



# THE COMMITTEE ON WAYS AND MEANS

## Committee on Ways and Means Provisions in the *Build Back Better Act*

### *Promoting Green Energy, Combatting Climate Change, and Creating Jobs*

The *Build Back Better Act* invests over \$320 billion in renewable energy and energy efficiency tax incentives in order to meet President Biden's goal of reducing U.S. carbon emissions by 50 percent below 2005 levels by 2030 while creating good, well-paying jobs in the emerging green economy.

#### Renewable Electricity and Reducing Carbon Emissions

The *Build Back Better Act* builds on current successful tax incentives that promote the deployment of green energy technologies, while providing new incentives for activities that reduce greenhouse gas emissions.

- **Extension and Modification of Credit for Electricity Produced from Certain Renewable Resources:** Extends the production tax credit (PTC), which allows energy producers to claim a credit based on electricity produced from renewable energy resources. The PTC for the following facilities is extended through the end of 2026:
  - Municipal solid waste,
  - Qualified hydropower,
  - Marine and hydrokinetic renewable energy facilities, and
  - Geothermal.
- The PTC for wind energy is increased to the full applicable credit rate through the end of 2026.
- The PTC for solar energy is revived and extended through 2026.
- **Extension and Modification of Energy Credit:** Extends the investment tax credit (ITC), which allows taxpayers to claim a tax credit for the cost of energy property. In most cases, the provision extends the credit for property for which construction begins by the end of 2026.
- **Increase in Energy Credit for Solar and Wind Facilities Placed in Service in Connection with Low-Income Communities:** Provides for an enhanced incentive for solar and wind facilities qualifying for the section 48 ITC with respect to which the Secretary of Energy makes an allocation of environmental justice solar and wind capacity limitation. Property eligible for the credit includes energy storage technology related to such solar or wind property.
- **Investment Credit for Electric Transmission Property:** The bill provides for a tax credit for the basis of qualifying electric transmission property placed in service by the taxpayer.
- **Extension of Credit for Carbon Oxide Sequestration:** Extends the credit for carbon oxide sequestration facilities that begin construction before the end of 2031.



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- **Green Energy Publicly Traded Partnerships:** Expands the definition of qualified income for publicly traded partnerships from certain income derived from minerals and natural resources to include income derived from green and renewable energy.
- **Zero-Emission Nuclear Power Production Credit:** Provides a credit for the production of electricity from a qualified nuclear power facility.

### Renewable Fuels

The *Build Back Better Act* builds on successful tax incentives to reduce transportation emissions and further promote the production and uptake of renewable fuels.

- **Extension of Incentives for Biodiesel, Renewable Diesel, and Alternative Fuels:** Extends the income and excise tax credits for biodiesel, renewable diesel, and alternative fuels through 2026.
- **Clean Hydrogen:** Creates a new tax credit for the production of clean hydrogen produced by a taxpayer at a qualified clean hydrogen facility beginning in 2022 during the ten-year period beginning on the date such facility is placed in service.

### Green Energy and Energy Efficiency Incentives for Individuals

The *Build Back Better Act* expands incentives for energy efficiency and conservation in homes and buildings, with updated standards.

- **Extension, Increase, and Modifications of Nonbusiness Energy Property Credit:** Extends the nonbusiness property credit to property placed in service before the end of 2031.
- **Residential Energy Efficient Property:** Extends the credit for the cost of qualified residential energy efficient property expenditures, including solar electric, solar water heating, fuel cell, small wind energy, and geothermal heat pumps.
- **Energy Efficient Commercial Buildings Deduction:** Starting in 2022, updates and expands the energy efficient commercial buildings deduction by increasing the maximum deduction, determined on a sliding scale. The bill also changes the maximum from a lifetime cap to a three-year cap.
- **Extension, Increase, and Modifications of New Energy Efficient Home Credit:** Extends the Section 45L new energy home credit through 2031.
- **Modifications to Income Exclusion for Conservation Subsidies:** Excludes from gross income water conservation, storm water management, and wastewater management subsidies provided by public utilities, state or local governments, or storm management providers.
- **Credit for Qualified Wildfire Mitigation Expenditures:** Creates a tax credit equal to 30 percent of qualified expenditures for individuals and businesses who participate in a qualified state-based wildfire resiliency program. The provision applies to expenditures paid or incurred after the date of enactment.



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## Greening the Fleet and Alternative Vehicles

The *Build Back Better Act* supports widespread adoption of zero-emission cars, vans, and buses through tax credits for purchasing vehicles, and supporting deployment of publicly accessible electric vehicle charging infrastructure:

- **Refundable New Qualified Plug-In Electric Drive Motor Vehicle Credit for Individuals:** Provides for a refundable income tax credit for new qualified plug-in electric drive motor vehicles placed into service by the taxpayer during the taxable year.
- **Credit for Qualified Commercial Electric Vehicles:** Creates a new credit for qualified commercial electric vehicles placed into service by the taxpayer.
- **Qualified Fuel Cell Vehicles:** Extends the credit for the purchase of a qualified fuel cell motor vehicle through 2031, but only with respect to vehicles not of a character subject to depreciation. Beginning on January 1, 2022, commercial fuel cell vehicles otherwise eligible for this credit will be eligible for the new section 45Y credit for qualified commercial electric vehicles.
- **Alternative Fuel Refueling Property Credit:** Extends the vehicle refueling property tax credit through 2031.
- **Reinstatement and Expansion of Employer Provided Fringe Benefits for Bicycle Commuting:** Eliminates the temporary suspension of the exclusion for qualified bicycle commuting benefits and increases the maximum benefit from \$20 per month to \$81 per month.
- **Credit for Certain New Electric Bicycles:** Provides for a 30 percent refundable tax credit for qualified electric bicycles placed into service before January 1, 2027.

## Investments in the Green Workforce

The *Build Back Better Act* invests in the green workforce by providing tax credits for advanced manufacturing facilities and mechanical insulation.

- **Extension of the Advanced Energy Project Credit:** Revives the Section 48C advanced energy property credit, allowing the Secretary of Energy to allocate an additional \$5 billion in credits for each calendar year 2022 through 2023 and \$1.875 billion for each of calendar years 2024 through 2031.
- **Advanced Manufacturing Investment Credit:** Creates an investment tax credit worth up to 25 percent for advanced manufacturing facilities.
- **Advanced Manufacturing Production Credit:** Provides a production credit for each eligible component which is produced and sold. Eligible components include solar polysilicon, wafers, cells, and modules, and wind blades, nacelles, towers, and offshore foundations.

## Incentives for Clean Electricity and Transportation

- **Clean Energy Production and Investment Credits:** Creates an emissions-based incentive that would be neutral and flexible between clean electricity technologies. Under the provisions, taxpayers would be able to choose between a production tax credit or an investment tax credit.



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- **Clean Fuel Production Tax Credit:** Creates a technology-neutral incentive for the domestic production of clean fuels.

### Environmental Justice

The *Build Back Better Act* advances environmental justice using tax credits for research and other academic programs

- Provides a capped, competitive credit for university programs focused on the impacts of climate change on low-income communities and communities of color.
- Prioritizes projects including Historically Black Colleges and Universities and other Minority Serving Institutions.

### Superfund

- Provides new revenue streams for Superfund cleanup efforts by reinstating excise taxes on petroleum products and chemicals.