter A of chapter 1, as amended by
 3 sections 101 and 201, is amended by adding at
 4 the end the following new section:

5 **“SEC. 45W. CREDIT FOR QUALIFIED COMMERCIAL ELEC-**
 6 **TRIC VEHICLES.**

7 “(a) IN GENERAL.—For purposes of section 38, the
 8 qualified commercial electric vehicle credit for any taxable
 9 year is an amount equal to the sum of the credit amounts
 10 determined under subsection (b) with respect to each
 11 qualified commercial electric vehicle placed in service by
 12 the taxpayer during the taxable year.

13 “(b) PER VEHICLE AMOUNT.—

14 “(1) IN GENERAL.—The amount determined
 15 under this subsection with respect to any qualified
 16 commercial electric vehicle shall be equal the lesser
 17 of—

18 “(A) 30 percent of the basis of such vehi-
 19 cle, or

20 “(B) the incremental cost of such vehicle.

21 “(2) INCREMENTAL COST.—

22 “(A) IN GENERAL.—For purposes of para-
 23 graph (1)(B), the incremental cost of any quali-
 24 fied commercial electric vehicle is an amount
 25 equal to the excess of the manufacturer’s sug-

1 gested retail price for such vehicle over such
2 price for a comparable vehicle.

3 “(B) COMPARABLE VEHICLE.—For pur-
4 poses of this paragraph, the term ‘comparable
5 vehicle’ means, with respect to any qualified
6 commercial electric vehicle, any vehicle which is
7 powered solely by a gasoline or diesel internal
8 combustion engine and which is comparable in
9 weight, size, and use to such vehicle.

10 “(c) QUALIFIED COMMERCIAL ELECTRIC VEHI-
11 CLE.—For purposes of this section, the term ‘qualified
12 commercial electric vehicle’ means any vehicle which—

13 “(1) meets the requirements of subparagraphs
14 (A), (B), (C), (D), and (G) of section 36C(c)(1),

15 “(2) is primarily propelled by an electric motor
16 which draws electricity from a battery which—

17 “(A) has a capacity of not less than 10 kil-
18 owatt hours, and

19 “(B) is capable of being recharged from an
20 external source of electricity, and

21 “(3) is of a character subject to the allowance
22 for depreciation.

23 “(d) SPECIAL RULES.—

1 “(1) IN GENERAL.—Rules similar to the rules
2 under subsections (d) of section 36C shall apply for
3 purposes of this section.

4 “(2) PROPERTY USED BY TAX-EXEMPT ENTI-
5 TY.—In the case of a vehicle the use of which is de-
6 scribed in paragraph (3) or (4) of section 50(b) and
7 which is not subject to a lease, the person who sold
8 such vehicle to the person or entity using such vehi-
9 cle shall be treated as the taxpayer that placed such
10 vehicle in service, but only if such person clearly dis-
11 closes to such person or entity in a document the
12 amount of any credit allowable under subsection (a)
13 with respect to such vehicle.

14 “(e) CREDIT PHASE-OUT.—

15 “(1) IN GENERAL.—Following a determination
16 by the Secretary, in consultation with the Secretary
17 of Transportation, that total annual sales of quali-
18 fied commercial electric vehicles in the United States
19 are greater than 50 percent of total annual sales of
20 new commercial vehicles in the United States, the
21 amount of the credit allowed under this section for
22 any qualified commercial electric vehicle acquired
23 during a calendar year described in paragraph (2)
24 shall be equal to the product of—

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

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

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

8 “(A) for a vehicle acquired during the first
9 calendar year following the calendar year in
10 which the determination described in paragraph
11 (1) is made, 100 percent,

12 “(B) for a vehicle acquired during the sec-
13 ond calendar year following such determination
14 year, 75 percent,

15 “(C) for a vehicle acquired during the
16 third calendar year following such determina-
17 tion year, 50 percent, and

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

21 (B) CONFORMING AMENDMENTS.—

22 (i) Section 38(b) is amended by strik-
23 ing paragraph (30) and inserting the fol-
24 lowing:

“(30) the qualified commercial electric vehicle credit determined under section 45W,”.

(ii) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by sections 101 and 102, is amended by adding at the end the following new item:

“Sec. 45W. Credit for qualified commercial electric vehicles.”.

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

SEC. 203. TEMPORARY EXTENSIONS OF EXISTING FUEL INCENTIVES.

(a) SECOND GENERATION BIOFUEL PRODUCER CREDIT.—

(1) IN GENERAL.—Section 40(b)(6)(J)(i) is amended by striking “2022” and inserting “2023”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to qualified second generation biofuel production after December 31, 2021.

(b) CREDIT FOR ALTERNATIVE FUEL MIXTURES.—

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

(A) in subsection (d)—

(i) in paragraph (2)(D), by striking “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) BIODIESEL, BIODIESEL MIXTURES, AND ALTER-
13 NATIVE FUELS.—

14 (1) IN GENERAL.—Section 6427(e)(6)(C) is
15 amended by striking “2021” and inserting “2022”.

16 (2) EFFECTIVE DATE.—The amendments made
17 by this subsection shall apply to fuel sold or used
18 after December 31, 2021.

19 **TITLE III—INCENTIVES FOR** 20 **ENERGY EFFICIENCY**

21 **SEC. 301. CREDIT FOR NEW ENERGY EFFICIENT RESIDEN-** 22 **TIAL BUILDINGS.**

23 (a) IN GENERAL.—Section 45L is amended to read
24 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 requirements for new residential con-
6 struction under—

7 “(I) the Energy Star program
8 (or any successor program, as deter-
9 mined by the Secretary), as in effect
10 on January 1 of the year in which
11 construction of the dwelling unit be-
12 gins, 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) which satisfies the requirements
20 under subparagraph (B).

21 “(B) WAGE REQUIREMENTS.—The re-
22 quirements described in this subparagraph with
23 respect to any dwelling unit are that the eligible
24 contractor shall ensure that any laborers and
25 mechanics employed by such contractor and

1 subcontractors in the construction of such
2 dwelling unit shall be paid wages at rates not
3 less than the prevailing rates for construction of
4 a similar character in the locality as determined
5 by the Secretary of Labor, in accordance with
6 subchapter IV of chapter 31 of title 40, United
7 States Code.

