

117TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

Mr. WYDEN introduced the following bill; which was read twice and referred  
to the Committee on \_\_\_\_\_

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## **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-  
8 ment or repeal is expressed in terms of an amendment  
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of  
 4 this Act is as follows:

Sec. 1. Short title; etc.

#### TITLE I—INCENTIVES FOR CLEAN ELECTRICITY

Sec. 101. Clean electricity production credit.

Sec. 102. Clean electricity investment credit.

Sec. 103. Extensions, modifications, and terminations of various energy provi-  
 sions.

#### TITLE II—INCENTIVES FOR CLEAN TRANSPORTATION

Sec. 201. Clean fuel production credit.

Sec. 202. Transportation electrification.

Sec. 203. 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.

## 5 **TITLE I—INCENTIVES FOR** 6 **CLEAN ELECTRICITY**

### 7 **SEC. 101. CLEAN ELECTRICITY PRODUCTION CREDIT.**

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

1 **“SEC. 45U. CLEAN ELECTRICITY PRODUCTION CREDIT.**

2 “(a) AMOUNT OF CREDIT.—For purposes of section  
3 38, the clean electricity production credit for any taxable  
4 year is an amount equal to the product of—

5 “(1) 1.5 cents, multiplied by

6 “(2) the kilowatt hours of electricity—

7 “(A) produced by the taxpayer at a quali-  
8 fied facility, and

9 “(B)(i) sold by the taxpayer to an unre-  
10 lated person during the taxable year, or

11 “(ii) in the case of a qualified facility  
12 which is equipped with a metering device which  
13 is owned and operated by an unrelated person,  
14 sold, consumed, or stored by the taxpayer dur-  
15 ing the taxable year.

16 “(b) QUALIFIED FACILITY.—

17 “(1) IN GENERAL.—

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

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

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

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

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

7                   “(I) satisfies the requirements  
8                   under paragraph (3), and

9                   “(II) with respect to the con-  
10                  struction of such facility, satisfies the  
11                  requirements under section 601 of the  
12                  Clean Energy for America Act.

13                  “(B) 10-YEAR PRODUCTION CREDIT.—For  
14                  purposes of this section, a facility shall only be  
15                  treated as a qualified facility during the 10-year  
16                  period beginning on the date the facility was  
17                  originally placed in service.

18                  “(C) EXPANSION OF FACILITY; INCRE-  
19                  MENTAL PRODUCTION.—A qualified facility  
20                  shall include either of the following in connec-  
21                  tion with a facility described in subparagraph  
22                  (A)(i) that was placed in service before January  
23                  1, 2023, but only to the extent of the increased  
24                  amount of electricity produced at the facility by  
25                  reason of the following:

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

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

6                   “(D) COORDINATION WITH OTHER CRED-  
7                   ITS.—The term ‘qualified facility’ shall not in-  
8                   clude any facility for which a credit determined  
9                   under section 45, 45J, 48, or 48D is allowed  
10                  under section 38 for the taxable year or any  
11                  prior taxable year.

12                  “(2) GREENHOUSE GAS EMISSIONS RATE.—

13                  “(A) IN GENERAL.—For purposes of this  
14                  section, the term ‘greenhouse gas emissions  
15                  rate’ means the amount of greenhouse gases  
16                  emitted into the atmosphere by a facility in the  
17                  production of electricity, expressed as grams of  
18                  CO<sub>2</sub>e per KWh.

19                  “(B) FUEL COMBUSTION AND GASIFI-  
20                  CATION.—In the case of a facility which pro-  
21                  duces electricity through combustion or gasifi-  
22                  cation, the greenhouse gas emissions rate for  
23                  such facility shall be equal to the net rate of  
24                  greenhouse gases emitted into the atmosphere  
25                  by such facility (taking into account lifecycle

1 greenhouse gas emissions, as described in sec-  
2 tion 211(o)(1)(H) of the Clean Air Act (42  
3 U.S.C. 7545(o)(1)(H))) in the production of  
4 electricity, expressed as grams of CO<sub>2</sub>e per  
5 KWh.

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

8 “(i) IN GENERAL.—The Secretary, in  
9 consultation with the Administrator of the  
10 Environmental Protection Agency, shall es-  
11 tablish greenhouse gas emissions rates for  
12 types or categories of facilities, which a  
13 taxpayer shall use for purposes of this sec-  
14 tion.

15 “(ii) PUBLISHING EMISSIONS  
16 RATES.—The Secretary shall publish a  
17 table that sets forth the greenhouse gas  
18 emissions rates for similar types or cat-  
19 egories of facilities.

20 “(iii) PROVISIONAL EMISSIONS  
21 RATE.—

22 “(I) IN GENERAL.—In the case  
23 of any facility for which an emissions  
24 rate has not been established by the  
25 Secretary, a taxpayer which owns

1 such facility may file a petition with  
2 the Secretary for determination of the  
3 emissions rate with respect to such fa-  
4 cility.

5 “(II) ESTABLISHMENT OF PROVI-  
6 SIONAL AND FINAL EMISSIONS  
7 RATE.—In the case of a facility for  
8 which a petition described in sub-  
9 clause (I) has been filed, the Sec-  
10 retary, in consultation with the Ad-  
11 ministrator of the Environmental Pro-  
12 tection Agency, shall—

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

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

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

8                   “(i) pursuant to any regulations es-  
9                   tablished under paragraph (2) of section  
10                  45Q(f), disposed of by the taxpayer in se-  
11                  cure geological storage, or

12                   “(ii) utilized by the taxpayer in a  
13                  manner described in paragraph (5) of such  
14                  section.

15           “(3) WAGE REQUIREMENTS.—The requirements  
16           described in this paragraph with respect to any facil-  
17           ity are that the taxpayer shall ensure that any labor-  
18           ers and mechanics employed by contractors and sub-  
19           contractors in—

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

21                   “(B) for any year during the period de-  
22                  scribed in paragraph (1)(B), the alteration or  
23                  repair of such facility,

24           shall be paid wages at rates not less than the pre-  
25           vailing rates for construction, alteration, or repair of

1 a similar character in the locality as determined by  
2 the Secretary of Labor, in accordance with sub-  
3 chapter IV of chapter 31 of title 40, United States  
4 Code.

5 “(c) INFLATION ADJUSTMENT.—

6 “(1) IN GENERAL.—In the case of a calendar  
7 year beginning after 2021, the 1.5 cent amount in  
8 paragraph (1) of subsection (a) shall be adjusted by  
9 multiplying such amount by the inflation adjustment  
10 factor for the calendar year in which the sale or use  
11 of the electricity occurs. If any amount as increased  
12 under the preceding sentence is not a multiple of 0.1  
13 cent, such amount shall be rounded to the nearest  
14 multiple of 0.1 cent.

15 “(2) ANNUAL COMPUTATION.—The Secretary  
16 shall, not later than April 1 of each calendar year,  
17 determine and publish in the Federal Register the  
18 inflation adjustment factor for such calendar year in  
19 accordance with this subsection.

20 “(3) INFLATION ADJUSTMENT FACTOR.—The  
21 term ‘inflation adjustment factor’ means, with re-  
22 spect to a calendar year, a fraction the numerator  
23 of which is the GDP implicit price deflator for the  
24 preceding calendar year and the denominator of  
25 which is the GDP implicit price deflator for the cal-

1       endar year 1992. The term ‘GDP implicit price  
2       deflator’ means the most recent revision of the im-  
3       plicit price deflator for the gross domestic product  
4       as computed and published by the Department of  
5       Commerce before March 15 of the calendar year.

6       “(d) CREDIT PHASE-OUT.—

7               “(1) IN GENERAL.—If the Secretary, in con-  
8       sultation with the Secretary of Energy and the Ad-  
9       ministrator of the Environmental Protection Agency,  
10      determines that the annual greenhouse gas emis-  
11      sions from the production of electricity in the United  
12      States are equal to or less than 25 percent of the  
13      annual greenhouse gas emissions from the produc-  
14      tion of electricity in the United States for calendar  
15      year 2021, the amount of the clean electricity pro-  
16      duction credit under subsection (a) for any qualified  
17      facility the construction of which begins during a  
18      calendar year described in paragraph (2) shall be  
19      equal to the product of—

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

23               “(B) the phase-out percentage under para-  
24              graph (2).

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

3                   “(A) for a facility the construction of  
4                   which begins during the first calendar year fol-  
5                   lowing the calendar year in which the deter-  
6                   mination described in paragraph (1) is made,  
7                   100 percent,

8                   “(B) for a facility the construction of  
9                   which begins during the second calendar year  
10                  following such determination year, 75 percent,

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

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

17           “(e) DEFINITIONS.—In this section:

18                   “(1) CO<sub>2</sub>e PER KWh.—The term ‘CO<sub>2</sub>e per  
19                   KWh’ means, with respect to any greenhouse gas,  
20                   the equivalent carbon dioxide (as determined based  
21                   on global warming potential) per kilowatt hour of  
22                   electricity produced.

23                   “(2) GREENHOUSE GAS.—The term ‘greenhouse  
24                   gas’ has the same meaning given such term under  
25                   section 211(o)(1)(G) of the Clean Air Act (42

1 U.S.C. 7545(o)(1)(G)), as in effect on the date of  
2 the enactment of this section.

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

6 “(A) would otherwise be released into the  
7 atmosphere as industrial emission of green-  
8 house gas,

9 “(B) is measured at the source of capture  
10 and verified at the point of disposal or utiliza-  
11 tion, and

12 “(C) is captured and disposed or utilized  
13 within the United States (within the meaning of  
14 section 638(1)) or a possession of the United  
15 States (within the meaning of section 638(2)).

16 “(f) FINAL GUIDANCE.—Not later than January 1,  
17 2023, the Secretary, in consultation with the Adminis-  
18 trator of the Environmental Protection Agency, shall issue  
19 final guidance regarding implementation of this section,  
20 including calculation of greenhouse gas emission rates for  
21 qualified facilities and determination of clean electricity  
22 production credits under this section.

23 “(g) SPECIAL RULES.—

24 “(1) ONLY PRODUCTION IN THE UNITED  
25 STATES TAKEN INTO ACCOUNT.—Consumption or

1 sales shall be taken into account under this section  
2 only with respect to electricity the production of  
3 which is within—

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

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

8 “(2) COMBINED HEAT AND POWER SYSTEM  
9 PROPERTY.—

10 “(A) IN GENERAL.—For purposes of sub-  
11 section (a)—

12 “(i) the kilowatt hours of electricity  
13 produced by a taxpayer at a qualified facil-  
14 ity shall include any production in the  
15 form of useful thermal energy by any com-  
16 bined heat and power system property  
17 within such facility, and

18 “(ii) the amount of greenhouse gases  
19 emitted into the atmosphere by such facil-  
20 ity in the production of such useful ther-  
21 mal energy shall be included for purposes  
22 of determining the greenhouse gas emis-  
23 sions rate for such facility.

24 “(B) COMBINED HEAT AND POWER SYS-  
25 TEM PROPERTY.—For purposes of this para-

1 graph, the term ‘combined heat and power sys-  
2 tem property’ has the same meaning given such  
3 term by section 48(c)(3) (without regard to  
4 subparagraphs (A)(iv), (B), and (D) thereof).

5 “(C) CONVERSION FROM BTU TO KWH.—

6 “(i) IN GENERAL.—For purposes of  
7 subparagraph (A)(i), the amount of kilo-  
8 watt hours of electricity produced in the  
9 form of useful thermal energy shall be  
10 equal to the quotient of—

11 “(I) the total useful thermal en-  
12 ergy produced by the combined heat  
13 and power system property within the  
14 qualified facility, divided by

15 “(II) the heat rate for such facil-  
16 ity.

17 “(ii) HEAT RATE.—For purposes of  
18 this subparagraph, the term ‘heat rate’  
19 means the amount of energy used by the  
20 qualified facility to generate 1 kilowatt  
21 hour of electricity, expressed as British  
22 thermal units per net kilowatt hour gen-  
23 erated.

24 “(3) PRODUCTION ATTRIBUTABLE TO THE TAX-  
25 PAYER.—In the case of a qualified facility in which

1 more than 1 person has an ownership interest, ex-  
2 cept to the extent provided in regulations prescribed  
3 by the Secretary, production from the facility shall  
4 be allocated among such persons in proportion to  
5 their respective ownership interests in the gross  
6 sales from such facility.

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

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

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

22 “(A) ELECTION TO ALLOCATE.—

23 “(i) IN GENERAL.—In the case of an  
24 eligible cooperative organization, any por-  
25 tion of the credit determined under sub-

1 section (a) for the taxable year may, at the  
2 election of the organization, be apportioned  
3 among patrons of the organization on the  
4 basis of the amount of business done by  
5 the patrons during the taxable year.

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

16 “(B) TREATMENT OF ORGANIZATIONS AND  
17 PATRONS.—The amount of the credit appor-  
18 tioned to any patrons under subparagraph  
19 (A)—

20 “(i) shall not be included in the  
21 amount determined under subsection (a)  
22 with respect to the organization for the  
23 taxable year, and

24 “(ii) shall be included in the amount  
25 determined under subsection (a) for the

1 first taxable year of each patron ending on  
2 or after the last day of the payment period  
3 (as defined in section 1382(d)) for the tax-  
4 able year of the organization or, if earlier,  
5 for the taxable year of each patron ending  
6 on or after the date on which the patron  
7 receives notice from the cooperative of the  
8 apportionment.

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

17 “(i) such reduction, over

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

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

1           “(D) ELIGIBLE COOPERATIVE DEFINED.—

2           For purposes of this section, the term ‘eligible  
3           cooperative’ means a cooperative organization  
4           described in section 1381(a) which is owned  
5           more than 50 percent by agricultural producers  
6           or by entities owned by agricultural producers.  
7           For this purpose an entity owned by an agricul-  
8           tural producer is one that is more than 50 per-  
9           cent owned by agricultural producers.

