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 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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the “Clean Energy for America Act”.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment 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—INCENTIVES FOR CLEAN ELECTRICITY

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

TITLE II—INCENTIVES FOR CLEAN TRANSPORTATION

Sec. 201. Clean fuel production credit.
Sec. 202. Transportation electrification.
Sec. 203. Temporary extensions of existing fuel incentives.

TITLE III—INCENTIVES FOR ENERGY EFFICIENCY

Sec. 301. Credit for new energy efficient residential buildings.
Sec. 302. Energy efficient home improvement credit.
Sec. 303. Enhancement of energy efficient commercial buildings deduction.
Sec. 304. Enhancement of energy credit for geothermal heat pumps.

TITLE IV—CLEAN ELECTRICITY AND FUEL BONDS

Sec. 401. Clean energy bonds.

TITLE V—TERMINATION OF CERTAIN FOSSIL FUEL PROVISIONS

Sec. 501 Termination of provisions relating to oil, gas, and other materials.

TITLE VI—WORKFORCE DEVELOPMENT REQUIREMENTS

Sec. 601. Use of qualified apprentices.

TITLE I—INCENTIVES FOR CLEAN ELECTRICITY

SEC. 101. CLEAN ELECTRICITY PRODUCTION CREDIT.

(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:
“SEC. 45U. CLEAN ELECTRICITY PRODUCTION CREDIT.

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

“(1) 1.5 cents, multiplied by

“(2) the kilowatt hours of electricity—

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

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

“(ii) 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.

“(b) QUALIFIED FACILITY.—

“(1) IN GENERAL.—

“(A) DEFINITION.—Subject to subparagraphs (B), (C), and (D), the term ‘qualified facility’ means a facility—

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

“(ii) which is originally placed in service after December 31, 2022,
“(iii) for which the greenhouse gas emissions rate (as determined under paragraph (2)) is not greater than zero, and

“(iv) in the case of any facility with a total nameplate capacity equal to or greater than 1 megawatt, which—

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

“(II) with respect to the construction of such facility, satisfies the requirements under section 601 of the Clean Energy for America Act.

“(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, 2023, but only to the extent of the increased amount of electricity produced at the facility by reason of the following:
“(i) A new unit placed in service after December 31, 2022.

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

“(D) COORDINATION WITH OTHER CREDITS.—The term ‘qualified facility’ shall not include any facility for which a credit determined under section 45, 45J, 48, or 48D is allowed under section 38 for the taxable year or any prior taxable year.

“(2) GREENHOUSE GAS EMISSIONS RATE.—

“(A) 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 facility in the production of electricity, expressed as grams of CO$_2$e per KWh.

“(B) FUEL COMBUSTION AND GASIFICATION.—In the case of a facility which produces electricity through combustion or gasification, the greenhouse gas emissions rate for such facility shall be equal to the net rate of greenhouse gases emitted into the atmosphere by such facility (taking into account 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.

“(C) Establishment of emissions rates for facilities.—

“(i) In general.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish greenhouse gas emissions rates for types or categories of facilities, which a taxpayer shall use for purposes of this section.

“(ii) Publishing emissions rates.—The Secretary shall publish a table that sets forth the greenhouse gas emissions rates for similar types or categories of facilities.

“(iii) Provisional emissions rate.—

“(I) In general.—In the case of any facility for which an emissions rate has not been established by the Secretary, a taxpayer which owns
such facility may file a petition with
the Secretary for determination of the
emissions rate with respect to such fa-
cility.

“(II) Establishment of provisional and final emissions rate.—In the case of a facility for
which a petition described in sub-
clause (I) has been filed, the Sec-
retary, in consultation with the Ad-
ministrator of the Environmental Pro-
tection Agency, shall—

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

“(bb) not later than 24
months after the date on which
the petition was filed, establish
the emissions rate for such facil-
ity.
“(D) Carbon capture and sequestration equipment.—For purposes of this subsection, the amount of greenhouse gases emitted into the atmosphere by a facility in the production of electricity shall not include any qualified carbon dioxide that is captured by the taxpayer and—

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

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

“(3) Wage requirements.—The requirements described in this paragraph with respect to any facility are that the taxpayer shall ensure that any laborers and mechanics employed by contractors and subcontractors in—

“(A) the construction of such facility, or

“(B) for any year during the period described in paragraph (1)(B), the alteration or repair of such facility,

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

“(c) Inflation Adjustment.—

“(1) In general.—In the case of a calendar
year beginning after 2021, the 1.5 cent amount in
paragraph (1) of subsection (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 re-
spect 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 cal-
endar year 1992. The term ‘GDP implicit price
deflator’ means the most recent revision of the im-
PLICIT price deflator for the gross domestic product
as computed and published by the Department of
Commerce before March 15 of the calendar year.
“(d) 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 the production of electricity in the United
States are equal to or less than 25 percent of the
annual greenhouse gas emissions from the produc-
tion of electricity in the United States for calendar
year 2021, the amount of the clean electricity pro-
duction credit under subsection (a) for any qualified
facility the construction of which begins 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 a facility the construction of which begins during the first calendar year following the calendar year in which the determination described in paragraph (1) is made, 100 percent,

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

“(C) for a facility the construction of which begins during the third calendar year following such determination year, 50 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) CO₂e per KWh.—The term ‘CO₂e per KWh’ means, with respect to any greenhouse gas, the equivalent carbon dioxide (as determined based on 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 carbon dioxide.—The term
‘qualified carbon dioxide’ means carbon dioxide cap-
tured from an industrial source which—

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

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

“(C) 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)).

“(f) Final guidance.—Not later than January 1,
2023, the Secretary, in consultation with the Adminis-
trator 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 electricity
production credits under this section.

“(g) 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)—

“(i) 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, and

“(ii) the amount of greenhouse gases emitted into the atmosphere by such facility in the production of such useful thermal energy shall be included for purposes of determining the greenhouse gas emissions rate for such facility.

“(B) COMBINED HEAT AND POWER SYSTEM PROPERTY.—For purposes of this para-
graph, 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)(i), 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 energy produced by the combined heat and power system property within the qualified facility, divided by

“(II) the heat rate for such facility.

“(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 generated.

“(3) PRODUCTION ATTRIBUTABLE TO THE TAXPAYER.—In the case of a qualified 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.

“(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 sub-
section (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,
one 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 no-
tice mailed to its patrons during the pay-
ment period described in section 1382(d).

“(B) Treatment of organizations and
patrons.—The amount of the credit appor-
tioned 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 tax-
able 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 de-
termined under subsection (a) for a taxable
year is less than the amount of such credit
shown on the return of the cooperative organi-
zation 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 in-
crease 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.

“(h) Election for Direct Payment.—

“(1) In general.—The amount of any credit determined under subsection (a) with respect to any qualified facility for any taxable year during the period described in subsection (b)(1)(B) shall, at the election of the taxpayer, be treated as a payment equal to such amount which is made by the taxpayer against the tax imposed by chapter 1 for such taxable year.