8 “(d) CERTIFICATION.—A certification described in
9 this section shall be made—

10 “(1) by a third party which is accredited by a
11 certification program approved by the Secretary, in
12 consultation with the Secretary of Energy, and

13 “(2) in accordance with—

14 “(A) any applicable rules under the En-
15 ergy Star or Zero Energy Ready Home pro-
16 grams, as in effect on the date on which con-
17 struction of the dwelling unit begins, and

18 “(B) guidance prescribed by the Secretary,
19 in consultation with the Secretary of Energy.

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

1 for this subsection) result from such expenditure shall be
 2 reduced by the amount of the credit so determined.

3 “(f) COORDINATION WITH INVESTMENT CREDITS.—
 4 For purposes of this section, expenditures taken into ac-
 5 count under section 25D or 47 shall not be taken into
 6 account under this section.”.

7 (b) EFFECTIVE DATE.—The amendment made by
 8 this section shall apply to any qualified residence acquired
 9 after December 31, 2021.

10 **SEC. 302. ENERGY EFFICIENT HOME IMPROVEMENT CRED-**
 11 **IT.**

12 (a) IN GENERAL.—Section 25C is amended to read
 13 as follows:

14 **“SEC. 25C. ENERGY EFFICIENT HOME IMPROVEMENT**
 15 **CREDIT.**

16 “(a) IN GENERAL.—In the case of an individual,
 17 there shall be allowed as a credit against the tax imposed
 18 by this chapter for the taxable year an amount equal to
 19 the lesser of—

20 “(1) the sum of the applicable qualified prop-
 21 erty amounts for any qualified property placed in
 22 service by the individual during such taxable year, or

23 “(2) \$1,500.

24 “(b) APPLICABLE QUALIFIED PROPERTY AMOUNT.—

1 “(1) IN GENERAL.—For any qualified property,
2 the applicable qualified property amount shall be
3 equal to the lesser of—

4 “(A) 30 percent of the amount paid or in-
5 curred by the individual for such qualified prop-
6 erty (including any expenditures for labor costs
7 properly allocable to the onsite preparation, as-
8 sembly, or original installation of such prop-
9 erty), or

10 “(B) \$600.

11 “(2) ADJUSTMENT FOR INFLATION.—

12 “(A) IN GENERAL.—In the case of a tax-
13 able year beginning after 2022, the dollar
14 amount in paragraph (1)(B) shall be increased
15 by an amount equal to—

16 “(i) such dollar amount, multiplied by

17 “(ii) the cost-of-living adjustment de-
18 termined under section 1(f)(3) for the cal-
19 endar year, determined by substituting
20 ‘calendar year 2021’ for ‘calendar year
21 2016’ in subparagraph (A)(ii) thereof.

22 “(B) ROUNDING.—If any amount as in-
23 creased under subparagraph (A) is not a mul-
24 tiple of \$10, such amount shall be rounded to
25 the nearest multiple of \$10.

1 “(c) QUALIFIED PROPERTY.—

2 “(1) IN GENERAL.—The term ‘qualified prop-
3 erty’ means a furnace, boiler, condensing water heat-
4 er, central air conditioning unit, heat pump, biomass
5 property, or building envelope improvement which—

6 “(A) except in the case of a building enve-
7 lope improvement, meets or exceeds the require-
8 ments of the highest efficiency tier (not includ-
9 ing any advanced tier) established by the Con-
10 sortium for Energy Efficiency which are in ef-
11 fect at the time that the property is placed in
12 service,

13 “(B) is installed according to applicable
14 Air Conditioning Contractors of America Qual-
15 ity Installation standards which are in effect at
16 the time that the property was placed in serv-
17 ice,

18 “(C) is for use in a dwelling unit which is
19 located in the United States and used as a resi-
20 dence by the individual, and

21 “(D) is reasonably expected to remain in
22 service in such dwelling unit for not less than
23 5 years.

24 “(2) SPECIAL RULES FOR CERTAIN HEAT
25 PUMPS.—

1 “(A) AIR-SOURCE HEAT PUMPS.—In the
 2 case of any air-source heat pump which satisfies
 3 the requirements under paragraph (1), sub-
 4 section (b)(1)(B) shall be applied by sub-
 5 stituting ‘\$800’ for ‘\$600’.

6 “(B) GROUND SOURCE HEAT PUMP.—

7 “(i) IN GENERAL.—In the case of any
 8 qualified geothermal heat pump property
 9 which satisfies the requirements under
 10 subparagraphs (B) through (D) of para-
 11 graph (1)—

12 “(I) subsection (b)(1)(B) shall be
 13 applied by substituting ‘\$10,000’ for
 14 ‘\$600’, and

15 “(II) subsection (a)(2) shall not
 16 apply.

17 “(ii) QUALIFIED GEOTHERMAL HEAT
 18 PUMP PROPERTY.—For purposes of this
 19 subparagraph, the term ‘qualified geo-
 20 thermal heat pump property’ means any
 21 equipment which—

22 “(I) uses the ground or ground
 23 water as a thermal energy source to
 24 heat a dwelling unit located in the
 25 United States and used as a residence

1 by the taxpayer or as a thermal en-
 2 ergy sink to cool such dwelling unit,
 3 and

4 “(II) meets the requirements of
 5 the Energy Star program which are in
 6 effect at the time that the expenditure
 7 for such equipment is made.

8 “(3) SPECIAL RULE FOR INSULATION.—In the
 9 case of any building envelope improvement described
 10 in subsection (d)(2)(A) which satisfies the require-
 11 ments under paragraph (1), subsection (b)(1)(B)
 12 shall not apply.

13 “(d) OTHER DEFINITIONS.—

14 “(1) BIOMASS PROPERTY.—

15 “(A) IN GENERAL.—For purposes of this
 16 section, the term ‘biomass property’ means any
 17 property which—

18 “(i) uses the burning of biomass fuel
 19 to heat a dwelling unit or to heat water for
 20 use in a dwelling unit, and

21 “(ii) using the higher heating value,
 22 has a thermal efficiency of not less than 75
 23 percent.

24 “(B) BIOMASS FUEL.—For purposes of
 25 subparagraph (A), the term ‘biomass fuel’

1 means any plant-derived fuel which is available
2 on a renewable or recurring basis, including any
3 such fuel which has been subject to a
4 densification process (such as wood pellets).