10          “(h) ELECTION FOR DIRECT PAYMENT.—

11           “(1) IN GENERAL.—The amount of any credit  
12           determined under subsection (a) with respect to any  
13           qualified facility for any taxable year during the pe-  
14           riod described in subsection (b)(1)(B) shall, at the  
15           election of the taxpayer, be treated as a payment  
16           equal to such amount which is made by the taxpayer  
17           against the tax imposed by chapter 1 for such tax-  
18           able year.

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 facil-  
22           ity begins and in such manner as the Secretary may  
23           prescribe. Such election, once made, shall—

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

4           “(B) for any taxable year during such pe-  
5           riod, reduce the amount of the credit which  
6           would (but for this paragraph) be allowable  
7           under this section with respect to such qualified  
8           facility for such taxable year to zero.

9           “(3) APPLICATION TO PARTNERSHIPS AND S  
10          CORPORATIONS.—In the case of a partnership or S  
11          corporation which makes an election under para-  
12          graph (1)—

13                 “(A) such paragraph shall apply with re-  
14                 spect to such partnership or corporation with-  
15                 out regard to the fact that no tax is imposed  
16                 by chapter 1 on such partnership or corpora-  
17                 tion, and

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

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

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 38(b) is amended—

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

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

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

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

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

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

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

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

18 (a) BUSINESS CREDIT.—

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

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

23 “(a) INVESTMENT CREDIT FOR QUALIFIED PROP-  
24 erty.—

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

4                   “(A) except as provided in subparagraph  
5                   (B), an amount equal to 30 percent of the  
6                   qualified investment for such taxable year with  
7                   respect to—

8                           “(i) any qualified facility, and

9                           “(ii) any grid improvement property,

10                           and

11                   “(B) in the case of a qualified facility  
12                   which is a microgrid, an amount equal to the  
13                   product of—

14                           “(i) 30 percent of the qualified invest-  
15                           ment for such taxable year with respect to  
16                           such microgrid, and

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

20           “(2) DISADVANTAGED COMMUNITIES.—

21                   “(A) IN GENERAL.—In the case of any  
22                   qualified facility (with the exception of any such  
23                   facility described in section 45U(b)(2)(B)) or  
24                   energy storage property which is placed in serv-  
25                   ice within a disadvantaged community, para-

1 graph (1) shall be applied by substituting ‘40  
2 percent’ for ‘30 percent’.

3 “(B) DISADVANTAGED COMMUNITY.—For  
4 purposes of this paragraph, the term ‘disadvan-  
5 tagged community’ has the same meaning given  
6 the term ‘low-income community’ in section  
7 45D(e)(1).

8 “(b) QUALIFIED INVESTMENT WITH RESPECT TO  
9 ANY QUALIFIED FACILITY.—

10 “(1) IN GENERAL.—For purposes of subsection  
11 (a), the qualified investment with respect to any  
12 qualified facility for any taxable year is the basis of  
13 any qualified property placed in service by the tax-  
14 payer during such taxable year which is part of a  
15 qualified facility.

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

18 “(A) which is—

19 “(i) tangible personal property, or

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

1           “(B) with respect to which depreciation (or  
2 amortization in lieu of depreciation) is allow-  
3 able,

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

6           “(D) the original use of which commences  
7 with the taxpayer.

8           “(3) QUALIFIED FACILITY.—

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

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

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

16           “(iii) for which the anticipated green-  
17 house gas emissions rate (as determined  
18 under clause (ii)) is not greater than zero,  
19 and

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

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

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

5                   “(B) ADDITIONAL RULES.—

6                   “(i) EXPANSION OF FACILITY; INCRE-  
7                   MENTAL PRODUCTION.—Rules similar to  
8                   the rules of section 45U(b)(1)(B) shall  
9                   apply for purposes of this paragraph.

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

12                  “(I) IN GENERAL.—The Sec-  
13                  retary, in consultation with the Ad-  
14                  ministrator of the Environmental Pro-  
15                  tection Agency, shall establish green-  
16                  house gas emissions rates for types or  
17                  categories of facilities, which a tax-  
18                  payer shall use for purposes of this  
19                  section.

20                  “(II) PUBLISHING EMISSIONS  
21                  RATES.—The Secretary shall publish  
22                  a table that sets forth the greenhouse  
23                  gas emissions rates for similar types  
24                  or categories of facilities.

1                   “(iii) WAGE REQUIREMENTS.—The  
2 requirements described in this clause with  
3 respect to any facility are that the tax-  
4 payer shall ensure that any laborers and  
5 mechanics employed by contractors and  
6 subcontractors in—

7                   “(I) the construction of such fa-  
8 cility, or

9                   “(II) for any year during the 5-  
10 year period beginning on the date the  
11 facility is originally placed in service,  
12 the alteration or repair of such facil-  
13 ity,

14 shall be paid wages at rates not less than  
15 the prevailing rates for construction, alter-  
16 ation, or repair of a similar character in  
17 the locality as determined by the Secretary  
18 of Labor, in accordance with subchapter  
19 IV of chapter 31 of title 40, United States  
20 Code.

21                   “(C) MICROGRIDS.—

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

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

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

10                   “(II) has the ability to be man-  
11 aged and isolated from the applicable  
12 grid region in order to withstand larg-  
13 er disturbances and maintain the sup-  
14 ply of electricity to connected critical  
15 infrastructure, and

16                   “(III) has no point of inter-  
17 connection to the applicable grid re-  
18 gion with a throughput capacity in ex-  
19 cess of 20 megawatts.

20                   “(iii) APPLICABLE GRID REGION.—  
21 For purposes of this subparagraph, the  
22 term ‘applicable grid region’ means a set  
23 of power plants and transmission lines  
24 which are—

1                   “(I) under the control of a single  
2                   grid operator, and

3                   “(II) interconnected to the  
4                   microgrid.

5                   “(iv) RELATIVE AVOIDED EMISSIONS  
6                   RATE.—

7                   “(I) IN GENERAL.—For purposes  
8                   of subsection (a)(1)(B)(ii), the relative  
9                   avoided emissions rate shall be the  
10                  amount equal to the quotient of—

11                  “(aa) the amount equal to  
12                  the non-baseload output emis-  
13                  sions rate for the applicable grid  
14                  region minus the greenhouse gas  
15                  emissions rate for the microgrid,  
16                  divided by

17                  “(bb) the non-baseload out-  
18                  put emissions rate for the appli-  
19                  cable grid region.

20                  “(II) NON-BASELOAD OUTPUT  
21                  EMISSIONS RATE.—

22                  “(aa) IN GENERAL.—For  
23                  purposes of this subparagraph,  
24                  the term ‘non-baseload output  
25                  emissions rate’ means the

1 amount of greenhouse gases  
2 emitted into the atmosphere by  
3 the applicable grid region for the  
4 production of electricity (ex-  
5 pressed as grams of CO<sub>2</sub>e per  
6 KWh) above baseload.

7 “(bb) DETERMINATION.—  
8 The non-baseload output emis-  
9 sions rate for any applicable grid  
10 region shall be determined by the  
11 Administrator of the Environ-  
12 mental Protection Agency, in  
13 consultation with the Secretary.

14 “(III) GREENHOUSE GAS EMIS-  
15 SIONS RATE.— For purposes of this  
16 subparagraph, the term ‘greenhouse  
17 gas emissions rate’ has the same  
18 meaning given such term under sec-  
19 tion 45U(b)(2).

20 “(D) EXCLUSION.—The term ‘qualified fa-  
21 cility’ shall not include any facility for which a  
22 renewable electricity production credit under  
23 section 45, an advanced nuclear power facility  
24 production credit under section 45J, or an en-  
25 ergy credit determined under section 48 is al-

1           lowed under section 38 for the taxable year or  
2           any prior taxable year.

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

9           “(c) QUALIFIED INVESTMENT WITH RESPECT TO  
10          GRID IMPROVEMENT PROPERTY.—

11           “(1) IN GENERAL.—

12           “(A) QUALIFIED INVESTMENT.—For pur-  
13           poses of subsection (a), the qualified investment  
14           with respect to grid improvement property for  
15           any taxable year is the basis of any grid im-  
16           provement property placed in service by the tax-  
17           payer during such taxable year.

18           “(B) GRID IMPROVEMENT PROPERTY.—  
19           For purposes of this section, the term ‘grid im-  
20           provement property’ means any energy storage  
21           property or qualified transmission property  
22           which—

23           “(i) satisfies the requirements under  
24           paragraph (4), and

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

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

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

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

13                  “(ii) in the case of a facility which is  
14                  equipped with a metering device which is  
15                  owned and operated by an unrelated per-  
16                  son, sold or consumed by the taxpayer,

17                  “(B) with respect to which depreciation is  
18                  allowable,

19                  “(C) which is constructed, reconstructed,  
20                  erected, or acquired by the taxpayer,

21                  “(D) the original use of which commences  
22                  with the taxpayer,

23                  “(E) which has a capacity of not less than  
24                  5 kilowatt hours, and

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

3           “(3) QUALIFIED TRANSMISSION PROPERTY.—

4           “(A) IN GENERAL.—For purposes of this  
5           subsection, the term ‘qualified transmission  
6           property’ means—

7                   “(i) any overhead, submarine, or un-  
8                   derground transmission property which is  
9                   capable of transmitting electricity at a  
10                  voltage of not less than 275 kilovolts, and

11                   “(ii) any other equipment necessary  
12                  for the operation of a new circuit, includ-  
13                  ing equipment listed as ‘transmission  
14                  plant’ in the Uniform System of Accounts  
15                  for the Federal Energy Regulatory Com-  
16                  mission under part 101 of subchapter C of  
17                  chapter I of title 18, Code of Federal Reg-  
18                  ulations.

19           “(B) EXCLUSION.—The term ‘qualified  
20           transmission property’ shall not include any  
21           property used for distribution of electricity.

22           “(4) WAGE REQUIREMENTS.—The requirements  
23           described in this paragraph with respect to any  
24           property are that the taxpayer shall ensure that any

1 laborers and mechanics employed by contractors and  
2 subcontractors in—

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

4 “(B) for any year during the 5-year period  
5 beginning on the date the property is originally  
6 placed in service, the alteration or repair of  
7 such property,

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

14 “(d) CERTAIN PROGRESS EXPENDITURE RULES  
15 MADE APPLICABLE.—Rules similar to the rules of sub-  
16 sections (c)(4) and (d) of section 46 (as in effect on the  
17 day before the date of the enactment of the Revenue Rec-  
18 onciliation Act of 1990) shall apply for purposes of sub-  
19 section (a).

20 “(e) CREDIT PHASE-OUT.—

21 “(1) IN GENERAL.—If the Secretary, in con-  
22 sultation with the Secretary of Energy and the Ad-  
23 ministrator of the Environmental Protection Agency,  
24 determines that the annual greenhouse gas emis-  
25 sions from the production of electricity in the United

1 States are equal to or less than 25 percent of the  
2 annual greenhouse gas emissions from the produc-  
3 tion of electricity in the United States for calendar  
4 year 2021, the amount of the clean electricity invest-  
5 ment credit under subsection (a) for any qualified  
6 property or grid improvement property the construc-  
7 tion of which begins during a calendar year de-  
8 scribed in paragraph (2) shall be equal to the prod-  
9 uct of—

10 “(A) the amount of the credit determined  
11 under subsection (a) without regard to this sub-  
12 section, multiplied by

13 “(B) the phase-out percentage under para-  
14 graph (2).

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

17 “(A) for property the construction of which  
18 begins during the first calendar year following  
19 the calendar year in which the determination  
20 described in paragraph (1) is made, 100 per-  
21 cent,

22 “(B) for property the construction of  
23 which begins during the second calendar year  
24 following such determination year, 75 percent,

1           “(C) for property the construction of which  
2           begins during the third calendar year following  
3           such determination year, 50 percent, and

4           “(D) for property the construction of  
5           which begins during any calendar year subse-  
6           quent to the year described in subparagraph  
7           (C), 0 percent.

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

11          “(g) RECAPTURE OF CREDIT.—For purposes of sec-  
12          tion 50, if the Secretary, in consultation with the Adminis-  
13          trator of the Environmental Protection Agency, deter-  
14          mines that the greenhouse gas emissions rate for a quali-  
15          fied facility is significantly higher than the anticipated  
16          greenhouse gas emissions rate claimed by the taxpayer for  
17          purposes of the clean electricity investment credit under  
18          this section, the facility or equipment shall cease to be in-  
19          vestment credit property in the taxable year in which the  
20          determination is made.

21          “(h) FINAL GUIDANCE.—Not later than January 1,  
22          2023, the Secretary, in consultation with the Adminis-  
23          trator of the Environmental Protection Agency, shall issue  
24          final guidance regarding implementation of this section.

25          “(i) ELECTION FOR DIRECT PAYMENT.—

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

11           “(2) FORM AND EFFECT OF ELECTION.—An  
12 election under paragraph (1) shall be made prior to  
13 the date on which construction of the qualified prop-  
14 erty or grid improvement property begins and in  
15 such manner as the Secretary may prescribe. Such  
16 election, once made, shall—

17           “(A) be irrevocable with respect to the  
18 qualified property or grid improvement property  
19 to which such election applies, and

20           “(B) reduce the amount of the credit  
21 which would (but for this subsection) be allow-  
22 able under this section with respect to such  
23 property for the taxable year in which such  
24 property is placed in service to zero.

1           “(3) APPLICATION TO PARTNERSHIPS AND S  
2 CORPORATION.—Rules similar to the rules of sec-  
3 tion 45U(h)(3) shall apply for purposes of this sub-  
4 section.”.

