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

IN THE SENATE OF THE UNITED STATES

Mr. Wyden (for himself, Mr. Schumer, Ms. Stabenow, Ms. Cantwell, Mr. Menendez, Mr. Carper, Mr. Cardin, Mr. Bennet, Mr. Whitehouse, Ms. Hassan, Ms. Cortez Masto, Mrs. Feinstein, Mr. Durbin, Ms. Klobuchar, Mrs. Shaheen, Mrs. Gillibrand, Mr. Blumenthal, Mr. Schatz, Ms. Hirono, Mr. Heinrich, Mr. King, Mr. Kaine, Mr. Booker, Mr. Van Hollen, and Ms. Smith) introduced the following bill; which was read twice and referred to the Committee on

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

(c) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—CLEAN ENERGY TAX CREDITS

Sec. 101. Clean energy production credit.
Sec. 102. Clean energy investment credit.
Sec. 103. Extensions, modifications, and terminations of various energy provisions.

TITLE II—CLEAN FUEL TAX CREDITS

Sec. 201. Clean fuel production credit.
Sec. 202. Temporary extension of existing fuel and transportation incentives.

TITLE III—ENERGY EFFICIENCY INCENTIVES

Sec. 301. Credit for new energy efficient residential buildings.
Sec. 302. Heating and air conditioning replacement credit.
Sec. 303. Energy efficiency credit for existing residential buildings.
Sec. 304. Deduction for new energy efficient commercial buildings.
Sec. 305. Energy efficiency deduction for existing commercial buildings.
Sec. 306. Temporary extension of existing energy efficiency incentives.

TITLE IV—CLEAN ELECTRICITY AND FUEL BONDS

Sec. 401. Clean energy bonds.

7 TITLE I—CLEAN ENERGY TAX CREDITS

9 SEC. 101. CLEAN ENERGY PRODUCTION CREDIT.

10 (a) In General.—Subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

13 “SEC. 45T. CLEAN ENERGY PRODUCTION CREDIT.

14 “(a) Amount of Credit.—
“(1) IN GENERAL.—For purposes of section 38, the clean energy production credit for any taxable year is an amount equal to the sum of—

“(A) an amount equal to the product of—

“(i) the applicable credit rate (as determined under paragraph (2)), multiplied by

“(ii) the kilowatt hours of electricity—

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

“(II)(aa) sold by the taxpayer to an unrelated person during the taxable year, or

“(bb) in the case of a qualified facility which is equipped with a metering device which is owned and operated by an unrelated person, sold, consumed, or stored by the taxpayer during the taxable year, plus

“(B) the qualified carbon capture and sequestration amount determined under subsection (c).

“(2) APPLICABLE CREDIT RATE.—

“(A) IN GENERAL.—
“(i) Maximum Credit Rate.—Except as provided in clause (ii), the applicable credit rate is 1.5 cents.

“(ii) Reduction of Credit Based on Greenhouse Gas Emission Rate.—The applicable credit rate shall be reduced (but not below zero) by an amount which bears the same ratio to the amount in effect under clause (i) as the greenhouse gas emissions rate for the qualified facility bears to 300 grams of CO$_2$e per KWh.

“(B) Rounding.—If any amount determined under subparagraph (A)(ii) is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

“(b) Greenhouse Gas Emissions Rate.—

“(1) In General.—For purposes of this section, the term ‘greenhouse gas emissions rate’ means the amount of greenhouse gases emitted into the atmosphere by a qualified facility in the production of electricity, expressed as grams of CO$_2$e per KWh.

“(2) Non-fossil Fuel Combustion and Gasification.—In the case of a qualified facility which produces electricity through combustion or gasification of a non-fossil fuel, the greenhouse gas emis-
sions rate for such facility shall be equal to the net rate of greenhouse gases emitted into the atmosphere by such facility (taking into account the amount of lifecycle greenhouse gas emissions, as described in section 211(o)(1)(H) of the Clean Air Act (42 U.S.C. 7545(o)(1)(H))) in the production of electricity, expressed as grams of CO$_2$e per KWh.

“(3) Establishment of Safe Harbor for Qualified Facilities.—

“(A) In General.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish safe-harbor greenhouse gas emissions rates for types or categories of qualified facilities, which a taxpayer may elect to use for purposes of this section.

“(B) Rounding.—In establishing the safe-harbor greenhouse gas emissions rates for qualified facilities, the Secretary may round such rates to the nearest multiple of 30 grams of CO$_2$e per KWh (or, in the case of a greenhouse gas emissions rate which is less than 15 grams of CO$_2$e per KWh, by rounding such rate to zero).
“(C) Publishing safe harbor emissions rates.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall publish a table that sets forth the safe-harbor greenhouse gas emissions rates for similar types or categories of qualified facilities.

“(4) Carbon capture and sequestration equipment.—For purposes of this subsection, the amount of greenhouse gases emitted into the atmosphere by a qualified facility in the production of electricity shall not include any qualified carbon dioxide (as defined in section 48D(c)(3)(A)) that is captured by the taxpayer and—

“(A) pursuant to any regulations established under paragraph (2) of section 45Q(f), disposed of by the taxpayer in secure geological storage, or

“(B) utilized by the taxpayer in a manner described in paragraph (5) of such section.

“(c) Qualified carbon capture and sequestration amount.—

“(1) In general.—For purposes of subsection (a)(1)(B), the qualified carbon capture and seque-
tration amount for any taxable year shall be an amount equal to the product of—

“(A) the applicable credit rate (as determined under subsection (a)(2), determined without regard to subparagraph (A)(ii) thereof), multiplied by

“(B) an amount equal to the product of—

“(i) the kilowatt hours of electricity produced and sold, consumed, or stored (as determined under clause (ii) of subsection (a)(1)(A)) for such taxable year by any facility placed in service before January 1, 2021, multiplied by

“(ii) an amount equal to the quotient of—

“(I) the metric tons of qualified carbon dioxide captured by the taxpayer during such taxable year using qualified carbon capture and sequestration equipment installed at such facility and—

“(aa) pursuant to any regulations established under paragraph (2) of section 45Q(f), dis-
posed of by the taxpayer in secure geological storage, or

“(bb) utilized by the taxpayer in a manner described in paragraph (5) of such section, divided by

“(II) an amount equal to the sum of—

“(aa) the amount determined under subclause (I), plus

“(bb) the metric tons of carbon dioxide emitted into the atmosphere by such facility during such taxable year.

“(2) DEFINITIONS.—In this subsection—

“(A) QUALIFIED CARBON CAPTURE AND SEQUESTRATION EQUIPMENT.—The term ‘qualified carbon capture and sequestration equipment’ means property described under paragraph (2) of section 48D(c) (without regard to subparagraph (F) of such paragraph) with respect to which no credit has been allowed under section 45Q.

“(B) QUALIFIED CARBON DIOXIDE.—The term ‘qualified carbon dioxide’ has the same
meaning given such term under paragraph (3) of section 48D(e).

“(d) Inflation Adjustment.—

“(1) In General.—In the case of a calendar year beginning after 2020, the 1.5 cent amount in clause (i) of subsection (a)(2)(A) shall be adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale or use of the electricity occurs. If any amount as increased under the preceding sentence is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

“(2) Annual Computation.—The Secretary shall, not later than April 1 of each calendar year, determine and publish in the Federal Register the inflation adjustment factor for such calendar year in accordance with this subsection.

“(3) Inflation Adjustment Factor.—The term ‘inflation adjustment factor’ means, with respect to a calendar year, a fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1992. The term ‘GDP implicit price deflator’ means the most recent revision of the im-
licit price deflator for the gross domestic product
as computed and published by the Department of
Commerce before March 15 of the calendar year.

“(e) CREDIT PHASE-OUT.—

“(1) IN GENERAL.—If the Secretary, in con-
sultation with the Secretary of Energy and the Ad-
ministrator of the Environmental Protection Agency,
determines that the annual greenhouse gas emis-
sions from electrical production in the United States
are equal to or less than 50 percent of the annual
greenhouse gas emissions from electrical production
in the United States for calendar year 2019, the
amount of the clean energy production credit under
subsection (a) for any qualified facility placed in
service during a calendar year described in para-
graph (2) shall be equal to the product of—

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

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

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

“(A) for a facility placed in service during
the first calendar year following the calendar
year in which the determination described in paragraph (1) is made, 75 percent,

“(B) for a facility placed in service during the second calendar year following such determination year, 50 percent,

“(C) for a facility placed in service during the third calendar year following such determination year, 25 percent, and

“(D) for a facility placed in service during any calendar year subsequent to the year described in subparagraph (C), 0 percent.

“(f) DEFINITIONS.—In this section:

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

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

“(3) QUALIFIED FACILITY.—
“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the term ‘qualified facility’ means a facility which is—

“(i) used for the generation of electricity, and

“(ii) originally placed in service after December 31, 2020.

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

“(C) EXPANSION OF FACILITY; INCREMENTAL PRODUCTION.—A qualified facility shall include either of the following in connection with a facility described in subparagraph (A)(i) that was placed in service before January 1, 2021, but only to the extent of the increased amount of electricity produced at the facility by reason of the following:


“(ii) Any efficiency improvements or additions of capacity placed in service after December 31, 2020.
“(D) COORDINATION WITH OTHER CREDITS.—The term ‘qualified facility’ shall not include any facility for which—

“(i) a renewable electricity production credit determined under section 45 is allowed under section 38 for the taxable year or any prior taxable year,

“(ii) an advanced nuclear power facility production credit under section 45J is allowed under section 38 for the taxable year or any prior taxable year,

“(iii) an energy credit determined under section 48 is allowed under section 38 for the taxable year or any prior taxable year, or

“(iv) a clean energy investment credit determined under section 48D is allowed under section 38 for the taxable year or any prior taxable year.

“(g) FINAL GUIDANCE.—Not later than January 1, 2020, the Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall issue final guidance regarding implementation of this section, including calculation of greenhouse gas emission rates for
qualified facilities and determination of clean energy production credits under this section.

“(h) **Special Rules.**—

“(1) **Only Production in the United States Taken Into Account.**—Consumption or sales shall be taken into account under this section only with respect to electricity the production of which is within—

“(A) the United States (within the meaning of section 638(1)), or

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

“(2) **Combined Heat and Power System Property.**—

“(A) **In General.**—For purposes of subsection (a)(1)(B), the kilowatt hours of electricity produced by a taxpayer at a qualified facility shall include any production in the form of useful thermal energy by any combined heat and power system property within such facility.

“(B) **Combined Heat and Power System Property.**—For purposes of this paragraph, the term ‘combined heat and power system property’ has the same meaning given such
term by section 48(e)(3) (without regard to
subparagraphs (A)(iv), (B), and (D) thereof).

“(C) CONVERSION FROM BTU TO KWH.—

“(i) IN GENERAL.—For purposes of
subparagraph (A), the amount of kilowatt
hours of electricity produced in the form of
useful thermal energy shall be equal to the
quotient of—

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

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

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

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

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

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

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

“(A) ELECTION TO ALLOCATE.—

“(i) IN GENERAL.—In the case of an eligible cooperative organization, any portion of the credit determined under subsection (a) for the taxable year may, at the election of the organization, be apportioned...
among patrons of the organization on the basis of the amount of business done by the patrons during the taxable year.

“(ii) Form and effect of election.—An election under clause (i) for any taxable year shall be made on a timely filed return for such year. Such election, once made, shall be irrevocable for such taxable year. Such election shall not take effect unless the organization designates the apportionment as such in a written notice mailed to its patrons during the payment period described in section 1382(d).

“(B) Treatment of organizations and patrons.—The amount of the credit apportioned to any patrons under subparagraph (A)—

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

“(ii) shall be included in the amount determined under subsection (a) for the first taxable year of each patron ending on or after the last day of the payment period
(as defined in section 1382(d)) for the taxable year of the organization or, if earlier, for the taxable year of each patron ending on or after the date on which the patron receives notice from the cooperative of the apportionment.