5 “(2) BUILDING ENVELOPE IMPROVEMENT.—

6 For purposes of this section, the term ‘building en-
7 velope improvement’ means—

8 “(A) any insulation material or system
9 which—

10 “(i) is specifically and primarily de-
11 signed to reduce the heat loss or gain of a
12 dwelling unit when installed in or on such
13 dwelling unit, and

14 “(ii) meets the prescriptive criteria for
15 such material or system established by the
16 International Energy Conservation Code,
17 as such Code (including supplements) is in
18 effect on January 1 of the calendar year in
19 which such material or system is installed,
20 and

21 “(B) exterior doors and windows (including
22 skylights) which received the most efficient cer-
23 tification under applicable Energy Star program
24 requirements which are in effect on January 1

1 of the calendar year in which the property is
2 placed in service.

3 “(3) MANUFACTURED HOMES INCLUDED.—For
4 purposes of this section, the term ‘dwelling unit’ in-
5 cludes a manufactured home which conforms to Fed-
6 eral Manufactured Home Construction and Safety
7 Standards (part 3280 of title 24, Code of Federal
8 Regulations).

9 “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall
10 be allowed under subsection (a) for any amounts paid or
11 incurred for which a deduction or credit is allowed under
12 any other provision of this chapter.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
14 for subpart A of part IV of subchapter A of chapter 1
15 is amended by striking the item relating to section 25C
16 and inserting after the item relating to section 25B the
17 following item:

“25C. Energy efficient home improvement credit.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to qualified property placed in
20 service after December 31, 2021.

21 **SEC. 303. ENHANCEMENT OF ENERGY EFFICIENT COMMER-**
22 **CIAL BUILDINGS DEDUCTION.**

23 (a) IN GENERAL.—Section 179D is amended—

24 (1) by striking subsection (b) and inserting the
25 following:

1 “(b) MAXIMUM AMOUNT OF DEDUCTION.—

2 “(1) IN GENERAL.—The deduction under sub-
3 section (a) with respect to any building for any tax-
4 able year shall not exceed the excess (if any) of—

5 “(A) the product of—

6 “(i) the applicable dollar value, and

7 “(ii) the square footage of the build-
8 ing, over

9 “(B) the aggregate amount of the deduc-
10 tions under subsection (a) with respect to the
11 building for all prior taxable years.

12 “(2) APPLICABLE DOLLAR VALUE.—For pur-
13 poses of paragraph (1)(A)(i), the applicable dollar
14 value shall be an amount equal to \$2.50 increased
15 (but not above \$5.00) by \$0.10 for each percentage
16 point by which the total annual energy and power
17 costs for the building are certified to be reduced by
18 a percentage greater than 25 percent.”,

19 (2) in subsection (c)(1)—

20 (A) in subparagraph (C)(iii), by striking

21 “and” at the end,

22 (B) in subparagraph (D)—

23 (i) by striking “50 percent” and in-
24 serting “25 percent”, and

1 (ii) by striking the period at the end
 2 and inserting “, and”, and

3 (C) by adding at the end the following:

4 “(E) which satisfies the requirements—

5 “(i) under subsection (d)(7), and

6 “(ii) with respect to the construction
 7 of such property, the requirements under
 8 section 601 of the Clean Energy for Amer-
 9 ica Act.”,

10 (3) in subsection (d)—

11 (A) by striking paragraph (1),

12 (B) by striking paragraph (4) and insert-
 13 ing the following:

14 “(4) ALLOCATION OF DEDUCTION.—

15 “(A) IN GENERAL.—In the case of energy
 16 efficient commercial building property installed
 17 on or in property owned by an eligible entity,
 18 the Secretary shall promulgate regulations to
 19 allow the allocation of the deduction to the per-
 20 son primarily responsible for designing the
 21 property in lieu of the owner of such property,
 22 with such person to be treated as the taxpayer
 23 for purposes of this section.

1 “(B) ELIGIBLE ENTITY.—For purposes of
2 this paragraph, the term ‘eligible entity’
3 means—

4 “(i) a Federal, State, or local govern-
5 ment or a political subdivision thereof,

6 “(ii) an Indian tribe (as defined in
7 section 45A(c)(6)), or

8 “(iii) an organization described in sec-
9 tion 501(c) and exempt from tax under
10 section 501(a).”, and

11 (C) by adding at the end the following:

12 “(7) WAGE REQUIREMENTS.—The requirements
13 described in this paragraph with respect to any
14 property are that the taxpayer shall ensure that any
15 laborers and mechanics employed by contractors and
16 subcontractors in the construction of such property
17 shall be paid wages at rates not less than the pre-
18 vailing rates for construction of a similar character
19 in the locality as determined by the Secretary of
20 Labor, in accordance with subchapter IV of chapter
21 31 of title 40, United States Code.”,

22 (4) by striking subsection (f), and

23 (5) in subsection (g)—

24 (A) by striking “2020, each dollar amount
25 in subsection (b) or subsection (d)(1)(A)” and

1 inserting “2022, each dollar amount in sub-
 2 section (b)(2)”,

3 (B) in paragraph (2), by striking “2019”
 4 and inserting “2021”, and

5 (C) in the flush matter at the end, by
 6 striking “a multiple of 1 cent shall be rounded
 7 to the nearest cent” and inserting “a multiple
 8 of 10 cents shall be rounded to the nearest mul-
 9 tiple of 10 cents”.

10 (b) CONFORMING AMENDMENTS.—Section 179D, as
 11 amended by subsection (a), is amended—

12 (1) in subsection (c)(1)(D)—

13 (A) by striking “subsection (d)(6)” and in-
 14 serting “subsection (d)(5)”, and

15 (B) by striking “subsection (d)(2)” and in-
 16 serting “subsection (d)(1)”,

17 (2) in subsection (d)—

18 (A) by redesignating paragraphs (2)
 19 through (6) as paragraphs (1) through (5), re-
 20 spectively,

21 (B) in paragraph (2), as so redesignated,
 22 by striking “paragraph (2)” and inserting
 23 “paragraph (1)”, and

1 (C) in paragraph (4), as so redesignated,
 2 by striking “paragraph (3)(B)(iii)” and insert-
 3 ing “paragraph (2)(B)(iii)”,
 4 (3) by redesignating subsections (g) and (h) as
 5 subsections (f) and (g), respectively, and
 6 (4) in subsection (g)(2), as so redesignated, by
 7 striking “or (d)(1)(A)”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to any property placed in service
 10 after December 31, 2021.

11 **SEC. 304. ENHANCEMENT OF ENERGY CREDIT FOR GEO-**
 12 **THERMAL HEAT PUMPS.**

13 (a) IN GENERAL.—Section 48(a) is amended—

14 (1) in paragraph (2)(A)(i)(III), by striking
 15 “paragraph (3)(A)(ii)” and inserting “clause (ii) or
 16 (vii) of paragraph (3)(A)”, and

17 (2) in paragraph (3)(A)(vii), by striking “but
 18 only with respect to property the construction of
 19 which begins before January 1, 2024,”.