“(2) Form and effect of election.—An election under paragraph (1) shall be made prior to the date on which construction of the qualified facility begins and in such manner as the Secretary may prescribe. Such election, once made, shall—
“(A) be irrevocable with respect to such qualified facility for the period described in subsection (b)(1)(B), and

“(B) for any taxable year during such period, reduce the amount of the credit which would (but for this paragraph) be allowable under this section with respect to such qualified facility for such taxable year to zero.

“(3) Application to partnerships and S corporations.—In the case of a partnership or S corporation which makes an election under paragraph (1)—

“(A) such paragraph shall apply with respect to such partnership or corporation without regard to the fact that no tax is imposed by chapter 1 on such partnership or corporation, and

“(B)(i) in the case of a partnership, each partner’s distributive share of the credit determined under subsection (a) with respect to the qualified facility shall be deemed to be zero, and

“(ii) in the case of a S corporation, each shareholder’s pro rata share of the credit determined under subsection (a) with respect to the qualified facility shall be deemed to be zero.”.
(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) 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 electricity production credit determined under section 45U(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. 45U. Clean electricity production credit.”.

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

SEC. 102. CLEAN ELECTRICITY 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:

“SEC. 48D. CLEAN ELECTRICITY INVESTMENT CREDIT.

“(a) INVESTMENT CREDIT FOR QUALIFIED PROPERTY.—
"(1) IN GENERAL.—For purposes of section 46, the clean electricity investment credit for any taxable year is—

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

"(i) any qualified facility, and

"(ii) any grid improvement property,

and

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

"(i) 30 percent of the qualified investment for such taxable year with respect to such microgrid, and

"(ii) the relative avoided emissions rate with respect to such microgrid (as determined under subsection (b)(3)(C)(iv)).

"(2) DISADVANTAGED COMMUNITIES.—

"(A) IN GENERAL.—In the case of any qualified facility (with the exception of any such facility described in section 45U(b)(2)(B)) or energy storage property which is placed in service within a disadvantaged community, para-
graph (1) shall be applied by substituting ‘40 percent’ for ‘30 percent’.

“(B) Disadvantaged Community.—For purposes of this paragraph, the term ‘disadvantaged community’ has the same meaning given the term ‘low-income community’ in section 45D(e)(1).

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

“(1) In General.—For purposes of subsection (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’ means a facility—

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

“(ii) which is originally placed in service after December 31, 2022,

“(iii) for which the anticipated greenhouse gas emissions rate (as determined under clause (ii)) is not greater than zero, and

“(iv) in the case of any facility with a total nameplate capacity equal to or greater than 1 megawatt, which—

“(I) satisfies the requirements under subparagraph (B)(iii), and
“(II) with respect to the construction of such facility, satisfies the requirements under section 601 of the Clean Energy for America Act.

“(B) ADDITIONAL RULES.—

“(i) EXPANSION OF FACILITY; INCREMENTSAL PRODUCTION.—Rules similar to the rules of section 45U(b)(1)(B) shall apply for purposes of this paragraph.

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

“(I) IN GENERAL.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish greenhouse gas emissions rates for types or categories of facilities, which a taxpayer shall use for purposes of this section.

“(II) PUBLISHING EMISSIONS RATES.—The Secretary shall publish a table that sets forth the greenhouse gas emissions rates for similar types or categories of facilities.
“(iii) **WAGE REQUIREMENTS.**—The requirements described in this clause with respect to any facility are that the taxpayer shall ensure that any laborers and mechanics employed by contractors and subcontractors in—

“(I) the construction of such facility, or

“(II) for any year during the 5-year period beginning on the date the facility is originally placed in service, the alteration or repair of such facility,

shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality as determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.

“(C) **MICROGRIDS.**—

“(i) IN GENERAL.—For purposes of this section, the term ‘qualified facility’ shall include any microgrid.
“(ii) MICROGRID.—For purposes of this section, the term ‘microgrid’ means an interconnected system of distributed energy resources used for the generation of electricity which—

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

“(II) has the ability to 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

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

“(iii) APPLICABLE GRID REGION.—For purposes of this subparagraph, 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.

“(iv) RELATIVE AVOIDED EMISSIONS RATE.—

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

“(aa) 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

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

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

“(aa) IN GENERAL.—For purposes of this subparagraph, 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 baseload.

“(bb) 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.

“(III) GREENHOUSE GAS EMISSIONS RATE.— For purposes of this subparagraph, the term ‘greenhouse gas emissions rate’ has the same meaning given such term under section 45U(b)(2).

“(D) 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 al-
owed 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 grid improvement property.—

“(1) In general.—

“(A) Qualified investment.—For purposes of subsection (a), the qualified investment with respect to grid improvement property for any taxable year is the basis of any grid improvement property placed in service by the taxpayer during such taxable year.

“(B) Grid improvement property.—For purposes of this section, the term ‘grid improvement property’ means any energy storage property or qualified transmission property which—

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

“(2) Energy storage property.—For purposes of this subsection, 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,

“(E) which has a capacity of not less than 5 kilowatt hours, and
“(F) which is placed in service after December 31, 2021.

“(3) QUALIFIED TRANSMISSION PROPERTY.—

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

“(i) any overhead, submarine, or underground transmission property which is capable of transmitting electricity at a voltage of not less than 275 kilovolts, and


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

“(4) WAGE REQUIREMENTS.—The requirements described in this paragraph with respect to any property are that the taxpayer shall ensure that any
laborers and mechanics employed by contractors and subcontractors in—

“(A) the construction of such property, or

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

shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality as determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.

“(d) 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).

“(e) 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 the production of electricity in the United
States are equal to or less than 25 percent of the annual greenhouse gas emissions from the production of electricity in the United States for calendar year 2021, the amount of the clean electricity investment credit under subsection (a) for any qualified property or grid improvement property the construction of which begins 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 property the construction of which begins during the first calendar year following the calendar year in which the determination described in paragraph (1) is made, 100 percent,

“(B) for property the construction of which begins during the second calendar year following such determination year, 75 percent,
“(C) for property the construction of which begins during the third calendar year following such determination year, 50 percent, and
“(D) for property the construction of which begins during any calendar year subsequent to the year described in subparagraph (C), 0 percent.
“(f) GREENHOUSE GAS.—In this section, the term ‘greenhouse gas’ has the same meaning given such term under section 45U(e)(2).
“(g) RECAPTURE OF CREDIT.—For purposes of section 50, if the Secretary, in consultation with the Administrator of the Environmental Protection Agency, determines that 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 electricity investment credit under this section, the facility or equipment shall cease to be investment credit property in the taxable year in which the determination is made.
“(h) FINAL GUIDANCE.—Not later than January 1, 2023, the Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall issue final guidance regarding implementation of this section.
“(i) ELECTION FOR DIRECT PAYMENT.—
“(1) IN GENERAL.—In the case of any qualified property or grid improvement property placed in service during any taxable year, the amount of any credit determined under subsection (a) with respect to such property for such taxable year shall, at the election of the taxpayer, be treated as a payment equal to such amount which is made by the taxpayer against the tax imposed by chapter 1 for such taxable year (regardless of whether such tax would have been on such taxpayer).