5           (2) PUBLIC UTILITY PROPERTY.—Paragraph  
6 (2) of section 50(d) is amended—

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

12           (B) by adding the following new subpara-  
13 graphs:

14           “(A) no election under this paragraph shall  
15 be permitted if the making of such election is  
16 prohibited by, or required by, a State or polit-  
17 ical subdivision thereof, by any agency or in-  
18 strumentality of the United States, or by a pub-  
19 lic service or public utility commission or other  
20 similar body of any State or political subdivi-  
21 sion that regulates public utilities as described  
22 in section 7701(a)(33)(A),

23           “(B) an election under this paragraph  
24 shall be made separately with respect to each  
25 grid improvement property by the due date (in-

1 including extensions) of the Federal tax return  
2 for the taxable year in which such property is  
3 placed in service by the taxpayer, and once  
4 made, may be revoked only with the consent of  
5 the Secretary, and

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

11 (3) CONFORMING AMENDMENTS.—

12 (A) Section 46 is amended—

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

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

18 (iii) by adding at the end the fol-  
19 lowing new paragraph:

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

21 (B) Section 49(a)(1)(C) is amended—

22 (i) by striking “and” at the end of  
23 clause (iv),

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

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

3 “(vi) the basis of any qualified prop-  
4 erty which is part of a qualified facility  
5 under section 48D, and

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

8 (C) Section 50(a)(2)(E) is amended by  
9 striking “or 48C(b)(2)” and inserting  
10 “48C(b)(2), or 48D(e)”.

11 (D) The table of sections for subpart E of  
12 part IV of subchapter A of chapter 1 is amend-  
13 ed by inserting after the item relating to section  
14 48C the following new item:

“48D. Clean electricity investment credit.”.

15 (4) EFFECTIVE DATE.—The amendments made  
16 by this subsection shall apply to property placed in  
17 service after December 31, 2022, under rules similar  
18 to the rules of section 48(m) of the Internal Revenue  
19 Code of 1986 (as in effect on the day before the  
20 date of the enactment of the Revenue Reconciliation  
21 Act of 1990).

22 (b) INDIVIDUAL CREDIT.—

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

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

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

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

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

12 “(b) QUALIFIED PROPERTY.—

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

15 “(A) which is tangible personal property,

16 “(B) which is used for the generation of  
17 electricity,

18 “(C) which is constructed, reconstructed,  
19 erected, or acquired by the taxpayer,

20 “(D) the original use of which commences  
21 with the taxpayer,

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

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

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

3           “(A) IN GENERAL.—The Secretary, in con-  
4           sultation with the Administrator of the Envi-  
5           ronmental Protection Agency, shall establish  
6           greenhouse gas emissions rates for types or cat-  
7           egories of qualified property which are for use  
8           in a dwelling unit, which a taxpayer shall use  
9           for purposes of this section.

10           “(B) PUBLISHING EMISSIONS RATES.—  
11           The Secretary shall publish a table that sets  
12           forth the greenhouse gas emissions rates for  
13           similar types or categories of qualified property.

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

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

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

21           “(3) has a capacity of not less than 3 kilowatt  
22           hours.

23           “(d) CARRYFORWARD OF UNUSED CREDIT.—

24           “(1) IN GENERAL.—If the credit allowable  
25           under subsection (a) exceeds the applicable tax limit,

1 such excess shall be carried to each of the 3 suc-  
2 ceeding taxable years and added to the credit allow-  
3 able under subsection (a) for such succeeding tax-  
4 able year.

5 “(2) LIMITATION.—The amount of the unused  
6 credit which may be taken into account under para-  
7 graph (1) for any taxable year shall not exceed the  
8 amount (if any) by which the applicable tax limit for  
9 such taxable year exceeds the sum of—

10 “(A) the credit allowable under subsection  
11 (a) for which such taxable year determined  
12 without regard to this subsection, and

13 “(B) the amounts which, by reason of this  
14 subsection, are carried to such taxable year and  
15 are attributable to taxable years before the un-  
16 used credit year.

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

22 “(e) CREDIT PHASE-OUT.—

23 “(1) IN GENERAL.—If the Secretary determines  
24 that the annual greenhouse gas emissions from the  
25 production of electricity in the United States are

1 equal to or less than the percentage specified in sec-  
2 tion 48D(e), the amount of the credit allowable  
3 under subsection (a) for any qualified property or  
4 energy storage property placed in service during a  
5 calendar year described in paragraph (2) shall be  
6 equal to the product of—

7 “(A) the amount of the credit determined  
8 under subsection (a) without regard to this sub-  
9 section, multiplied by

10 “(B) the phase-out percentage under para-  
11 graph (2).

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

14 “(A) for property placed in service during  
15 the first calendar year following the calendar  
16 year in which the determination described in  
17 paragraph (1) is made, 100 percent,

18 “(B) for property placed in service during  
19 the second calendar year following such deter-  
20 mination year, 75 percent,

21 “(C) for property placed in service during  
22 the third calendar year following such deter-  
23 mination year, 50 percent, and

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

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

5           “(1) LABOR COSTS.—Expenditures for labor  
6           costs properly allocable to the onsite preparation, as-  
7           sembly, or original installation of the qualified prop-  
8           erty or energy storage property and for piping or  
9           wiring to interconnect such property to the dwelling  
10          unit shall be taken into account for purposes of this  
11          section.

12          “(2) TENANT-STOCKHOLDER IN COOPERATIVE  
13          HOUSING CORPORATION.—In the case of an indi-  
14          vidual who is a tenant-stockholder (as defined in sec-  
15          tion 216) in a cooperative housing corporation (as  
16          defined in such section), such individual shall be  
17          treated as having made his tenant-stockholder’s pro-  
18          portionate share (as defined in section 216(b)(3)) of  
19          any expenditures of such corporation.

20          “(3) CONDOMINIUMS.—

21          “(A) IN GENERAL.—In the case of an indi-  
22          vidual who is a member of a condominium man-  
23          agement association with respect to a condo-  
24          minium which the individual owns, such indi-  
25          vidual shall be treated as having made the indi-

1           vidual’s proportionate share of any expenditures  
2           of such association.

3           “(B) CONDOMINIUM MANAGEMENT ASSO-  
4           CIATION.—For purposes of this paragraph, the  
5           term ‘condominium management association’  
6           means an organization which meets the require-  
7           ments of paragraph (1) of section 528(c) (other  
8           than subparagraph (E) thereof) with respect to  
9           a condominium project substantially all of the  
10          units of which are used as residences.

11          “(4) ALLOCATION IN CERTAIN CASES.—If less  
12          than 80 percent of the use of a property is for non-  
13          business purposes, only that portion of the expendi-  
14          tures for such property which is properly allocable to  
15          use for nonbusiness purposes shall be taken into ac-  
16          count.

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

23          “(h) FINAL GUIDANCE.—Not later than January 1,  
24          2023, the Secretary, in consultation with the Adminis-  
25          trator of the Environmental Protection Agency, shall issue

1 final guidance regarding implementation of this section,  
2 including calculation of greenhouse gas emission rates for  
3 qualified property and determination of residential clean  
4 electricity property credits under this section.”.

5 (2) CONFORMING AMENDMENTS.—

6 (A) Paragraph (1) of section 45(d) is  
7 amended by striking “Such term” and all that  
8 follows through the period and inserting the fol-  
9 lowing: “Such term shall not include any facil-  
10 ity with respect to which any expenditures for  
11 qualified property (as defined in subsection (b)  
12 of section 25D) which uses wind to produce  
13 electricity is taken into account in determining  
14 the credit under such section.”.

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

18 (C) The item relating to section 25D in  
19 the table of contents for subpart A of part IV  
20 of subchapter A of chapter 1 is amended to  
21 read as follows:

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

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

1 **SEC. 103. EXTENSIONS, MODIFICATIONS, AND TERMI-**  
2 **NATIONS OF VARIOUS ENERGY PROVISIONS.**

3 (a) RESIDENTIAL ENERGY EFFICIENT PROPERTY.—

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

7 (2) ELIMINATION OF PHASEOUT.—Section  
8 25D(g) is amended—

9 (A) in paragraph (1), by adding “and” at  
10 the end,

11 (B) in paragraph (2), by striking “, and”  
12 and inserting a period, and

13 (C) by striking paragraph (3).

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

17 (b) TERMINATION OF ALLOCATION OF UNUTILIZED  
18 LIMITATION FOR ADVANCED NUCLEAR POWER FACILI-  
19 TIES.—Section 45J(b) is amended by striking paragraph  
20 (5).

21 (c) MODIFICATION OF CREDIT FOR CARBON DIOXIDE  
22 SEQUESTRATION.—

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

24 (A) in subsection (a)(4)(B)(i), by inserting  
25 “subject to subsection (f)(8),” before “used  
26 by”,

1 (B) in subsection (b)(1)—

2 (i) in subparagraph (A), by striking  
3 “The applicable dollar amount” and insert-  
4 ing “Except as provided in subparagraph  
5 (B), the applicable dollar amount”,

6 (ii) by redesignating subparagraph  
7 (B) as subparagraph (C),

8 (iii) by inserting after subparagraph  
9 (A) the following:

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

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

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

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

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

1                   “(I) for purposes of paragraph  
2                   (3) of subsection (a), an amount equal  
3                   to the product of \$175 and the infla-  
4                   tion adjustment factor for such cal-  
5                   endar year determined under section  
6                   43(b)(3)(B) for such calendar year,  
7                   determined by substituting ‘2025’ for  
8                   ‘1990’, and

9                   “(II) for purposes of paragraph  
10                  (4) of such subsection, an amount  
11                  equal to the product of \$150 and the  
12                  inflation adjustment factor for such  
13                  calendar year determined under sec-  
14                  tion 43(b)(3)(B) for such calendar  
15                  year, determined by substituting  
16                  ‘2025’ for ‘1990’.”, and

17                  (iv) in subparagraph (C), as so reded-  
18                  ignated, by inserting “or (B)” after “sub-  
19                  paragraph (A)”,

20                  (C) by striking subsection (d) and insert-  
21                  ing the following:

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

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

25                         “(2) any industrial facility which captures—

1           “(A) in the case of an electricity gener-  
2           ating facility, not less than 75 percent of the  
3           carbon oxide which would otherwise be released  
4           into the atmosphere, or

5           “(B) in the case of an industrial facility  
6           which is not an electricity generating facility,  
7           not less than 50 percent of the carbon oxide  
8           which would otherwise be released into the at-  
9           mosphere.”,

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

12           “(8) ELIMINATION OF USE OF CARBON OXIDE  
13           AS TERTIARY INJECTANT.—In the case of any quali-  
14           fied facility the construction of which begins after  
15           the date of enactment of the Clean Energy for  
16           America Act, subsection (a)(4)(B)(i) shall not  
17           apply.”,

18           (E) by redesignating subsection (h) as sub-  
19           section (i), and

20           (F) by inserting after subsection (g) the  
21           following:

22           “(h) CREDIT PHASE-OUT.—

23           “(1) IN GENERAL.—

24           “(A) REDUCTION BASED ON EMISSIONS  
25           FROM PRODUCTION OF ELECTRICITY.—Subject

1 to subparagraphs (B) and (C), if the Secretary,  
2 in consultation with the Secretary of Energy  
3 and the Administrator of the Environmental  
4 Protection Agency, determines that the annual  
5 greenhouse gas emissions from the production  
6 of electricity in the United States are equal to  
7 or less than 25 percent of the annual green-  
8 house gas emissions from the production of  
9 electricity in the United States for calendar  
10 year 2021, the amount of the carbon oxide se-  
11 questration credit under subsection (a) for any  
12 qualified facility the construction of which be-  
13 gins during a calendar year described in para-  
14 graph (2) shall be equal to the product of—

15 “(i) the amount of the credit deter-  
16 mined under subsection (a) without regard  
17 to this subsection, multiplied by

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

20 “(B) OTHER INDUSTRIAL FACILITIES.—In  
21 the case of any qualified facility described in  
22 subsection (d)(2)(B) the construction of which  
23 begins during a calendar year described in  
24 paragraph (2), subparagraph (A) shall be ap-

1           plied by substituting ‘industrial sector’ for ‘pro-  
2           duction of electricity’ each place it appears.

3           “(C) DIRECT AIR CAPTURE FACILITIES.—

4           In the case of any qualified facility described in  
5           subsection (d)(1), subparagraph (A) shall not  
6           apply.

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

9           “(A) for a facility the construction of  
10          which begins during the first calendar year fol-  
11          lowing the calendar year in which the deter-  
12          mination described in paragraph (1)(A) is  
13          made, 100 percent,

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

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

20          “(D) for a facility the construction of  
21          which begins during any calendar year subse-  
22          quent to the year described in subparagraph  
23          (C), 0 percent.”.

24          (2) ELIMINATION OF ELECTION FOR APPLICA-  
25          BLE FACILITIES.—

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

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

4 (ii) by redesignating paragraphs (7)  
5 and (8) as paragraphs (6) and (7), respec-  
6 tively.

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

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

14 “(8) WAGE REQUIREMENTS.—

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

18 “(i) the requirements under subpara-  
19 graph (B), and

20 “(ii) with respect to—

21 “(I) the construction of any facil-  
22 ity the construction of which begins  
23 after the date of enactment of the  
24 Clean Energy for America Act, and

1                                   “(II) the construction of any car-  
2                                   bon capture equipment,  
3                                   the requirements under section 601 of the  
4                                   Clean Energy for America Act.

5                                   “(B) REQUIREMENTS.—The requirements  
6                                   described in this clause with respect to any fa-  
7                                   cility, and any carbon capture equipment placed  
8                                   in service at such facility, are that the taxpayer  
9                                   shall ensure that any laborers and mechanics  
10                                  employed by contractors and subcontractors  
11                                  in—

12                                  “(i) in the case of any facility the con-  
13                                  struction of which begins after the date of  
14                                  enactment of the Clean Energy for Amer-  
15                                  ica Act, the construction of such facility, or

16                                  “(ii) during the 12-year period begin-  
17                                  ning on the date on which carbon capture  
18                                  equipment is originally placed in service at  
19                                  any facility (as described in paragraphs  
20                                  (3)(A) and (4)(A) of subsection (a)), the  
21                                  alteration or repair of such facility or such  
22                                  equipment,

23                                  shall be paid wages at rates not less than the  
24                                  prevailing rates for construction, alteration, or  
25                                  repair of a similar character in the locality as

1           determined by the Secretary of Labor, in ac-  
2           cordance with subchapter IV of chapter 31 of  
3           title 40, United States Code.”.