20 (b) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to property the construction of
 22 which begins after December 31, 2021.

1 **TITLE IV—CLEAN ELECTRICITY**
 2 **AND FUEL BONDS**

3 **SEC. 401. CLEAN ENERGY BONDS.**

4 (a) IN GENERAL.—Part IV of subchapter A of chap-
 5 ter 1 is amended by inserting after subpart G the following
 6 new subpart:

7 **“Subpart H—Clean Energy Bonds**

 “Sec. 54. Clean energy bonds.

8 **“SEC. 54. CLEAN ENERGY BONDS.**

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

16 “(b) AMOUNT OF CREDIT.—

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

23 “(2) APPLICABLE PERCENTAGE.—

24 “(A) IN GENERAL.—

1 “(i) MAXIMUM PERCENTAGE.—Except
2 as provided in clause (ii), the applicable
3 percentage is 70 percent.

4 “(ii) REDUCTION OF CREDIT BASED
5 ON GREENHOUSE GAS EMISSION RATE.—In
6 the case of a qualified facility described in
7 subsection (e)(4) of section 45V, the appli-
8 cable percentage shall be reduced (but not
9 below zero) by an amount which bears the
10 same ratio to the percentage in effect
11 under clause (i) as the anticipated average
12 emissions rate for all transportation fuel
13 produced by such facility bears to the base-
14 line emissions rate (as determined under
15 subsection (b)(1)(B) of such section).

16 “(B) ROUNDING.—If any applicable per-
17 centage determined under subparagraph (A) is
18 not a whole percentage point, such percentage
19 shall be rounded to the nearest whole percent-
20 age point.

21 “(C) PUBLISHED EMISSIONS RULES.—
22 Rules similar to the rules of section 45V(b)
23 shall apply for purposes of this section.

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

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

4 “(A) the sum of the regular tax liability
5 (as defined in section 26(b)) plus the tax im-
6 posed by section 55, over

7 “(B) the sum of the credits allowable
8 under this part (other than subpart C and this
9 subpart).

10 “(2) CARRYOVER OF UNUSED CREDIT.—If the
11 credit allowable under subsection (a) exceeds the
12 limitation imposed by paragraph (1) for such taxable
13 year, such excess shall be carried to the succeeding
14 taxable year and added to the credit allowable under
15 subsection (a) for such taxable year (determined be-
16 fore the application of paragraph (1) for such suc-
17 ceeding taxable year).

18 “(d) CLEAN ENERGY BOND.—

19 “(1) IN GENERAL.—For purposes of this sec-
20 tion, the term ‘clean energy bond’ means any bond
21 issued as part of an issue if—

22 “(A) 100 percent of the excess of the avail-
23 able project proceeds of such issue over the
24 amounts in a reasonably required reserve (with-
25 in the meaning of section 150(a)(3)) with re-

1 spect to such issue are to be used for capital ex-
 2 penditures incurred by an entity described in
 3 subparagraph (B) for—

4 “(i) 1 or more qualified facilities, or

5 “(ii) grid improvement property (as
 6 defined in section 48D(c)(1)(B)),

7 “(B) the bond is issued by—

8 “(i) a governmental body,

9 “(ii) a public power provider, or

10 “(iii) a cooperative electric company,

11 and

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

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

16 “(A) for purposes of section 149(b), a
 17 clean energy bond shall not be treated as feder-
 18 ally guaranteed by reason of the credit allowed
 19 under subsection (a) or section 6431,

20 “(B) for purposes of section 148, the yield
 21 on a clean energy bond shall be determined
 22 without regard to the credit allowed under sub-
 23 section (a), and

24 “(C) a bond shall not be treated as a clean
 25 energy bond if the issue price has more than a

1 de minimis amount (determined under rules
2 similar to the rules of section 1273(a)(3)) of
3 premium over the stated principal amount of
4 the bond.

5 “(e) DEFINITIONS.—In this section:

6 “(1) AVAILABLE PROJECT PROCEEDS.—The
7 term ‘available project proceeds’ means—

8 “(A) the excess of—

9 “(i) the proceeds from the sale of an
10 issue, over

11 “(ii) the issuance costs financed by
12 the issue (to the extent that such costs do
13 not exceed 2 percent of such proceeds),
14 and

15 “(B) the proceeds from any investment of
16 the excess described in subparagraph (A).

17 “(2) COOPERATIVE ELECTRIC COMPANY.—The
18 term ‘cooperative electric company’ means a mutual
19 or cooperative electric company described in section
20 501(c)(12) or section 1381(a)(2)(C).

21 “(3) GOVERNMENTAL BODY.—The term ‘gov-
22 ernmental body’ means any State or Indian tribal
23 government, or any political subdivision thereof.

24 “(4) INTEREST PAYMENT DATE.—The term ‘in-
25 terest payment date’ means any date on which the

1 holder of record of the clean energy bond is entitled
2 to a payment of interest under such bond.

3 “(5) PUBLIC POWER PROVIDER.—The term
4 ‘public power provider’ means a State utility with a
5 service obligation, as such terms are defined in sec-
6 tion 217 of the Federal Power Act (as in effect on
7 the date of the enactment of this paragraph).

8 “(6) QUALIFIED FACILITY.—The term ‘quali-
9 fied facility’ means a facility which—

10 “(A) is described in section 45U(b)(1)(A)
11 and satisfies the requirements under clause (iv)
12 of such section, or

13 “(B)(i) is described in subsection (e)(4) of
14 section 45V and satisfies the requirements
15 under subparagraph (B) of such subsection,
16 and

17 “(ii) only produces transportation fuel
18 which has an emissions rate of less than 75
19 kilograms of CO_{2e} per mmBTU (as such terms
20 are defined in subsections (b) and (e) of section
21 45V).

