



Alternative Energy Report

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Special Edition

Congress, by delaying a vote four days on the Wall Street financial bailout, used the tax extension package to “sweeten” the political deal. As a result, the legislation signed by President Bush included the renewable energy and energy efficiency Production Tax Credits (PTC) and Investment Tax Credit (ITC) package. The package passed the Senate 93-2 on September 23, 2008, and the House finished Congress’ work on the legislation on October 3, 2008, with a 263-171 vote.

Passage of the tax extension package was a top legislative priority for ERG and many alternative and renewable energy organizations, as well as many subscribers to the Alternative Energy Reports. Thank you all for your continued leadership and support for an increased renewable energy future.

Among the key provisions of the legislation (HR 1424) are:

- Extension of the wind energy production tax credit for one year, through December 31, 2009.
- Extension of production tax credits from other renewable sources- solar, geothermal, and hydro energy through December 31, 2010. The bill extends credits to marine renewable energy sources and expands the definition of facilities to include new biomass facilities.
- Authorization of \$2 billion of new Clean Renewable Energy Bonds (CREBs) for facilities producing electricity from all types of biomass, wind, geothermal, hydropower, landfill gas, trash combustion, marine and other small water-to-electricity projects.
- Extension of the biodiesel Production Tax Credit for three years, modifying eligibility for any type of diesel, irrespective of the process involved of making the diesel. This expands the field to include non-vegetable oil diesel producers, but this specific provision does not allow credit for renewable diesel co-produced with petroleum.
- Continuation of the alternative fuel excise tax credit of \$0.45 per gallon through December 31, 2009 for all fuels except hydrogen. The alternative fuel excise tax credit for hydrogen ends December 31, 2014.
- Continuation of E85 station and fossil-free alcohol production tax credits.
- Provision of a 50 percent write off of the cost of cellulosic ethanol facilities, if the facilities are placed in operation before January 1, 2013.
- Establishment of a \$2500 credit for plug-in hybrid vehicles.
- Continuation of credits for energy efficiency improvements in homes, new homes, and appliances.
- Extension of green building bonds, and new smart meter cost-recovery mechanisms.
- \$2.5 billion in new tax credits for carbon capture and sequestration demonstration projects.

The tax credits in the bill are partially offset by an excise tax on removal of price of crude oil and natural gas from offshore sites, and repealing manufacturing deductions for large oil and gas companies.

More information on the bill is available at Thomas.gov.

Formally known as the Emergency Economic Stabilization Act, HR 1424 authorizes Treasury Secretary Henry Paulson Jr. spend up to \$700 billion to relieve faltering banks and other firms with bad assets backed by home mortgages.

The plan allows Paulson to purchase any assets from any firms at any price and to assemble a team of individuals and institutions to manage them. The hope is that Paulson and his successor(s) can contain the crisis that has caused the failure or forced the rescue of a half-dozen major Wall Street firms, while sending shock waves through stock and commodity markets worldwide.

Pennsylvania's House delegation split on the issue 12-7, but not on a partisan basis. Pennsylvania House members Brady, Dent, Doyle, Fattah, Gerlach, Kanjorski, Patrick Murphy, Murtha, Peterson, Schwartz, Sestak and Shuster voted in favor of the bill. Voting against the Stabilization Act were Congressmen Altmire, Carney, English, Holden, Tim Murphy, Pitts, Platts.

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