4           (4) ELECTION FOR DIRECT PAYMENT.—Section  
5           45Q, as amended by the preceding paragraphs of  
6           this subsection, is amended—

7                   (A) by redesignating subsection (i) as sub-  
8                   section (j), and

9                   (B) by inserting after subsection (h) the  
10           following:

11           “(i) ELECTION FOR DIRECT PAYMENT.—

12                   “(1) IN GENERAL.—The amount of any credit  
13                   determined under paragraph (3) or (4) of subsection  
14                   (a) with respect to any qualified carbon oxide for  
15                   any taxable year during the period described in  
16                   paragraph (3)(A) or (4)(A) of such subsection, re-  
17                   spectively, shall, at the election of the taxpayer, be  
18                   treated as a payment equal to such amount which is  
19                   made by the taxpayer against the tax imposed by  
20                   chapter 1 for such taxable year.

21                   “(2) FORM AND EFFECT OF ELECTION.—An  
22                   election under paragraph (1) shall be made prior to  
23                   the date on which construction of the carbon capture  
24                   equipment begins and in such manner as the Sec-

1       retary may prescribe. Such election, once made,  
2       shall—

3               “(A) be irrevocable with respect to such  
4       carbon capture equipment for the period de-  
5       scribed in paragraph (3)(A) or (4)(A) of sub-  
6       section (a), and

7               “(B) for any taxable year during such pe-  
8       riod, reduce the amount of the credit which  
9       would (but for this paragraph) be allowable  
10      under this section with respect to such equip-  
11      ment for such taxable year to zero.

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

16              (5) EFFECTIVE DATES.—

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

21              (B) ELIMINATION OF ELECTION FOR AP-  
22      PLICABLE FACILITIES.—The amendments made  
23      by paragraph (2) shall take effect on the date  
24      of enactment of this Act.

1           (C) WAGE REQUIREMENTS.—The amend-  
2           ments made by paragraph (3) shall apply to fa-  
3           cilities or equipment the construction of which  
4           begins after December 31, 2021.

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

9           (d) MODIFICATION OF CREDITS FOR ENERGY PROP-  
10          PERTY.—

11           (1) SOLAR ENERGY PROPERTY.—Subclause (II)  
12           of section 48(a)(2)(A)(i) is amended by striking  
13           “January 1, 2024” and inserting “January 1,  
14           2023”.

15           (2) PHASEOUTS.—Section 48(a) is amended—

16           (A) in paragraph (6)—

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

19           “(A) IN GENERAL.—Subject to subpara-  
20           graph (B), in the case of any energy property  
21           described in paragraph (3)(A)(i) the construc-  
22           tion of which begins after December 31, 2019,  
23           before January 1, 2023, the energy percentage  
24           determined under paragraph (2) shall be equal  
25           to 26 percent.”, and

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

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

6 “(A) IN GENERAL.—Subject to subpara-  
7 graph (B), in the case of any qualified fuel cell  
8 property, qualified small wind property, waste  
9 energy recovery property, or energy property  
10 described in paragraph (3)(A)(ii) the construc-  
11 tion of which begins after December 31, 2019,  
12 and before January 1, 2023, the energy per-  
13 centage determined under paragraph (2) shall  
14 be equal to 26 percent.”.

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

18 (e) ENERGY CREDIT.—

19 (1) SOLAR ENERGY PROPERTY.—Section  
20 48(a)(3)(A) is amended—

21 (A) in clause (i), by inserting “but only  
22 with respect to property the construction of  
23 which begins before January 1, 2023,” after  
24 “swimming pool,” and

1 (B) in clause (ii), by striking “January 1,  
2 2024” and inserting “January 1, 2023”.

3 (2) GEOTHERMAL ENERGY PROPERTY.—Section  
4 48(a)(3)(A)(iii) is amended by inserting “with re-  
5 spect to property the construction of which begins  
6 before January 1, 2023, and” after “but only”.

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

11 (4) QUALIFIED FUEL CELL PROPERTY.—Sec-  
12 tion 48(c)(1)(D) is amended by striking “January 1,  
13 2024” and inserting “January 1, 2023”.

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

17 (6) COMBINED HEAT AND POWER SYSTEM  
18 PROPERTY.—Section 48(c)(3)(A)(iv) is amended by  
19 striking “January 1, 2024” and inserting “January  
20 1, 2023”.

21 (7) QUALIFIED SMALL WIND ENERGY PROP-  
22 erty.—Section 48(c)(4)(C) is amended by striking  
23 “January 1, 2024” and inserting “January 1,  
24 2023”.

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

4           (f) COST RECOVERY FOR QUALIFIED FACILITIES,  
 5 QUALIFIED PROPERTY, AND GRID IMPROVEMENT PROP-  
 6 ERTY.—

7           (1) IN GENERAL.—Section 168(e)(3)(B) is  
 8           amended—

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

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

13                   (C) by inserting after clause (vii) the fol-  
 14           lowing:

15                           “(viii) any qualified facility (as de-  
 16                           fined in section 45U(b)(1)(A)), any quali-  
 17                           fied property (as defined in subsection  
 18                           (b)(2) of section 48D), or any grid im-  
 19                           provement property (as defined in sub-  
 20                           section (c)(1)(B) of such section).”.

21           (2) ALTERNATIVE SYSTEM.—The table con-  
 22           tained in section 168(g)(3)(B) is amended by insert-  
 23           ing after the item relating to subparagraph (B)(vii)  
 24           the following new item:

“(B)(viii) ..... 30”.

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

4           **TITLE II—INCENTIVES FOR**  
5           **CLEAN TRANSPORTATION**

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

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

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

11          “(a) AMOUNT OF CREDIT.—

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

15                          “(A) for any transportation fuel sold dur-  
16                          ing any calendar year ending before January 1,  
17                          2030, and amount equal to the product of—

18                                  “(i) \$1.00 per gallon (or gallon equiv-  
19                                  alent) with respect to any transportation  
20                                  fuel which is—

21    “(I) produced by the taxpayer at  
22    a qualified facility, and

23    “(II) sold by the taxpayer in a  
24    manner described in paragraph (3),  
25    and

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

3                   “(B) for any transportation fuel sold dur-  
4                   ing any calendar year beginning after December  
5                   31, 2029, an amount equal to the applicable  
6                   amount (as determined under paragraph (2))  
7                   per gallon (or gallon equivalent) with respect to  
8                   any transportation fuel which is—

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

11                  “(ii) sold by the taxpayer in a manner  
12                  described in paragraph (3).

13                  “(2) APPLICABLE AMOUNT.—For purposes of  
14                  paragraph (1)(B), the applicable amount with re-  
15                  spect to any transportation fuel shall be an amount  
16                  equal to \$1.00 increased by 10 cents for every kilo-  
17                  gram of CO<sub>2</sub>e per mmBTU (or fraction thereof) for  
18                  which the emissions rate for such fuel is below zero.

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

23                  “(A) for use by such person in the produc-  
24                  tion of a fuel mixture,

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

3                   “(C) who sells such fuel at retail to an-  
4                   other person and places such fuel in the fuel  
5                   tank of such other person.

6                   “(4) ROUNDING.—If any amount determined  
7                   under paragraph (1)(A) or (2) is not a multiple of  
8                   0.1 cent, such amount shall be rounded to the near-  
9                   est multiple of 0.1 cent.

10                  “(b) EMISSIONS FACTORS.—

11                   “(1) EMISSIONS FACTOR.—

12                   “(A) CALCULATION.—

13                   “(i) IN GENERAL.—The emissions fac-  
14                   tor of a transportation fuel shall be an  
15                   amount equal to the quotient of—

16                                   “(I) an amount equal to—

17   “(aa) the baseline emissions  
18   rate, minus

19   “(bb) the emissions rate for  
20   such fuel, divided by

21                                   “(II) the baseline emissions rate.

22                   “(B) BASELINE EMISSIONS RATE.—For  
23                   purposes of this paragraph, the term ‘baseline  
24                   emissions rate’ means—

1                   “(i) for any calendar year ending be-  
2                   fore January 1, 2026, 75 kilograms of  
3                   CO<sub>2</sub>e per mmBTU,

4                   “(ii) for calendar years 2026 and  
5                   2027, 50 kilograms of CO<sub>2</sub>e per mmBTU,  
6                   and

7                   “(iii) for calendar years 2028 and  
8                   2029, 25 kilograms of CO<sub>2</sub>e per mmBTU.

9                   “(C) ESTABLISHMENT OF EMISSIONS  
10                  RATE.—The Secretary, in consultation with the  
11                  Administrator of the Environmental Protection  
12                  Agency, shall establish the emissions rate for  
13                  similar types and categories of transportation  
14                  fuels based on the amount of lifecycle green-  
15                  house gas emissions (as described in section  
16                  211(o)(1)(H) of the Clean Air Act (42 U.S.C.  
17                  7545(o)(1)(H)), as in effect on the date of the  
18                  enactment of this section) for such fuels, ex-  
19                  pressed as kilograms of CO<sub>2</sub>e per mmBTU,  
20                  which a taxpayer shall use for purposes of this  
21                  section.

22                  “(D) ROUNDING OF EMISSIONS RATE.—  
23                  The Secretary may round the emissions rates  
24                  under subparagraph (B) to the nearest multiple  
25                  of 5 kilograms of CO<sub>2</sub>e per mmBTU, except

1           that, in the case of an emissions rate that is  
2           less than 2.5 kilograms of CO<sub>2</sub>e per mmBTU,  
3           the Secretary may round such rate to zero.

4           “(E) PROVISIONAL EMISSIONS RATE.—

5                   “(i) IN GENERAL.—In the case of any  
6                   transportation fuel for which an emissions  
7                   rate has not been established by the Sec-  
8                   retary, a taxpayer producing such fuel may  
9                   file a petition with the Secretary for deter-  
10                  mination of the emissions rate with respect  
11                  to such fuel.

12                   “(ii) ESTABLISHMENT OF PROVI-  
13                   SIONAL AND FINAL EMISSIONS RATE.—In  
14                   the case of a transportation fuel for which  
15                   a petition described in clause (i) has been  
16                   filed, the Secretary, in consultation with  
17                   the Administrator of the Environmental  
18                   Protection Agency, shall—

19                           “(I) not later than 12 months  
20                           after the date on which the petition  
21                           was filed, provide a provisional emis-  
22                           sions rate for such fuel which a tax-  
23                           payer shall use for purposes of this  
24                           section, and

1                   “(II) not later than 24 months  
2                   after the date on which the petition  
3                   was filed, establish the emissions rate  
4                   for such fuel.

5                   “(F) ROUNDING.—If any amount deter-  
6                   mined under subparagraph (A) is not a multiple  
7                   of 0.1, such amount shall be rounded to the  
8                   nearest multiple of 0.1.

9                   “(2) PUBLISHING EMISSIONS RATE.—The Sec-  
10                  retary shall publish a table that sets forth the emis-  
11                  sions rate (as established pursuant to paragraph  
12                  (1)) for similar types and categories of transpor-  
13                  tation fuels.

14                  “(c) INFLATION ADJUSTMENT.—

15                  “(1) IN GENERAL.—In the case of calendar  
16                  years beginning after 2023, the \$1.00 amount in  
17                  paragraphs (1)(A)(i) and (2) of subsection (a) shall  
18                  be adjusted by multiplying such amount by the infla-  
19                  tion adjustment factor for the calendar year in  
20                  which the sale or use of the transportation fuel oc-  
21                  curs. If any amount as increased under the pre-  
22                  ceding sentence is not a multiple of 1 cent, such  
23                  amount shall be rounded to the nearest multiple of  
24                  1 cent.

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

8           “(d) CREDIT PHASE-OUT.—

9           “(1) IN GENERAL.—If the Secretary, in con-  
10 sultation with the Secretary of Energy and the Ad-  
11 ministrator of the Environmental Protection Agency,  
12 determines that the greenhouse gas emissions from  
13 the transportation of persons and goods annually in  
14 the United States are equal to or less than 25 per-  
15 cent of the greenhouse gas emissions from the trans-  
16 portation of persons and goods in the United States  
17 during calendar year 2021, the amount of the clean  
18 fuel production credit under this section shall be de-  
19 termined by substituting the applicable amount (as  
20 determined under paragraph (2)(A)) for the dollar  
21 amount in paragraphs (1)(A)(i) and (2) of sub-  
22 section (a).

23           “(2) APPLICABLE DOLLAR AMOUNT.—

24           “(A) IN GENERAL.—The applicable  
25 amount for any taxable year described in sub-

1 paragraph (B) shall be an amount equal to the  
2 product of—

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

6 “(ii) the phase-out percentage under  
7 subparagraph (B).

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

11 “(i) for any taxable year beginning in  
12 the first calendar year following the cal-  
13 endar year in which the determination de-  
14 scribed in paragraph (1) is made, 100 per-  
15 cent,

16 “(ii) for any taxable year beginning in  
17 the second calendar year following such de-  
18 termination year, 75 percent,

19 “(iii) for any taxable year beginning  
20 in the third calendar year following such  
21 determination year, 50 percent, and

22 “(iv) for any taxable year beginning in  
23 any calendar year subsequent to the year  
24 described in clause (iii), 0 percent.

25 “(e) DEFINITIONS.—In this section:

1           “(1) mmBTU.—The term ‘mmBTU’ means  
2           1,000,000 British thermal units.

3           “(2) CO<sub>2</sub>e.—The term ‘CO<sub>2</sub>e’ means, with re-  
4           spect to any greenhouse gas, the equivalent carbon  
5           dioxide (as determined based on relative global  
6           warming potential).