22 “(f) CREDIT PHASE-OUT.—

23 “(1) ELECTRICAL PRODUCTION AND ENERGY
24 STORAGE PROPERTY.—In the case of a clean energy
25 bond for which the proceeds are used for capital ex-

1 penditures incurred by an entity for a qualified facil-
 2 ity described in subsection (e)(6)(A) or any property
 3 described in subsection (d)(1)(A)(ii), if the Sec-
 4 retary, in consultation with the Secretary of Energy
 5 and the Administrator of the Environmental Protec-
 6 tion Agency, determines that the annual greenhouse
 7 gas emissions from the production of electricity in
 8 the United States are equal to or less than the per-
 9 centage specified in section 45U(d)(1), the amount
 10 of the credit determined under subsection (b) with
 11 respect to any clean energy bond issued during a
 12 calendar year described in paragraph (3) shall be
 13 equal to the product of—

14 “(A) the amount determined under sub-
 15 section (b) without regard to this subsection,
 16 multiplied by

17 “(B) the phase-out percentage under para-
 18 graph (3).

19 “(2) FUEL PRODUCTION.—In the case of a
 20 clean energy bond for which the proceeds are used
 21 for capital expenditures incurred by an entity for a
 22 qualified facility described in subsection (e)(6)(B), if
 23 the Secretary, in consultation with the Secretary of
 24 Energy and the Administrator of the Environmental
 25 Protection Agency, determines that the annual

1 greenhouse gas emissions from the transportation of
2 persons and goods annually in the United States are
3 equal to or less than the percentage specified in sec-
4 tion 45V(d)(1), the amount of the credit determined
5 under subsection (b) with respect to any clean en-
6 ergy bond issued during a calendar year described in
7 paragraph (3) shall be equal to the product of—

8 “(A) the amount determined under sub-
9 section (b) without regard to this subsection,
10 multiplied by

11 “(B) the phase-out percentage under para-
12 graph (3).

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

15 “(A) for any bond issued during the first
16 calendar year following the calendar year in
17 which the determination described in paragraph
18 (1) or (2) is made, 100 percent,

19 “(B) for any bond issued during the sec-
20 ond calendar year following such determination
21 year, 75 percent,

22 “(C) for any bond issued during the third
23 calendar year following such determination
24 year, 50 percent, and

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

4 “(g) SPECIAL RULES.—

5 “(1) INTEREST ON CLEAN ENERGY BONDS IN-
6 CLUDIBLE IN GROSS INCOME FOR FEDERAL INCOME
7 TAX PURPOSES.—For purposes of this title, interest
8 on any clean energy bond shall be includible in gross
9 income.

10 “(2) S CORPORATIONS AND PARTNERSHIPS.—In
11 the case of a clean energy bond held by an S cor-
12 poration or partnership, the allocation of the credit
13 allowed by this section to the shareholders of such
14 corporation or partners of such partnership shall be
15 treated as a distribution.

16 “(3) BONDS HELD BY REAL ESTATE INVEST-
17 MENT TRUSTS.—If any clean energy bond is held by
18 a real estate investment trust, the credit determined
19 under subsection (a) shall be allowed to beneficiaries
20 of such trust (and any gross income included under
21 paragraph (1) with respect to such credit shall be
22 distributed to such beneficiaries) under procedures
23 prescribed by the Secretary.

24 “(4) CREDITS MAY BE STRIPPED.—Under regu-
25 lations prescribed by the Secretary—

1 “(A) IN GENERAL.—There may be a sepa-
2 ration (including at issuance) of the ownership
3 of a clean energy bond and the entitlement to
4 the credit under this section with respect to
5 such bond. In case of any such separation, the
6 credit under this section shall be allowed to the
7 person who on the credit allowance date holds
8 the instrument evidencing the entitlement to
9 the credit and not to the holder of the bond.

10 “(B) CERTAIN RULES TO APPLY.—In the
11 case of a separation described in subparagraph
12 (A), the rules of section 1286 shall apply to the
13 clean energy bond as if it were a stripped bond
14 and to the credit under this section as if it were
15 a stripped coupon.

16 “(h) REGULATIONS.—The Secretary may prescribe
17 such regulations and other guidance as may be necessary
18 or appropriate to carry out this section and section
19 6431.”.

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

1 **“SEC. 6431. CREDIT FOR QUALIFIED CLEAN ENERGY BONDS**
2 **ALLOWED TO ISSUER.**

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

7 “(b) PAYMENT OF CREDIT.—

8 “(1) IN GENERAL.—The Secretary shall pay
9 (contemporaneously with each interest payment date
10 under such bond) to the issuer of such bond (or to
11 any person who makes such interest payments on
12 behalf of the issuer) the applicable percentage (as
13 determined under section 54(b)) of the interest pay-
14 able under such bond on such date.

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

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

23 “(d) QUALIFIED CLEAN ENERGY BOND.—For pur-
24 poses of this section, the term ‘qualified clean energy
25 bond’ means a clean energy bond (as defined in section
26 54(d)) issued as part of an issue if the issuer, in lieu of

1 any credit allowed under section 54(a) with respect to such
 2 bond, makes an irrevocable election to have this section
 3 apply.”.

4 (c) CONFORMING AMENDMENTS.—

5 (1) The table of subparts for part IV of sub-
 6 chapter A of chapter 1 is amended by inserting after
 7 the item relating to subpart G the following:

“SUBPART H—CLEAN ENERGY BONDS”.

8 (2) The table of sections for subchapter B of
 9 chapter 65 of subtitle F is amended by adding at
 10 the end the following new item:

“Sec. 6431. Credit for qualified clean energy bonds allowed to issuer.”.

11 (3) Subparagraph (A) of section 6211(b)(4) is
 12 amended by striking “and 6428A” and inserting
 13 “6428A, and 6431”.

14 (d) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF
 15 SEQUESTRATION.—

16 (1) IN GENERAL.—In the case of any payment
 17 under subsection (b) of section 6431 of the Internal
 18 Revenue Code of 1986 (as added by this Act) made
 19 after the date of the enactment of this Act to which
 20 sequestration applies, the amount of such payment
 21 shall be increased to an amount equal to—

22 (A) such payment (determined before such
 23 sequestration), multiplied by

1 (B) the quotient obtained by dividing 1 by
 2 the amount by which 1 exceeds the percentage
 3 reduction in such payment pursuant to such se-
 4 questration.

5 (2) SEQUESTRATION.—For purposes of this
 6 subsection, the term “sequestration” means any re-
 7 duction in direct spending ordered by the President
 8 under the Balanced Budget and Emergency Deficit
 9 Control Act of 1985 or the Statutory Pay-As-You-
 10 Go Act of 2010.

11 (e) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to obligations issued after Decem-
 13 ber 31, 2022.