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

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

“(B) reduce the amount of the credit which would (but for this subsection) be allowable under this section with respect to such property for the taxable year in which such property is placed in service to zero.
“(3) Application to partnerships and S corporations.—Rules similar to the rules of section 45U(h)(3) shall apply for purposes of this subsection.”.

(2) Public utility property.—Paragraph (2) of section 50(d) is amended—

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

(B) by adding the following new subparagraphs:

“(A) no election under this paragraph shall be permitted if the making of such election is prohibited by, or required by, a State or political subdivision thereof, by any agency or instrumentality of the United States, or by a public service or public utility commission or other similar body of any State or political subdivision that regulates public utilities as described in section 7701(a)(33)(A),

“(B) an election under this paragraph shall be made separately with respect to each grid improvement property by the due date (in-
cluding extensions) of the Federal tax return for the taxable year in which such property is placed in service by the taxpayer, and once made, may be revoked only with the consent of the Secretary, and

“(C) an election shall not apply with respect to any energy storage property (as defined in section 48D(c)(2)) if such property has a maximum capacity equal to or less than 500 kilowatt hours.”.

(3) 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”, and

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

“(7) the clean electricity 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, and

“(vii) 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(c)”.

(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 electricity investment credit.”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2022, 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. RESIDENTIAL CLEAN ELECTRICITY CREDIT.

(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 30 percent of the expenditures made by the taxpayer for any qualified property and any energy storage property which is—

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

(2) placed in service during such taxable year.

(b) QUALIFIED PROPERTY.—

(1) IN GENERAL.—The term ‘qualified property’ means property—

(A) which is tangible personal property,

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

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

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

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

(F) for which the anticipated greenhouse gas emissions rate (as determined under paragraph (2)) is not greater than zero.
“(2) Establishment of emissions rates for qualified property.—

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

“(B) Publishing emissions rates.—

The Secretary shall publish a table that sets forth the greenhouse gas emissions rates for similar types or categories of qualified property.

“(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,

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

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

“(d) Carryforward of unused credit.—

“(1) In general.—If the credit allowable under subsection (a) exceeds the applicable tax limit,
such excess shall be carried to each of the 3 suc-
ceeding taxable years and added to the credit allow-
able under subsection (a) for such succeeding tax-
able year.

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

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

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

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

“(e) CREDIT PHASE-OUT.—

“(1) IN GENERAL.—If the Secretary determines
that the annual greenhouse gas emissions from the
production of electricity in the United States are
equal to or less than the percentage specified in section 48D(e), 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 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 property placed in service during the first calendar year following the calendar year in which the determination described in paragraph (1) is made, 100 percent,

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

“(C) for property placed in service during the third calendar year following such determination year, 50 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 proportionate 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 indi-
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, 2023, 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 electricity 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(g)”.

(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. Residential clean electricity credit.”.

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2022.
SEC. 103. EXTENSIONS, MODIFICATIONS, AND TERMINATIONS OF VARIOUS ENERGY PROVISIONS.

(a) Residential Energy Efficient Property.—

(1) In general.—Section 25D(h) is amended by striking “December 31, 2023” and inserting “December 31, 2022”.

(2) Elimination of phaseout.—Section 25D(g) is amended—

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

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

(C) by striking paragraph (3).

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

(b) Termination of Allocation of Unutilized Limitation for Advanced Nuclear Power Facilities.—Section 45J(b) is amended by striking paragraph (5).

(c) Modification of Credit for Carbon Dioxide Sequestration.—

(1) In general.—Section 45Q is amended—

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


(B) in subsection (b)(1)—

(i) in subparagraph (A), by striking “The applicable dollar amount” and inserting “Except as provided in subparagraph (B), the applicable dollar amount”,

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

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

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

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

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

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

“(ii) for any taxable year beginning in a calendar year after 2026—
“(I) for purposes of paragraph (3) of subsection (a), an amount equal to the product of $175 and the inflation adjustment factor for such calendar year determined under section 43(b)(3)(B) for such calendar year, determined by substituting ‘2025’ for ‘1990’, and

“(II) for purposes of paragraph (4) of such subsection, an amount equal to the product of $150 and the inflation adjustment factor for such calendar year determined under section 43(b)(3)(B) for such calendar year, determined by substituting ‘2025’ for ‘1990’.”, and

(iv) in subparagraph (C), as so redesignated, by inserting “or (B)” after “subparagraph (A)”,

(C) by striking subsection (d) and inserting the following:

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

“(1) any direct air capture facility, and

“(2) any industrial facility which captures—
“(A) in the case of an electricity generating facility, not less than 75 percent of the carbon oxide which would otherwise be released into the atmosphere, or

“(B) in the case of an industrial facility which is not an electricity generating facility, not less than 50 percent of the carbon oxide which would otherwise be released into the atmosphere.”,

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

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

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

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

“(h) CREDIT PHASE-OUT.—

“(1) IN GENERAL.—

“(A) REDUCTION BASED ON EMISSIONS FROM PRODUCTION OF ELECTRICITY.—Subject
to subparagraphs (B) and (C), 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 the production of electricity in the United States are equal to or less than 25 percent of the annual greenhouse gas emissions from the production of electricity in the United States for calendar year 2021, the amount of the carbon oxide sequestration credit under subsection (a) for any qualified facility the construction of which begins during a calendar year described in paragraph (2) shall be equal to the product of—

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

"(ii) the phase-out percentage under paragraph (2).

"(B) OTHER INDUSTRIAL FACILITIES.—In the case of any qualified facility described in subsection (d)(2)(B) the construction of which begins during a calendar year described in paragraph (2), subparagraph (A) shall be ap-
plied by substituting ‘industrial sector’ for ‘production of electricity’ each place it appears.

“(C) Direct air capture facilities.—

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

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

“(A) for a facility the construction of which begins during the first calendar year following the calendar year in which the determination described in paragraph (1)(A) is made, 100 percent,

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

“(C) for a facility the construction of which begins during the third calendar year following such determination year, 50 percent, and

“(D) for a facility the construction of which begins during any calendar year subsequent to the year described in subparagraph (C), 0 percent.”.

(2) Elimination of election for applicable facilities.—
(A) In General.—Section 45Q(f), as amended by paragraph (1)(C), is amended—
(i) by striking paragraph (6), and
(ii) by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

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

(3) Wage Requirements.—Section 45Q(f), as amended by paragraphs (1)(C) and (2), is amended by adding at the end the following:
"(8) Wage Requirements.—

"(A) In General.—The term ‘qualified facility’ shall not include any facility which fails to satisfy—

"(i) the requirements under subparagraph (B), and

"(ii) with respect to—

"(I) the construction of any facility the construction of which begins after the date of enactment of the Clean Energy for America Act, and
“(II) the construction of any carbon capture equipment,
the requirements under section 601 of the Clean Energy for America Act.