“(C) Special rules for decrease in credits for taxable year.—If the amount of the credit of a cooperative organization determined under subsection (a) for a taxable year is less than the amount of such credit shown on the return of the cooperative organization for such year, an amount equal to the excess of—

“(i) such reduction, over

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

shall be treated as an increase in tax imposed by this chapter on the organization. Such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this chapter.

“(D) Eligible cooperative defined.—

For purposes of this section, the term ‘eligible
‘cooperative’ means a cooperative organization described in section 1381(a) which is owned more than 50 percent by agricultural producers or by entities owned by agricultural producers. For this purpose an entity owned by an agricultural producer is one that is more than 50 percent owned by agricultural producers.’’.

(b) Conforming Amendments.—

(1) Section 38(b) is amended—

(A) in paragraph (31), by striking “plus” at the end,

(B) in paragraph (32), by striking the period at the end and inserting “, plus”, and

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

“(33) the clean energy production credit determined under section 45T(a).”.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

“Sec. 45T. Clean energy production credit.”.

(c) Effective Date.—The amendments made by this section shall apply to facilities placed in service after December 31, 2020.

Sec. 102. Clean Energy Investment Credit.

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

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“SEC. 48D. CLEAN ENERGY INVESTMENT CREDIT.

“(a) INVESTMENT CREDIT FOR QUALIFIED PROPERTY.—

“(1) IN GENERAL.—For purposes of section 46, the clean energy investment credit for any taxable year is an amount equal to the sum of—

“(A) the clean energy percentage of the qualified investment for such taxable year with respect to any qualified facility, plus

“(B) 30 percent of the qualified investment for such taxable year with respect to—

“(i) qualified carbon capture and sequestration equipment, and

“(ii) energy storage property.

“(2) CLEAN ENERGY PERCENTAGE.—

“(A) MAXIMUM PERCENTAGE.—Except as provided in subparagraphs (B) and (C), the clean energy percentage is 30 percent.

“(B) REDUCTION OF PERCENTAGE BASED ON GREENHOUSE GAS EMISSIONS RATE.—The clean energy percentage shall be reduced (but not below zero) by an amount which bears the
same ratio to 30 percent as the anticipated greenhouse gas emissions rate for the qualified facility bears to 300 grams of CO$_2$e per KWh.

“(C) MICROGRIDS.—

“(i) IN GENERAL.—In the case of a microgrid, the clean energy percentage shall be the amount, expressed as a percentage, equal to 30 percent of the relative avoided emissions rate for the microgrid.

“(ii) RELATIVE AVOIDED EMISSIONS RATE.—For purposes of clause (i), the relative avoided emissions rate shall be the amount equal to the quotient of—

“(I) the amount equal to the non-baseload output emissions rate for the applicable grid region minus the greenhouse gas emissions rate for the microgrid, divided by

“(II) the non-baseload output emissions rate for the applicable grid region.

“(iii) NON-BASELOAD OUTPUT EMISSIONS RATE.—

“(I) IN GENERAL.—The term ‘non-baseload output emissions rate’
means the amount of greenhouse gases emitted into the atmosphere by the applicable grid region for the production of electricity (expressed as grams of CO$_2$e per KWh) above base-load.

“(II) Determination.—The non-baseload output emissions rate for any applicable grid region shall be determined by the Administrator of the Environmental Protection Agency, in consultation with the Secretary.

“(iv) Microgrid.—The term ‘microgrid’ means an interconnected system of loads and energy resources (including distributed energy resources, energy storage, demand response tools, and other management, forecasting, and analytical tools) which—

“(I) is appropriately sized to meet the needs of its customers,

“(II) is contained within a clearly defined electrical boundary and has the ability to operate as a single and controllable entity,
“(III) has the ability to—

“(aa) connect to, disconnect from, or run in parallel with the applicable grid region, or

“(bb) be managed and isolated from the applicable grid region in order to withstand larger disturbances and maintain the supply of electricity to connected critical infrastructure, and

“(IV) has no point of interconnection to the applicable grid region with a throughput capacity in excess of 20 megawatts.

“(v) APPLICABLE GRID REGION.—The term ‘applicable grid region’ means a set of power plants and transmission lines which are—

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

“(II) interconnected to the microgrid.

“(D) Rounding.—If any amount determined under subparagraph (B) or subparagraph (C) is not a multiple of 1 percent, such
amount shall be rounded to the nearest multiple
of 1 percent.

“(b) Qualified Investment With Respect to Any Qualified Facility.—

“(1) In General.—For purposes of subsection (a)(1)(A), the qualified investment with respect to any qualified facility for any taxable year is the basis of any qualified property placed in service by the taxpayer during such taxable year which is part of a qualified facility.

“(2) Qualified Property.—The term ‘qualified property’ means property—

“(A) which is—

“(i) tangible personal property, or

“(ii) other tangible property (not including a building or its structural components), but only if such property is used as an integral part of the qualified facility,

“(B) with respect to which depreciation (or amortization in lieu of depreciation) is allowable,

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

“(D) the original use of which commences with the taxpayer.
“(3) QUALIFIED FACILITY.—

“(A) IN GENERAL.—For purposes of this section, the term ‘qualified facility’ has the same meaning given such term under section 45T(f)(3) (without regard to subparagraphs (B) and (D) thereof).

“(B) MICROGRIDS.—For purposes of this section, the term ‘qualified facility’ shall include any microgrid (as defined in subsection (a)(2)(C)(iv)).

“(C) EXCLUSION.—The term ‘qualified facility’ shall not include any facility for which a renewable electricity production credit under section 45, an advanced nuclear power facility production credit under section 45J, or an energy credit determined under section 48 is allowed under section 38 for the taxable year or any prior taxable year.

“(4) COORDINATION WITH REHABILITATION CREDIT.—The qualified investment with respect to any qualified facility for any taxable year shall not include that portion of the basis of any property which is attributable to qualified rehabilitation expenditures (as defined in section 47(c)(2)).
“(c) Qualified Investment With Respect to Qualified Carbon Capture and Sequestration Equipment.—

“(1) In general.—For purposes of subsection (a)(1)(B)(i), the qualified investment with respect to qualified carbon capture and sequestration equipment for any taxable year is the basis of any qualified carbon capture and sequestration equipment placed in service by the taxpayer during such taxable year.

“(2) Qualified Carbon Capture and Sequestration Equipment.—The term ‘qualified carbon capture and sequestration equipment’ means property—

“(A) installed at a facility placed in service before January 1, 2021, which produces electricity,

“(B) which results in at least a 50 percent reduction in the carbon dioxide emissions rate at the facility, as compared to such rate before installation of such equipment, through the capture and disposal or utilization of qualified carbon dioxide (as defined in paragraph (3)(A)),

“(C) with respect to which depreciation is allowable,
“(D) which is constructed, reconstructed, erected, or acquired by the taxpayer,
“(E) the original use of which commences with the taxpayer, and
“(F) with respect to which—
“(i) no credit has been allowed under section 45Q or section 45T, and
“(ii) the taxpayer makes an irrevocable election to have this subsection apply.
“(3) QUALIFIED CARBON DIOXIDE.—The term ‘qualified carbon dioxide’ means carbon dioxide captured from an industrial source which—
“(A) would otherwise be released into the atmosphere as industrial emission of greenhouse gas,
“(B) is measured at the source of capture and verified at the point of disposal or utilization,
“(C)(i) is disposed of by the taxpayer in secure geological storage (as such term is defined under section 45Q(f)(2)), or
“(ii) utilized by the taxpayer in a manner described in section 45Q(f)(5), and
“(D) is captured and disposed or utilized within the United States (within the meaning of section 638(1)) or a possession of the United States (within the meaning of section 638(2)).

“(4) COORDINATION WITH OTHER CREDITS.—No credit shall be allowed under section 45Q or section 45T for any taxable year with respect to any qualified carbon capture and sequestration equipment for which an election described in paragraph (2)(F)(ii) has been made.

“(d) QUALIFIED INVESTMENT WITH RESPECT TO ENERGY STORAGE PROPERTY.—

“(1) IN GENERAL.—For purposes of subsection (a)(1)(B)(ii), the qualified investment with respect to energy storage property for any taxable year is the basis of any energy storage property placed in service by the taxpayer during such taxable year.

“(2) ENERGY STORAGE PROPERTY.—The term ‘energy storage property’ means property—

“(A) which receives, stores, and delivers electricity, or energy for conversion to electricity, provided that such electricity is—

“(i) sold by the taxpayer to an unrelated person, or
“(ii) in the case of a facility which is equipped with a metering device which is owned and operated by an unrelated person, sold or consumed by the taxpayer, “(B) with respect to which depreciation is allowable, “(C) which is constructed, reconstructed, erected, or acquired by the taxpayer, “(D) the original use of which commences with the taxpayer, and “(E) which is placed in service after December 31, 2020.

“(e) GREENHOUSE GAS EMISSIONS RATE.—

“(1) IN GENERAL.—For purposes of this section, the term ‘greenhouse gas emissions rate’ has the same meaning given such term under subsection (b) of section 45T.

“(2) ESTABLISHMENT OF SAFE HARBOR FOR QUALIFIED PROPERTY.—

“(A) IN GENERAL.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish safe-harbor greenhouse gas emissions rates for types or categories of qualified property which
are part of a qualified facility, which a taxpayer may elect to use for purposes of this section.

“(B) Rounding.—In establishing the safe-harbor greenhouse gas emissions rates for qualified property, the Secretary may round such rates to the nearest multiple of 30 grams of CO$_2$e per KWh (or, in the case of a greenhouse gas emissions rate which is less than 15 grams of CO$_2$e per KWh, by rounding such rate to zero).

“(C) Publishing safe-harbor emissions rates.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall publish a table that sets forth the safe-harbor greenhouse gas emissions rates for similar types or categories of qualified property.

“(f) Certain progress expenditure rules made applicable.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of subsection (a).

“(g) Credit phase-out.—
“(1) IN GENERAL.—If the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, determines that the annual greenhouse gas emissions from electrical production in the United States are equal to or less than 50 percent of the annual greenhouse gas emissions from electrical production in the United States for calendar year 2019, the amount of the clean energy investment credit under subsection (a) for any qualified facility, qualified carbon capture and sequestration equipment, or energy storage property placed in service during a calendar year described in paragraph (2) shall be equal to the product of—

“(A) the amount of the credit determined under subsection (a) without regard to this subsection, multiplied by

“(B) the phase-out percentage under paragraph (2).

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

“(A) for a facility or property placed in service during the first calendar year following the calendar year in which the determination described in paragraph (1) is made, 75 percent,
“(B) for a facility or property placed in service during the second calendar year following such determination year, 50 percent,

“(C) for a facility or property placed in service during the third calendar year following such determination year, 25 percent, and

“(D) for a facility or property placed in service during any calendar year subsequent to the year described in subparagraph (C), 0 percent.

“(h) DEFINITIONS.—In this section:

“(1) CO₂e PER KWh.—The term ‘CO₂e per KWh’ has the same meaning given such term under section 45T(f)(1).

“(2) GREENHOUSE GAS.—The term ‘greenhouse gas’ has the same meaning given such term under section 45T(f)(2).

“(i) RECAPTURE OF CREDIT.—For purposes of section 50, if the Secretary, in consultation with the Administrator of the Environmental Protection Agency, determines that—

“(1) the greenhouse gas emissions rate for a qualified facility is significantly higher than the anticipated greenhouse gas emissions rate claimed by
the taxpayer for purposes of the clean energy investment credit under this section, or

“(2) with respect to any qualified carbon capture and sequestration equipment installed in a facility, the carbon dioxide emissions from such facility cease to be captured or disposed of in a manner consistent with the requirements of subsection (e),

the facility or equipment shall cease to be investment credit property in the taxable year in which the determination is made.