14 **TITLE V—TERMINATION OF CER-**
 15 **TAIN FOSSIL FUEL PROVI-**
 16 **SIONS**

17 **SEC. 501 TERMINATION OF PROVISIONS RELATING TO OIL,**
 18 **GAS, AND OTHER MATERIALS.**

19 (a) AMORTIZATION OF GEOLOGICAL AND GEO-
 20 PHYSICAL EXPENDITURES.—Section 167(h) is amended
 21 by adding at the end the following new paragraph:

22 “(6) TERMINATION.—This subsection shall not
 23 apply to any expenses paid or incurred during any
 24 taxable year beginning after the date of the enact-
 25 ment of the Clean Energy for America Act.”.

1 (b) ALASKA NATURAL GAS PIPELINES.—Subpara-
2 graph (B) of section 168(i)(16) is amended to read as fol-
3 lows:

4 “(B) is—

5 “(i)(I) placed in service after Decem-
6 ber 31, 2013, or

7 “(II) treated as placed in service on
8 January 1, 2014, if the taxpayer who
9 places such system in service before Janu-
10 ary 1, 2014, elects such treatment, and

11 “(ii) placed in service before the end
12 of the calendar year in which the Clean
13 Energy for America Act is enacted.”.

14 (c) NATURAL GAS GATHERING LINE.—Paragraph
15 (17) of section 168(i) is amended—

16 (1) in subparagraph (A), by inserting “which
17 are placed in service before the end of the calendar
18 year in which the Clean Energy for America Act is
19 enacted and are” after “pipe, equipment, and appur-
20 tenances”, and

21 (2) in subparagraph (B), by inserting “which
22 are placed in service before the end of the calendar
23 year in which the Clean Energy for America Act is
24 enacted and are” after “pipe, equipment, and appur-
25 tenances”.

1 (d) REPEAL OF DEDUCTION FOR TERTIARY
 2 INJECTANTS.—Subsection (c) of section 193 is amend-
 3 ed—

4 (1) in paragraph (1), by striking “or” at the
 5 end,

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

8 (3) by inserting at the end the following:

9 “(3) which is paid or incurred during any tax-
 10 able year beginning after the date of the enactment
 11 of the Clean Energy for America Act.”.

12 (e) INTANGIBLE DRILLING AND DEVELOPMENT
 13 COSTS.—Subsection (c) of section 263 is amended to read
 14 as follows:

15 “(c) INTANGIBLE DRILLING AND DEVELOPMENT
 16 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-
 17 THERMAL WELLS.—

18 “(1) IN GENERAL.—Notwithstanding subsection
 19 (a), and except as provided in subsection (i), regula-
 20 tions shall be prescribed by the Secretary under this
 21 subtitle corresponding to the regulations which
 22 granted the option to deduct as expenses intangible
 23 drilling and development costs in the case of oil and
 24 gas wells and which were recognized and approved
 25 by the Congress in House Concurrent Resolution 50,

Seventy-ninth Congress. Such regulations shall also grant the option to deduct as expenses intangible drilling and development costs in the case of wells drilled for any geothermal deposit (as defined in section 613(e)(2)) to the same extent and in the same manner as such expenses are deductible in the case of oil and gas wells. This subsection shall not apply with respect to any costs to which any deduction is allowed under section 59(e) or 291.

“(2) EXCLUSION.—

“(A) IN GENERAL.—This subsection shall not apply to amounts paid or incurred by a taxpayer with regard to any oil or gas well in any taxable year beginning after the date of the enactment of the Clean Energy for America Act.

“(B) AMORTIZATION OF EXCLUDED AMOUNTS.—The amount not allowable as a deduction for any taxable year by reason of subparagraph (A) shall be allowable as a deduction ratably over the 60-month period beginning with the month in which the costs are paid or incurred. For purposes of section 1254, any deduction under this subparagraph shall be treated as a deduction under this subsection.”.

(f) PERCENTAGE DEPLETION.—

1 (1) PERCENTAGE DEPLETION OF OIL AND GAS
2 WELLS, COAL, LIGNITE, AND OIL SHALE.—Section
3 613 is amended—

4 (A) in subsection (a), by striking “(100
5 percent in the case of oil and gas properties)”,

6 (B) in subsection (b)—

7 (i) by striking paragraph (2) and in-
8 serting the following:

9 “(2) 15 PERCENT.—If from deposits in the
10 United States, gold, silver, copper, and iron ore.”,

11 (ii) in paragraph (4), by striking
12 “coal, lignite,”,

13 (iii) in paragraph (5), by inserting
14 “(except oil shale)” after “Clay and shale”,
15 and

16 (iv) in paragraph (6)(A), by striking
17 “(except shale described in paragraph
18 (2)(B) or (5))” and inserting “(except oil
19 shale and shale described in paragraph
20 (5))”,

21 (C) in subsection (c)(4)—

22 (i) by striking subparagraphs (A) and
23 (H),

24 (ii) by inserting “and” at the end of
25 subparagraph (G),

1 (iii) by redesignating subparagraphs

2 (B) through (G) as subparagraphs (A)

3 through (F), respectively, and

4 (iv) by redesignating subparagraph (I)

5 as subparagraph (G),

6 (D) in subsection (d), by striking “Except

7 as provided in section 613A, in the case of” and

8 inserting “In the case of”, and

9 (E) in subsection (e)(2), by striking “or

10 section 613A”.

11 (2) OIL AND GAS WELLS.—Section 613A is

12 amended by adding at the end the following new

13 subsection:

14 “(f) TERMINATION.—This section shall not apply to

15 any taxable year beginning after the date of the enactment

16 of the Clean Energy for America Act.”.

17 (3) EFFECTIVE DATE.—The amendments made

18 by this subsection shall apply to taxable years begin-

19 ning after the date of the enactment of this Act.

20 (g) TERMINATION OF CAPITAL GAINS TREATMENT

21 FOR ROYALTIES FROM COAL.—

22 (1) IN GENERAL.—Subsection (c) of section

23 631 is amended—

24 (A) by striking “coal (including lignite), or

25 iron ore” and inserting “iron ore”,

1 (B) by striking “coal or iron ore” each
 2 place it appears and inserting “iron ore”,

3 (C) by striking “iron ore or coal” each
 4 place it appears and inserting “iron ore”, and

5 (D) by striking “COAL OR” in the heading.

6 (2) CONFORMING AMENDMENT.—The heading
 7 of section 631 of the Internal Revenue Code of 1986
 8 is amended by striking “, **COAL**,”.