“(B) REQUIREMENTS.—The requirements described in this clause with respect to any facility, and any carbon capture equipment placed in service at such facility, are that the taxpayer shall ensure that any laborers and mechanics employed by contractors and subcontractors in—

“(i) in the case of any facility the construction of which begins after the date of enactment of the Clean Energy for America Act, the construction of such facility, or

“(ii) during the 12-year period beginning on the date on which carbon capture equipment is originally placed in service at any facility (as described in paragraphs (3)(A) and (4)(A) of subsection (a)), the alteration or repair of such facility or such equipment,

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

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

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

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

“(i) ELECTION FOR DIRECT PAYMENT.—

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

“(2) FORM AND EFFECT OF ELECTION.—An
election under paragraph (1) shall be made prior to
the date on which construction of the carbon capture
equipment begins and in such manner as the Sec-
retary may prescribe. Such election, once made, shall—

“(A) be irrevocable with respect to such carbon capture equipment for the period described in paragraph (3)(A) or (4)(A) of subsection (a), and

“(B) for any taxable year during such period, reduce the amount of the credit which would (but for this paragraph) be allowable under this section with respect to such equipment for such taxable year to zero.

“(3) Application to partnerships and S corporations.—Rules similar to the rules of section 45U(h)(3) shall apply for purposes of this subsection.”.

(5) Effective dates.—

(A) In general.—The amendments made by paragraph (1) shall apply to facilities the construction of which begins after the date of enactment of this Act.

(B) Elimination of election for applicable facilities.—The amendments made by paragraph (2) shall take effect on the date of enactment of this Act.
(C) Wage Requirements.—The amendments made by paragraph (3) shall apply to facilities or equipment the construction of which begins after December 31, 2021.

(D) Election for Direct Payment.—The amendments made by paragraph (4) shall apply to equipment the construction of which begins after December 31, 2021.

(d) Modification of Credits for Energy Property.—

(1) Solar Energy Property.—Subclause (II) of section 48(a)(2)(A)(i) is amended by striking “January 1, 2024” and inserting “January 1, 2023”.

(2) Phaseouts.—Section 48(a) is amended—

(A) in paragraph (6)—

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

“(A) In General.—Subject to subparagraph (B), in the case of any energy property described in paragraph (3)(A)(i) the construction of which begins after December 31, 2019, before January 1, 2023, the energy percentage determined under paragraph (2) shall be equal to 26 percent.”, and
(ii) in subparagraph (B), by striking “January 1, 2024” and inserting “January 1, 2023”, and

(B) in paragraph (7), by striking subparagraph (A) and inserting the following:

“(A) IN GENERAL.—Subject to subparagraph (B), in the case of any qualified fuel cell property, qualified small wind property, waste energy recovery property, or energy property described in paragraph (3)(A)(ii) the construction of which begins after December 31, 2019, and before January 1, 2023, the energy percentage determined under paragraph (2) shall be equal to 26 percent.”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of enactment of this Act.

(e) ENERGY CREDIT.—

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

(A) in clause (i), by inserting “but only with respect to property the construction of which begins before January 1, 2023,” after “swimming pool,”, and
(B) in clause (ii), by striking “January 1, 2024” and inserting “January 1, 2023”.

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

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

(4) QUALIFIED FUEL CELL PROPERTY.—Section 48(c)(1)(D) is amended by striking “January 1, 2024” and inserting “January 1, 2023”.

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

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

(7) QUALIFIED SMALL WIND ENERGY PROPERTY.—Section 48(c)(4)(C) is amended by striking “January 1, 2024” and inserting “January 1, 2023”.
(8) **Waste energy recovery property.**—

Section 48(c)(5)(D) is amended by striking “January 1, 2024” and inserting “January 1, 2023”.

(f) **Cost recovery for qualified facilities, qualified property, and grid improvement property.**—

(1) **In general.**—Section 168(e)(3)(B) is amended—

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

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

(C) by inserting after clause (vii) the following:

“(viii) any qualified facility (as defined in section 45U(b)(1)(A)), any qualified property (as defined in subsection (b)(2) of section 48D), or any grid improvement property (as defined in subsection (c)(1)(B) of such section).”.

(2) **Alternative system.**—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (B)(vii) the following new item:

“(B)(viii) ........................................................................................................ 30”.

“(B)(viii) ........................................................................................................ 30”.
(3) Effective date.—The amendments made by this subsection shall apply to facilities and property placed in service after December 31, 2022.

TITLE II—INCENTIVES FOR CLEAN TRANSPORTATION

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. 45V. 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—

“(A) for any transportation fuel sold during any calendar year ending before January 1, 2030, and amount equal to the product of—

“(i) $1.00 per gallon (or gallon equivalent) with respect to any transportation fuel which is—

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

“(II) sold by the taxpayer in a manner described in paragraph (3), and
“(ii) the emissions factor for such fuel (as determined under subsection (b)), and

“(B) for any transportation fuel sold during any calendar year beginning after December 31, 2029, an amount equal to the applicable amount (as determined under paragraph (2)) per gallon (or gallon equivalent) with respect to any transportation fuel which is—

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

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

“(2) APPLICABLE AMOUNT.—For purposes of paragraph (1)(B), the applicable amount with respect to any transportation fuel shall be an amount equal to $1.00 increased by 10 cents for every kilogram of CO$_2$e per mmBTU (or fraction thereof) for which the emissions rate for such fuel is below zero.

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

“(A) for use by such person in the production of a fuel mixture,
“(B) for use by such person in a trade or
business, or

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

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

“(b) Emissions Factors.—

“(1) Emissions Factor.—

“(A) Calculation.—

“(i) In General.—The emissions fac-
tor of a transportation fuel shall be an
amount equal to the quotient of—

“(I) an amount equal to—

“(aa) the baseline emissions
rate, minus

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

“(II) the baseline emissions rate.

“(B) Baseline Emissions Rate.—For
purposes of this paragraph, the term 'baseline
emissions rate' means—
“(i) for any calendar year ending before January 1, 2026, 75 kilograms of CO₂e per mmBTU,
“(ii) for calendar years 2026 and 2027, 50 kilograms of CO₂e per mmBTU, and
“(iii) for calendar years 2028 and 2029, 25 kilograms of CO₂e per mmBTU.

“(C) Establishment of emissions rate.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish the 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 section) for such fuels, expressed as kilograms of CO₂e per mmBTU, which a taxpayer shall use for purposes of this section.

“(D) Rounding of emissions rate.—The Secretary may round the emissions rates under subparagraph (B) to the nearest multiple of 5 kilograms of CO₂e per mmBTU, except
that, in the case of an emissions rate that is less than 2.5 kilograms of CO$_2$e per mmBTU, the Secretary may round such rate to zero.

“(E) Provisional emissions rate.—

“(i) In general.—In the case of any transportation fuel for which an 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 emissions rate with respect to such fuel.