“(j) FINAL GUIDANCE.—Not later than January 1, 2020, the Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall issue final guidance regarding implementation of this section, including calculation of greenhouse gas emission rates for qualified facilities and determination of clean energy investment credits under this section.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 46 is amended—

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

(ii) by striking the period at the end of paragraph (6) and inserting “, and”,
(iii) by adding at the end the following new paragraph:

“(7) the clean energy investment credit.”.

(B) Section 49(a)(1)(C) is amended—

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

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

(iii) by adding at the end the following new clauses:

“(vi) the basis of any qualified property which is part of a qualified facility under section 48D,

“(vii) the basis of any qualified carbon capture and sequestration equipment under section 48D, and

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

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

(D) The table of sections for subpart E of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 48C the following new item:

“48D. Clean energy investment credit.”. 
(3) Effective date.—The amendments made by this subsection shall apply to property placed in service after December 31, 2020, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

(b) Individual Credit.—

(1) In general.—Section 25D is amended to read as follows:

"SEC. 25D. CLEAN RESIDENTIAL ENERGY CREDIT."

"(a) Allowance of credit.—

"(1) In general.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(A) the clean energy percentage of the expenditures made by the taxpayer for qualified property which is—

"(i) for use in a dwelling unit which is located in the United States and used as a residence by the taxpayer, and

"(ii) placed in service during such taxable year, plus"
“(B) 30 percent of the expenditures made by the taxpayer for energy storage property which is—

“(i) for use in a dwelling unit which is located in the United States and used as a residence by the taxpayer, and

“(ii) placed in service during such taxable year.

“(2) Clean energy percentage.—

“(A) In general.—

“(i) Maximum percentage.—Except as provided in clause (ii), the clean energy percentage is 30 percent.

“(ii) Reduction of percentage based on greenhouse gas emissions rate.—The clean energy percentage shall be reduced (but not below zero) by an amount which bears the same ratio to 30 percent as the anticipated greenhouse gas emissions rate for the qualified property bears to 300 grams of CO$_2e$ per KWh.

“(B) Rounding.—If any amount determined under subparagraph (A)(ii) is not a multiple of 1 percent, such amount shall be rounded to the nearest multiple of 1 percent.
“(C) Definitions.—For purposes of this section, the terms ‘greenhouse gas emissions rate’ and ‘CO$_2$e per KWh’ have the same meanings given such terms under subsections (b) and (f)(1) of section 45T, respectively.

“(3) Establishment of safe harbor for qualified property.—

“(A) In general.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish safe-harbor greenhouse gas emissions rates for types or categories of qualified property which are for use in a dwelling unit, which a taxpayer may elect to use for purposes of this section.

“(B) Rounding.—In establishing the safe-harbor greenhouse gas emissions rates for qualified property, the Secretary may round such rates to the nearest multiple of 30 grams of CO$_2$e per KWh (or, in the case of a greenhouse gas emissions rate which is less than 15 grams of CO$_2$e per KWh, by rounding such rate to zero).

“(C) Publishing safe-harbor emissions rates.—The Secretary, in consultation with the Administrator of the Environmental
Protection Agency, shall publish a table that sets forth the safe-harbor greenhouse gas emissions rates for similar types or categories of qualified property.

“(b) QUALIFIED PROPERTY.—The term ‘qualified property’ means property—

“(1) which is tangible personal property,

“(2) which is used for the generation of electricity,

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

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

“(5) which is originally placed in service after December 31, 2020.

“(c) ENERGY STORAGE PROPERTY.—The term ‘energy storage property’ means property which—

“(1) receives, stores, and delivers electricity or energy for conversion to electricity which is consumed or sold by the taxpayer, and

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

“(d) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year re-
duced by the sum of the credits allowable under this sub-
part (other than this section), such excess shall be carried
to the succeeding taxable year and added to the credit al-
lowable under subsection (a) for such succeeding taxable
year.

“(e) CREDIT PHASE-OUT.—

“(1) IN GENERAL.—If the Secretary determines
that the annual greenhouse gas emissions from elec-
trical production in the United States are equal to
or less than the percentage specified in section
48D(g), the amount of the credit allowable under
subsection (a) for any qualified property or energy
storage property placed in service during a calendar
year described in paragraph (2) shall be equal to the
product of—

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

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

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

“(A) for property placed in service during
the first calendar year following the calendar
year in which the determination described in paragraph (1) is made, 75 percent,

“(B) for property placed in service during the second calendar year following such determination year, 50 percent,

“(C) for property placed in service during the third calendar year following such determination year, 25 percent, and

“(D) for property placed in service during any calendar year subsequent to the year described in subparagraph (C), 0 percent.

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

“(1) LABOR COSTS.—Expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the qualified property or energy storage property and for piping or wiring to interconnect such property to the dwelling unit shall be taken into account for purposes of this section.

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

“(3) CONDOMINIUMS.—

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

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

“(4) ALLOCATION IN CERTAIN CASES.—If less than 80 percent of the use of a property is for non-business purposes, only that portion of the expenditures for such property which is properly allocable to use for nonbusiness purposes shall be taken into account.
“(g) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section for any expenditures with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditures shall be reduced by the amount of the credit so allowed.

“(h) FINAL GUIDANCE.—Not later than January 1, 2020, the Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall issue final guidance regarding implementation of this section, including calculation of greenhouse gas emission rates for qualified property and determination of residential clean energy property credits under this section.”.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 45(d) is amended by striking “Such term” and all that follows through the period and inserting the following: “Such term shall not include any facility with respect to which any expenditures for qualified property (as defined in subsection (b) of section 25D) which uses wind to produce electricity is taken into account in determining the credit under such section.”.
(B) Paragraph (34) of section 1016(a) is amended by striking “section 25D(f)” and inserting “section 25D(h)”.

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

“Sec. 25D. Clean residential energy credit.”.

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2020.

SEC. 103. EXTENSIONS, MODIFICATIONS, AND TERMINATIONS OF VARIOUS ENERGY PROVISIONS.

(a) RESIDENTIAL ENERGY EFFICIENT PROPERTY.—

(1) IN GENERAL.—Subsection (h) of section 25D is amended by striking “December 31, 2021” and inserting “December 31, 2020”.

(2) ELIMINATION OF PHASEOUT.—Section 25D, as amended by paragraph (1), is amended—

(A) in subsection (a), by striking “the applicable percentages” and inserting “30 percent’’,

(B) by striking subsection (g), and

(C) by redesignating subsection (h) as subsection (g).
(3) Effective date.—The amendments made by this subsection shall apply to property placed in service after December 31, 2018.

(b) Electricity produced from certain renewable resources.—

(1) In general.—The following provisions of section 45(d) are each amended by striking “the construction of which begins before January 1, 2018” each place it appears and inserting “originally placed in service before January 1, 2021”:

(A) Paragraph (2)(A).

(B) Paragraph (3)(A).

(C) Paragraph (4)(B).

(D) Paragraph (6).

(E) Paragraph (7).

(F) Paragraph (9).

(G) Paragraph (11)(B).

(2) Termination of half-credit rate.—Subparagraph (A) of section 45(b)(4) is amended by inserting “and before 2019” after “after 2003”.

(3) Effective date.—The amendments made by this subsection shall take effect on January 1, 2019.

(c) Credit for production from advanced nuclear power facilities.—
(1) IN GENERAL.—Subparagraph (B) of section 45J(d)(1) is amended by striking “January 1, 2021” and inserting “January 1, 2020”.

(2) TERMINATION OF ALLOCATION OF UNUTILIZED LIMITATION.—Section 45J(b) is amended by striking paragraph (5).

(d) CREDIT FOR CARBON DIOXIDE SEQUESTRATION.—

(1) EXCLUSION OF CERTAIN FACILITIES THAT PRODUCE ELECTRICITY.—Section 45Q is amended—

(A) in subsection (d), by striking “For purposes of this section” and inserting “Subject to subsection (h), for purposes of this section”,

(B) by redesignating subsection (h) as subsection (i), and

(C) by inserting after subsection (g) the following:

“(h) EXCLUSION OF CERTAIN FACILITIES THAT PRODUCE ELECTRICITY.—The term ‘qualified facility’ shall not include any facility which—

“(1) is placed in service before January 1, 2021, and

“(2) produces electricity.”.
(2) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2020.

(e) Modification of credits for wind facilities and other energy property.—

(1) Wind facilities.—

(A) Renewable electricity production credit.—

(i) In general.—Paragraph (1) of section 45(d) is amended by striking “January 1, 2020” and inserting “January 1, 2021”.

(ii) Phaseout.—Subparagraph (C) of section 45(b)(5) is amended by striking “January 1, 2020” and inserting “January 1, 2021”.

(B) Qualified investment credit facility.—

(i) In general.—Section 48(a)(5)(C)(ii) is amended by striking “January 1, 2018” and all that follows through “section 45(d)” and inserting “January 1, 2021”.

(ii) Phaseout.—Clause (iii) of section 48(a)(5)(E) is amended by striking
“January 1, 2020” and inserting “January 1, 2021”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on January 1, 2019.

(2) OTHER ENERGY PROPERTY.—

(A) SOLAR ENERGY PROPERTY.—Subclause (II) of section 48(a)(2)(A)(i) is amended by striking “property the construction of which begins before January 1, 2022” and inserting “periods ending before January 1, 2019”.

(B) PHASEOUTS.—Subsection (a) of section 48 is amended by striking paragraphs (6) and (7).

(C) CONFORMING AMENDMENT.—Subparagraph (A) of section 48(a)(2) is amended by striking “Except as provided in paragraphs (6) and (7), the energy percentage” and inserting “The energy percentage”.

(D) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on January 1, 2019.

(f) ENERGY CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Section 48(a)(3)(A) is amended—
(A) in clause (i), by inserting “but only with respect to periods ending before January 1, 2021” after “swimming pool,”, and

(B) in clause (ii), by striking “property the construction of which begins before January 1, 2022” and inserting “periods ending before January 1, 2021”.

(2) Geothermal energy property.—Section 48(a)(3)(A)(iii) is amended by inserting “with respect to periods ending before January 1, 2021, and” after “but only”.

(3) Thermal energy property.—Section 48(a)(3)(A)(vii) is amended by striking “property the construction of which begins before January 1, 2022” and inserting “periods ending before January 1, 2021”.

(4) Qualified fuel cell property.—Section 48(c)(1)(D) is amended by striking “the construction of which does not begin before January 1, 2022” and inserting “for any period after December 31, 2020”.

(5) Qualified microturbine property.—Section 48(c)(2)(D) is amended by striking “the construction of which does not begin before January
1, 2022’’ and inserting ‘‘for any period after December 31, 2020’’.

(6) COMBINED HEAT AND POWER SYSTEM PROPERTY.—Section 48(c)(3)(A)(iv) is amended by striking ‘‘the construction of which begins before January 1, 2022’’ and inserting ‘‘which is placed in service before January 1, 2021’’.

(7) QUALIFIED SMALL WIND ENERGY PROPERTY.—Section 48(c)(4)(C) is amended by striking ‘‘the construction of which does not begin before January 1, 2022’’ and inserting ‘‘for any period after December 31, 2020’’.

(g) QUALIFYING ADVANCED ENERGY PROJECT CREDIT.—

(1) IN GENERAL.—Section 48C is amended—

(A) by redesignating subsection (e) as subsection (f), and

(B) by inserting after subsection (d) the following new subsection:

‘‘(e) ADDITIONAL QUALIFYING ADVANCED ENERGY PROGRAM.—

‘‘(1) ESTABLISHMENT.—

‘‘(A) IN GENERAL.—Not later than 180 days after the date of enactment of this subsection, the Secretary, in consultation with the
Secretary of Energy, shall establish an additional qualifying advanced energy project program to consider and award certifications for qualified investments eligible for credits under this section to qualifying advanced energy project sponsors.

