



Bridge to a Clean Energy Future Act of 2014

HR 5559

Congressman Earl Blumenauer ■ Third District of Oregon ■ blumenauer.house.gov

Background

The impacts of a changing climate are far-reaching, representing a threat not only to our natural ecosystems but to our national security as well. To help avoid the worst effects of carbon pollution, consumers must have a dependable supply of energy that is clean, renewable, and American. The right combination of tax incentives, regulatory changes, and investment in research and development for cleaner energy can expand the renewable energy market, put renewable energy on an equal footing with traditional fossil fuels, and create good jobs in the clean energy industry.

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The *Bridge to a Clean Energy Future Act of 2014* extends critical clean energy incentives to provide market certainty and to strengthen investment. For example, this legislation extends the Production Tax Credit for wind energy through 2016, offering parity with the duration of the Investment Tax Credit enjoyed by solar energy investments, while it also grants the solar industry access to credits at the start of a project's construction, as in the wind industry. The bill also provides a range of other important incentives, such as expanding the advanced energy project credit, which aids US manufacturers across the clean energy industry. This bill supports thousands of jobs in clean energy industries, advances US manufacturing, and supports our transition to clean, renewable energy.

In addition to developing domestic sources of clean energy, strengthening the finance environment for the construction and development of renewable energy installations strengthens the US economy by employing American workers, and by supporting American manufacturers. From a strong base at home, American clean energy firms are also able to export this technology around the world, creating new markets for American expertise. It is important to note that the fossil energy alternatives these industries are competing with have permanent tax incentives.

A full list of the provisions follows.



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1. Extension and modification of credit for nonbusiness energy property. The bill extends for two years, through 2015, the 10 percent credit for purchases of energy efficient improvements to existing homes. Homeowners can claim up to \$200 for energy efficient windows, up to \$150 for an efficient furnace or boiler, and up to \$300 for other improvements, including insulation. The total credit is capped at \$500 per taxpayer. The bill also adjusts the qualification requirements by requiring windows, doors, and skylights to meet the most recent Energy Star requirements; by adjusting qualifications for water heaters and boilers to better reflect what is available on the market; and by allowing energy efficient roofing products to qualify. *A two-year extension of this provision is estimated to cost \$1.65 billion over 10 years*
2. Extension of credit for alternative fuel vehicle refueling property. The bill extends for two years, through 2015, the 30% investment tax credit for alternative vehicle refueling property, up to \$30,000. Eligible refueling property includes fuel pumps for ethanol, biodiesel, hydrogen, and compressed or liquefied natural gas. *A two-year extension of this provision is estimated to cost \$89 million over 10 years.*
3. Extension of credit for 2-wheeled plug-in electric vehicles. The bill extends for two years, through 2015, the individual income tax credit for highway-capable plug-in motorcycles. The provision is also modified to no longer allow 3-wheeled vehicles to qualify. *A two-year extension of this provision is estimated to cost \$2 million over 10 years.*
4. Extension of second generation biofuel producer credit. Under current law, facilities producing cellulosic biofuel can claim a \$1.01 per gallon production tax credit on fuel produced before the end of 2013. The bill would extend this production tax credit for two additional years, for cellulosic biofuel produced through 2015. *A two-year extension of this provision is estimated to cost \$55 million over 10 years.*
5. Extension of incentives for biodiesel and renewable diesel. The bill extends for two years, through 2015, the \$1.00 per gallon tax credit for biodiesel, as well as the small agri-biodiesel producer credit of 10 cents per gallon. The bill also extends through 2015 the \$1.00 per gallon tax credit for diesel fuel created from biomass. *A two-year extension of this provision is estimated to cost \$2.6 billion over 10 years.*
6. Extension and modification of production credit for Indian coal facilities placed in service before 2009. Under current law, coal produced on land owned by an Indian tribe qualifies for a production tax credit equivalent to \$2 per ton. This provision would extend this tax credit through 2015. *A two-year extension of this provision is estimated to cost \$76 million over 10 years.*
7. Extension of credits with respect to facilities producing energy from certain renewable resources. Under current law, taxpayers can claim a 2.3 cent per kilowatt hour tax credit for wind and other renewable electricity produced for a 10-year period from a facility that has commenced construction by the end of 2013 (the wind production tax credit). They can also elect to take a 30 percent investment tax credit instead of the production tax credit. The bill extends these provisions through December 31, 2016. *A two-year extension of these provisions is estimated to cost \$13.35 billion over 10 years.*



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8. Extension of credit for energy-efficient new homes. The bill extends for two years, through 2015, the credit for the construction of energy-efficient new homes that achieve a 30% or 50% reduction in heating and cooling energy consumption relative to a comparable dwelling constructed within the standards of the 2003 International Energy Conservation Code (including supplements). *A two-year extension of this provision is estimated to cost \$612 million over 10 years.*
9. Extension of special allowance for second generation biofuel plant property. Under current law, facilities producing cellulosic biofuel can expense 50 percent of their eligible capital costs in the first year for facilities placed-in-service by the end of 2013. The bill would extend this bonus depreciation for two additional years for facilities placed-in-service before the end of 2015. *A two-year extension of this provision is estimated to cost \$1 million over 10 years.*
10. Extension and modification of energy efficient commercial buildings deduction. The bill extends for two years, through 2015, the deduction for energy efficient commercial buildings. Taxpayers may deduct up to \$1.80 per square foot for an efficiency improvement of at least 50 percent. The improvement can be made through efficient lighting systems, heating, cooling, ventilation, and hot water systems. The bill also updates qualifying efficiency standards to a more stringent level, and it allows tribal governments and non-profits to allocate the deduction to designers. *This provision is estimated to cost \$304 million over 10 years.*
11. Extension of excise tax credits relating to certain fuels. The bill extends through 2015 the \$0.50 per gallon alternative fuel tax credit and alternative fuel mixture tax credit. This credit can be claimed as a nonrefundable excise tax credit or a refundable income tax credit for the blending and sale of alternative fuel mixtures including compressed or liquefied natural gas, ethanol, biofuels, and liquefied hydrogen. *A two-year extension of this provision is estimated to cost \$903 million over 10 years.*
12. Extension of credit for new qualified fuel cell motor vehicles. The bill extends for one additional year, through 2015, the credit for new fuel cell motor vehicles. For vehicles fueled by combining hydrogen with oxygen to create electricity, taxpayers can claim a base credit \$4,000 credit for cars and light trucks. Taxpayers can claim up to \$40,000 for heavier vehicles, depending on their weight. *A one year extension of this provision is estimated to cost \$47 million over 10 years.*
13. Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities. The bill extends for two years, for sales prior to January 1, 2016, the present law deferral of gain on sales of transmission property by vertically integrated electric utilities to FERC-approved independent transmission companies. Rather than recognizing the full amount of gain in the year of sale, this provision would allow gain on such sales to be recognized ratably over an eight-year period. *A two-year extension of this provision is estimated to have no revenue effect.*
14. Extension of the advanced energy project credit. Fulfills the commitment of \$5 billion of grants or tax credit amounts to manufacturers in the United States of goods and components (other than for assembly of components) that are used in alternative energy projects.
15. Extension of energy credit for certain property under construction. Extends the energy tax credit to solar energy, fuel cell, microturbine, combined heat and power system, small wind energy, and thermal energy properties the construction of which begins before January 1, 2017. *This provision is estimated to cost \$1.067 billion over 10 years.*