“(ii) Establishment of provisional and final 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 emissions rate for such fuel which a taxpayer shall use for purposes of this section, and
“(II) not later than 24 months after the date on which the petition was filed, establish the emissions rate for such fuel.

“(F) 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 EMISSIONS RATE.—The Secretary shall publish a table that sets forth the 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 2023, the $1.00 amount in paragraphs (1)(A)(i) and (2) of subsection (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 45U(c), determined by substituting ‘calendar year 2022’ 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 the transportation of persons and goods annually in the United States are equal to or less than 25 percent of the greenhouse gas emissions from the transportation of persons and goods in the United States during calendar year 2021, the amount of the clean fuel production credit under this section shall be determined by substituting the applicable amount (as determined under paragraph (2)(A)) for the dollar amount in paragraphs (1)(A)(i) and (2) of subsection (a).

“(2) Applicable Dollar Amount.—

“(A) In general.—The applicable amount for any taxable year described in sub-
paragraph (B) shall be an amount equal to the
product of—

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

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

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

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

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

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

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

“(e) DEFINITIONS.—In this section:
“(1) mmBTU.—The term ‘mmBTU’ means 1,000,000 British thermal units.

“(2) CO₂e.—The term ‘CO₂e’ 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.—The term ‘qualified facility’ means a facility—

“(i) used for the production of transportation fuels, and

“(ii) which—

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

“(II) with respect to the construction of such facility, satisfies the requirements under section 601 of the Clean Energy for America Act.

“(B) WAGE REQUIREMENTS.—The requirements described in this subparagraph with
respect to any facility are that the taxpayer shall ensure that any laborers and mechanics employed by contractors and subcontractors in—

“(i) the construction of such facility, or

“(ii) for any year described in subsection (a)(1) for which the credit under this section is claimed, the alteration or repair of such facility,

shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality as determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.

“(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, 2023, 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 produc-
tion credit shall be determined under subsection
(a) with respect to any transportation fuel un-
less—

“(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’ in-
cludes any possession of the United States.

“(2) Production attributable to the tax-
payer.—In the case of a facility in which more than
1 person has an ownership interest, except to the ex-
tent provided in regulations prescribed by the Sec-
retary, production from the facility shall be allocated
among such persons in proportion to their respective
ownership interests in the gross sales from such fa-
cility.
“(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
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), as amended by section 101, is amended—

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

(B) in paragraph (34), by striking the period at the end and inserting “, plus”, and

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

“(35) the clean fuel production credit determined under section 45V(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. 45V. 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 45V),” after “section 6426(b)(4)(A),”.
(c) **Effective Date.**—The amendments made by this section shall apply to transportation fuel produced after December 31, 2022.

**SEC. 202. TRANSPORTATION ELECTRIFICATION.**

(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, in consultation with the Secretary of Transportation, that total annual sales of new qualified fuel cell motor vehicles and new qualified plug-in electric drive motor vehicles (as defined in section 30D(d)(1)) in the United States are greater than 50 percent of total annual sales of new passenger vehicles in the United States, the amount of the new qualified fuel cell motor vehicle credit under
this section for any new qualified fuel cell motor ve-

hicle purchased during a calendar year described in

paragraph (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, 100 percent,

“(B) for a vehicle purchased during the

second calendar year following such determina-

tion year, 75 percent,

“(C) for a vehicle purchased during the

third calendar year following such determina-

tion year, 50 percent, and

“(D) for a vehicle purchased during any

calendar year subsequent to the year described

in subparagraph (C), 0 percent.”.
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(3) Effective date.—The amendments made by this subsection shall apply to property purchased after December 31, 2021.
(b) Alternative Fuel Vehicle Refueling Property Credit.—
(1) Extension and modification.—
(A) In general.—Section 30C is amended—
(i) in subsection (b)—
(II) by striking “with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location” and inserting “with respect to any single item of qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year”, and
(II) in paragraph (1), by striking “$30,000” and inserting “$200,000”,
(ii) in subsection (e), by adding at the end the following:
“(7) Wage requirements.—
“(A) **IN GENERAL.—**The term ‘qualified alternative fuel vehicle refueling property’ shall not include any property which fails to satisfy—

“(i) the requirements under subparagraph (B), and

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

“(B) **REQUIREMENTS.—**The requirements described in this subparagraph with respect to any property are that the taxpayer shall ensure that any laborers and mechanics employed by contractors and subcontractors in the construction of such property are to be paid wages at rates not less than the prevailing rates for construction of a similar character in the locality as determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.”, and

(iii) in subsection (g), by striking “December 31, 2021” and inserting “December 31, 2022”.

(B) **Effective date.**—The amendments made by this paragraph shall apply to property placed in service after December 31, 2021.

(2) **Additional modification.**—

(A) **In general.**—Section 30C, as amended by paragraph (1), is amended—

(i) in subsection (c)(2)—

(I) in subparagraph (A), by striking “one or more” and all that follows through the period and inserting the following: “hydrogen or any transportation fuel for which the clean fuel production credit is allowed under section 45V with respect to the production and sale of such fuel.”, and

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

“(B) Any mixture—

“(i) which consists of—

“(I) any transportation fuel—

“(aa) for which the clean fuel production credit is allowed under section 45V with respect to the production and sale of such fuel, and
“(bb) which is a liquid fuel,

and

“(II) any taxable fuel (as defined in section 4083(a)(1)), and

“(ii) at least 20 percent of the volume of which consists of fuel described in clause (i)(I).”.

(ii) by striking subsection (g) and inserting the following:

“(g) CREDIT PHASE-OUT.—

“(1) IN GENERAL.—Following a determination by the Secretary under section 45V(d)(1) that the greenhouse gas emissions from the transportation of persons and goods annually in the United States are equal to or less than 25 percent of the greenhouse gas emissions from the transportation of persons and goods in the United States during calendar year 2021, the amount of the credit under this section for any qualified alternative fuel vehicle refueling 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 allowed under subsection (a) (as determined 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 any property placed in service during the first calendar year following the calendar year in which the determination described in paragraph (1) is made, 100 percent,

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

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

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

(c) ELECTRIC VEHICLES.—

(1) 2- AND 3-WHEELED PLUG-IN ELECTRIC VEHICLES.—

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

“(ii) after December 31, 2014.”.
(B) Effective date.—The amendments made by this paragraph shall apply to vehicles acquired after December 31, 2020.

(2) Elimination on limitation on number of vehicles eligible for credit.—

(A) In general.—Section 30D is amended by striking subsection (e).

(B) Effective date.—The amendment made by this paragraph shall apply to vehicles sold after the date of the enactment of this Act.

(3) Making new qualified plug-in electric drive motor vehicle credit refundable for individuals.—

(A) In general.—The Internal Revenue Code of 1986 is amended—

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

(ii) by moving section 36C (as so redesignated) from subpart A of part IV of subchapter A of chapter 1 to the location immediately before section 37 in subpart C of part IV of subchapter A of chapter 1.