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

12          “(4) QUALIFIED FACILITY.—

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

15                         “(i) used for the production of trans-  
16                         portation fuels, and

17                         “(ii) which—

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

20                                 “(II) with respect to the con-  
21                                 struction of such facility, satisfies the  
22                                 requirements under section 601 of the  
23                                 Clean Energy for America Act.

24                 “(B) WAGE REQUIREMENTS.—The re-  
25                 quirements described in this subparagraph with

1           respect to any facility are that the taxpayer  
2           shall ensure that any laborers and mechanics  
3           employed by contractors and subcontractors  
4           in—

5                       “(i) the construction of such facility,

6                       or

7                       “(ii) for any year described in sub-  
8                       section (a)(1) for which the credit under  
9                       this section is claimed, the alteration or re-  
10                      pair of such facility,

11           shall be paid wages at rates not less than the  
12           prevailing rates for construction, alteration, or  
13           repair of a similar character in the locality as  
14           determined by the Secretary of Labor, in ac-  
15           cordance with subchapter IV of chapter 31 of  
16           title 40, United States Code.

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

20           “(f) FINAL GUIDANCE.—Not later than January 1,  
21           2023, the Secretary, in consultation with the Adminis-  
22           trator of the Environmental Protection Agency, shall issue  
23           final guidance regarding implementation of this section,  
24           including calculation of emissions factors for transpor-  
25           tation fuel, the table described in subsection (b)(2), and

1 the determination of clean fuel production credits under  
2 this section.

3 “(g) SPECIAL RULES.—

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

6 “(A) IN GENERAL.—No clean fuel produc-  
7 tion credit shall be determined under subsection  
8 (a) with respect to any transportation fuel un-  
9 less—

10 “(i) the taxpayer is registered as a  
11 producer of clean fuel under section 4101  
12 at the time of production, and

13 “(ii) such fuel is produced in the  
14 United States.

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

18 “(2) PRODUCTION ATTRIBUTABLE TO THE TAX-  
19 PAYER.—In the case of a facility in which more than  
20 1 person has an ownership interest, except to the ex-  
21 tent provided in regulations prescribed by the Sec-  
22 retary, production from the facility shall be allocated  
23 among such persons in proportion to their respective  
24 ownership interests in the gross sales from such fa-  
25 cility.

1           “(3) RELATED PERSONS.—Persons shall be  
2           treated as related to each other if such persons  
3           would be treated as a single employer under the reg-  
4           ulations prescribed under section 52(b). In the case  
5           of a corporation which is a member of an affiliated  
6           group of corporations filing a consolidated return,  
7           such corporation shall be treated as selling fuel to  
8           an unrelated person if such fuel is sold to such a  
9           person by another member of such group.

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

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

16           “(A) ELECTION TO ALLOCATE.—

17           “(i) IN GENERAL.—In the case of an  
18           eligible cooperative organization, any por-  
19           tion of the credit determined under sub-  
20           section (a) for the taxable year may, at the  
21           election of the organization, be apportioned  
22           among patrons of the organization on the  
23           basis of the amount of business done by  
24           the patrons during the taxable year.

1                   “(ii) FORM AND EFFECT OF ELEC-  
2                   TION.—An election under clause (i) for any  
3                   taxable year shall be made on a timely  
4                   filed return for such year. Such election,  
5                   once made, shall be irrevocable for such  
6                   taxable year. Such election shall not take  
7                   effect unless the organization designates  
8                   the apportionment as such in a written no-  
9                   tice mailed to its patrons during the pay-  
10                  ment period described in section 1382(d).

11                  “(B) TREATMENT OF ORGANIZATIONS AND  
12                  PATRONS.—The amount of the credit appor-  
13                  tioned to any patrons under subparagraph  
14                  (A)—

15                         “(i) shall not be included in the  
16                         amount determined under subsection (a)  
17                         with respect to the organization for the  
18                         taxable year, and

19                         “(ii) shall be included in the amount  
20                         determined under subsection (a) for the  
21                         first taxable year of each patron ending on  
22                         or after the last day of the payment period  
23                         (as defined in section 1382(d)) for the tax-  
24                         able year of the organization or, if earlier,  
25                         for the taxable year of each patron ending

1           on or after the date on which the patron  
2           receives notice from the cooperative of the  
3           apportionment.

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

12                   “(i) such reduction, over

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

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

21           “(D) ELIGIBLE COOPERATIVE DEFINED.—  
22          For purposes of this section the term ‘eligible  
23          cooperative’ means a cooperative organization  
24          described in section 1381(a) which is owned  
25          more than 50 percent by agricultural producers

1 or by entities owned by agricultural producers.  
2 For this purpose an entity owned by an agricul-  
3 tural producer is one that is more than 50 per-  
4 cent owned by agricultural producers.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 38(b), as amended by section 101,  
7 is amended—

8 (A) in paragraph (33), by striking “plus”  
9 at the end,

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

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

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

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

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

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

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

4 **SEC. 202. TRANSPORTATION ELECTRIFICATION.**

5 (a) ALTERNATIVE MOTOR VEHICLE CREDIT FOR  
6 FUEL CELL MOTOR VEHICLES.—

7 (1) IN GENERAL.—Section 30B(k) is amend-  
8 ed—

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

10 (B) by redesignating paragraphs (2)  
11 through (4) as paragraphs (1) through (3), re-  
12 spectively.

13 (2) PHASEOUT.—Section 30B is amended by  
14 adding at the end the following:

15 “(l) CREDIT PHASE-OUT FOR NEW QUALIFIED FUEL  
16 CELL MOTOR VEHICLES.—

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

1       this section for any new qualified fuel cell motor ve-  
2       hicle purchased during a calendar year described in  
3       paragraph (2) shall be equal to the product of—

4               “(A) the amount of the credit determined  
5               under subsection (b) 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 purchased during the  
12              first calendar year following the calendar year  
13              in which the determination described in para-  
14              graph (1) is made, 100 percent,

15              “(B) for a vehicle purchased during the  
16              second calendar year following such determina-  
17              tion year, 75 percent,

18              “(C) for a vehicle purchased during the  
19              third calendar year following such determina-  
20              tion year, 50 percent, and

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

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

4           (b) ALTERNATIVE FUEL VEHICLE REFUELING  
5 PROPERTY CREDIT.—

6           (1) EXTENSION AND MODIFICATION.—

7           (A) IN GENERAL.—Section 30C is amend-  
8           ed—

9           (i) in subsection (b)—

10                   (I) by striking “with respect to  
11                   all qualified alternative fuel vehicle re-  
12                   fueling property placed in service by  
13                   the taxpayer during the taxable year  
14                   at a location” and inserting “with re-  
15                   spect to any single item of qualified  
16                   alternative fuel vehicle refueling prop-  
17                   erty placed in service by the taxpayer  
18                   during the taxable year”, and

19                   (II) in paragraph (1), by striking  
20                   “\$30,000” and inserting “\$200,000”,

21           (ii) in subsection (e), by adding at the

22           end the following:

23           “(7) WAGE REQUIREMENTS.—

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

4                   “(i) the requirements under subpara-  
5 graph (B), 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           “(B) REQUIREMENTS.—The requirements  
11 described in this subparagraph with respect to  
12 any property are that the taxpayer shall ensure  
13 that any laborers and mechanics employed by  
14 contractors and subcontractors in the construc-  
15 tion of such property are to be paid wages at  
16 rates not less than the prevailing rates for con-  
17 struction of a similar character in the locality  
18 as determined by the Secretary of Labor, in ac-  
19 cordance with subchapter IV of chapter 31 of  
20 title 40, United States Code.”, and

21                   (iii) in subsection (g), by striking  
22 “December 31, 2021” and inserting “De-  
23 cember 31, 2022”.

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

4                   (2) ADDITIONAL MODIFICATION.—

5                   (A) IN GENERAL.—Section 30C, as amend-  
6                   ed by paragraph (1), is amended—

7                   (i) in subsection (c)(2)—

8                   (I) in subparagraph (A), by strik-  
9                   ing “one or more” and all that follows  
10                  through the period and inserting the  
11                  following: “hydrogen or any transpor-  
12                  tation fuel for which the clean fuel  
13                  production credit is allowed under sec-  
14                  tion 45V with respect to the produc-  
15                  tion and sale of such fuel.”, and

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

18                  “(B) Any mixture—

19                  “(i) which consists of—

20                  “(I) any transportation fuel—

21                  “(aa) for which the clean  
22                  fuel production credit is allowed  
23                  under section 45V with respect to  
24                  the production and sale of such  
25                  fuel, and



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

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

5           “(A) for any property placed in service  
6           during the first calendar year following the cal-  
7           endar year in which the determination described  
8           in paragraph (1) is made, 100 percent,

9           “(B) for any property placed in service  
10          during the second calendar year following such  
11          determination year, 75 percent,

12          “(C) for any property placed in service  
13          during the third calendar year following such  
14          determination year, 50 percent, and

15          “(D) for any property placed in service  
16          during any calendar year subsequent to the  
17          year described in subparagraph (C), 0 per-  
18          cent.”.

19          (c) ELECTRIC VEHICLES.—

20                 (1) 2- AND 3-WHEELED PLUG-IN ELECTRIC VE-  
21                 HICLES.—

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

25                         “(ii) after December 31, 2014.”.

1           (B) EFFECTIVE DATE.—The amendments  
2           made by this paragraph shall apply to vehicles  
3           acquired after December 31, 2020.

4           (2) ELIMINATION ON LIMITATION ON NUMBER  
5           OF VEHICLES ELIGIBLE FOR CREDIT.—

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

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

11          (3) MAKING NEW QUALIFIED PLUG-IN ELEC-  
12          TRIC DRIVE MOTOR VEHICLE CREDIT REFUNDABLE  
13          FOR INDIVIDUALS.—

14          (A) IN GENERAL.—The Internal Revenue  
15          Code of 1986 is amended—

16               (i) by redesignating section 30D as  
17               section 36C, and

18               (ii) by moving section 36C (as so re-  
19               designated) from subpart A of part IV of  
20               subchapter A of chapter 1 to the location  
21               immediately before section 37 in subpart C  
22               of part IV of subchapter A of chapter 1.

23          (B) CONFORMING AMENDMENTS.—

1 (i) Section 36C, as amended by para-  
2 graph (2) and as redesignated and moved  
3 by subparagraph (A), is amended—

4 (I) in subsection (a), by striking  
5 “There shall be allowed” and insert-  
6 ing “In the case of an individual,  
7 there shall be allowed”,

8 (II) by striking subsection (c),

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

12 (IV) in subsection (d), as so re-  
13 designated—

14 (aa) by striking “(deter-  
15 mined without regard to sub-  
16 section (c))” each place it ap-  
17 pears, and

18 (bb) by striking paragraph  
19 (3), and

20 (V) in subsection (e)(3)(B), as so  
21 redesignated, by striking “subsection  
22 (d)(1)” and inserting “subsection  
23 (e)(1)”.

24 (ii) Subsection (l)(1) of section 30B,  
25 as added by subsection (a)(2), is amended

1 by striking “section 30D(d)(1)” and in-  
2 serting “section 36C(e)(1)”.

3 (iii) Paragraph (37) of section  
4 1016(a) is amended by striking “section  
5 30D(f)(1)” and inserting “section  
6 36C(d)(1)”.

7 (iv) Section 6501(m) is amended by  
8 striking “30D(e)(4)” and inserting  
9 “36C(d)(6)”.

10 (v) Section 166(b)(5)(A)(ii) of title  
11 23, United States Code, is amended by  
12 striking “section 30D(d)(1)” and inserting  
13 “section 36C(e)(1)”.

14 (vi) The table of sections for subpart  
15 C of part IV of subchapter A of chapter 1  
16 is amended by inserting after the item re-  
17 lating to section 36B the following new  
18 item:

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

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

22 (4) VIN REQUIREMENT.—

23 (A) IN GENERAL.—Section 36C(e)(1), as  
24 redesignated and moved by paragraph (3), is  
25 amended—

1 (i) in subparagraph (E), by striking  
2 “and” at the end,

3 (ii) in subparagraph (F)(ii), by strik-  
4 ing the period at the end and inserting “,  
5 and”, and

6 (iii) by adding at the end the fol-  
7 lowing:

8 “(G) for which the taxpayer has provided  
9 the vehicle identification number on the return  
10 of tax for the taxable year.”.

11 (B) MATHEMATICAL OR CLERICAL  
12 ERROR.—Section 6213(g)(2) is amended—

13 (i) in subparagraph (P), by striking  
14 “and” at the end,

15 (ii) in subparagraph (Q), by striking  
16 the period at the end and inserting “,  
17 and”, and

18 (iii) by adding at the end the fol-  
19 lowing:

20 “(R) an omission of a correct vehicle iden-  
21 tification number required under section  
22 36C(c)(1)(G) (relating to credit for new quali-  
23 fied plug-in electric drive motor vehicles) to be  
24 included on a return.”.

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

4 (5) PHASEOUT.—Section 36C, as redesignated,  
5 moved, and amended by the preceding paragraphs of  
6 this subsection, is amended by adding at the end the  
7 following:

8 “(f) CREDIT PHASE-OUT.—

9 “(1) IN GENERAL.—Following a determination  
10 by the Secretary, in consultation with the Secretary  
11 of Transportation, that total annual sales of new  
12 qualified fuel cell motor vehicles (as defined in sec-  
13 tion 30B(b)(3)) and new qualified plug-in electric  
14 drive motor vehicles in the United States are greater  
15 than 50 percent of total annual sales of new pas-  
16 senger vehicles in the United States, the amount of  
17 the credit allowed under this section for any new  
18 qualified plug-in electric drive motor vehicle sold or  
19 qualified 2- or 3-wheeled plug-in electric vehicle ac-  
20 quired during a calendar year described in para-  
21 graph (2) shall be equal to the product of—

22 “(A) the amount of the credit determined  
23 under subsection (a) without regard to this sub-  
24 section, multiplied by

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

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

5           “(A) for a vehicle sold or acquired during  
6           the first calendar year following the calendar  
7           year in which the determination described in  
8           paragraph (1) is made, 100 percent,

9           “(B) for a vehicle sold or acquired during  
10          the second calendar year following such deter-  
11          mination year, 75 percent,

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

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

18          (6) QUALIFIED COMMERCIAL ELECTRIC VEHI-  
19          CLES.—

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

1 **“SEC. 45W. CREDIT FOR QUALIFIED COMMERCIAL ELEC-**  
2 **TRIC VEHICLES.**

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

9 “(b) PER VEHICLE AMOUNT.—

10 “(1) IN GENERAL.—The amount determined  
11 under this subsection with respect to any qualified  
12 commercial electric vehicle shall be equal the lesser  
13 of—

14 “(A) 30 percent of the basis of such vehi-  
15 cle, or

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

17 “(2) INCREMENTAL COST.—

18 “(A) IN GENERAL.—For purposes of para-  
19 graph (1)(B), the incremental cost of any quali-  
20 fied commercial electric vehicle is an amount  
21 equal to the excess of the manufacturer’s sug-  
22 gested retail price for such vehicle over such  
23 price for a comparable vehicle.