“(B) LIMITATION.—The total amount of credits that may be allocated under the program described in subparagraph (A) shall not exceed $5,000,000,000.

“(2) CERTIFICATION.—

“(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application containing such information as the Secretary may require during the 2-year period beginning on the date the Secretary establishes the program under paragraph (1).

“(B) TIME TO MEET CRITERIA FOR CERTIFICATION.—Each applicant for certification shall have 1 year from the date of acceptance by the Secretary of the application during which to provide to the Secretary evidence that the requirements of the certification have been met.
“(C) Period of Issuance.—An applicant which receives a certification shall have 3 years from the date of issuance of the certification in order to place the project in service and if such project is not placed in service by that time period, then the certification shall no longer be valid.

“(3) Selection Criteria.—In determining which qualifying advanced energy projects to certify under this section, the Secretary shall consider the same criteria described in subsection (d)(3).

“(4) Review and Redistribution.—

“(A) Review.—Not later than 4 years after the date of enactment of this subsection, the Secretary shall review the credits allocated pursuant to this subsection as of such date.

“(B) Redistribution.—The Secretary may reallocate credits awarded under this section if the Secretary determines that—

“(i) there is an insufficient quantity of qualifying applications for certification pending at the time of the review, or

“(ii) any certification made pursuant to paragraph (2) has been revoked pursuant to paragraph (2)(B) because the
project subject to the certification has been delayed as a result of third-party opposition or litigation to the proposed project.

“(C) REALLOCATION.—If the Secretary determines that credits under this section are available for reallocation pursuant to the requirements set forth in paragraph (2), the Secretary is authorized to conduct an additional program for applications for certification.

“(5) DISCLOSURE OF ALLOCATIONS.—The Secretary shall, upon making a certification under this subsection, publicly disclose the identity of the applicant and the amount of the credit with respect to such applicant.”

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods after the date of the enactment of this Act, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

(h) TERMINATION OF PROVISIONS RELATING TO OIL, GAS, AND OTHER MATERIALS.—

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

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

(2) ALASKA NATURAL GAS PIPELINES.—Subparagraph (B) of section 168(i)(16) is amended to read as follows:

“(B) is—

“(i)(I) placed in service after December 31, 2013, or

“(II) treated as placed in service on January 1, 2014, if the taxpayer who places such system in service before January 1, 2014, elects such treatment, and

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

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

(A) in subparagraph (A), by inserting “which are placed in service before the end of the calendar year in which the Clean Energy
for America Act is enacted and are” after
“pipe, equipment, and appurtenances”, and
(B) in subparagraph (B), by inserting
“which are placed in service before the end of
the calendar year in which the Clean Energy
for America Act is enacted and are” after
“pipe, equipment, and appurtenances”.

(4) Repeal of deduction for tertiary
injectants.—Subsection (e) of section 193 is
amended—

(A) in paragraph (1), by striking “or” at
the end,
(B) in paragraph (2), by striking the pe-
riod at the end and inserting“, or”, and
(C) by inserting at the end the following:
“(3) which is paid or incurred during any tax-
able year beginning after the date of the enactment
of the Clean Energy for America Act.”.

(5) Intangible drilling and development
costs.—Subsection (c) of section 263 is amended to
read as follows:
“(c) Intangible Drilling and Development
Costs in the Case of Oil and Gas Wells and Geo-
thermal Wells.—
“(1) IN GENERAL.—Notwithstanding subsection (a), and except as provided in subsection (i), regulations shall be prescribed by the Secretary under this subtitle corresponding to the regulations which granted the option to deduct as expenses intangible drilling and development costs in the case of oil and gas wells and which were recognized and approved by the Congress in House Concurrent Resolution 50, Seventy-ninth Congress. Such regulations shall also grant the option to deduct as expenses intangible drilling and development costs in the case of wells drilled for any geothermal deposit (as defined in section 613(e)(2)) to the same extent and in the same manner as such expenses are deductible in the case of oil and gas wells. This subsection shall not apply with respect to any costs to which any deduction is allowed under section 59(e) or 291.

“(2) EXCLUSION.—

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

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

(6) PERCENTAGE DEPLETION.—

(A) PERCENTAGE DEPLETION OF OIL AND
GAS WELLS, COAL, LIGNITE, AND OIL SHALE.—

Section 613 is amended—

(i) in subsection (a), by striking “(100
percent in the case of oil and gas prop-
erties)”;

(ii) in subsection (b)—

(I) by striking paragraph (2) and
inserting the following:

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

(II) in paragraph (4), by striking
“coal, lignite,”,

(III) in paragraph (5), by insert-
ing “(except oil shale)” after “Clay and shale”, and
(IV) in paragraph (6)(A), by striking “(except shale described in paragraph (2)(B) or (5))” and inserting “(except oil shale and shale described in paragraph (5))”.

(iii) in subsection (e)(4)—

(I) by striking subparagraphs (A) and (H),

(II) by inserting “and” at the end of subparagraph (G),

(III) by redesignating subparagraphs (B) through (G) as subparagraphs (A) through (F), respectively, and

(IV) by redesignating subparagraph (I) as subparagraph (G),

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

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

(B) OIL AND GAS WELLS.—Section 613A is amended by adding at the end the following new subsection:
“(f) TERMINATION.—This section shall not apply to any taxable year beginning after the date of the enactment of the Clean Energy for America Act.”.

(C) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(7) TERMINATION OF CAPITAL GAINS TREATMENT FOR ROYALTIES FROM COAL.—

(A) IN GENERAL.—Subsection (c) of section 631 is amended—

(i) by striking “coal (including lignite), or iron ore” and inserting “iron ore”,

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

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

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

(B) CONFORMING AMENDMENT.—The heading of section 631 of the Internal Revenue Code of 1986 is amended by striking “, COAL,”.
(C) **EFFECTIVE DATE.**—The amendments made by this paragraph shall apply to taxable years beginning after the date of the enactment of this Act.

(8) **ENHANCED OIL RECOVERY CREDIT.**—

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

(B) **CONFORMING AMENDMENTS.**—

(i) Section 38(b) is amended by striking paragraph (6).

(ii) Section 45Q is amended—

(I) by striking "section 43(b)(3)(B)" each place it appears and inserting "section 43(b)(3)(B) (as in effect on the day before the date of the enactment of the Clean Energy for America Act)”, and

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

(iii) Section 196(c) is amended—
(I) by striking paragraph (5),
and
(II) by redesignating paragraphs
(6) through (14) as paragraphs (5)
through (13), respectively.

(C) CLERICAL AMENDMENT.—The table of
sections for subpart D of part IV of subchapter
A of chapter 1 is amended by striking the item
relating to section 43.

(D) EFFECTIVE DATE.—The amendments
made by this paragraph shall apply to taxable
years beginning after the date of the enactment
of this Act.

(9) CREDIT FOR PRODUCING OIL AND GAS
FROM MARGINAL WELLS.—

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

(B) CONFORMING AMENDMENT.—Section
38(b) is amended by striking paragraph (19).

(C) CLERICAL AMENDMENT.—The table of
sections for subpart D of part IV of subchapter
A of chapter 1 is amended by striking the item
relating to section 45I.
(D) Effective date.—The amendments made by this paragraph shall apply to taxable years beginning after the date of the enactment of this Act.

(10) Qualifying Advanced Coal Project Credit.—

(A) In General.—Subpart E of part IV of subchapter A of chapter 1 is amended by striking section 48A.

(B) Conforming Amendments.—

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

(ii) Section 49(a)(1)(C), as amended by section 102 of this Act, is amended by striking clause (iii) and redesignating clauses (iv) through (viii) as clauses (iii) through (vii), respectively.

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

(C) Clerical Amendment.—The table of sections for subpart E of part IV of subchapter
A of chapter 1 is amended by striking the item relating to section 48A.

(D) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to taxable years beginning after the date of the enactment of this Act.

(11) QUALIFYING GASIFICATION PROJECT CREDIT.—

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

(B) CONFORMING AMENDMENTS.—

(i) Section 46, as amended by this Act, is amended by striking paragraph (3) and by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

(ii) Section 49(a)(1)(C), as amended by this Act, is amended by striking clause (iii) and redesignating clauses (iv) through (vii) as clauses (iii) through (vi).

(iii) Section 50(a)(2)(E), as amended by this Act, is amended by striking “48B(b)(3),”.
(C) CLERICAL AMENDMENT.—The table of sections for subpart E of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 48B.

(D) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to taxable years beginning after the date of the enactment of this Act.

(12) REINSTATEMENT OF TREATMENT OF FOREIGN BASE COMPANY OIL RELATED INCOME AS FOREIGN BASE COMPANY INCOME.—

(A) IN GENERAL.—Section 954(a) is amended by striking “and” at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting “, and”, and by adding at the end the following new paragraph:

“(4) the foreign base company oil related income for the taxable year (determined under subsection (g) and reduced as provided in subsection (b)(5)).”.

(B) FOREIGN BASE COMPANY OIL RELATED INCOME.—Section 954 is amended by inserting before subsection (h) the following new subsection:
“(g) Foreign Base Company Oil Related Income.—For purposes of this section—

“(1) In general.—Except as otherwise provided in this subsection, the term ‘foreign base company oil related income’ means foreign oil related income (within the meaning of paragraphs (2) and (3) of section 907(c)) other than income derived from a source within a foreign country in connection with—

“(A) oil or gas which was extracted from an oil or gas well located in such foreign country, or

“(B) oil, gas, or a primary product of oil or gas which is sold by the foreign corporation or a related person for use or consumption within such country or is loaded in such country on a vessel or aircraft as fuel for such vessel or aircraft.

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

“(2) Paragraph (1) applies only where corporation has produced 1,000 barrels per day or more.—

“(A) In general.—The term ‘foreign base company oil related income’ shall not in-
65

clude any income of a foreign corporation if such corporation is not a large oil producer for the taxable year.

“(B) LARGE OIL PRODUCER.—For purposes of subparagraph (A), the term ‘large oil producer’ means any corporation if, for the taxable year or for the preceding taxable year, the average daily production of foreign crude oil and natural gas of the related group which includes such corporation equaled or exceeded 1,000 barrels.

“(C) RELATED GROUP.—The term ‘related group’ means a group consisting of the foreign corporation and any other person who is a related person with respect to such corporation.

“(D) AVERAGE DAILY PRODUCTION OF FOREIGN CRUDE OIL AND NATURAL GAS.—For purposes of this paragraph, the average daily production of foreign crude oil or natural gas of any related group for any taxable year (and the conversion of cubic feet of natural gas into barrels) shall be determined under rules similar to the rules of section 613A except that only crude oil or natural gas from a well located outside the United States shall be taken into account.”.
(C) CONFORMING AMENDMENTS.—

(i) Section 952(e)(1)(B)(iii) is amended by redesignating subclauses (I) through (IV) as subclauses (II) through (V), respectively, and by inserting before subclause (II) (as redesignated) the following new subclause:

“(I) foreign base company oil related income,”.

(ii) Section 954(b) is amended—

(I) in paragraph (4), by inserting at the end the following new sentence: “The preceding sentence shall not apply to foreign base company oil-related income described in subsection (a)(4).”,

(II) in paragraph (5), by striking “and the foreign base company services income” and inserting “the foreign base company services income, and the foreign base company oil related income”, and

(III) by adding at the end the following new paragraph:
“(6) FOREIGN BASE COMPANY OIL RELATED INCOME NOT TREATED AS ANOTHER KIND OF BASE COMPANY INCOME.—Income of a corporation which is foreign base company oil related income shall not be considered foreign base company income of such corporation under paragraph (2) or (3) of subsection (a).”.