(B) Conforming amendments.—
Section 36C, as amended by paragraph (2) and as redesignated and moved by subparagraph (A), is amended—

(I) in subsection (a), by striking “There shall be allowed” and inserting “In the case of an individual, there shall be allowed”,

(II) by striking subsection (c),

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

(IV) in subsection (d), as so redesignated—

(aa) by striking “(determined without regard to subsection (e))” each place it appears, and

(bb) by striking paragraph (3), and

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

Subsection (l)(1) of section 30B, as added by subsection (a)(2), is amended
by striking “section 30D(d)(1)” and inserting “section 36C(e)(1)”.

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

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

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

(vi) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 36B the following new item:

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

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

(4) VIN REQUIREMENT.—

(A) IN GENERAL.—Section 36C(e)(1), as redesignated and moved by paragraph (3), is amended—
(i) in subparagraph (E), by striking “and” at the end,

(ii) in subparagraph (F)(ii), by striking the period at the end and inserting “, and”;

(iii) by adding at the end the following:

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

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

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

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

(iii) by adding at the end the following:

“(R) an omission of a correct vehicle identification number required under section 36C(e)(1)(G) (relating to credit for new qualified plug-in electric drive motor vehicles) to be included on a return.”.
(C) **Effective Date.**—The amendments made by this paragraph shall apply to vehicles acquired after December 31, 2021.

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

“(f) **Credit Phase-out.**—

“(1) **In General.**—Following a determination by the Secretary, in consultation with the Secretary of Transportation, that total annual sales of new qualified fuel cell motor vehicles (as defined in section 30B(b)(3)) and new qualified plug-in electric drive motor vehicles in the United States are greater than 50 percent of total annual sales of new passenger vehicles in the United States, 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, 100 percent,

“(B) for a vehicle sold or acquired during the second calendar year following such determination year, 75 percent,

“(C) for a vehicle sold or acquired during the third calendar year following such determination year, 50 percent, and

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

(6) QUALIFIED COMMERCIAL ELECTRIC VEHICLES.—

(A) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1, as amended by sections 101 and 201, is amended by adding at the end the following new section:
"SEC. 45W. CREDIT FOR QUALIFIED COMMERCIAL ELECTRIC VEHICLES.

(a) In General.—For purposes of section 38, the qualified commercial electric vehicle credit for any taxable year is an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each qualified commercial electric vehicle placed in service by the taxpayer during the taxable year.

(b) Per Vehicle Amount.—

(1) In General.—The amount determined under this subsection with respect to any qualified commercial electric vehicle shall be equal the lesser of—

(A) 30 percent of the basis of such vehicle, or

(B) the incremental cost of such vehicle.

(2) Incremental Cost.—

(A) In General.—For purposes of paragraph (1)(B), the incremental cost of any qualified commercial electric vehicle is an amount equal to the excess of the manufacturer’s suggested retail price for such vehicle over such price for a comparable vehicle.

(B) Comparable Vehicle.—For purposes of this paragraph, the term ‘comparable vehicle’ means, with respect to any qualified
commercial electric vehicle, any vehicle which is
powered solely by a gasoline or diesel internal
combustion engine and which is comparable in
weight, size, and use to such vehicle.

“(c) QUALIFIED COMMERCIAL ELECTRIC VEHICLE.—For purposes of this section, the term ‘qualified
commercial electric vehicle’ means any vehicle which—

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

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

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

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

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

“(d) SPECIAL RULES.—

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

“(2) PROPERTY USED BY TAX-EXEMPT ENTIT-

In the case of a vehicle the use of which is de-
scribed in paragraph (3) or (4) of section 50(b) and
which is not subject to a lease, the person who sold
such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle.

“(e) CREDIT PHASE-OUT.—

“(1) IN GENERAL.—Following a determination by the Secretary, in consultation with the Secretary of Transportation, that total annual sales of qualified commercial electric vehicles in the United States are greater than 50 percent of total annual sales of new commercial vehicles in the United States, the amount of the credit allowed under this section for any qualified commercial 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 acquired during the first calendar year following the calendar year in which the determination described in paragraph (1) is made, 100 percent,

“(B) for a vehicle acquired during the second calendar year following such determination year, 75 percent,

“(C) for a vehicle acquired during the third calendar year following such determination year, 50 percent, and

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

(B) CONFORMING AMENDMENTS.—

(i) Section 38(b) is amended by striking paragraph (30) and inserting the following:

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

(ii) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by sections 101 and 102, is amended by adding at the end the following new item:

“Sec. 45V. Qualified commercial electric vehicle credit.”.
(C) Effective date.—The amendments made by this paragraph shall apply to vehicles acquired after December 31, 2021.

SEC. 203. TEMPORARY EXTENSIONS OF EXISTING FUEL INCENTIVES.

(a) Second Generation Biofuel Producer Credit.—

(1) In general.—Section 40(b)(6)(J)(i) is amended by striking “2022” and inserting “2023”.

(2) Effective date.—The amendments made by this subsection shall apply to qualified second generation biofuel production after December 31, 2021.

(b) Credit for Alternative Fuel Mixtures.—

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

(A) in subsection (d)—

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

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

(B) in subsection (e)—

(i) in paragraph (2), by inserting “nonliquid hydrogen or” before “a fuel described”, and
(ii) in paragraph (3), by striking “2021” and inserting “2022”.

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

(c) BIODIESEL, BIODIESEL MIXTURES, AND ALTERNATIVE FUELS.—

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

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

TITLE III—INCENTIVES FOR ENERGY EFFICIENCY

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—

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

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

“(2) ADJUSTMENT FOR INFLATION.—

“(A) IN GENERAL.—In the case of a taxable year beginning after 2022, the dollar amounts in paragraph (1) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2021’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.
“(B) Rounding.—If any amount as increased under subparagraph (A) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

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

“(1) Construction.—The term ‘construction’ does not include substantial reconstruction or rehabilitation.

“(2) 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.

“(3) Qualified Residence.—

“(A) In general.—The term ‘qualified residence’ means a dwelling unit—

“(i) located in the United States,

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

“(iii) which is certified as satisfying the requirements for new residential construction under—
“(I) the Energy Star program
(or any successor program, as determined by the Secretary), as in effect on January 1 of the year in which construction of the dwelling unit begins, or

“(II) the Zero Energy Ready Home program (or any successor program, as determined by the Secretary), as in effect on January 1 of the year in which construction of the dwelling unit begins, and

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

“(B) WAGE REQUIREMENTS.—The requirements described in this subparagraph with respect to any dwelling unit are that the eligible contractor shall ensure that any laborers and mechanics employed by such contractor and subcontractors in the construction of such dwelling unit shall be paid wages at rates not less than the prevailing rates for construction of a similar character in the locality as determined by the Secretary of Labor, in accordance with
subchapter IV of chapter 31 of title 40, United States Code.

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

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

“(2) in accordance with—

“(A) any applicable rules under the Energy Star or Zero Energy Ready Home programs, as in effect on the date on which construction of the dwelling unit begins, and

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

“(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 account 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, 2021.