24 “(B) COMPARABLE VEHICLE.—For pur-  
25 poses of this paragraph, the term ‘comparable  
26 vehicle’ means, with respect to any qualified

1 commercial electric vehicle, any vehicle which is  
2 powered solely by a gasoline or diesel internal  
3 combustion engine and which is comparable in  
4 weight, size, and use to such vehicle.

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

8 “(1) meets the requirements of subparagraphs  
9 (A), (B), (C), (D), and (G) of section 36C(e)(1),

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

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

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

16 “(3) is of a character subject to the allowance  
17 for depreciation.

18 “(d) SPECIAL RULES.—

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

22 “(2) PROPERTY USED BY TAX-EXEMPT ENTI-  
23 TY.—In the case of a vehicle the use of which is de-  
24 scribed in paragraph (3) or (4) of section 50(b) and  
25 which is not subject to a lease, the person who sold

1 such vehicle to the person or entity using such vehi-  
2 cle shall be treated as the taxpayer that placed such  
3 vehicle in service, but only if such person clearly dis-  
4 closes to such person or entity in a document the  
5 amount of any credit allowable under subsection (a)  
6 with respect to such vehicle.

7 “(e) CREDIT PHASE-OUT.—

8 “(1) IN GENERAL.—Following a determination  
9 by the Secretary, in consultation with the Secretary  
10 of Transportation, that total annual sales of quali-  
11 fied commercial electric vehicles in the United States  
12 are greater than 50 percent of total annual sales of  
13 new commercial vehicles in the United States, the  
14 amount of the credit allowed under this section for  
15 any qualified commercial electric vehicle acquired  
16 during a calendar year described in paragraph (2)  
17 shall be 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 a vehicle acquired during the first  
2           calendar year following the calendar year in  
3           which the determination described in paragraph  
4           (1) is made, 100 percent,

5           “(B) for a vehicle acquired during the sec-  
6           ond calendar year following such determination  
7           year, 75 percent,

8           “(C) for a vehicle acquired during the  
9           third calendar year following such determina-  
10          tion year, 50 percent, and

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

14                 (B) CONFORMING AMENDMENTS.—

15                 (i) Section 38(b) is amended by strik-  
16                 ing paragraph (30) and inserting the fol-  
17                 lowing:

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

20                 (ii) The table of sections for subpart  
21                 D of part IV of subchapter A of chapter 1,  
22                 as amended by sections 101 and 102, is  
23                 amended by adding at the end the fol-  
24                 lowing new item:

“Sec. 45V. Qualified commercial electric vehicle credit.”.

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

4 **SEC. 203. TEMPORARY EXTENSIONS OF EXISTING FUEL IN-**  
5 **CENTIVES.**

6 (a) SECOND GENERATION BIOFUEL PRODUCER  
7 CREDIT.—

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

10 (2) EFFECTIVE DATE.—The amendments made  
11 by this subsection shall apply to qualified second  
12 generation biofuel production after December 31,  
13 2021.

14 (b) CREDIT FOR ALTERNATIVE FUEL MIXTURES.—

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

16 (A) in subsection (d)—

17 (i) in paragraph (2)(D), by striking  
18 “liquefied”, and

19 (ii) in paragraph (5), by striking  
20 “2021” and inserting “2022”, and

21 (B) in subsection (e)—

22 (i) in paragraph (2), by inserting  
23 “nonliquid hydrogen or” before “a fuel de-  
24 scribed”, and

1 (ii) in paragraph (3), by striking  
2 “2021” and inserting “2022”.

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

6 (c) BIODIESEL, BIODIESEL MIXTURES, AND ALTER-  
7 NATIVE FUELS.—

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

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

### 13 **TITLE III—INCENTIVES FOR** 14 **ENERGY EFFICIENCY**

#### 15 **SEC. 301. CREDIT FOR NEW ENERGY EFFICIENT RESIDEN-** 16 **TIAL BUILDINGS.**

17 (a) IN GENERAL.—Section 45L is amended to read  
18 as follows:

#### 19 **“SEC. 45L. NEW ENERGY EFFICIENT HOME CREDIT.**

20 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-  
21 tion 38, in the case of an eligible contractor, the new en-  
22 ergy efficient home credit for the taxable year is the appli-  
23 cable amount for each qualified residence which is—

24 “(1) constructed by the eligible contractor, and

1           “(2) acquired by a person from such eligible  
2 contractor for use as a residence during the taxable  
3 year.

4           “(b) APPLICABLE AMOUNT.—

5           “(1) IN GENERAL.—For purposes of subsection  
6 (a), the applicable amount shall be an amount equal  
7 to—

8           “(A) in the case of a qualified residence  
9 described in subclause (I) of subsection  
10 (c)(3)(A)(iii), \$2,500, and

11           “(B) in the case of a qualified residence  
12 described in subclause (II) of such subsection,  
13 \$5,000.

14           “(2) ADJUSTMENT FOR INFLATION.—

15           “(A) IN GENERAL.—In the case of a tax-  
16 able year beginning after 2022, the dollar  
17 amounts in paragraph (1) shall each be in-  
18 creased by an amount equal to—

19           “(i) such dollar amount, multiplied by

20           “(ii) the cost-of-living adjustment de-  
21 termined under section 1(f)(3) for the cal-  
22 endar year, determined by substituting  
23 ‘calendar year 2021’ for ‘calendar year  
24 2016’ in subparagraph (A)(ii) thereof.

1           “(B) ROUNDING.—If any amount as in-  
2           creased under subparagraph (A) is not a mul-  
3           tiple of \$100, such amount shall be rounded to  
4           the nearest multiple of \$100.

5           “(c) DEFINITIONS.—For purposes of this section:

6           “(1) CONSTRUCTION.—The term ‘construction’  
7           does not include substantial reconstruction or reha-  
8           bilitation.

9           “(2) ELIGIBLE CONTRACTOR.—The term ‘eligi-  
10          ble contractor’ means—

11           “(A) the person who constructed the quali-  
12          fied residence, or

13           “(B) in the case of a qualified residence  
14          which is a manufactured home, the manufac-  
15          tured home producer of such residence.

16          “(3) QUALIFIED RESIDENCE.—

17           “(A) IN GENERAL.—The term ‘qualified  
18          residence’ means a dwelling unit—

19           “(i) located in the United States,

20           “(ii) the construction of which is sub-  
21          stantially completed after the date of the  
22          enactment of this section,

23           “(iii) which is certified as satisfying  
24          the requirements for new residential con-  
25          struction under—

1                   “(I) the Energy Star program  
2                   (or any successor program, as deter-  
3                   mined by the Secretary), as in effect  
4                   on January 1 of the year in which  
5                   construction of the dwelling unit be-  
6                   gins, or

7                   “(II) the Zero Energy Ready  
8                   Home program (or any successor pro-  
9                   gram, as determined by the Sec-  
10                  retary), as in effect on January 1 of  
11                  the year in which construction of the  
12                  dwelling unit begins, and

13                  “(iv) which satisfies the requirements  
14                  under subparagraph (B).

15                  “(B) WAGE REQUIREMENTS.—The re-  
16                  quirements described in this subparagraph with  
17                  respect to any dwelling unit are that the eligible  
18                  contractor shall ensure that any laborers and  
19                  mechanics employed by such contractor and  
20                  subcontractors in the construction of such  
21                  dwelling unit shall be paid wages at rates not  
22                  less than the prevailing rates for construction of  
23                  a similar character in the locality as determined  
24                  by the Secretary of Labor, in accordance with

1 subchapter IV of chapter 31 of title 40, United  
2 States Code.

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

5 “(1) by a third party which is accredited by a  
6 certification program approved by the Secretary, in  
7 consultation with the Secretary of Energy, and

8 “(2) in accordance with—

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

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

15 “(e) BASIS ADJUSTMENT.—For purposes of this sub-  
16 title, if a credit is allowed under this section in connection  
17 with any expenditure for any property (other than a quali-  
18 fied low-income building, as described in section 42(c)(2)),  
19 the increase in the basis of such property which would (but  
20 for this subsection) result from such expenditure shall be  
21 reduced by the amount of the credit so determined.

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

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

4 **SEC. 302. ENERGY EFFICIENT HOME IMPROVEMENT CRED-**  
5 **IT.**

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

8 **“SEC. 25C. ENERGY EFFICIENT HOME IMPROVEMENT**  
9 **CREDIT.**

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

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

17 “(2) \$1,500.

18 “(b) APPLICABLE QUALIFIED PROPERTY AMOUNT.—

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

22 “(A) 30 percent of the amount paid or in-  
23 curred by the individual for such qualified prop-  
24 erty (including any expenditures for labor costs  
25 properly allocable to the onsite preparation, as-

1           sembly, or original installation of such prop-  
2           erty), or

3           “(B) \$600.

4           “(2) ADJUSTMENT FOR INFLATION.—

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

9           “(i) such dollar amount, multiplied by

10           “(ii) the cost-of-living adjustment de-  
11           termined under section 1(f)(3) for the cal-  
12           endar year, determined by substituting  
13           ‘calendar year 2021’ for ‘calendar year  
14           2016’ in subparagraph (A)(ii) thereof.

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

19           “(c) QUALIFIED PROPERTY.—

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

24           “(A) except in the case of a building enve-  
25           lope improvement, meets or exceeds the require-

1           ments of the highest efficiency tier (not includ-  
2           ing any advanced tier) established by the Con-  
3           sortium for Energy Efficiency which are in ef-  
4           fect at the time that the property is placed in  
5           service,

6                   “(B) is installed according to applicable  
7           Air Conditioning Contractors of America Qual-  
8           ity Installation standards which are in effect at  
9           the time that the property was placed in serv-  
10          ice,

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

14                   “(D) is reasonably expected to remain in  
15          service in such dwelling unit for not less than  
16          5 years.

17          “(2) SPECIAL RULES FOR CERTAIN HEAT  
18          PUMPS.—

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

24                   “(B) GROUND SOURCE HEAT PUMP.—



1 effect at the time that the expenditure  
2 for such equipment is made.

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

8 “(d) OTHER DEFINITIONS.—

9 “(1) BIOMASS PROPERTY.—

10 “(A) IN GENERAL.—For purposes of this  
11 section, the term ‘biomass property’ means any  
12 property which—

13 “(i) uses the burning of biomass fuel  
14 to heat a dwelling unit or to heat water for  
15 use in a dwelling unit, and

16 “(ii) using the higher heating value,  
17 has a thermal efficiency of not less than 75  
18 percent.

19 “(B) BIOMASS FUEL.—For purposes of  
20 subparagraph (A), the term ‘biomass fuel’  
21 means any plant-derived fuel which is available  
22 on a renewable or recurring basis, including any  
23 such fuel which has been subject to a  
24 densification process (such as wood pellets).

1           “(2) BUILDING ENVELOPE IMPROVEMENT.—

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

4                   “(A) any insulation material or system  
5           which—

6                           “(i) is specifically and primarily de-  
7                           signed to reduce the heat loss or gain of a  
8                           dwelling unit when installed in or on such  
9                           dwelling unit, and

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

17                           “(B) exterior doors and windows (including  
18                           skylights) which received the most efficient cer-  
19                           tification under applicable Energy Star program  
20                           requirements which are in effect on January 1  
21                           of the calendar year in which the property is  
22                           placed in service.

23           “(3) MANUFACTURED HOMES INCLUDED.—For  
24           purposes of this section, the term ‘dwelling unit’ in-  
25           cludes a manufactured home which conforms to Fed-

1       eral Manufactured Home Construction and Safety  
2       Standards (part 3280 of title 24, Code of Federal  
3       Regulations).

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

8       (b) CLERICAL AMENDMENT.—The table of sections  
9       for subpart A of part IV of subchapter A of chapter 1  
10      is amended by striking the item relating to section 25C  
11      and inserting after the item relating to section 25B the  
12      following item:

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

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

16      **SEC. 303. ENHANCEMENT OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.**  
17

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

19              (1) by striking subsection (b) and inserting the  
20      following:

21      “(b) MAXIMUM AMOUNT OF DEDUCTION.—

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

25                      “(A) the product of—

1 “(i) the applicable dollar value, and

2 “(ii) the square footage of the build-

3 ing, over

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

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

14 (2) in subsection (c)(1)—

15 (A) in subparagraph (C)(iii), by striking  
16 “and” at the end,

17 (B) in subparagraph (D)—

18 (i) by striking “50 percent” and in-  
19 serting “25 percent”, and

20 (ii) by striking the period at the end  
21 and inserting “, and”, and

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

23 “(E) which satisfies the requirements—

24 “(i) under subsection (d)(7), and

1                   “(ii) with respect to the construction  
2                   of such property, the requirements under  
3                   section 601 of the Clean Energy for Amer-  
4                   ica Act.”.