(D) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to taxable years of foreign corporations beginning after the date of the enactment of this Act, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

(13) INCLUSION OF FOREIGN OIL AND GAS EXTRACTION INCOME IN TESTED INCOME FOR PURPOSE OF DETERMINING GLOBAL INTANGIBLE LOW-TAXED INCOME.—

(A) IN GENERAL.—Section 951A(c)(2)(A)(i) is amended by inserting “and” at the end of subclause (III), by striking “and” at the end of subclause (IV) and inserting “over”, and by striking subclause (V).

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to taxable
years of foreign corporations beginning after
the date of the enactment of this Act, and to
taxable years of United States shareholders in
which or with which such tax years of foreign
corporations end.

(14) **Repeal of corporate income tax exemption for publicly traded partnerships with qualifying income and gains from activities relating to fossil fuels.**—

(A) **In general.**—Section 7704(d)(1) is amended—

(i) in subparagraph (E), by striking
“(including pipelines transporting gas, oil,
or products thereof)”, and

(ii) in the flush matter at the end, by
inserting “or any coal, gas, oil, or products
thereof” before the period.

(B) **Effective date.**—The amendments
made by this paragraph shall apply to taxable
years beginning after the date of the enactment
of this Act.
TITLE II—CLEAN FUEL TAX CREDITS

SEC. 201. CLEAN FUEL PRODUCTION CREDIT.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1, as amended by section 101, is amended by adding at the end the following new section:

"SEC. 45U. CLEAN FUEL PRODUCTION CREDIT.

"(a) Amount of Credit.—

"(1) In General.—For purposes of section 38, the clean fuel production credit for any taxable year is an amount equal to the product of—

"(A) $1.00 per gallon with respect to any transportation fuel which is—

"(i) produced by the taxpayer at a qualified facility, and

"(ii) sold or used by the taxpayer in a manner described in paragraph (2), and

"(B) the emissions factor for such fuel (as determined under subsection (b)(2)).

"(2) Sale or Use.—For purposes of paragraph (1)(A)(ii), the transportation fuel is sold or used in a manner described in this paragraph if such fuel is—

"(A) sold by the taxpayer to an unrelated person—
“(i) for use by such person in the production of a fuel mixture,

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

“(iii) who sells such fuel at retail to another person and places such fuel in the fuel tank of such other person, or

“(B) used or sold by the taxpayer for any purpose described in subparagraph (A).

“(3) Rounding.—If any amount determined under paragraph (1) is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

“(b) Emissions Factors.—

“(1) Emissions Factor.—

“(A) In general.—The emissions factor of a transportation fuel shall be an amount equal to the quotient of—

“(i) an amount (not less than zero) equal to—

“(I) 75, minus

“(II) the emissions rate for such fuel, divided by

“(ii) 75.
“(B) ESTABLISHMENT OF SAFE HARBOR
emissions rate.—The Secretary, in consulta-
tion with the Administrator of the Environ-
mental Protection Agency, shall establish the
safe harbor emissions rate for similar types and
categories of transportation fuels based on the
amount of lifecycle greenhouse gas emissions
(as described in section 211(o)(1)(H) of the
Clean Air Act (42 U.S.C. 7545(o)(1)(H)), as in
effect on the date of the enactment of this sec-
tion) for such fuels, expressed as kilograms of
CO$_2$e per mmBTU, which a taxpayer may elect
to use for purposes of this section.

“(C) Rounding of safe harbor emis-
sions rate.—The Secretary may round the
safe harbor emissions rates under subparagraph
(B) to the nearest multiple of 7.50 kilograms of
CO$_2$e per mmBTU, except that, in the case of
an emissions rate that is less than 3.75 kilo-
grams of CO$_2$e per mmBTU, the Secretary may
round such rate to zero.

“(D) Provisional safe harbor emis-
sions rate.—

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

“(ii) Establishment of provisional and final safe harbor emissions rate.—In the case of a transportation fuel for which a petition described in clause (i) has been filed, the Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall—

“(I) not later than 12 months after the date on which the petition was filed, provide a provisional safe harbor emissions rate for such fuel which a taxpayer may use for purposes of this section, and

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

“(E) Rounding.—If any amount determined under subparagraph (A) is not a multiple
of 0.1, such amount shall be rounded to the nearest multiple of 0.1.

“(2) Publishing safe harbor emissions rate.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall publish a table that sets forth the safe harbor emissions rate (as established pursuant to paragraph (1)) for similar types and categories of transportation fuels.

“(c) Inflation adjustment.—

“(1) In general.—In the case of calendar years beginning after 2021, the $1.00 amount in subsection (a)(1)(A) shall be adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale or use of the transportation fuel occurs. If any amount as increased under the preceding sentence is not a multiple of 1 cent, such amount shall be rounded to the nearest multiple of 1 cent.

“(2) Inflation adjustment factor.—For purposes of paragraph (1), the inflation adjustment factor shall be the inflation adjustment factor determined and published by the Secretary pursuant to section 45T(d), determined by substituting ‘calendar
year 2020’ for ‘calendar year 1992’ in paragraph (3) thereof.

“(d) CREDIT PHASE-OUT.—

“(1) IN GENERAL.—If the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, determines that the greenhouse gas emissions from transportation fuel produced and sold at retail annually in the United States are equal to or less than 50 percent of the greenhouse gas emissions from transportation fuel produced and sold at retail in the United States during calendar year 2019, the amount of the clean fuel production credit under this section for any qualified facility placed in service during a calendar year described in paragraph (2) shall be equal to the product of—

“(A) the amount of the credit determined under subsection (a) without regard to this subsection, multiplied by

“(B) the phase-out percentage under paragraph (2).

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

“(A) for a facility placed in service during the first calendar year following the calendar
year in which the determination described in paragraph (1) is made, 75 percent,

“(B) for a facility placed in service during the second calendar year following such determination year, 50 percent,

“(C) for a facility placed in service during the third calendar year following such determination year, 25 percent, and

“(D) for a facility placed in service during any calendar year subsequent to the year described in subparagraph (C), 0 percent.

“(e) DEFINITIONS.—In this section:

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

“(2) CO\textsubscript{2}e.—The term ‘CO\textsubscript{2}e’ means, with respect to any greenhouse gas, the equivalent carbon dioxide (as determined based on relative global warming potential).

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

“(4) QUALIFIED FACILITY.—
“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the term ‘qualified facility’ means a facility used for the production of transportation fuels.

“(B) 10-YEAR PRODUCTION CREDIT.—For purposes of this section, a facility shall only qualify as a qualified facility—

“(i) in the case of a facility that is originally placed in service after December 31, 2020, for the 10-year period beginning on the date such facility is placed in service, or

“(ii) in the case of a facility that is originally placed in service before January 1, 2021, for the 10-year period beginning on January 1, 2021.

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

“(f) FINAL GUIDANCE.—Not later than January 1, 2020, the Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall issue final guidance regarding implementation of this section, including calculation of emissions factors for transportation fuel, the table described in subsection (b)(2), and
the determination of clean fuel production credits under this section.

“(g) **Special Rules.**—

“(1) **Only registered production in the United States taken into account.**—

“(A) **In general.**—No clean fuel production credit shall be determined under subsection (a) with respect to any transportation fuel unless—

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

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

“(B) **United States.**—For purposes of this paragraph, the term ‘United States’ includes any possession of the United States.

“(2) **Production attributable to the taxpayer.**—In the case of a facility in which more than 1 person has an ownership interest, except to the extent provided in regulations prescribed by the Secretary, production from the facility shall be allocated among such persons in proportion to their respective ownership interests in the gross sales from such facility.
“(3) Related Persons.—Persons shall be treated as related to each other if such persons would be treated as a single employer under the regulations prescribed under section 52(b). In the case of a corporation which is a member of an affiliated group of corporations filing a consolidated return, such corporation shall be treated as selling fuel to an unrelated person if such fuel is sold to such a person by another member of such group.

“(4) Pass-Thru in the Case of Estates and Trusts.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

“(5) Allocation of Credit to Patrons of Agricultural Cooperative.—

“(A) Election to Allocate.—

“(i) In General.—In the case of an eligible cooperative organization, any portion of the credit determined under subsection (a) for the taxable year may, at the election of the organization, be apportioned among patrons of the organization on the basis of the amount of business done by the patrons during the taxable year.
“(ii) **FORM AND EFFECT OF ELECTION.**—An election under clause (i) for any taxable year shall be made on a timely filed return for such year. Such election, once made, shall be irrevocable for such taxable year. Such election shall not take effect unless the organization designates the apportionment as such in a written notice mailed to its patrons during the payment period described in section 1382(d).

“(B) **TREATMENT OF ORGANIZATIONS AND PATRONS.**—The amount of the credit apportioned to any patrons under subparagraph (A)—

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

“(ii) shall be included in the amount determined under subsection (a) for the first taxable year of each patron ending on or after the last day of the payment period (as defined in section 1382(d)) for the taxable year of the organization or, if earlier, for the taxable year of each patron ending...
on or after the date on which the patron receives notice from the cooperative of the apportionment.

“(C) SPECIAL RULES FOR DECREASE IN CREDITS FOR TAXABLE YEAR.—If the amount of the credit of a cooperative organization determined under subsection (a) for a taxable year is less than the amount of such credit shown on the return of the cooperative organization for such year, an amount equal to the excess of—

“(i) such reduction, over

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

shall be treated as an increase in tax imposed by this chapter on the organization. Such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this chapter.

“(D) ELIGIBLE COOPERATIVE DEFINED.—For purposes of this section the term ‘eligible cooperative’ means a cooperative organization described in section 1381(a) which is owned more than 50 percent by agricultural producers.
for this purpose an entity owned by an agricultural producer is one that is more than 50 percent owned by agricultural producers.”.

(b) CONFORMING AMENDMENTS.—

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

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

(B) in paragraph (33), by striking the period at the end and inserting “, plus”, and

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

“(34) the clean fuel production credit determined under section 45U(a).”.

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

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

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

or by entities owned by agricultural producers.

For this purpose an entity owned by an agricultural producer is one that is more than 50 percent owned by agricultural producers.”.
(c) Effective Date.—The amendments made by this section shall apply to transportation fuel produced after December 31, 2020.

SEC. 202. TEMPORARY EXTENSION OF EXISTING FUEL AND TRANSPORTATION INCENTIVES.

(a) Alternative Motor Vehicle Credit for Fuel Cell Motor Vehicles.—

(1) In general.—Section 30B(k) is amended—

(A) by striking paragraph (1), and

(B) by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively.

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

“(l) Credit Phase-out for New Qualified Fuel Cell Motor Vehicles.—

“(1) In general.—Following a determination by the Secretary under section 45U(d)(1) that the greenhouse gas emissions from transportation fuel produced and sold at retail annually in the United States are equal to or less than 50 percent of the greenhouse gas emissions from transportation fuel produced and sold at retail in the United States during calendar year 2019, the amount of the new
qualified fuel cell motor vehicle credit under this sec-
tion for any new qualified fuel cell motor vehicle
purchased during a calendar year described in para-
graph (2) shall be equal to the product of—

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

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

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

“(A) for a vehicle purchased during the
first calendar year following the calendar year
in which the determination described in para-
graph (1) is made, 75 percent,

“(B) for a vehicle purchased during the
second calendar year following such determina-
tion year, 50 percent,

“(C) for a vehicle purchased during the
third calendar year following such determina-
tion year, 25 percent, and

“(D) for a vehicle purchased during any
calendar year subsequent to the year described
in subparagraph (C), 0 percent.”.
(3) Effective date.—The amendments made by this subsection shall apply to property purchased after December 31, 2017.

(b) Alternative Fuel Vehicle Refueling Property Credit.—

(1) In general.—Paragraph (1) of section 30C(g) is amended by striking “December 31, 2017” and inserting “December 31, 2020”.

(2) Effective date.—The amendments made by this subsection shall apply to property placed in service after December 31, 2017.

(c) New Qualified Plug-In Electric Drive Motor Vehicles.—

(1) 2- and 3-wheeled plug-in electric vehicles.—

(A) In general.—Clause (ii) of section 30D(g)(3)(E) is amended by striking “in the case of a vehicle that has 2 wheels, after December 31, 2014, and before January 1, 2018” and inserting “after December 31, 2014”.