9 (3) EFFECTIVE DATE.—The amendments made
 10 by this subsection shall apply to taxable years begin-
 11 ning after the date of the enactment of this Act.

12 (h) ENHANCED OIL RECOVERY CREDIT.—

13 (1) IN GENERAL.—Subpart D of part IV of
 14 subchapter A of chapter 1 is amended by striking
 15 section 43.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Section 38(b) is amended by striking
 18 paragraph (6).

19 (B) Section 45Q is amended—

20 (i) by striking “section 43(b)(3)(B)”
 21 each place it appears and inserting “sec-
 22 tion 43(b)(3)(B) (as in effect on the day
 23 before the date of the enactment of the
 24 Clean Energy for America Act)”, and

1 (ii) in subsection (e)(2), by inserting
 2 “(as in effect on the day before the date of
 3 the enactment of the Clean Energy for
 4 America Act)” after “section 43(c)(2)”.

5 (C) Section 196(c) is amended—

6 (i) by striking paragraph (5), and

7 (ii) by redesignating paragraphs (6)
 8 through (14) as paragraphs (5) through
 9 (13), respectively.

10 (3) CLERICAL AMENDMENT.—The table of sec-
 11 tions for subpart D of part IV of subchapter A of
 12 chapter 1 is amended by striking the item relating
 13 to section 43.

14 (4) EFFECTIVE DATE.—The amendments made
 15 by this subsection shall apply to taxable years begin-
 16 ning after the date of the enactment of this Act.

17 (i) CREDIT FOR PRODUCING OIL AND GAS FROM
 18 MARGINAL WELLS.—

19 (1) IN GENERAL.—Subpart D of part IV of
 20 subchapter A of chapter 1 is amended by striking
 21 section 45I.

22 (2) CONFORMING AMENDMENT.—Section 38(b)
 23 is amended by striking paragraph (19).

24 (3) CLERICAL AMENDMENT.—The table of sec-
 25 tions for subpart D of part IV of subchapter A of

1 chapter 1 is amended by striking the item relating
2 to section 45I.

3 (4) EFFECTIVE DATE.—The amendments made
4 by this subsection shall apply to taxable years begin-
5 ning after the date of the enactment of this Act.

6 (j) QUALIFYING ADVANCED COAL PROJECT CRED-
7 IT.—

8 (1) IN GENERAL.—Subpart E of part IV of
9 subchapter A of chapter 1 is amended by striking
10 section 48A.

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 46, as amended by section 102
13 of this Act, is amended by striking paragraph
14 (3) and redesignating paragraphs (4) through
15 (7) as paragraphs (3) through (6), respectively.

16 (B) Section 49(a)(1)(C), as amended by
17 section 102 of this Act, is amended by striking
18 clause (iii) and redesignating clauses (iv)
19 through (vii) as clauses (iii) through (vi), re-
20 spectively.

21 (C) Section 50(a)(2)(E), as amended by
22 section 102 of this Act, is amended by striking
23 “48A(b)(3),”.

24 (3) CLERICAL AMENDMENT.—The table of sec-
25 tions for subpart E of part IV of subchapter A of

1 chapter 1 is amended by striking the item relating
2 to section 48A.

3 (4) EFFECTIVE DATE.—The amendments made
4 by this subsection shall apply to taxable years begin-
5 ning after the date of the enactment of this Act.

6 (k) QUALIFYING GASIFICATION PROJECT CREDIT.—

7 (1) IN GENERAL.—Subpart E of part IV of
8 subchapter A of chapter 1 is amended by striking
9 section 48B.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Section 46, as amended by this Act, is
12 amended by striking paragraph (3) and by re-
13 designating paragraphs (4), (5), and (6) as
14 paragraphs (3), (4), and (5), respectively.

15 (B) Section 49(a)(1)(C), as amended by
16 this Act, is amended by striking clause (iii) and
17 redesignating clauses (iv) through (vi) as
18 clauses (iii) through (v).

19 (C) Section 50(a)(2)(E), as amended by
20 this Act, is amended by striking “48B(b)(3),”.

21 (3) CLERICAL AMENDMENT.—The table of sec-
22 tions for subpart E of part IV of subchapter A of
23 chapter 1 is amended by striking the item relating
24 to section 48B.

1 (4) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to taxable years begin-
3 ning after the date of the enactment of this Act.

4 (1) REINSTATEMENT OF TREATMENT OF FOREIGN
5 BASE COMPANY OIL RELATED INCOME AS FOREIGN
6 BASE COMPANY INCOME.—

7 (1) IN GENERAL.—Section 954(a) is amended
8 by striking “and” at the end of paragraph (2), by
9 striking the period at the end of paragraph (3) and
10 inserting “, and”, and by adding at the end the fol-
11 lowing new paragraph:

12 “(4) the foreign base company oil related in-
13 come for the taxable year (determined under sub-
14 section (g) and reduced as provided in subsection
15 (b)(5)).”.

16 (2) FOREIGN BASE COMPANY OIL RELATED IN-
17 COME.—Section 954 is amended by inserting before
18 subsection (h) the following new subsection:

19 “(g) FOREIGN BASE COMPANY OIL RELATED IN-
20 COME.—For purposes of this section—

21 “(1) IN GENERAL.—Except as otherwise pro-
22 vided in this subsection, the term ‘foreign base com-
23 pany oil related income’ means foreign oil related in-
24 come (within the meaning of paragraphs (2) and (3)

1 of section 907(c)) other than income derived from a
 2 source within a foreign country in connection with—

3 “(A) oil or gas which was extracted from
 4 an oil or gas well located in such foreign coun-
 5 try, or

6 “(B) oil, gas, or a primary product of oil
 7 or gas which is sold by the foreign corporation
 8 or a related person for use or consumption
 9 within such country or is loaded in such coun-
 10 try on a vessel or aircraft as fuel for such vessel
 11 or aircraft.

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

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

18 “(A) IN GENERAL.—The term ‘foreign
 19 base company oil related income’ shall not in-
 20 clude any income of a foreign corporation if
 21 such corporation is not a large oil producer for
 22 the taxable year.

23 “(B) LARGE OIL PRODUCER.—For pur-
 24 poses of subparagraph (A), the term ‘large oil
 25 producer’ means any corporation if, for the tax-

1 able year or for the preceding taxable year, the
 2 average daily production of foreign crude oil
 3 and natural gas of the related group which in-
 4 cludes such corporation equaled or exceeded
 5 1,000 barrels.