5                   (3) in subsection (d)—

6                   (A) by striking paragraph (1),

7                   (B) by striking paragraph (4) and insert-  
8                   ing the following:

9                   “(4) ALLOCATION OF DEDUCTION.—

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

19                   “(B) ELIGIBLE ENTITY.—For purposes of  
20                   this paragraph, the term ‘eligible entity’  
21                   means—

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

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

1                   “(iii) an organization described in sec-  
2                   tion 501(c) and exempt from tax under  
3                   section 501(a).”, and

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

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

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

16                  (5) in subsection (g)—

17                  (A) by striking “2020, each dollar amount  
18                  in subsection (b) or subsection (d)(1)(A)” and  
19                  inserting “2022, each dollar amount in sub-  
20                  section (b)(2)”,

21                  (B) in paragraph (2), by striking “2019”  
22                  and inserting “2021”, and

23                  (C) in the flush matter at the end, by  
24                  striking “a multiple of 1 cent shall be rounded  
25                  to the nearest cent” and inserting “a multiple

1           of 10 cents shall be rounded to the nearest mul-  
2           tiple of 10 cents”.

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

5           (1) in subsection (c)(1)(D)—

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

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

10          (2) in subsection (d)—

11                 (A) by redesignating paragraphs (2)  
12                 through (6) as paragraphs (1) through (5), re-  
13                 spectively,

14                 (B) in paragraph (2), as so redesignated,  
15                 by striking “paragraph (2)” and inserting  
16                 “paragraph (1)”, and

17                 (C) in paragraph (4), as so redesignated,  
18                 by striking “paragraph (3)(B)(iii)” and insert-  
19                 ing “paragraph (2)(B)(iii)”,

20          (3) by redesignating subsections (g) and (h) as  
21          subsections (f) and (g), respectively, and

22          (4) in subsection (g)(2), as so redesignated, by  
23          striking “or (d)(1)(A)”.

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

4 **SEC. 304. ENHANCEMENT OF ENERGY CREDIT FOR GEO-**  
5 **THERMAL HEAT PUMPS.**

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

7 (1) in paragraph (2)(A)(i)(III), by striking  
8 “paragraph (3)(A)(ii)” and inserting “clause (ii) or  
9 (vii) of paragraph (3)(A)”, and

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

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

16 **TITLE IV—CLEAN ELECTRICITY**  
17 **AND FUEL BONDS**

18 **SEC. 401. CLEAN ENERGY BONDS.**

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

22 **“Subpart H—Clean Energy Bonds**

“Sec. 54. Clean energy bonds.

1 **“SEC. 54. CLEAN ENERGY BONDS.**

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

9 “(b) AMOUNT OF CREDIT.—

10 “(1) IN GENERAL.—The amount of the credit  
11 determined under this subsection with respect to any  
12 interest payment date for a clean energy bond is the  
13 applicable percentage (as determined under para-  
14 graph (2)) of the amount of interest payable by the  
15 issuer with respect to such date.

16 “(2) APPLICABLE PERCENTAGE.—

17 “(A) IN GENERAL.—

18 “(i) MAXIMUM PERCENTAGE.—Except  
19 as provided in clause (ii), the applicable  
20 percentage is 70 percent.

21 “(ii) REDUCTION OF CREDIT BASED  
22 ON GREENHOUSE GAS EMISSION RATE.—In  
23 the case of a qualified facility described in  
24 subsection (e)(4) of section 45V, the appli-  
25 cable percentage shall be reduced (but not  
26 below zero) by an amount which bears the

1 same ratio to the percentage in effect  
2 under clause (i) as the anticipated average  
3 emissions rate for all transportation fuel  
4 produced by such facility bears to the base-  
5 line emissions rate (as determined under  
6 subsection (b)(1)(B) of such section).

7 “(B) ROUNDING.—If any applicable per-  
8 centage determined under subparagraph (A) is  
9 not a whole percentage point, such percentage  
10 shall be rounded to the nearest whole percent-  
11 age point.

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

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

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

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

22 “(B) the sum of the credits allowable  
23 under this part (other than subpart C and this  
24 subpart).



1 “(iii) a cooperative electric company,

2 and

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

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

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

11 “(B) for purposes of section 148, the yield  
12 on a clean energy bond shall be determined  
13 without regard to the credit allowed under sub-  
14 section (a), and

15 “(C) a bond shall not be treated as a clean  
16 energy bond if the issue price has more than a  
17 de minimis amount (determined under rules  
18 similar to the rules of section 1273(a)(3)) of  
19 premium over the stated principal amount of  
20 the bond.

21 “(e) DEFINITIONS.—In this section:

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

24 “(A) the excess of—

1                   “(i) the proceeds from the sale of an  
2                   issue, over

3                   “(ii) the issuance costs financed by  
4                   the issue (to the extent that such costs do  
5                   not exceed 2 percent of such proceeds),  
6                   and

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

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

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

16                  “(4) INTEREST PAYMENT DATE.—The term ‘in-  
17                  terest payment date’ means any date on which the  
18                  holder of record of the clean energy bond is entitled  
19                  to a payment of interest under such bond.

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

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

3                   “(A) is described in section 45U(b)(1)(A)  
4                   and satisfies the requirements under clause (iv)  
5                   of such section, or

6                   “(B)(i) is described in subsection (e)(4) of  
7                   section 45V and satisfies the requirements  
8                   under subparagraph (B) of such subsection,  
9                   and

10                   “(ii) only produces transportation fuel  
11                   which has an emissions rate of less than 75  
12                   kilograms of CO<sub>2e</sub> per mmBTU (as such terms  
13                   are defined in subsections (b) and (e) of section  
14                   45V).

15           “(f) CREDIT PHASE OUT.—

16                   “(1) ELECTRICAL PRODUCTION AND ENERGY  
17                   STORAGE PROPERTY.—In the case of a clean energy  
18                   bond for which the proceeds are used for capital ex-  
19                   penditures incurred by an entity for a qualified facil-  
20                   ity described in subsection (e)(6)(A) or any property  
21                   described in subsection (d)(1)(A)(ii), if the Sec-  
22                   retary, in consultation with the Secretary of Energy  
23                   and the Administrator of the Environmental Protec-  
24                   tion Agency, determines that the annual greenhouse  
25                   gas emissions from the production of electricity in

1 the United States are equal to or less than the per-  
2 centage specified in section 45U(d)(1), the amount  
3 of the credit determined under subsection (b) with  
4 respect to any clean energy bond issued during a  
5 calendar year described in paragraph (3) shall be  
6 equal to the product of—

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

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

12 “(2) FUEL PRODUCTION.—In the case of a  
13 clean energy bond for which the proceeds are used  
14 for capital expenditures incurred by an entity for a  
15 qualified facility described in subsection (e)(6)(B), if  
16 the Secretary, in consultation with the Secretary of  
17 Energy and the Administrator of the Environmental  
18 Protection Agency, determines that the annual  
19 greenhouse gas emissions from the transportation of  
20 persons and goods annually in the United States are  
21 equal to or less than the percentage specified in sec-  
22 tion 45V(d)(1), the amount of the credit determined  
23 under subsection (b) with respect to any clean en-  
24 ergy bond issued during a calendar year described in  
25 paragraph (3) shall be equal to the product of—

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

4           “(B) the phase-out percentage under para-  
5           graph (3).

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

8           “(A) for any bond issued during the first  
9           calendar year following the calendar year in  
10          which the determination described in paragraph  
11          (1) or (2) is made, 100 percent,

12          “(B) for any bond issued during the sec-  
13          ond calendar year following such determination  
14          year, 75 percent,

15          “(C) for any bond issued during the third  
16          calendar year following such determination  
17          year, 50 percent, and

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

21          “(g) SPECIAL RULES.—

22          “(1) INTEREST ON CLEAN ENERGY BONDS IN-  
23          CLUDIBLE IN GROSS INCOME FOR FEDERAL INCOME  
24          TAX PURPOSES.—For purposes of this title, interest

1 on any clean energy bond shall be includible in gross  
2 income.

3 “(2) S CORPORATIONS AND PARTNERSHIPS.—In  
4 the case of a clean energy bond held by an S cor-  
5 poration or partnership, the allocation of the credit  
6 allowed by this section to the shareholders of such  
7 corporation or partners of such partnership shall be  
8 treated as a distribution.

9 “(3) BONDS HELD BY REAL ESTATE INVEST-  
10 MENT TRUSTS.—If any clean energy bond is held by  
11 a real estate investment trust, the credit determined  
12 under subsection (a) shall be allowed to beneficiaries  
13 of such trust (and any gross income included under  
14 paragraph (1) with respect to such credit shall be  
15 distributed to such beneficiaries) under procedures  
16 prescribed by the Secretary.

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

19 “(A) IN GENERAL.—There may be a sepa-  
20 ration (including at issuance) of the ownership  
21 of a clean energy bond and the entitlement to  
22 the credit under this section with respect to  
23 such bond. In case of any such separation, the  
24 credit under this section shall be allowed to the  
25 person who on the credit allowance date holds

1 the instrument evidencing the entitlement to  
2 the credit and not to the holder of the bond.

3 “(B) CERTAIN RULES TO APPLY.—In the  
4 case of a separation described in subparagraph  
5 (A), the rules of section 1286 shall apply to the  
6 clean energy bond as if it were a stripped bond  
7 and to the credit under this section as if it were  
8 a stripped coupon.

9 “(h) REGULATIONS.—The Secretary may prescribe  
10 such regulations and other guidance as may be necessary  
11 or appropriate to carry out this section and section  
12 6431.”.

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

17 **“SEC. 6431. CREDIT FOR QUALIFIED CLEAN ENERGY BONDS**  
18 **ALLOWED TO ISSUER.**

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

23 “(b) PAYMENT OF CREDIT.—

24 “(1) IN GENERAL.—The Secretary shall pay  
25 (contemporaneously with each interest payment date

1 under such bond) to the issuer of such bond (or to  
2 any person who makes such interest payments on  
3 behalf of the issuer) the applicable percentage (as  
4 determined under section 54(b)) of the interest pay-  
5 able under such bond on such date.

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

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

14 “(d) QUALIFIED CLEAN ENERGY BOND.—For pur-  
15 poses of this section, the term ‘qualified clean energy  
16 bond’ means a clean energy bond (as defined in section  
17 54(d)) issued as part of an issue if the issuer, in lieu of  
18 any credit allowed under section 54(a) with respect to such  
19 bond, makes an irrevocable election to have this section  
20 apply.”.

21 (e) CONFORMING AMENDMENTS.—

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

“SUBPART H—CLEAN ENERGY BONDS”.

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

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

4           (3) Subparagraph (A) of section 6211(b)(4) is  
5           amended by striking “and 6428A” and inserting  
6           “6428A, and 6431”.

7           (d) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF  
8 SEQUESTRATION.—

9           (1) IN GENERAL.—In the case of any payment  
10          under subsection (b) of section 6431 of the Internal  
11          Revenue Code of 1986 (as added by this Act) made  
12          after the date of the enactment of this Act to which  
13          sequestration applies, the amount of such payment  
14          shall be increased to an amount equal to—

15                 (A) such payment (determined before such  
16                 sequestration), multiplied by

17                 (B) the quotient obtained by dividing 1 by  
18                 the amount by which 1 exceeds the percentage  
19                 reduction in such payment pursuant to such se-  
20                 questration.

21          (2) SEQUESTRATION.—For purposes of this  
22          subsection, the term “sequestration” means any re-  
23          duction in direct spending ordered by the President  
24          under the Balanced Budget and Emergency Deficit

1 Control Act of 1985 or the Statutory Pay-As-You-  
2 Go Act of 2010.

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

6 **TITLE V—TERMINATION OF CER-**  
7 **TAIN FOSSIL FUEL PROVI-**  
8 **SIONS**

9 **SEC. 501 TERMINATION OF PROVISIONS RELATING TO OIL,**  
10 **GAS, AND OTHER MATERIALS.**

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

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

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

21 “(B) is—

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

24 “(II) treated as placed in service on  
25 January 1, 2014, if the taxpayer who

1 places such system in service before Janu-  
2 ary 1, 2014, elects such treatment, and

3 “(ii) placed in service before the end  
4 of the calendar year in which the Clean  
5 Energy for America Act is enacted.”.

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

8 (1) in subparagraph (A), by inserting “which  
9 are placed in service before the end of the calendar  
10 year in which the Clean Energy for America Act is  
11 enacted and are” after “pipe, equipment, and appur-  
12 tenances”, and

13 (2) in subparagraph (B), by inserting “which  
14 are placed in service before the end of the calendar  
15 year in which the Clean Energy for America Act is  
16 enacted and are” after “pipe, equipment, and appur-  
17 tenances”.

18 (d) REPEAL OF DEDUCTION FOR TERTIARY  
19 INJECTANTS.—Subsection (c) of section 193 is amend-  
20 ed—

21 (1) in paragraph (1), by striking “or” at the  
22 end,

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

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

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

4           (e) INTANGIBLE DRILLING AND DEVELOPMENT  
5 COSTS.—Subsection (c) of section 263 is amended to read  
6 as follows:

7           “(c) INTANGIBLE DRILLING AND DEVELOPMENT  
8 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-  
9 THERMAL WELLS.—

10           “(1) IN GENERAL.—Notwithstanding subsection  
11           (a), and except as provided in subsection (i), regula-  
12           tions shall be prescribed by the Secretary under this  
13           subtitle corresponding to the regulations which  
14           granted the option to deduct as expenses intangible  
15           drilling and development costs in the case of oil and  
16           gas wells and which were recognized and approved  
17           by the Congress in House Concurrent Resolution 50,  
18           Seventy-ninth Congress. Such regulations shall also  
19           grant the option to deduct as expenses intangible  
20           drilling and development costs in the case of wells  
21           drilled for any geothermal deposit (as defined in sec-  
22           tion 613(e)(2)) to the same extent and in the same  
23           manner as such expenses are deductible in the case  
24           of oil and gas wells. This subsection shall not apply

1 with respect to any costs to which any deduction is  
2 allowed under section 59(e) or 291.