(B) Effective date.—The amendments made by this paragraph shall apply to vehicles acquired after December 31, 2017.

(2) Elimination on limitation on number of vehicles eligible for credit.—
(A) IN GENERAL.—Section 30D, as amended by paragraph (1), is amended—

(i) by striking subsection (e), and

(ii) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(B) CONFORMING AMENDMENT.—Paragraph (37) of section 1016(a) is amended by striking “section 30D(f)(1)” and inserting “section 30D(e)(1)”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to vehicles sold after the date of the enactment of this Act.

(3) PHASEOUT.—Section 30D, as amended by paragraph (2), is amended by adding at the end the following:

“(g) CREDIT PHASE-OUT FOR NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.—

“(1) IN GENERAL.—Following a determination by the Secretary under section 45U(d)(1) that the greenhouse gas emissions from transportation fuel produced and sold at retail annually in the United States are equal to or less than 50 percent of the greenhouse gas emissions from transportation fuel produced and sold at retail in the United States dur-
ing calendar year 2019, the amount of the credit allowed under this section for any new qualified plug-in electric drive motor vehicle sold or qualified 2- or 3-wheeled plug-in electric vehicle acquired during a calendar year described in paragraph (2) shall be equal to the product of—

“(A) the amount of the credit determined under subsection (a) without regard to this subsection, multiplied by

“(B) the phase-out percentage under paragraph (2).

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

“(A) for a vehicle sold or acquired during the first calendar year following the calendar year in which the determination described in paragraph (1) is made, 75 percent,

“(B) for a vehicle sold or acquired during the second calendar year following such determination year, 50 percent,

“(C) for a vehicle sold or acquired during the third calendar year following such determination year, 25 percent, and
“(D) for a vehicle sold or acquired during any calendar year subsequent to the year described in subparagraph (C), 0 percent.”.

(d) Second Generation Biofuel Producer Credit.—

(1) In general.—Section 40(b)(6)(J)(i) is amended by striking “2018” and inserting “2021”.

(2) Effective date.—The amendments made by this subsection shall apply to qualified second generation biofuel production after December 31, 2017.

(e) Biodiesel and Renewable Diesel Used as Fuel.—

(1) In general.—Section 40A(g) is amended by striking “2017” and inserting “2020”.

(2) Effective date.—The amendments made by this subsection shall apply to fuel sold or used after December 31, 2017.

(f) Credit for Biodiesel and Alternative Fuel Mixtures.—

(1) In general.—Section 6426 is amended—

(A) in subsection (c)(6), by striking “2017” and inserting “2020”,

(B) in subsection (d)—
(i) in paragraph (2)(D), by striking “liquefied”, and

(ii) in paragraph (5), by striking “2017” and inserting “2020”, and

(C) in subsection (e), by amending paragraph (3) to read as follows:

“(3) TERMINATION.—This subsection shall not apply to any sale or use for any period after—

“(A) in the case of any alternative fuel mixture sold or used by the taxpayer for the purposes described in subsection (d)(1), December 31, 2020,

“(B) in the case of any sale or use involving hydrogen that is not for the purposes described in subsection (d)(1), December 31, 2020, and

“(C) in the case of any sale or use not described in subparagraph (A) or (B), December 31, 2017.”.

(2) CLARIFICATION OF RULES REGARDING ALTERNATIVE FUEL MIXTURE CREDIT.—Paragraph (2) of section 6426(e) of the Internal Revenue Code of 1986 is amended by striking “mixture of alternative fuel” and inserting “mixture of alternative fuel
other than a fuel described in subparagraph (A),
(C), or (F) of subsection (d)(2))”.

(3) **Effective date.**—

(A) **In general.**—The amendments made
by paragraph (1) shall apply to fuel sold or
used after December 31, 2017.

(B) **Clarification of rules regarding
alternative fuel mixture credit.**—The
amendment made by paragraph (2) shall apply
to—

(i) fuel sold or used on or after the
date of the enactment of this Act, and

(ii) fuel sold or used before such date
of enactment, but only to the extent that
credits and claims of credit under section
6426(e) of the Internal Revenue Code of
1986 with respect to such sale or use have
not been paid or allowed as of such date.

(4) **Special rule for certain periods.**—
Notwithstanding any other provision of law, in the
case of—

(A) any biodiesel mixture credit properly
determined under section 6426(e) of the Inter-

nal Revenue Code of 1986 for the periods after
December 31, 2017, and before the date of the enactment of this Act, and

(B) any alternative fuel credit properly determined under section 6426(d) of such Code for such periods,
such credit shall be allowed, and any refund or payment attributable to such credit (including any payment under section 6427(e) of such Code) shall be made, only in such manner as the Secretary of the Treasury (or the Secretary’s delegate) shall provide.

Such Secretary shall issue guidance within 30 days after the date of the enactment of this Act providing for a one-time submission of claims covering periods described in the preceding sentence. Such guidance shall provide for a 180-day period for the submission of such claims (in such manner as prescribed by such Secretary) to begin not later than 30 days after such guidance is issued. Such claims shall be paid by such Secretary not later than 60 days after receipt. If such Secretary has not paid pursuant to a claim filed under this subsection within 60 days after the date of the filing of such claim, the claim shall be paid with interest from such date determined by using the overpayment rate and method under section 6621 of such Code.
(g) **Biodiesel, Biodiesel Mixtures, and Alternative Fuels.**—

(1) **In General.**—Section 6427(e)(6) is amended—

   (A) in subparagraph (B), by striking “2017” and inserting “2020”, and

   (B) in subparagraph (C), by striking “2017” and inserting “2020”.

(2) **Effective Date.**—The amendments made by this subsection shall apply to fuel sold or used after December 31, 2017.

**TITLE III—ENERGY EFFICIENCY INCENTIVES**

**SEC. 301. CREDIT FOR NEW ENERGY EFFICIENT RESIDENTIAL BUILDINGS.**

(a) **In General.**—Section 45L is amended to read as follows:

"SEC. 45L. NEW ENERGY EFFICIENT HOME CREDIT."

  "(a) **Allowance of Credit.**—For purposes of section 38, in the case of an eligible contractor, the new energy efficient home credit for the taxable year is the applicable amount for each qualified residence which is—

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

“(b) APPLICABLE AMOUNT.—

“(1) IN GENERAL.—For purposes of subsection (a), the applicable amount shall be an amount equal to $1,500 increased (but not above $3,000) by $100 for every 5 percentage points by which the efficiency ratio for the qualified residence is certified to be greater than 25 percent.

“(2) EFFICIENCY RATIO.—For purposes of this section, the efficiency ratio of a qualified residence shall be equal to the quotient, expressed as a percentage, obtained by dividing—

“(A) an amount equal to the difference between—

“(i) the annual level of energy consumption of the qualified residence, and

“(ii) the annual level of energy consumption of the baseline residence, by

“(B) the annual level of energy consumption of the baseline residence.

“(3) BASELINE RESIDENCE.—For purposes of this section, the baseline residence shall be a residence which is—
“(A) comparable to the qualified residence, and

“(B) constructed in accordance with the standards of the 2015 International Energy Conservation Code, as such Code (including supplements) is in effect on the date of the enactment of the Clean Energy for America Act.

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

“(1) ELIGIBLE CONTRACTOR.—The term ‘eligible contractor’ means—

“(A) the person who constructed the qualified residence, or

“(B) in the case of a qualified residence which is a manufactured home, the manufactured home producer of such residence.

“(2) QUALIFIED RESIDENCE.—The term ‘qualified residence’ means a dwelling unit—

“(A) located in the United States,

“(B) the construction of which is substantially completed after the date of the enactment of this section, and

“(C) which is certified to have an annual level of energy consumption that is less than the baseline residence and an efficiency ratio of not less than 25 percent.
“(3) CONSTRUCTION.—The term ‘construction’ does not include substantial reconstruction or rehabilitation.

“(d) CERTIFICATION.—

“(1) IN GENERAL.—

“(A) ACCREDITED THIRD PARTY.—A certification described in this section shall be made by a third party that is accredited by a certification program approved by the Secretary, in consultation with the Secretary of Energy.

“(B) GUIDANCE.—A certification described in this section shall be made in accordance with guidance prescribed by the Secretary, in consultation with the Secretary of Energy. Such guidance shall—

“(i) specify procedures and methods for calculating annual energy consumption levels, and

“(ii) include requirements to ensure the safe operation of energy efficiency improvements and that all improvements are installed according to the applicable standards of such certification program.

“(2) COMPUTER SOFTWARE.—
“(A) IN GENERAL.—Any calculation under paragraph (1)(B)(i) shall be prepared by qualified computer software.

“(B) QUALIFIED COMPUTER SOFTWARE.—For purposes of this paragraph, the term ‘qualified computer software’ means software—

“(i) for which the software designer has certified that the software meets all procedures and detailed methods for calculating energy consumption levels as required by the Secretary, and

“(ii) which provides such forms as required to be filed by the Secretary in connection with energy consumption levels and the credit allowed under this section.

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

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

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to any qualified residence acquired after December 31, 2020.

SEC. 302. HEATING AND AIR CONDITIONING REPLACEMENT CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

“SEC. 25E. HEATING AND AIR CONDITIONING REPLACEMENT CREDIT.

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

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

“(2) $1,500.

“(b) APPLICABLE QUALIFIED PROPERTY AMOUNT.—For any qualified property, the applicable qualified property amount shall be equal to the lesser of—

“(1) 50 percent of the amount paid or incurred by the individual for such qualified property, or
“(2) $500.

“(e) QUALIFIED PROPERTY.—The term ‘qualified property’ means a furnace, boiler, condensing water heater, central air conditioning unit, heat pump, or biomass property which—

“(1) meets the requirements of the Energy Star program which are in effect at the time that the property was placed in service,

“(2) is installed according to applicable Air Conditioning Contractors of America Quality Installation standards which are in effect at the time that the property was placed in service,

“(3) is for use in a dwelling unit which is located in the United States and used as a residence by the individual, and

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

“(d) BIOMASS PROPERTY.—

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

“(A) uses the burning of biomass fuel to heat a dwelling unit or to heat water for use in a dwelling unit, and
“(B) using the higher heating value, has a thermal efficiency of not less than 75 percent.

“(2) BIOMASS FUEL.—For purposes of paragraph (1), the term ‘biomass fuel’ means any plant-derived fuel which is available on a renewable or recurring basis, including any such fuel which has been subject to a densification process (such as wood pellets).

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

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A chapter 1 is amended by inserting after the item relating to section 25D the following new item:

“25E. Heating and air conditioning replacement credit.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified property placed in service after December 31, 2020.

SEC. 303. ENERGY EFFICIENCY CREDIT FOR EXISTING RESIDENTIAL BUILDINGS.

(a) IN GENERAL.—Section 25C is amended to read as follows:
“SEC. 25C. CREDIT FOR ENERGY EFFICIENCY IMPROVEMENTS TO RESIDENTIAL BUILDINGS.

“(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the lesser of—

“(1) the applicable amount for the qualified residence based on energy efficiency improvements made by the taxpayer and placed in service during such taxable year, or

“(2) 30 percent of the amount paid or incurred by the taxpayer for energy efficiency improvements made to the qualified residence that were placed in service during such taxable year.

“(b) APPLICABLE AMOUNT.—

“(1) IN GENERAL.—For purposes of subsection (a)(1), the applicable amount shall be an amount equal to $1,750 increased (but not above $6,500) by $300 for every 5 percentage points by which the efficiency ratio for the qualified residence is certified to be greater than 20 percent.

