



RENEWABLE ENERGY INCENTIVES

Extension and Modification of Production Tax Credit.

The bill extends the placed-in-service date for the Section 45 credit through December 31, 2009 in the case of wind and refined coal, and through December 31, 2010 in the case of other sources. The bill expands the types of facilities qualifying for the credit to new biomass facilities and to those that generate electricity from marine renewables (e.g., waves and tides). The bill updates the definition of an open-loop biomass facility, the definition of a trash combustion facility, and the definition of a non-hydroelectric dam. The bill also increases emissions standards on the refined coal credit and removes its market value test. The estimated cost of this proposal is \$5.817 billion over 10 years.

Long-term Extension of Energy Credit.

The bill extends the 30% investment tax credit for solar energy property and qualified fuel cell property, as well as the 10% investment tax credit for microturbines, through 2016.; The bill increases the \$500 per half kilowatt of capacity cap for qualified fuel cells to \$1,500 per half kilowatt of capacity, and adds small commercial wind as a category of qualified investment.; The bill also provides a new 10% investment tax credit for combined heat and power systems and geothermal heat pumps. The bill allows these credits to be used to offset the alternative minimum tax (AMT). The estimated cost of this proposal is \$1.942 billion over 10 years.

Long-term Extension and Modification of the Residential Energy-Efficient Property Credit.

The bill extends the credit for residential solar property for eight through 2016, and removes the credit cap (currently \$2,000) for solar electric investments. The bill adds residential small wind investment, capped at \$4,000, and geothermal heat pumps, capped at \$2,000, as qualifying property. The bill allows the credit to be used to offset the AMT. The estimated cost of this proposal is \$1.294 billion over 10 years. Specifically, it extends energy efficiency tax deductions for commercial buildings through 2013 and revives similar deductions for home improvements installed in 2009, adding a new \$300 tax credit for energy-efficient biomass fuel stoves. It also extends tax credits for builders of new energy-efficient homes through 2009 and increases tax credits for manufacturers of energy-efficient appliances, while extending that credit through 2010.