3 “(2) EXCLUSION.—

4 “(A) IN GENERAL.—This subsection shall  
5 not apply to amounts paid or incurred by a tax-  
6 payer with regard to any oil or gas well in any  
7 taxable year beginning after the date of the en-  
8 actment of the Clean Energy for America Act.

9 “(B) AMORTIZATION OF EXCLUDED  
10 AMOUNTS.—The amount not allowable as a de-  
11 duction for any taxable year by reason of sub-  
12 paragraph (A) shall be allowable as a deduction  
13 ratably over the 60-month period beginning  
14 with the month in which the costs are paid or  
15 incurred. For purposes of section 1254, any de-  
16 duction under this subparagraph shall be treat-  
17 ed as a deduction under this subsection.”.

18 (f) PERCENTAGE DEPLETION.—

19 (1) PERCENTAGE DEPLETION OF OIL AND GAS  
20 WELLS, COAL, LIGNITE, AND OIL SHALE.—Section  
21 613 is amended—

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

24 (B) in subsection (b)—

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

3 “(2) 15 PERCENT.—If from deposits in the  
4 United States, gold, silver, copper, and iron ore.”,

5 (ii) in paragraph (4), by striking  
6 “coal, lignite,”,

7 (iii) in paragraph (5), by inserting  
8 “(except oil shale)” after “Clay and shale”,  
9 and

10 (iv) in paragraph (6)(A), by striking  
11 “(except shale described in paragraph  
12 (2)(B) or (5))” and inserting “(except oil  
13 shale and shale described in paragraph  
14 (5))”,

15 (C) in subsection (c)(4)—

16 (i) by striking subparagraphs (A) and  
17 (H),

18 (ii) by inserting “and” at the end of  
19 subparagraph (G),

20 (iii) by redesignating subparagraphs  
21 (B) through (G) as subparagraphs (A)  
22 through (F), respectively, and

23 (iv) by redesignating subparagraph (I)  
24 as subparagraph (G),

1 (D) in subsection (d), by striking “Except  
2 as provided in section 613A, in the case of” and  
3 inserting “In the case of”, and

4 (E) in subsection (e)(2), by striking “or  
5 section 613A”.

6 (2) OIL AND GAS WELLS.—Section 613A is  
7 amended by adding at the end the following new  
8 subsection:

9 “(f) TERMINATION.—This section shall not apply to  
10 any taxable year beginning after the date of the enactment  
11 of the Clean Energy for America Act.”.

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

15 (g) TERMINATION OF CAPITAL GAINS TREATMENT  
16 FOR ROYALTIES FROM COAL.—

17 (1) IN GENERAL.—Subsection (c) of section  
18 631 is amended—

19 (A) by striking “coal (including lignite), or  
20 iron ore” and inserting “iron ore”,

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

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

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

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

4           (3) 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 (h) ENHANCED OIL RECOVERY CREDIT.—

8           (1) IN GENERAL.—Subpart D of part IV of  
9 subchapter A of chapter 1 is amended by striking  
10 section 43.

11           (2) CONFORMING AMENDMENTS.—

12           (A) Section 38(b) is amended by striking  
13 paragraph (6).

14           (B) Section 45Q is amended—

15           (i) by striking “section 43(b)(3)(B)”  
16 each place it appears and inserting “sec-  
17 tion 43(b)(3)(B) (as in effect on the day  
18 before the date of the enactment of the  
19 Clean Energy for America Act)”, and

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

24           (C) Section 196(c) is amended—

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

1 (ii) by redesignating paragraphs (6)  
2 through (14) as paragraphs (5) through  
3 (13), respectively.

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

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

11 (i) CREDIT FOR PRODUCING OIL AND GAS FROM  
12 MARGINAL WELLS.—

13 (1) IN GENERAL.—Subpart D of part IV of  
14 subchapter A of chapter 1 is amended by striking  
15 section 45I.

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

18 (3) CLERICAL AMENDMENT.—The table of sec-  
19 tions for subpart D of part IV of subchapter A of  
20 chapter 1 is amended by striking the item relating  
21 to section 45I.

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

1 (j) QUALIFYING ADVANCED COAL PROJECT CRED-  
2 IT.—

3 (1) IN GENERAL.—Subpart E of part IV of  
4 subchapter A of chapter 1 is amended by striking  
5 section 48A.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 46, as amended by section 102  
8 of this Act, is amended by striking paragraph  
9 (3) and redesignating paragraphs (4) through  
10 (7) as paragraphs (3) through (6), respectively.

11 (B) Section 49(a)(1)(C), as amended by  
12 section 102 of this Act, is amended by striking  
13 clause (iii) and redesignating clauses (iv)  
14 through (vii) as clauses (iii) through (vi), re-  
15 spectively.

16 (C) Section 50(a)(2)(E), as amended by  
17 section 102 of this Act, is amended by striking  
18 “48A(b)(3),”.

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

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

1 (k) QUALIFYING GASIFICATION PROJECT CREDIT.—

2 (1) IN GENERAL.—Subpart E of part IV of  
3 subchapter A of chapter 1 is amended by striking  
4 section 48B.

5 (2) CONFORMING AMENDMENTS.—

6 (A) Section 46, as amended by this Act, is  
7 amended by striking paragraph (3) and by re-  
8 designating paragraphs (4), (5), and (6) as  
9 paragraphs (3), (4), and (5), respectively.

10 (B) Section 49(a)(1)(C), as amended by  
11 this Act, is amended by striking clause (iii) and  
12 redesignating clauses (iv) through (vi) as  
13 clauses (iii) through (v).

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

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

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

23 (l) REINSTATEMENT OF TREATMENT OF FOREIGN  
24 BASE COMPANY OIL RELATED INCOME AS FOREIGN  
25 BASE COMPANY INCOME.—

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

6           “(4) the foreign base company oil related in-  
7           come for the taxable year (determined under sub-  
8           section (g) and reduced as provided in subsection  
9           (b)(5)).”.

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

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

15           “(1) IN GENERAL.—Except as otherwise pro-  
16           vided in this subsection, the term ‘foreign base com-  
17           pany oil related income’ means foreign oil related in-  
18           come (within the meaning of paragraphs (2) and (3)  
19           of section 907(e)) other than income derived from a  
20           source within a foreign country in connection with—

21           “(A) oil or gas which was extracted from  
22           an oil or gas well located in such foreign coun-  
23           try, or

24           “(B) oil, gas, or a primary product of oil  
25           or gas which is sold by the foreign corporation

1 or a related person for use or consumption  
2 within such country or is loaded in such coun-  
3 try on a vessel or aircraft as fuel for such vessel  
4 or aircraft.

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

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

11 “(A) IN GENERAL.—The term ‘foreign  
12 base company oil related income’ shall not in-  
13 clude any income of a foreign corporation if  
14 such corporation is not a large oil producer for  
15 the taxable year.

16 “(B) LARGE OIL PRODUCER.—For pur-  
17 poses of subparagraph (A), the term ‘large oil  
18 producer’ means any corporation if, for the tax-  
19 able year or for the preceding taxable year, the  
20 average daily production of foreign crude oil  
21 and natural gas of the related group which in-  
22 cludes such corporation equaled or exceeded  
23 1,000 barrels.

24 “(C) RELATED GROUP.—The term ‘related  
25 group’ means a group consisting of the foreign

1 corporation and any other person who is a re-  
2 lated person with respect to such corporation.

3 “(D) AVERAGE DAILY PRODUCTION OF  
4 FOREIGN CRUDE OIL AND NATURAL GAS.—For  
5 purposes of this paragraph, the average daily  
6 production of foreign crude oil or natural gas of  
7 any related group for any taxable year (and the  
8 conversion of cubic feet of natural gas into bar-  
9 rels) shall be determined under rules similar to  
10 the rules of section 613A except that only crude  
11 oil or natural gas from a well located outside  
12 the United States shall be taken into account.”.

13 (3) CONFORMING AMENDMENTS.—

14 (A) Section 952(c)(1)(B)(iii) is amended  
15 by redesignating subclauses (I) through (IV) as  
16 subclauses (II) through (V), respectively, and  
17 by inserting before subclause (II) (as redesign-  
18 dated) the following new subclause:

19 “(I) foreign base company oil re-  
20 lated income,”.

21 (B) Section 954(b) is amended—

22 (i) in paragraph (4), by inserting at  
23 the end the following new sentence: “The  
24 preceding sentence shall not apply to for-

1           foreign base company oil-related income de-  
2           scribed in subsection (a)(4).”,

3                   (ii) in paragraph (5), by striking “and  
4           the foreign base company services income”  
5           and inserting “the foreign base company  
6           services income, and the foreign base com-  
7           pany oil related income”, and

8                   (iii) by adding at the end the fol-  
9           lowing new paragraph:

10                   “(6) FOREIGN BASE COMPANY OIL RELATED IN-  
11           COME NOT TREATED AS ANOTHER KIND OF BASE  
12           COMPANY INCOME.—Income of a corporation which  
13           is foreign base company oil related income shall not  
14           be considered foreign base company income of such  
15           corporation under paragraph (2) or (3) of subsection  
16           (a).”.

17                   (4) EFFECTIVE DATE.—The amendments made  
18           by this subsection shall apply to taxable years of for-  
19           eign corporations beginning after the date of the en-  
20           actment of this Act, and to taxable years of United  
21           States shareholders with or within which such tax-  
22           able years of foreign corporations end.

23                   (m) INCLUSION OF FOREIGN OIL AND GAS EXTRAC-  
24           TION INCOME IN TESTED INCOME FOR PURPOSE OF DE-  
25           TERMINING GLOBAL INTANGIBLE LOW-TAXED INCOME.—

1           (1) IN GENERAL.—Section 951A(c)(2)(A)(i) is  
2           amended by inserting “and” at the end of subclause  
3           (III), by striking “and” at the end of subclause (IV)  
4           and inserting “over”, and by striking subclause (V).

5           (2) EFFECTIVE DATE.—The amendments made  
6           by this subsection shall apply to taxable years of for-  
7           eign corporations beginning after the date of the en-  
8           actment of this Act, and to taxable years of United  
9           States shareholders in which or with which such tax  
10          years of foreign corporations end.

11          (n) REPEAL OF CORPORATE INCOME TAX EXEMP-  
12          TION FOR PUBLICLY TRADED PARTNERSHIPS WITH  
13          QUALIFYING INCOME AND GAINS FROM ACTIVITIES RE-  
14          LATING TO FOSSIL FUELS.—

15          (1) IN GENERAL.—Section 7704(d)(1) is  
16          amended—

17                  (A) in subparagraph (E), by striking “(in-  
18                  cluding pipelines transporting gas, oil, or prod-  
19                  ucts thereof)”, and

20                  (B) in the flush matter at the end, by in-  
21                  serting “or any coal, gas, oil, or products there-  
22                  of” before the period.

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

1           **TITLE VI—WORKFORCE**  
2           **DEVELOPMENT REQUIREMENTS**

3           **SEC. 601. USE OF QUALIFIED APPRENTICES.**

4           (a) **IN GENERAL.**—All contractors and subcontrac-  
5           tors engaged in the performance of construction, alter-  
6           ation, or repair work on any applicable project shall, sub-  
7           ject to subsection (b), ensure that not less than 15 percent  
8           of the total labor hours of such work be performed by  
9           qualified apprentices.

10          (b) **APPRENTICE-TO-JOURNEYWORKER RATIO.**—The  
11          requirement under subsection (a) shall be subject to any  
12          applicable requirements for apprentice-to-journeyworker  
13          ratios of the Department of Labor or the applicable State  
14          apprenticeship agency.

15          (c) **PARTICIPATION.**—Each contractor and subcon-  
16          tractor who employs 4 or more individuals to perform con-  
17          struction, alteration, or repair work on an applicable  
18          project shall employ 1 or more qualified apprentices to  
19          perform such work.

20          (d) **EXCEPTION.**—Notwithstanding any other provi-  
21          sion in this section, this section shall not apply in the case  
22          of a taxpayer who—

23                 (1) demonstrates a lack of availability of quali-  
24                 fied apprentices in the geographic area of the con-  
25                 struction, alteration, or repair work; and

1           (2) makes a good faith effort, and its contrac-  
2           tors and subcontractors make a good faith effort, to  
3           comply with the requirements of this section.

4           (e) DEFINITIONS.—In this section:

5           (1) APPLICABLE PROJECT.—The term “applica-  
6           ble project” means, with respect to—

7                   (A) subsection (e)(7)(A)(ii) of section 30C  
8                   of the Internal Revenue Code of 1986,

9                   (B) subsection (f)(8)(A)(ii) of section 45Q  
10                  of such Code,

11                  (C) subsection (b)(1)(A)(iv)(II) of section  
12                  45U of such Code,

13                  (D) subsections (b)(3)(A)(iv)(II) and  
14                  (c)(1)(B)(ii) of section 48D of such Code, and

15                  (E) subsection 9e)(1)(E)(ii) of section  
16                  179D of such Code,

17           any property, equipment, or facility for which a  
18           credit is allowed under such sections.

19           (2) LABOR HOURS.—The term “labor hours”—

20                   (A) means the total number of hours de-  
21                   voted to the performance of construction, alter-  
22                   ation, or repair work by employees of the con-  
23                   tractor or subcontractor; and

24                   (B) excludes any hours worked by—

25                           (i) foremen;

- 1 (ii) superintendents;  
2 (iii) owners; or  
3 (iv) persons employed in a bona fide  
4 executive, administrative, or professional  
5 capacity (within the meaning of those  
6 terms in part 541 of title 29, Code of Fed-  
7 eral Regulations).

8 (3) QUALIFIED APPRENTICE.—The term “quali-  
9 fied apprentice” means an individual who is an em-  
10 ployee of the contractor or subcontractor and who is  
11 participating in a registered apprenticeship program,  
12 as defined in section 3131(e)(3)(B) of the Internal  
13 Revenue Code of 1986.