

## **Highlights of Title VIII – Energy Tax Incentives**

### **Subtitle A: Renewable Energy**

**Extends placed-in-service date for wind, closed-loop biomass, and poultry waste facilities and adds open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal bio-solids, and recycled sludge as qualifying energy resources. The credit is 1.8 cents per kilowatt hour with no inflation adjustment for facilities placed in service after the date of enactment.**

**The title also will allow for tradable tax credits for tax-exempt entities.**

### **Subtitle B: Alternative Vehicles and Fuel Incentives**

**Provides a credit for the purchase of new qualified fuel cell, hybrid, or other alternative fuel motor vehicle. The buyer claims the credit, except in the case of a tax-exempt entity, in which case the seller may claim the credit.**

**Makes several modifications to the rules regarding the small producer ethanol credit and provides a new credit for qualified biodiesel fuel mixtures.**

### **Subtitle C: Conservation and Energy Efficiency Provisions**

**Provides a new credit to an eligible contractor for energy-efficient property installed in a qualified new energy-efficient home during construction, and a new credit for the purchase of qualified energy efficiency improvements for existing homes.**

**Provides new deduction for energy-efficient commercial building property expenditures.**

**Provides a new credit for the production of energy-efficient clothes washers and refrigerators.**

**Provides a new personal tax credit for the purchase of qualified wind energy, photovoltaic, and solar water heating property that is used exclusively for purposes other than heating swimming pools and hot tubs.**

**Provides a credit for certain high efficiency electric heat pump hot water heaters, electric heat pumps, natural gas furnaces, central air conditioners, natural gas water heaters, and geothermal heat pumps.**

**Provides a new 30 percent business energy credit for purchase of qualified fuel cell power plants for businesses.**

**Provides accelerated depreciation for qualified energy management devices and water submetering devices.**

**Provides new credit for the purchase of combined heat and power projects.**

### **Subtitle D: Clean Coal Incentives**

**Creates three new credits for clean coal properties. There is a production credit for electricity produced from qualifying clean coal technology units, electricity produced from qualifying advanced clean coal technology units, and investments in qualifying advanced clean coal technology units.**

### **Subtitle E: Oil and Gas Provisions**

**Provides incentives for development of the Alaska natural gas pipeline. These include an enhanced oil recovery credit, accelerated depreciation, and a price insurance provision.**

**Provides a new credit for the production of crude oil and natural gas from marginal wells. The credit is not available if the market prices for oil and gas exceed certain levels.**

**Provides accelerated depreciation for natural gas gathering lines.**

**Allows small refiners to claim an immediate deduction for up to 75% of the qualified capital costs for purpose of complying with the Highway Diesel Fuel Sulfur Control Requirements.**

**Promotes Section 29 credits which allow companies to claim a tax credit for fuel produced from nonconventional resources. These resources include: oil produced from shale and tar sands, gas from geopressurized brine, coalbed methane, biomass, landfill gas, agricultural and animal waste products, coal-mine gas, coke and coke gas. The Section 29 credits will provide significant incentives to add new nonconventional reserves and increase production.**

**Also provides a credit of five cents per gallon for each gallon of low sulfur diesel fuel produced by a small business refiner.**

**Increases the barrel-per-day limitation for special tax rules governing independent producers.**

**Allows geological and geophysical costs to be amortized over two years and delay rental payments to be amortized over two years.**

## **Subtitle F: Provisions Relating to Electric Industry Restructuring**

**Improves and modernizes tax treatment of trust funds set aside for the decommissioning of nuclear power plants.**

**Clarifies rules regarding the “85-15 Rule” with respect to rural electric cooperatives.**

**Encourages Regional Transmission Organization (RTO) formation by allowing gains from transmission facility sales to be amortized over eight years.**

## **Subtitle G: Volumetric Ethanol Excise Tax Credit**

## **Subtitle H: Fuel Fraud Prevention**

## **Subtitle I: Mobile Machinery**

## **Subtitle J: Additional Provisions**

**Extends accelerated depreciation and wage credit benefits on Indian reservations.  
Repeals motor fuel excise tax on railroads and barges.**

**Expands R&D credit for energy-related research by universities and for payments to research consortia for energy research.**