“(2) EFFICIENCY RATIO.—For purposes of this section, the efficiency ratio of a qualified residence shall be equal to the quotient, expressed as a percentage, obtained by dividing—
“(A) an amount equal to the difference between—

“(i) the projected annual level of energy consumption of the qualified residence after the energy efficiency improvements have been placed in service, and

“(ii) the annual level of energy consumption of such qualified residence prior to the energy efficiency improvements being placed in service, by

“(B) the annual level of energy consumption described in subparagraph (A)(ii).

“(3) COORDINATION WITH CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.—For purposes of paragraph (2)(A), the determination of the difference in annual levels of energy consumption of the qualified residence shall not include any reduction in net energy consumption related to—

“(A) qualified property or energy storage property for which a credit was allowed under section 25D, or

“(B) qualified property for which a credit was allowed under section 25E.

“(c) DEFINITIONS.—For purposes of this section:
“(1) QUALIFIED RESIDENCE.—The term ‘qualified residence’ means a dwelling unit—

“(A) located in the United States,

“(B) owned and used by the taxpayer as the taxpayer’s principal residence (within the meaning of section 121), and

“(C) which is certified to have—

“(i) a projected annual level of energy consumption after the energy efficiency improvements have been placed in service that is less than the annual level of energy consumption prior to the energy efficiency improvements being placed in service, and

“(ii) an efficiency ratio of not less than 20 percent.

“(2) ENERGY EFFICIENCY IMPROVEMENTS.—

“(A) IN GENERAL.—The term ‘energy efficiency improvements’ means any property installed on or in a dwelling unit which has been certified to reduce the level of energy consumption for such unit, provided that—

“(i) the original use of such property commences with the taxpayer, and
“(ii) such property reasonably can be expected to remain in use for at least 5 years.

“(B) Amounts paid or incurred for energy efficiency improvements.—For purposes of subsection (a)(2), the amount paid or incurred by the taxpayer—

“(i) shall include expenditures for design and for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property, and

“(ii) shall not include any expenditures related to expansion of the building floor area.

“(d) Special Rules.—For purposes of this section:

“(1) Tenant-stockholder in cooperative housing corporation.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder’s proportionate share (as defined in section 216(b)(3)) of any expenditures for energy efficiency improvements of such corporation.

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

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

“(3) ALLOCATION IN CERTAIN CASES.—If less than 80 percent of the use of a property is for non-business purposes, only that portion of the expenditures for energy efficiency improvements for such property which is properly allocable to use for non-business purposes shall be taken into account.

“(e) CERTIFICATION.—

“(1) IN GENERAL.—
“(A) ACCREDITED THIRD PARTY.—A certification described in this section shall be made by a third party that is accredited by a certification program approved by the Secretary, in consultation with the Secretary of Energy.

“(B) GUIDANCE.—A certification described in this section shall be made in accordance with guidance prescribed by the Secretary, in consultation with the Secretary of Energy. Such guidance shall—

“(i) specify procedures and methods for calculating annual energy consumption levels, and

“(ii) include requirements to ensure the safe operation of energy efficiency improvements and that all improvements are installed according to the applicable standards of such certification program.

“(2) COMPUTER SOFTWARE.—

“(A) IN GENERAL.—Any calculation under paragraph (1)(B)(i) shall be prepared by qualified computer software.

“(B) QUALIFIED COMPUTER SOFTWARE.—For purposes of this paragraph, the term ‘qualified computer software’ has the same
meaning given such term under section 45L(d)(2).

“(f) Basis Adjustment.—For purposes of this subtitle, if a credit is allowed under this section for any expenditures with respect to any energy efficiency improvements, the increase in the basis of such property which would (but for this subsection) result from such expenditures shall be reduced by the amount of the credit so allowed.

“(g) Coordination With Investment Credits.—For purposes of this section, expenditures taken into account under section 25D or 47 shall not be taken into account under this section.”.

(b) Conforming Amendment.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 25C and inserting after the item relating to section 25B the following item:

“Sec. 25C. Credit for energy efficiency improvements to residential buildings.”.

(c) Effective Date.—The amendments made by this section shall apply to any energy efficiency improvements placed in service after December 31, 2020.


(a) In General.—Section 179D is amended to read as follows:
“SEC. 179D. ENERGY EFFICIENT COMMERCIAL BUILDING DEDUCTION.

“(a) In General.—There shall be allowed as a deduction an amount equal to the applicable amount for each qualified building placed in service by the taxpayer during the taxable year.

“(b) Applicable Amount.—

“(1) In General.—For purposes of subsection (a), the applicable amount shall be an amount equal to the product of—

“(A) the applicable dollar value, and

“(B) the square footage of the qualified building.

“(2) Applicable Dollar Value.—For purposes of paragraph (1)(A), the applicable dollar value shall be an amount equal to $1.00 increased (but not above $4.75) by $0.25 for every 5 percentage points by which the efficiency ratio for the qualified building is certified to be greater than 25 percent.

“(3) Efficiency Ratio.—

“(A) In General.—For purposes of this section, the efficiency ratio of a qualified building shall be equal to the quotient, expressed as a percentage, obtained by dividing—
“(i) an amount equal to the difference between—

“(I) the annual level of energy consumption of the qualified building, and

“(II) the annual level of energy consumption of the baseline building, by

“(ii) the annual level of energy consumption of the baseline building.

“(B) EXCLUSION OF PLUG LOADS.—For purposes of determining the annual level of energy consumption of the qualified and baseline buildings under this paragraph, any energy consumption attributable to plug loads shall be excluded.

“(4) BASELINE BUILDING.—For purposes of this section, the baseline building shall be a building which—

“(A) is comparable to the qualified building, and

“(B) meets the minimum requirements of Standard 90.1–2016 of the American Society of Heating, Refrigerating, and Air Conditioning Engineers and the Illuminating Engineering So-
ociety of North America (as in effect on the date
of the enactment of the Clean Energy for
America Act).

“(c) QUALIFIED BUILDING.—The term ‘qualified
building’ means a building—

“(1) located in the United States,
“(2) which is owned by the taxpayer, and
“(3) which is certified to have an annual level
of energy consumption that is less than the baseline
building and an efficiency ratio of not less than 25
percent.

“(d) ALLOCATION OF DEDUCTION.—

“(1) IN GENERAL.—In the case of a qualified
building owned by an eligible entity, the Secretary
shall promulgate regulations to allow the allocation
of the deduction to the person primarily responsible
for designing the property in lieu of the owner of
such property, with such person to be treated as the
taxpayer for purposes of this section.

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

“(A) a Federal, State, or local government
or a political subdivision thereof,
“(B) an Indian tribe (as defined in section
45A(c)(6)), or
“(C) an organization described in section 501(c) and exempt from tax under section 501(a).

“(e) BASIS ADJUSTMENT.—For purposes of this subtitle, if a deduction is allowed under this section with respect to any qualified building, the basis of such property shall be reduced by the amount of the deduction so allowed.

“(f) CERTIFICATION.—

“(1) IN GENERAL.—

“(A) ACCREDITED THIRD PARTY.—A certification described in this section shall be made by a third party that is accredited by a certification program approved by the Secretary, in consultation with the Secretary of Energy.

“(B) GUIDANCE.—A certification described in this section shall be made in accordance with guidance prescribed by the Secretary, in consultation with the Secretary of Energy. Such guidance shall—

“(i) specify procedures and methods for calculating annual energy consumption levels, and

“(ii) include requirements to ensure the safe operation of energy efficiency im-
provements and that all improvements are 
installed according to the applicable stand-
ards of such certification program.

“(2) COMPUTER SOFTWARE.—

“(A) IN GENERAL.—Any calculation under 
paragraph (1)(B)(i) shall be prepared by quali-
fied computer software.

“(B) QUALIFIED COMPUTER SOFTWARE.—

For purposes of this paragraph, the term 
‘qualified computer software’ means software—

“(i) for which the software designer
has certified that the software meets all
procedures and detailed methods for calcu-
lating energy consumption levels as re-
quired by the Secretary, and

“(ii) which provides such forms as re-
quired to be filed by the Secretary in con-
nection with energy consumption levels and
the deduction allowed under this section.”.

(b) CONFORMING AMENDMENT.—The table of sec-
tions for part VI of subchapter B of chapter 1 is amended 
by striking the item relating to section 179D and inserting 
after the item relating to section 179C the following item:

“Sec. 179D. Energy efficient commercial building deduction.”.
(c) Effective Date.—The amendments made by this section shall apply to any qualified building placed in service after December 31, 2020.

SEC. 305. ENERGY EFFICIENCY DEDUCTION FOR EXISTING COMMERCIAL BUILDINGS.

(a) In General.—Part VI of subchapter B of chapter 1 is amended by inserting after section 179E the following new section:

"SEC. 179F. DEDUCTION FOR ENERGY EFFICIENCY IMPROVEMENTS TO COMMERCIAL BUILDINGS.

"(a) In General.—There shall be allowed as a deduction an amount equal to the lesser of—

"(1) the applicable amount for the qualified building based on energy efficiency improvements made by the taxpayer and placed in service during the taxable year, or

"(2) the amount paid or incurred by the taxpayer for energy efficiency improvements made to the qualified building which were placed in service during the taxable year.

"(b) Applicable Amount.—

"(1) In General.—For purposes of subsection (a), the applicable amount shall be an amount equal to the product of—

"(A) the applicable dollar value, and
“(B) the square footage of the qualified building.

“(2) Applicable dollar value.—For purposes of paragraph (1), the applicable dollar value shall be an amount equal to $1.25 increased (but not above $9.25) by $0.50 for every 5 percentage points by which the efficiency ratio for the qualified building is certified to be greater than 20 percent.

“(3) Efficiency ratio.—

“(A) In general.—For purposes of this section, the efficiency ratio of a qualified building shall be equal to the quotient, expressed as a percentage, obtained by dividing—

“(i) an amount equal to the difference between—

“(I) the projected annual level of energy consumption of the qualified building after the energy efficiency improvements have been placed in service, and

“(II) the annual level of energy consumption of such qualified building prior to the energy efficiency improvements being placed in service, by
“(ii) the annual level of energy consumption described in clause (i)(II).

“(B) EXCLUSION OF PLUG LOADS.—For purposes of determining the annual level of energy consumption of the qualified building under this paragraph, any energy consumption attributable to plug loads shall be excluded.

“(4) COORDINATION WITH CLEAN ENERGY INVESTMENT CREDIT.—For purposes of paragraph (3)(A)(i), the determination of the difference in annual levels of energy consumption of the qualified building shall not include any reduction in net energy consumption related to qualified property or energy storage property for which a credit was allowed under section 48D.

“(c) DEFINITIONS.—

“(1) QUALIFIED BUILDING.—The term ‘qualified building’ means a building—

“(A) located in the United States,

“(B) which is owned by the taxpayer, and

“(C) which is certified to have—

“(i) a projected annual level of energy consumption after the energy efficiency improvements have been placed in service that is less than the annual level of energy
consumption prior to the energy efficiency improvements being placed in service, and

“(ii) an efficiency ratio of not less than 20 percent.

“(2) ENERGY EFFICIENCY IMPROVEMENTS.—

“(A) IN GENERAL.—The term ‘energy efficiency improvements’ means any property installed on or in a qualified building which has been certified to reduce the level of energy consumption for such building, provided that depreciation (or amortization in lieu of depreciation) is allowable with respect to such property.

“(B) AMOUNTS PAID OR INCURRED FOR ENERGY EFFICIENCY IMPROVEMENTS.—For purposes of subsection (a)(2), the amount paid or incurred by the taxpayer—

“(i) shall include expenditures for design and for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property, and

“(ii) shall not include any expenditures related to expansion of the building floor area.

“(d) CERTIFICATION.—

“(1) IN GENERAL.—
“(A) ACCREDITED THIRD PARTY.—A certification described in this section shall be made by a third party that is accredited by a certification program approved by the Secretary, in consultation with the Secretary of Energy.

