



ENERGY TAX CREDIT PROVISIONS FEDERAL STIMULUS LEGISLATION February 13, 2009

Tax Credit Bonds – are created for forestry, new clean renewable energy, qualified energy conservation bonds. The requirement of use of the prevailing wage is attached to all projects financed with these tax credit bonds, including New Clean Renewable Energy Bonds and Energy Conservation Bonds.

Section 45 Renewable Electricity Production Credits

Credits are extended to renewable electricity projects including solar, wind energy, trash combustion, landfill gas and hydroelectric generation facilities placed in service by 1/1/2013.

Section 45 Renewable Electricity Credits

30% Investment Tax credit for fuel cell, solar, geothermal and geothermal heat pump property. Allows the election of an investment credit vs. the production tax credit if put into operation in 2009-2010.

Section 48 Business Energy Credit

Nonrefundable 10% business energy credit for new property for solar to generate electricity or heat, or geothermal power, may be carried back one year or forward 20 years. The provision that reduced this credit by a share of the project if financed with state, federal or local dollars has been eliminated. The Solar credit is increased to 30% for property purchased by 1/1/2017, including fiber optic distribution of sunlight. A 30% credit is also extended for fuel cell power plants and small wind applications, through 1/1/2017. The 10% business energy credit for fuel cell power plants, stationary microturbines (10% or \$200 per kWh), geothermal heat pumps and Combined Heat and Power projects are extended to 2017.

Section 45 and 48 Credits

The bill allows the Secretary of the Treasurer to provide grants in lieu of credits for up to 30% of the cost of these energy projects provided the project is depreciable or amortizable. Applications for these grants cover projects whose construction begins in 2009-2010, and are completed by 1/1/2013(wind) or 1/1/2014 for other projects. Section 48 grants would cover projects completed by 1/1/2017.

New Clean Renewable Energy Bonds

Expands the funding for these CREBs by \$1.6 billion. Tax credit bonds to be allocated by the Secretary of the Treasury with no more than 1/3 of the funds to power providers, governments and cooperative electric companies. 100% of these funds must be used within three years.

Energy Conservation Bonds

Expands these bonds, which are used to finance projects that decrease energy consumption, by \$2.4 billion. Funding to be used for grants, loans for retrofits of existing private buildings through loans and grants to homeowners and businesses.

Section 25C Energy Efficiency Tax Credits

Tax credits for improvements to existing residential energy efficient property are extended for circulating air fans, furnaces and boilers, heat pumps, central air, heaters and biomass fuel property (stoves). The \$500 maximum lifetime cap on credits is increased to \$2,000.

Section 25D Residential Energy Efficient Property

Caps on the 30% tax credits for solar electric, solar thermal, geothermal heat pumps, fuel cells and small wind caps are eliminated. The provision that reduced this credit by a share of the project if financed with state, federal or local dollars has been eliminated.

Credits for Clean Fuel Vehicle Refueling Property

The tax credit for construction of clean fuel vehicle refueling property is increased to 50%, with a maximum of \$50,000 per trade, business location for B20 blending, E85 blending, CNG, LNG, LPG facilities. Credits can be utilized for one prior year and 20 years forward. The credit for hydrogen refilling stations is increased to \$200,000 per facility. Residential refueling facilities receive an expanded 50% tax credit to \$2,000 per residence.

Plug In Vehicle Credits

Tax credits are provided for purchase of plug in vehicles to a maximum of \$7,500. The credit phases out over a four calendar year period when a manufacturer sells more than 200,000 plug in vehicles.

Advanced Energy Manufacturing Project Credits

30% tax credits for investments in the manufacture of property used to produce energy is expanded by \$2.3 billion. These credits are available for equipment, expansion or establishment of a manufacturing facility involved in production of property used to produce energy from renewable resources, including solar, wind, geothermal, renewable energy, eclectic grids, fuel cells, microturbines, carbon sequestration, renewable fuel blending, and reduction of greenhouse gases.