**SEC. 302. ENERGY EFFICIENT HOME IMPROVEMENT CREDIT.**

(a) **In General.**—Section 25C is amended to read as follows:

“**SEC. 25C. ENERGY EFFICIENT HOME IMPROVEMENT 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.**—

“(1) **In General.**—For any qualified property, the applicable qualified property amount shall be equal to the lesser of—

“(A) 30 percent of the amount paid or incurred by the individual for such qualified property (including any expenditures for labor costs properly allocable to the onsite preparation, as-
semble, or original installation of such prop-
erty), or

“(B) $600.

“(2) ADJUSTMENT FOR INFLATION.—

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

“(i) such dollar amount, multiplied by

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

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

“(c) QUALIFIED PROPERTY.—

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

“(A) except in the case of a building enve-
lope improvement, meets or exceeds the require-
ments of the highest efficiency tier (not including any advanced tier) established by the Consortium for Energy Efficiency which are in effect at the time that the property is placed in service,

“(B) 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,

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

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

“(2) Special rules for certain heat pumps.—

“(A) Air-source heat pumps.—In the case of any air-source heat pump which satisfies the requirements under paragraph (1), subsection (b)(1)(B) shall be applied by substituting ‘$800’ for ‘$600’.

“(B) Ground source heat pump.—
(i) In general.—In the case of any qualified geothermal heat pump property which satisfies the requirements under subparagraphs (B) through (D) of paragraph (1)—

"(I) subsection (b)(1)(B) shall be applied by substituting ‘$10,000’ for ‘$600’, and

"(II) subsection (a)(2) shall not apply.

(ii) Qualified geothermal heat pump property.—For purposes of this subparagraph, the term ‘qualified geothermal heat pump property’ means any equipment which—

"(I) uses the ground or ground water as a thermal energy source to heat a dwelling unit located in the United States and used as a residence by the taxpayer or as a thermal energy sink to cool such dwelling unit, and

"(II) meets the requirements of the Energy Star program which are in
effect at the time that the expenditure
for such equipment is made.

“(3) Special rule for insulation.—In the
case of any building envelope improvement described
in subsection (d)(2)(A) which satisfies the require-
ments under paragraph (1), subsection (b)(1)(B)
shall not apply.

“(d) Other definitions.—

“(1) Biomass property.—

“(A) In general.—For purposes of this
section, the term ‘biomass property’ means any
property which—

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

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

“(B) Biomass fuel.—For purposes of
subsection (A), 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).
“(2) BUILDING ENVELOPE IMPROVEMENT.—

For purposes of this section, the term ‘building envelope improvement’ means—

“(A) any insulation material or system which—

“(i) is specifically and primarily designed to reduce the heat loss or gain of a dwelling unit when installed in or on such dwelling unit, and

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

“(B) exterior doors and windows (including skylights) which received the most efficient certification under applicable Energy Star program requirements which are in effect on January 1 of the calendar year in which the property is placed in service.

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

“(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 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:

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

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

SEC. 303. ENHANCEMENT OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

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

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

“(b) MAXIMUM AMOUNT OF DEDUCTION.—

“(1) IN GENERAL.—The deduction under subsection (a) with respect to any building for any taxable year shall not exceed the excess (if any) of—

“(A) the product of—
“(i) the applicable dollar value, and

“(ii) the square footage of the building, over

“(B) the aggregate amount of the deductions under subsection (a) with respect to the building for all prior taxable years.

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

(2) in subsection (e)(1)—

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

(B) in subparagraph (D)—

(i) by striking “50 percent” and inserting “25 percent”, and

(ii) by striking the period at the end

and inserting “, and”, and

(C) by adding at the end the following:

“(E) which satisfies the requirements—

“(i) under subsection (d)(7), and
“(ii) with respect to the construction of such property, the requirements under section 601 of the Clean Energy for America Act.”.

(3) in subsection (d)—

(A) by striking paragraph (1),

(B) by striking paragraph (4) and inserting the following:

“(4) ALLOCATION OF DEDUCTION.—

“(A) IN GENERAL.—In the case of energy efficient commercial building property installed on or in property 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.

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

“(i) a Federal, State, or local government or a political subdivision thereof,

“(ii) an Indian tribe (as defined in section 45A(c)(6)), or
“(iii) an organization described in section 501(e) and exempt from tax under section 501(a).”, and

(C) by adding at the end the following:

“(7) Wage Requirements.—The requirements described in this paragraph with respect to any property are that the taxpayer shall ensure that any laborers and mechanics employed by contractors and subcontractors in the construction of such property shall be paid wages at rates not less than the prevailing rates for construction of a similar character in the locality as determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.”,

(4) by striking subsection (f), and

(5) in subsection (g)—

(A) by striking “2020, each dollar amount in subsection (b) or subsection (d)(1)(A)” and inserting “2022, each dollar amount in subsection (b)(2)”,

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

(C) in the flush matter at the end, by striking “a multiple of 1 cent shall be rounded to the nearest cent” and inserting “a multiple
of 10 cents shall be rounded to the nearest multiple of 10 cents”.

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

(1) in subsection (c)(1)(D)—

(A) by striking “subsection (d)(6)” and inserting “subsection (d)(5)”, and

(B) by striking “subsection (d)(2)” and inserting “subsection (d)(1)”,

(2) in subsection (d)—

(A) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively,

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

(C) in paragraph (4), as so redesignated, by striking “paragraph (3)(B)(iii)” and inserting “paragraph (2)(B)(iii)”,

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

(4) in subsection (g)(2), as so redesignated, by striking “or (d)(1)(A)”.
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(c) Effective Date.—The amendments made by this section shall apply to any property placed in service after December 31, 2021.

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

(a) In General.—Section 48(a) is amended—

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

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

(b) Effective Date.—The amendments made by this section shall apply to property the construction of which begins after December 31, 2021.

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.—In the case of a qualified facility described in subsection (e)(4) of section 45V, 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 the anticipated average emissions rate for all transportation fuel produced by such facility bears to the baseline emissions rate (as determined under subsection (b)(1)(B) 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) Published Emissions Rules.—

Rules similar to the rules of section 45V(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, or

“(ii) grid improvement property (as defined in section 48D(c)(1)(B)),

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

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

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

“(ii) only produces transportation fuel which has an emissions rate of less than 75 kilograms of CO$_2$e per mmBTU (as such terms are defined in subsections (b) and (e) of section 45V).

“(f) CREDIT PHASE OUT.—

“(1) ELECTRICAL PRODUCTION AND ENERGY STORAGE PROPERTY.—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)(6)(A) or any property described in subsection (d)(1)(A)(ii), 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 the production of electricity in
the United States are equal to or less than the percentage specified 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 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)(6)(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 the transportation of persons and goods annually in the United States are equal to or less than the percentage specified in section 45V(d)(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).