6 “(C) RELATED GROUP.—The term ‘related
 7 group’ means a group consisting of the foreign
 8 corporation and any other person who is a re-
 9 lated person with respect to such corporation.

10 “(D) AVERAGE DAILY PRODUCTION OF
 11 FOREIGN CRUDE OIL AND NATURAL GAS.—For
 12 purposes of this paragraph, the average daily
 13 production of foreign crude oil or natural gas of
 14 any related group for any taxable year (and the
 15 conversion of cubic feet of natural gas into bar-
 16 rels) shall be determined under rules similar to
 17 the rules of section 613A except that only crude
 18 oil or natural gas from a well located outside
 19 the United States shall be taken into account.”.

20 (3) CONFORMING AMENDMENTS.—

21 (A) Section 952(c)(1)(B)(iii) is amended
 22 by redesignating subclauses (I) through (IV) as
 23 subclauses (II) through (V), respectively, and
 24 by inserting before subclause (II) (as redesign-
 25 ated) the following new subclause:

1 “(I) foreign base company oil re-
 2 lated income,”.

3 (B) Section 954(b) is amended—

4 (i) in paragraph (4), by inserting at
 5 the end the following new sentence: “The
 6 preceding sentence shall not apply to for-
 7 eign base company oil-related income de-
 8 scribed in subsection (a)(4).”,

9 (ii) in paragraph (5), by striking “and
 10 the foreign base company services income”
 11 and inserting “the foreign base company
 12 services income, and the foreign base com-
 13 pany oil related income”, and

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

16 “(6) FOREIGN BASE COMPANY OIL RELATED IN-
 17 COME NOT TREATED AS ANOTHER KIND OF BASE
 18 COMPANY INCOME.—Income of a corporation which
 19 is foreign base company oil related income shall not
 20 be considered foreign base company income of such
 21 corporation under paragraph (2) or (3) of subsection
 22 (a).”.

23 (4) EFFECTIVE DATE.—The amendments made
 24 by this subsection shall apply to taxable years of for-
 25 eign corporations beginning after the date of the en-

1 actment of this Act, and to taxable years of United
 2 States shareholders with or within which such tax-
 3 able years of foreign corporations end.

4 (m) INCLUSION OF FOREIGN OIL AND GAS EXTRAC-
 5 TION INCOME IN TESTED INCOME FOR PURPOSE OF DE-
 6 TERMINING GLOBAL INTANGIBLE LOW-TAXED INCOME.—

7 (1) IN GENERAL.—Section 951A(c)(2)(A)(i) is
 8 amended by inserting “and” at the end of subclause
 9 (III), by striking “and” at the end of subclause (IV)
 10 and inserting “over”, and by striking subclause (V).

11 (2) EFFECTIVE DATE.—The amendments made
 12 by this subsection shall apply to taxable years of for-
 13 eign corporations beginning after the date of the en-
 14 actment of this Act, and to taxable years of United
 15 States shareholders in which or with which such tax
 16 years of foreign corporations end.

17 (n) REPEAL OF CORPORATE INCOME TAX EXEMP-
 18 TION FOR PUBLICLY TRADED PARTNERSHIPS WITH
 19 QUALIFYING INCOME AND GAINS FROM ACTIVITIES RE-
 20 LATING TO FOSSIL FUELS.—

21 (1) IN GENERAL.—Section 7704(d)(1) is
 22 amended—

23 (A) in subparagraph (E), by striking “(in-
 24 cluding pipelines transporting gas, oil, or prod-
 25 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 **TITLE VI—WORKFORCE** 8 **DEVELOPMENT REQUIREMENTS**

9 **SEC. 601. USE OF QUALIFIED APPRENTICES.**

10 (a) IN GENERAL.—All contractors and subcontrac-
 11 tors engaged in the performance of construction, alter-
 12 ation, or repair work on any applicable project shall, sub-
 13 ject to subsection (b), ensure that not less than 15 percent
 14 of the total labor hours of such work be performed by
 15 qualified apprentices.

16 (b) APPRENTICE-TO-JOURNEYWORKER RATIO.—The
 17 requirement under subsection (a) shall be subject to any
 18 applicable requirements for apprentice-to-journeyworker
 19 ratios of the Department of Labor or the applicable State
 20 apprenticeship agency.

21 (c) PARTICIPATION.—Each contractor and subcon-
 22 tractor who employs 4 or more individuals to perform con-
 23 struction, alteration, or repair work on an applicable
 24 project shall employ 1 or more qualified apprentices to
 25 perform such work.

1 (d) EXCEPTION.—Notwithstanding any other provi-
 2 sion in this section, this section shall not apply in the case
 3 of a taxpayer who—

4 (1) demonstrates a lack of availability of quali-
 5 fied apprentices in the geographic area of the con-
 6 struction, alteration, or repair work; and

7 (2) makes a good faith effort, and its contrac-
 8 tors and subcontractors make a good faith effort, to
 9 comply with the requirements of this section.

10 (e) DEFINITIONS.—In this section:

11 (1) APPLICABLE PROJECT.—The term “applica-
 12 ble project” means, with respect to—

13 (A) subsection (e)(7)(A)(ii) of section 30C
 14 of the Internal Revenue Code of 1986,

15 (B) subsection (f)(8)(A)(ii) of section 45Q
 16 of such Code,

17 (C) subsection (b)(1)(A)(iv)(II) of section
 18 45U of such Code,

19 (D) subsections (b)(3)(A)(iv)(II) and
 20 (c)(1)(B)(ii) of section 48D of such Code, and

21 (E) subsection 9c(1)(E)(ii) of section
 22 179D of such Code,

23 any property, equipment, or facility for which a
 24 credit is allowed under such sections.

25 (2) LABOR HOURS.—The term “labor hours”—

1 (A) means the total number of hours de-
2 voted to the performance of construction, alter-
3 ation, or repair work by employees of the con-
4 tractor or subcontractor; and

5 (B) excludes any hours worked by—

6 (i) foremen;

7 (ii) superintendents;

8 (iii) owners; or

9 (iv) persons employed in a bona fide
10 executive, administrative, or professional
11 capacity (within the meaning of those
12 terms in part 541 of title 29, Code of Fed-
13 eral Regulations).

14 (3) QUALIFIED APPRENTICE.—The term “quali-
15 fied apprentice” means an individual who is an em-
16 ployee of the contractor or subcontractor and who is
17 participating in a registered apprenticeship program,
18 as defined in section 3131(e)(3)(B) of the Internal
19 Revenue Code of 1986.

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