“(B) GUIDANCE.—A certification described in this section shall be made in accordance with guidance prescribed by the Secretary, in consultation with the Secretary of Energy. Such guidance shall—

“(i) specify procedures and methods for calculating annual energy consumption levels, and

“(ii) include requirements to ensure the safe operation of energy efficiency improvements and that all improvements are installed according to the applicable standards of such certification program.

“(2) COMPUTER SOFTWARE.—

“(A) IN GENERAL.—Any calculation under paragraph (1)(B)(i) shall be prepared by qualified computer software.

“(B) QUALIFIED COMPUTER SOFTWARE.—For purposes of this paragraph, the term ‘qualified computer software’ has the same
meaning given such term under section 179D(f)(2).

“(e) Allocation of Deduction.—

“(1) In General.—In the case of a qualified building owned by an eligible entity, the Secretary shall promulgate regulations to allow the allocation of the deduction to the person primarily responsible for designing the energy efficiency improvements in lieu of the owner of such property, with such person to be treated as the taxpayer for purposes of this section.

“(2) Eligible Entity.—For purposes of this subsection, the term ‘eligible entity’ has the same meaning given such term under section 179D(d)(2).

“(f) Basis Reduction.—For purposes of this subtitle, if a deduction is allowed under this section with respect to any energy efficiency improvements, the basis of such property shall be reduced by the amount of the deduction so allowed.

“(g) Coordination With Other Credits.—For purposes of this section, expenditures taken into account under section 47 or 48D shall not be taken into account under this section.”.

(b) Conforming Amendments.—

(1) Section 263(a) is amended—
(A) in subparagraph (J), by striking “or” at the end,

(B) in subparagraph (K), by striking the period and inserting “, or”, and

(C) by inserting at the end the following new subparagraph:

“(L) expenditures for which a deduction is allowed under section 179F.”.

(2) Section 312(k)(3)(B) is amended—

(A) in the heading, by striking “OR 179E” and inserting “179E, OR 179F”, and

(B) by striking “or 179E” each place it appears and inserting “179E, or 179F”.

(3) Section 1016(a) is amended—

(A) in paragraph (37), by striking “and” at the end,

(B) in paragraph (38), by striking the period at the end and inserting “, and”, and

(C) by inserting at the end the following new paragraph:

“(39) to the extent provided in section 179D(f).”.

(4) Section 1245(a) is amended—

(A) in paragraph (2)(C), by inserting “179F,” after “179E,” and
118
(B) in paragraph (3)(C), by inserting

“179F,” after “179E,”.

(5) The table of sections for part VI of sub-
chapter B of chapter 1 is amended by inserting after
the item relating to section 179E the following new
item:

“Sec. 179F. Deduction for energy efficiency improvements to commercial build-
ings.”.

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to any energy efficiency improve-
ments placed in service after December 31, 2020.

SEC. 306. TEMPORARY EXTENSION OF EXISTING ENERGY
EFFICIENCY INCENTIVES.
(a) NONBUSINESS ENERGY PROPERTY.—

(1) IN GENERAL.—Paragraph (2) of section
25C(g) is amended by striking “December 31,
2017” and inserting “December 31, 2020”.

(2) EFFECTIVE DATE.—The amendments made
by this subsection shall apply to property placed in
service after December 31, 2017.

(b) NEW ENERGY EFFICIENT HOME CREDIT.—

(1) IN GENERAL.—Subsection (g) of section
45L is amended by striking “December 31, 2017”
and inserting “December 31, 2020”.

(2) EFFECTIVE DATE.—The amendments made
by this subsection shall apply to any qualified new
energy efficient home acquired after December 31, 2017.

(c) ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.—

(1) IN GENERAL.—Subsection (h) of section 179D is amended by striking “December 31, 2017” and inserting “December 31, 2020”.

(2) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2017.

TITLE IV—CLEAN ELECTRICITY AND FUEL BONDS

SEC. 401. CLEAN ENERGY BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 is amended by inserting after subpart G the following new subpart:

“Subpart H—Clean Energy Bonds

“Sec. 54. Clean energy bonds.

“SEC. 54. CLEAN ENERGY BONDS.

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

“(b) Amount of Credit.—

“(1) In general.—The amount of the credit determined under this subsection with respect to any interest payment date for a clean energy bond is the applicable percentage (as determined under paragraph (2)) of the amount of interest payable by the issuer with respect to such date.

“(2) Applicable percentage.—

“(A) In general.—

“(i) Maximum percentage.—Except as provided in clause (ii), the applicable percentage is 70 percent.

“(ii) Reduction of credit based on greenhouse gas emission rate.—The applicable percentage shall be reduced (but not below zero) by an amount which bears the same ratio to the percentage in effect under clause (i) as—

“(I) in the case of a qualified facility described in subsection (f)(3) of section 45T, the greenhouse gas emissions rate for the facility bears to 300 grams of CO\textsubscript{2}e per KWh (as such
terms are defined in subsections (b)(1) and (e)(1) of such section), or

“(II) in the case of a qualified facility described in subsection (e)(4) of section 45U, the average emissions rate for all transportation fuel produced by such facility bears to 75 kilograms of CO$_2$e per mmBTU (as such terms are defined in subsections (b) and (e) of such section).

“(B) ROUNding.—If any applicable percentage determined under subparagraph (A) is not a whole percentage point, such percentage shall be rounded to the nearest whole percentage point.

“(C) SAFE HARBOR RULES.—Rules similar to the rules of sections 45T(b)(3) and 45U(b) shall apply for purposes of this section.

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

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

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over
“(B) the sum of the credits allowable under this part (other than subpart C and this subpart).

“(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year (determined before the application of paragraph (1) for such succeeding taxable year).

“(d) CLEAN ENERGY BOND.—

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

“(A) 100 percent of the excess of the available project proceeds of such issue over the amounts in a reasonably required reserve (within the meaning of section 150(a)(3)) with respect to such issue are to be used for capital expenditures incurred by an entity described in subparagraph (B) for—

“(i) 1 or more qualified facilities,
“(ii) qualified carbon capture and sequestration equipment (as defined in subsection (c)(2) of section 48D), or

“(iii) energy storage property (as defined in subsection (d)(2) of such section),

“(B) the bond is issued by—

“(i) a governmental body,

“(ii) a public power provider, or

“(iii) a cooperative electric company,

and

“(C) the issuer makes an irrevocable election to have this section apply.

“(2) APPLICABLE RULES.—For purposes of applying paragraph (1)—

“(A) for purposes of section 149(b), a clean energy bond shall not be treated as federally guaranteed by reason of the credit allowed under subsection (a) or section 6431,

“(B) for purposes of section 148, the yield on a clean energy bond shall be determined without regard to the credit allowed under subsection (a), and

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

“(e) DEFINITIONS.—In this section:

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

“(A) the excess of—

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

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

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

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

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

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

“(5) QUALIFIED FACILITY.—The term ‘qualified facility’ means a facility—

“(A) which is described in section 45T(f)(3), or

“(B) which is described in section 45U(e)(4) and only produces transportation
fuel which has an emissions rate of less than 75 kilograms of CO₂e per mmBTU (as such terms
are defined in subsections (b) and (e) of such section).

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

“(f) CREDIT PHASE OUT.—

“(1) ELECTRICAL PRODUCTION, CARBON CAP-
cTURE AND SEQUESTRATION EQUIPMENT, AND EN-
ERGY STORAGE PROPERTY.—In the case of a clean
energy bond for which the proceeds are used for cap-
ital expenditures incurred by an entity for a quali-
fied facility described in subsection (e)(5)(A) or any
property described in clause (ii) or (iii) of subsection
(d)(1)(A), if the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, determines that the annual greenhouse gas emissions from electrical production in the United States are equal to or less than the percentage specified in section 45T(e)(1), the amount of the credit determined under subsection (b) with respect to any clean energy bond issued during a calendar year described in paragraph (3) shall be equal to the product of—

“(A) the amount determined under subsection (b) without regard to this subsection, multiplied by

“(B) the phase-out percentage under paragraph (3).

“(2) FUEL PRODUCTION.—In the case of a clean energy bond for which the proceeds are used for capital expenditures incurred by an entity for a qualified facility described in subsection (e)(5)(B), if the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, determines that the annual greenhouse gas emissions from transportation fuel produced and sold at retail annually in the United States are equal to or less than the percentage speci-
fied in section 45U(d)(1), the amount of the credit
determined under subsection (b) with respect to any
clean energy bond issued during a calendar year de-
scribed in paragraph (3) shall be equal to the prod-
uct of—

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

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

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

“(A) for any bond issued during the first
calendar year following the calendar year in
which the determination described in paragraph
(1) or (2) is made, 75 percent,

“(B) for any bond issued during the sec-
ond calendar year following such determination
year, 50 percent,

“(C) for any bond issued during the third
calendar year following such determination
year, 25 percent, and

“(D) for any bond issued during any cal-
endar year subsequent to the year described in
subparagraph (C), 0 percent.
“(g) Special Rules.—

“(1) Interest on clean energy bonds includible in gross income for federal income tax purposes.—For purposes of this title, interest on any clean energy bond shall be includible in gross income.

“(2) S corporations and partnerships.—In the case of a clean energy bond held by an S corporation or partnership, the allocation of the credit allowed by this section to the shareholders of such corporation or partners of such partnership shall be treated as a distribution.

“(3) Bonds held by real estate investment trusts.—If any clean energy bond is held by a real estate investment trust, the credit determined under subsection (a) shall be allowed to beneficiaries of such trust (and any gross income included under paragraph (1) with respect to such credit shall be distributed to such beneficiaries) under procedures prescribed by the Secretary.

“(4) Credits may be stripped.—Under regulations prescribed by the Secretary—

“(A) In general.—There may be a separation (including at issuance) of the ownership of a clean energy bond and the entitlement to
the credit under this section with respect to such bond. In case of any such separation, the
credit under this section shall be allowed to the person who on the credit allowance date holds
the instrument evidencing the entitlement to the credit and not to the holder of the bond.

“(B) Certain rules to apply.—In the case of a separation described in subparagraph (A), the rules of section 1286 shall apply to the clean energy bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

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

(b) Credit for Qualified Clean Energy Bonds Allowed to Issuer.—Subchapter B of chapter 65 of subtitle F is amended by adding at the end the following new section:

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

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

“(b) Payment of Credit.—

“(1) In general.—The Secretary shall pay (contemporaneously with each interest payment date under such bond) to the issuer of such bond (or to any person who makes such interest payments on behalf of the issuer) the applicable percentage (as determined under subsection (b) of section 54) of the interest payable under such bond on such date.

“(2) Interest payment date.—For purposes of this subsection, the term ‘interest payment date’ means each date on which interest is payable by the issuer under the terms of the bond.

“(c) Application of Arbitrage Rules.—For purposes of section 148, the yield on a qualified clean energy bond shall be reduced by the credit allowed under this section.

“(d) Qualified Clean Energy Bond.—For purposes of this section, the term ‘qualified clean energy bond’ means a clean energy bond (as defined in section 54(d)) issued as part of an issue if the issuer, in lieu of any credit allowed under section 54(a) with respect to such bond, makes an irrevocable election to have this section apply.”.
(c) CONFORMING AMENDMENTS.—

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

"SUBPART H—CLEAN ENERGY BONDS".

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

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

(3) Subparagraph (A) of section 6211(b)(4) is amended by striking “and 36B, 168(k)(4)” and inserting “36B, and 6431”.

(d) GROSS-UPO PAYMENT TO ISSUERS IN CASE OF SEQUESTRATION.—

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

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

(B) the quotient obtained by dividing 1 by the amount by which 1 exceeds the percentage reduction in such payment pursuant to such sequestration.
(2) **Sequestration.**—For purposes of this subsection, the term “sequestration” means any reduction in direct spending ordered by the President under the Balanced Budget and Emergency Deficit Control Act of 1985 or the Statutory Pay-As-You-Go Act of 2010.

(e) **Effective Date.**—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.