“(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, 100 percent,

“(B) for any bond issued during the second calendar year following such determination year, 75 percent,

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

“(D) for any bond issued during any calendar 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 section 54(b)) of the interest pay-
able 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 pur-
poses of section 148, the yield on a qualified clean energy
bond shall be reduced by the credit allowed under this sec-
tion.

“(d) Qualified Clean Energy Bond.—For pur-
poses 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 sub-
chapter 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 6428A” and inserting “6428A, and 6431”.

(d) Gross-Up of 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.

(c) Effective Date.—The amendments made by
this section shall apply to obligations issued after December 31, 2022.

**TITLE V—TERMINATION OF CERTAIN FOSSIL FUEL PROVISIONS**

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

(a) Amortization of Geological and Geophysical 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.”.

(b) 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.”.

(c) Natural Gas Gathering Line.—Paragraph (17) of section 168(i) is amended—

(1) 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

(2) 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”.

(d) Repeal of Deduction for Tertiary Injectants.—Subsection (c) of section 193 is amended—

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

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

(3) by inserting at the end the following:
“(3) which is paid or incurred during any taxable year beginning after the date of the enactment of the Clean Energy for America Act.”.

(e) **Intangible Drilling and Development Costs.**—Subsection (e) of section 263 is amended to read as follows:

“(e) **Intangible Drilling and Development Costs in the Case of Oil and Gas Wells and Geothermal 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 deduction for any taxable year by reason of subparagraph (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 deduction under this subparagraph shall be treated as a deduction under this subsection.”.

(f) Percentage Depletion.—

(1) Percentage depletion of oil and gas wells, coal, lignite, and oil shale.—Section 613 is amended—

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

(B) 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 inserting “(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))”,

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

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

(2) 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.”.

(3) Effective Date.—The amendments made
by this subsection shall apply to taxable years begin-
ning after the date of the enactment of this Act.

(g) Termination of Capital Gains Treatment
For Royalties From Coal.—

(1) In General.—Subsection (c) of section
631 is amended—

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

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

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

(D) by striking “Coal or” in the heading.
(2) Conforming Amendment.—The heading of section 631 of the Internal Revenue Code of 1986 is amended by striking “, COAL, ”.

(3) Effective Date.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.

(h) Enhanced Oil Recovery Credit.—

(1) In General.—Subpart D of part IV of subchapter A of chapter 1 is amended by striking section 43.

(2) Conforming Amendments.—

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

(B) 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)”.

(C) Section 196(c) is amended—

(i) by striking paragraph (5), and
(ii) by redesignating paragraphs (6) through (14) as paragraphs (5) through (13), respectively.

(3) 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.

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

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

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

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

(3) 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.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.
(j) Qualifying Advanced Coal Project Credit.—

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

(2) Conforming amendments.—

(A) 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.

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

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

(3) 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.

(4) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.
(k) QUALIFYING GASIFICATION PROJECT CREDIT.—

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

(2) CONFORMING AMENDMENTS.—

(A) 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.

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

(C) Section 50(a)(2)(E), as amended by this Act, is amended by striking “48B(b)(3),”.

(3) 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.

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

(l) REINSTATEMENT OF TREATMENT OF FOREIGN BASE COMPANY OIL RELATED INCOME AS FOREIGN BASE COMPANY INCOME.—
(1) 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)).".

(2) 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 aircract as fuel for such vessel or aircract.

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

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

“(A) In general.—The term ‘foreign base company oil related income’ shall not include 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 re-
lated 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 bar-
rels) 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.”.

(3) CONFORMING AMENDMENTS.—

(A) Section 952(c)(1)(B)(iii) is amended
by redesignating subclauses (I) through (IV) as
subclauses (II) through (V), respectively, and
by inserting before subclause (II) (as redesig-
nated) the following new subclause:

“(I) foreign base company oil re-
lated income,”.

(B) 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 for-
eign 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).”.

(4) EFFECTIVE DATE.—The amendments made by this subsection 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.

(m) INCLUSION OF FOREIGN OIL AND GAS EXTRACTION INCOME IN TESTED INCOME FOR PURPOSE OF DETERMINING GLOBAL INTANGIBLE LOW-TAXED INCOME.—
(1) 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).

(2) EFFECTIVE DATE.—The amendments made by this subsection 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.

(n) REPEAL OF CORPORATE INCOME TAX EXEMPTION FOR PUBLICLY TRADED PARTNERSHIPS WITH QUALIFYING INCOME AND GAINS FROM ACTIVITIES RELATING TO FOSSIL FUELS.—

(1) IN GENERAL.—Section 7704(d)(1) is amended—

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

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

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.
TITLE VI—WORKFORCE

DEVELOPMENT REQUIREMENTS

SEC. 601. USE OF QUALIFIED APPRENTICES.

(a) IN GENERAL.—All contractors and subcontractors engaged in the performance of construction, alteration, or repair work on any applicable project shall, subject to subsection (b), ensure that not less than 15 percent of the total labor hours of such work be performed by qualified apprentices.

(b) APPRENTICE-TO-JOURNEYWORKER RATIO.—The requirement under subsection (a) shall be subject to any applicable requirements for apprentice-to-journeyworker ratios of the Department of Labor or the applicable State apprenticeship agency.

(c) PARTICIPATION.—Each contractor and subcontractor who employs 4 or more individuals to perform construction, alteration, or repair work on an applicable project shall employ 1 or more qualified apprentices to perform such work.

(d) EXCEPTION.—Notwithstanding any other provision in this section, this section shall not apply in the case of a taxpayer who—

(1) demonstrates a lack of availability of qualified apprentices in the geographic area of the construction, alteration, or repair work; and
(2) makes a good faith effort, and its contractors and subcontractors make a good faith effort, to comply with the requirements of this section.

(e) DEFINITIONS.—In this section:

(1) APPLICABLE PROJECT.—The term “applicable project” means, with respect to—

(A) subsection (e)(7)(A)(ii) of section 30C of the Internal Revenue Code of 1986,

(B) subsection (f)(8)(A)(ii) of section 45Q of such Code,

(C) subsection (b)(1)(A)(iv)(II) of section 45U of such Code,

(D) subsections (b)(3)(A)(iv)(II) and (c)(1)(B)(ii) of section 48D of such Code, and

(E) subsection 9e)(1)(E)(ii) of section 179D of such Code,

any property, equipment, or facility for which a credit is allowed under such sections.

(2) LABOR HOURS.—The term “labor hours”—

(A) means the total number of hours devoted to the performance of construction, alteration, or repair work by employees of the contractor or subcontractor; and

(B) excludes any hours worked by—

(i) foremen;
(ii) superintendents;

(iii) owners; or

(iv) persons employed in a bona fide executive, administrative, or professional capacity (within the meaning of those terms in part 541 of title 29, Code of Federal Regulations).

(3) Qualified Apprentice.—The term “qualified apprentice” means an individual who is an employee of the contractor or subcontractor and who is participating in a registered apprenticeship program, as defined in section 3131(e)(3)(B) of the Internal Revenue Code of 1986.