UNITED STATES CLEAN HEAT & POWER ASSOCIATION

Tax Incentive Legislation Summaries
September 2011

House Bills

HR 2750 – Sponsor Jay Inslee (D-WA1); 9 Cosponsors

Link to Full Text: http://thomas.loc.gov/cgi-bin/query/z?c112:H.R.2750

Subject & History: To amend the Internal Revenue Code of 1986 to modify the investment tax credit for CHP system property.

Congressman Inslee introduced this bill in the previous Congress, and reintroduced it on August 1, 2011.

Summary: The bill expands eligibility for the 10% investment tax credit by increasing the limits on the size of CHP systems qualifying under section 48 of the Internal Revenue Code. The bill increases the size cap for qualifying equipment from 15MW to 25 MW, eliminates the system wide cap of 50 MW. In addition this bill will allow waste heat energy from industrial processes or mechanical energy to qualify for the investment tax credit.

Importance: Would allow larger CHP systems, and waste heat to power systems to qualify for the investment tax credit. This bill does not increase the amount of the credit, but will increase eligibility.

Actions Needed:

HR 2783 – Sponsor Paul Tonko (D-NY); 3 Cosponsors

Link to Full Text: http://thomas.loc.gov/cgi-bin/query/z?c112:H.R.2784:

Subject and History: To amend the Internal Revenue Code of 1986 to encourage the deployment of highly efficient CHP property and other purposes.

Summary: Increases the investment tax credit to 30% for highly efficient CHP (70% efficient or greater). The bill increases the equipment cap from 15MW to 25MW, and eliminates the system wide cap of 50MW.

Importance: The bill increases opportunities to deploy CHP. It increases the amount of the tax credit for highly efficient systems. It also allows larger CHP equipment and systems to qualify for the investment tax credit.

Actions Needed:

HR 2812 – Sponsor Paul Tonko (D-NY); 3 Cosponsors

Link to Full Text: http://thomas.loc.gov/cgi-bin/query/z?c112:H.R.2812:

Subject & History: To amend the Internal Revenue Code of 1986 to provide tax incentives for producing electricity from wasted heat.

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Congressman Tonko introduced this legislation in the previous Congress, and reintroduced it on August 1, 2011.

Summary: The bill would allow *thermal only* waste heat systems to qualify for a 30% investment tax credit.

Importance: The bill creates an opportunity for some waste heat to power property to qualify for a 30% investment tax credit, as opposed to no investment tax credit today.

Actions Needed:

Senate Bills

S. TBD – Sponsor Jeff Bingaman (D-NM); 12 Cosponsors (NOT YET INTRODUCED - introduced in 111th Congress as S. 661)

Link to Full Text: http://thomas.loc.gov/cgi-bin/query/z?c111:S.661:

Subject and History: The bill takes on a wide range of measures to restore American manufacturing leadership through promoting energy efficiency.

The principal sponsors, Sens. Bingaman and Snowe (R-ME), are planning to reintroduce this legislation again in the fall of 2011 with some modifications.

Summary: Katie Cullen believes new bill will include the following measures: (1) would increase capacity limitations on the investment tax credit. It would increase the cap on CHP equipment from 15MW to 25MW, eliminate the system wide cap of 50MW—making it unlimited, (2) make waste heat to power technologies eligible for the investment tax credit, and (3) allows an allocated tax credit for investment in qualified industrial energy efficiency projects—including CHP and waste heat recovery systems.

The bill will also provide for extension of the tax credit for new energy efficient homes, and it increases the rate of the tax deduction for energy efficient commercial buildings. The bill will also include a number of specific credits for improving energy efficiency in buildings: (1) a new tax credit for the cost of home energy ratings; (2) a business-related tax credit for the training and certification costs of home energy performance auditors and for motor energy efficiency improvements; (3) a 50% tax credit for performance-based home energy improvements; (4) a tax credit for investment in a qualifying efficient industrial process water use project; (5) a new tax credit for chlorofluorocarbon (CFC) chiller replacement; (6) accelerated depreciation for certain alternative energy property and natural gas distribution facilities; and (7) a new tax credit for the cost of an idling reduction device installed on a heavy-duty diesel-powered on-highway vehicle.

Allows: (1) a 20% energy tax credit for investment in energy storage property directly connected to the power grid: (2) financing of such property with new clean renewable energy bonds; (3) a 30% energy tax credit for investment in qualified onsite energy storage property; and (4) a 30% nonbusiness energy property tax credit for qualified residential energy storage equipment. Extends through 2012 the tax credit for producing electricity from offshore wind facilities.

Increases and expands the tax credit for carbon dioxide sequestration.

Modifies the definition of "cellulosic biofuel" for purposes of the cellulosic biofuel producer tax credit and the special depreciation allowance to mean any liquid fuel that is derived solely from qualified feedstocks (defined as any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis and any cultivated algae, cyanobacteria, or lemna).

Importance: Raising the equipment cap, and removing the system cap will expand opportunities for larger systems to take advantage of the investment tax credit. Furthermore, waste heat recovery will be able to take advantage of the 10% investment tax credit. However, there is no proposal to increase the credit to 30% for any CHP or waste heat property. These proposals have potential to be included in a jobs or energy package in the Senate.

Actions Needed: