

AMENDMENT NO.

Calendar No.

Purpose: To amend the Internal Revenue Code of 1986 to expand certain energy tax incentives, and for other purposes.

IN THE SENATE OF THE UNITED STATES—116th Cong., 2d Sess.

S. 2657

To support innovation in advanced geothermal research and development, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. WYDEN to the amendment (No. _____) proposed by Ms. MURKOWSKI

Viz:

1 At the end, add the following:

2 **TITLE IV—AMENDMENTS TO THE**
 3 **INTERNAL REVENUE CODE**
 4 **OF 1986**

5 **SEC. 4001. MODIFICATION OF LIMITATIONS ON NEW QUALI-**
 6 **FIED PLUG-IN ELECTRIC DRIVE MOTOR VEHI-**
 7 **CLE CREDIT.**

8 (a) IN GENERAL.—Subsection (e) of section 30D of
 9 the Internal Revenue Code of 1986 is amended to read
 10 as follows:

1 “(e) LIMITATION ON NUMBER OF NEW QUALIFIED
2 PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES ELIGIBLE
3 FOR CREDIT.—

4 “(1) IN GENERAL.—In the case of any new
5 qualified plug-in electric drive motor vehicle sold
6 after the date of the enactment of the American En-
7 ergy Innovation Act of 2020—

8 “(A) if such vehicle is sold during the tran-
9 sition period, the amount determined under
10 subsection (b)(2) shall be reduced by \$500, and

11 “(B) if such vehicle is sold during the
12 phaseout period, only the applicable percentage
13 of the credit otherwise allowable under sub-
14 section (a) shall be allowed.

15 “(2) TRANSITION PERIOD.—For purposes of
16 this subsection, the transition period is the period
17 subsequent to the first date on which the number of
18 new qualified plug-in electric drive motor vehicles
19 manufactured by the manufacturer of the vehicle re-
20 ferred to in paragraph (1) sold for use in the United
21 States after December 31, 2009, is at least 200,000.

22 “(3) PHASEOUT PERIOD.—

23 “(A) IN GENERAL.—For purposes of this
24 subsection, the phaseout period is the period be-
25 ginning with the second calendar quarter fol-

1 lowing the calendar quarter which includes the
2 first date on which the number of new qualified
3 plug-in electric drive motor vehicles manufac-
4 tured by the manufacturer of the vehicle re-
5 ferred to in paragraph (1) sold for use in the
6 United States after December 31, 2009, is at
7 least 600,000.

8 “(B) APPLICABLE PERCENTAGE.—For
9 purposes of paragraph (1)(B), the applicable
10 percentage is—

11 “(i) 50 percent for the first calendar
12 quarter of the phaseout period, and

13 “(ii) 0 percent for each calendar quar-
14 ter thereafter.

15 “(C) EXCLUSION OF SALE OF CERTAIN VE-
16 HICLES.—

17 “(i) IN GENERAL.—For purposes of
18 subparagraph (A), any new qualified plug-
19 in electric drive motor vehicle manufac-
20 tured by the manufacturer of the vehicle
21 referred to in paragraph (1) which was
22 sold during the exclusion period shall not
23 be included for purposes of determining
24 the number of such vehicles sold.

1 “(ii) EXCLUSION PERIOD.—For pur-
2 poses of this subparagraph, the exclusion
3 period is the period—

4 “(I) beginning on the first date
5 on which the number of new qualified
6 plug-in electric drive motor vehicles
7 manufactured by the manufacturer of
8 the vehicle referred to in paragraph
9 (1) sold for use in the United States
10 after December 31, 2009, is at least
11 200,000, and

12 “(II) ending on the date of the
13 enactment of the American Energy
14 Innovation Act of 2020.

15 “(4) CONTROLLED GROUPS.—Rules similar to
16 the rules of section 30B(f)(4) shall apply for pur-
17 poses of this subsection.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to vehicles sold after the date of
20 the enactment of this Act.

21 **SEC. 4002. EXTENSION OF CREDIT FOR NEW QUALIFIED**
22 **FUEL CELL MOTOR VEHICLES.**

23 (a) IN GENERAL.—Section 30B(k)(1) of the Internal
24 Revenue Code of 1986 is amended by striking “December
25 31, 2020” and inserting “December 31, 2024”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property purchased after De-
3 cember 31, 2020.

4 **SEC. 4003. EXTENSION OF ENERGY CREDIT FOR OFFSHORE**
5 **WIND FACILITIES.**

6 (a) IN GENERAL.—Section 48(a)(5) of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following:

9 “(F) QUALIFIED OFFSHORE WIND FACILI-
10 TIES.—

11 “(i) IN GENERAL.—In the case of any
12 qualified offshore wind facility—

13 “(I) subparagraph (C)(ii) shall be
14 applied by substituting ‘January 1 of
15 the applicable year (as determined
16 under subparagraph (F)(ii))’ for ‘Jan-
17 uary 1, 2021’,

18 “(II) subparagraph (E) shall not
19 apply, and

20 “(III) for purposes of this para-
21 graph, section 45(d)(1) shall be ap-
22 plied by substituting ‘January 1 of
23 the applicable year (as determined
24 under section 48(a)(5)(F)(ii))’ for
25 ‘January 1, 2021’.

1 “(ii) APPLICABLE YEAR.—

2 “(I) IN GENERAL.—For purposes
3 of this subparagraph, the term ‘appli-
4 cable year’ means the later of—

5 “(aa) calendar year 2025, or

6 “(bb) the calendar year sub-
7 sequent to the first calendar year
8 in which the Secretary, in con-
9 sultation with the Secretary of
10 Energy, determines that the
11 United States has increased its
12 offshore wind capacity by not less
13 than 3,000 megawatts as com-
14 pared to such capacity on Janu-
15 ary 1, 2021.

16 “(II) EXCLUSION OF CERTAIN
17 FACILITIES.—For purposes of sub-
18 clause (I)(bb), the Secretary shall not
19 include any increase in offshore wind
20 capacity which is attributable to any
21 facility the construction of which
22 began before January 1, 2021.

23 “(iii) QUALIFIED OFFSHORE WIND FA-
24 CILITY.—For purposes of this subpara-
25 graph, the term ‘qualified offshore wind fa-

1 cility’ means a qualified facility described
2 in paragraph (1) of section 45(d) which is
3 located in the inland navigable waters of
4 the United States, including the Great
5 Lakes, or in the coastal waters of the
6 United States, including the territorial
7 seas of the United States, the exclusive
8 economic zone of the United States, and
9 the outer Continental Shelf of the United
10 States.

11 “(iv) REPORT ON OFFSHORE WIND
12 CAPACITY.—On January 15, 2025, and an-
13 nually thereafter until the calendar year
14 described in clause (ii)(I)(bb), the Sec-
15 retary, in consultation with the Secretary
16 of Energy, shall issue a report to be made
17 available to the public which discloses the
18 increase in the offshore wind capacity of
19 the United States, as measured in total
20 megawatts, since January 1, 2021.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to periods after December 31,
23 2016, under rules similar to the rules of section 48(m)
24 of the Internal Revenue Code of 1986 (as in effect on the

1 day before the date of the enactment of the Revenue Rec-
2 onciliation Act of 1990).

3 SEC. 4004. ENERGY CREDIT FOR ENERGY STORAGE TECH-
4 NOLOGIES.

5 (a) IN GENERAL.—Subclause (II) of section
6 48(a)(2)(A)(i) of the Internal Revenue Code of 1986 is
7 amended by striking “paragraph (3)(A)(i)” and inserting
8 “clause (i) or (viii) of paragraph (3)(A)”.

9 (b) ENERGY STORAGE TECHNOLOGIES.—Subpara-
10 graph (A) of section 48(a)(3) of the Internal Revenue
11 Code of 1986 is amended by striking “or” at the end of
12 clause (vi), by adding “or” at the end of clause (vii), and
13 by adding at the end the following new clause:

14 “(viii) equipment which receives,
15 stores, and delivers energy using batteries,
16 compressed air, pumped hydropower, hy-
17 drogen storage (including hydrolysis), ther-
18 mal energy storage, regenerative fuel cells,
19 flywheels, capacitors, superconducting
20 magnets, or other technologies identified
21 by the Secretary in consultation with the
22 Secretary of Energy, and which has a ca-
23 pacity of not less than 5 kilowatt hours,”.

1 (c) PHASEOUT OF CREDIT.—Paragraph (6) of sec-
2 tion 48(a) of the Internal Revenue Code of 1986 is amend-
3 ed—

4 (1) by striking “ENERGY” in the heading and
5 inserting “AND ENERGY STORAGE”; and

6 (2) by striking “paragraph (3)(A)(i)” both
7 places it appears and inserting “clause (i) or (viii)
8 of paragraph (3)(A)”.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to property placed in service after
11 December 31, 2019.

12 **SEC. 4005. RESIDENTIAL ENERGY EFFICIENT PROPERTY**
13 **CREDIT FOR BATTERY STORAGE TECH-**
14 **NOLOGY.**

15 (a) IN GENERAL.—Subsection (a) of section 25D of
16 the Internal Revenue Code of 1986 is amended by striking
17 “and” at the end of paragraph (4), by inserting “and”
18 after the comma at the end of paragraph (5), and by add-
19 ing at the end the following new paragraph:

20 “(6) the qualified battery storage technology ex-
21 penditures,”.

22 (b) QUALIFIED BATTERY STORAGE TECHNOLOGY
23 EXPENDITURE.—Subsection (d) of section 25D of the In-
24 ternal Revenue Code of 1986 is amended by adding at the
25 end the following new paragraph:

1 “(6) QUALIFIED BATTERY STORAGE TECH-
2 NOLOGY EXPENDITURE.—The term ‘qualified bat-
3 tery storage technology expenditure’ means an ex-
4 penditure for battery storage technology which—

5 “(A) is installed on or in connection with
6 a dwelling unit located in the United States and
7 used as a residence by the taxpayer, and

8 “(B) has a capacity of not less than 3 kilo-
9 watt hours.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to expenditures paid or incurred
12 in taxable years beginning after December 31, 2019.

13 **SEC. 4006. RESIDENTIAL ENERGY-EFFICIENT PROPERTY**
14 **CREDIT FOR BIOMASS FUEL PROPERTY EX-**
15 **PENDITURES.**

16 (a) ALLOWANCE OF CREDIT.—Section 25D(a) of the
17 Internal Revenue Code of 1986, as amended by section
18 4005(a), is amended—

19 (1) in paragraph (5), by striking “and” at the
20 end,

21 (2) in paragraph (6), by adding “and” at the
22 end, and

23 (3) by inserting after paragraph (6) the fol-
24 lowing:

1 “(7) the qualified biomass fuel property expend-
2 itures,”.

3 (b) QUALIFIED BIOMASS FUEL PROPERTY EXPENDI-
4 TURES.—Section 25D(d) of such Code, as amended by
5 section 4005(b), is amended by adding at the end the fol-
6 lowing new paragraph:

7 “(7) QUALIFIED BIOMASS FUEL PROPERTY EX-
8 PENDITURE.—

9 “(A) IN GENERAL.—The term ‘qualified
10 biomass fuel property expenditure’ means an
11 expenditure for property—

12 “(i) which uses the burning of bio-
13 mass fuel to heat a dwelling unit located in
14 the United States and used as a residence
15 by the taxpayer, or to heat water for use
16 in such a dwelling unit, and

17 “(ii) which has a thermal efficiency
18 rating of at least 75 percent (measured by
19 the higher heating value of the fuel).

20 “(B) BIOMASS FUEL.—For purposes of
21 this section, the term ‘biomass fuel’ means any
22 plant-derived fuel available on a renewable or
23 recurring basis, including agricultural crops and
24 trees, wood and wood waste and residues,
25 plants (including aquatic plants), grasses, resi-

1 dues, and fibers. Such term includes densified
2 biomass fuels such as wood pellets.”.

3 (c) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to expenditures paid or incurred
5 in taxable years beginning after December 31, 2019.

6 **SEC. 4007. INVESTMENT CREDIT FOR WASTE HEAT TO**
7 **POWER PROPERTY.**

8 (a) **IN GENERAL.**—Section 48(a)(3)(A) of the Inter-
9 nal Revenue Code of 1986, as amended by section
10 4004(b), is amended—

11 (1) at the end of clause (vii), by striking “or”;

12 (2) at the end of clause (viii), by inserting “or”
13 after the comma; and

14 (3) by adding at the end the following:

15 “(ix) waste heat to power property,”.

16 (b) **DEFINITIONS AND LIMITATIONS.**—Section 48(c)
17 of the Internal Revenue Code of 1986 is amended by add-
18 ing at the end the following:

19 “(5) **WASTE HEAT TO POWER PROPERTY.**—

20 “(A) **IN GENERAL.**—The term ‘waste heat
21 to power property’ means property—

22 “(i) comprising a system which gen-
23 erates electricity through the recovery of a
24 qualified waste heat resource, and

13

1 “(ii) the construction of which begins
2 before January 1, 2025.

3 “(B) QUALIFIED WASTE HEAT RE-
4 SOURCE.—The term ‘qualified waste heat re-
5 source’ means—

6 “(i) exhaust heat or flared gas from
7 an industrial process that does not have,
8 as its primary purpose, the production of
9 electricity, and

10 “(ii) a pressure drop in any gas for an
11 industrial or commercial process.

12 “(C) LIMITATIONS.—

13 “(i) IN GENERAL.—For purposes of
14 subsection (a)(1), the basis of any waste
15 heat to power property taken into account
16 under this section shall not exceed the ex-
17 cess of—

18 “(I) the basis of such property,
19 over

20 “(II) the fair market value of
21 comparable property which does not
22 have the capacity to capture and con-
23 vert a qualified waste heat resource to
24 electricity.

1

1 “(ii) CAPACITY LIMITATION.—The
2 term ‘waste heat to power property’ shall
3 not include any property comprising a sys-
4 tem if such system has a capacity in excess
5 of 50 megawatts.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to periods after the date of enact-
8 ment of this Act, in taxable years ending after such date,
9 under rules similar to the rules of section 48(m) of the
10 Internal Revenue Code of 1986 (as in effect on the day
11 before the date of the enactment of the Revenue Reconcili-
12 ation Act of 1990).

13 SEC. 4008. ENHANCING ENERGY CREDIT FOR GEOTHERMAL
14 ENERGY.

15 (a) IN GENERAL.—Section 48(a)(2)(A)(i)(II) of the
16 Internal Revenue Code of 1986, as amended by section
17 4004, is amended by striking “clause (i) or (viii) of para-
18 graph (3)(A)” and inserting “clause (i), (iii), or (viii) of
19 paragraph (3)(A)”.

20 (b) PHASEOUT OF CREDIT.—Paragraph (6) of sec-
21 tion 48(a) of the Internal Revenue Code of 1986, as
22 amended by section 4004, is amended—

23 (1) by striking “AND ENERGY STORAGE” in the
24 heading and inserting “, ENERGY STORAGE, AND
25 GEOTHERMAL ENERGY”; and

15

1 (2) by striking “clause (i) or (viii) of paragraph
2 (3)(A)” both places it appears and inserting “clause
3 (i), (iii), or (viii) of paragraph (3)(A)”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to property placed in service after
6 December 31, 2019.

7 **SEC. 4009. EXTENSION OF RENEWABLE ELECTRICITY PRO-**
8 **DUCTION CREDIT.**

9 (a) IN GENERAL.—The following provisions of sec-
10 tion 45(d) of the Internal Revenue Code of 1986 are each
11 amended by striking “January 1, 2021” each place it ap-
12 pears and inserting “January 1, 2024”:

13 (1) Paragraph (2)(A).

14 (2) Paragraph (3)(A).

15 (3) Paragraph (4)(B).

16 (4) Paragraph (6).

17 (5) Paragraph (7).

18 (6) Paragraph (9).

19 (7) Paragraph (11)(B).

20 (b) EXTENSION OF ELECTION TO TREAT QUALIFIED
21 FACILITIES AS ENERGY PROPERTY.—Section
22 48(a)(5)(C)(ii) of the Internal Revenue Code of 1986 is
23 amended by striking “January 1, 2021” and inserting
24 “January 1, 2024”.

1

1 (c) APPLICATION OF EXTENSION TO WIND FACILI-
2 TIES.—

3 (1) IN GENERAL.—Section 45(d)(1) of the In-
4 ternal Revenue Code of 1986 is amended by striking
5 “January 1, 2021” and inserting “January 1,
6 2024”.

7 (2) APPLICATION OF PHASEOUT PERCENT-
8 AGE.—

9 (A) IN GENERAL.—Section 45(b)(5)(D) of
10 such Code is amended by striking “January 1,
11 2021” and inserting “January 1, 2024”.

12 (B) TREATMENT AS ENERGY PROPERTY.—
13 Section 48(a)(5)(E)(iv) of such Code is amend-
14 ed by striking “January 1, 2021” and inserting
15 “January 1, 2024”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to property placed in service after
18 December 31, 2020.

19 **SEC. 4010. EXTENSION OF ENERGY CREDIT.**

20 (a) EXTENSIONS.—Section 48 of the Internal Rev-
21 enue Code of 1986 is amended—

22 (1) in subsection (a)—

23 (A) in paragraph (2)(A)(i)(II), by striking
24 “January 1, 2022” and inserting “January 1,
25 2025”, and

- 1 (B) in paragraph (3)(A)—
2 (i) in clause (ii), by striking “January
3 1, 2022” and inserting “January 1,
4 2025”, and
5 (ii) in clause (vii), by striking “Janu-
6 ary 1, 2022” and inserting “January 1,
7 2025”, and
8 (2) in subsection (c)—
9 (A) in paragraph (1)(D), by striking “Jan-
10 uary 1, 2022” and inserting “January 1,
11 2025”,
12 (B) in paragraph (2)(D), by striking “Jan-
13 uary 1, 2022” and inserting “January 1,
14 2025”,
15 (C) in paragraph (3)(A)(iv), by striking
16 “January 1, 2022” and inserting “January 1,
17 2025”, and
18 (D) in paragraph (4)(C), by striking “Jan-
19 uary 1, 2022” and inserting “January 1,
20 2025”.

21 (b) PHASEOUTS.—

- 22 (1) SOLAR ENERGY, ENERGY STORAGE, AND
23 GEOTHERMAL ENERGY PROPERTY.—Section
24 48(a)(6) of the Internal Revenue Code of 1986, as
25 amended by section 4004, is amended—

1

1 (A) in subparagraph (A)—

2 (i) by striking “January 1, 2022, the
3 energy percentage” and inserting “Janu-
4 ary 1, 2025, the energy percentage”,

5 (ii) in clause (i), by striking “after
6 December 31, 2019, and before January 1,
7 2021” and inserting “after December 31,
8 2022, and before January 1, 2024”, and

9 (iii) in clause (ii), by striking “after
10 December 31, 2020, and before January 1,
11 2022” and inserting “after December 31,
12 2023, and before January 1, 2025”, and

13 (B) in subparagraph (B), by striking “be-
14 gins before January 1, 2022, and which is not
15 placed in service before January 1, 2024” and
16 inserting “begins before January 1, 2025, and
17 which is not placed in service before January 1,
18 2027”.

19 (2) FIBER-OPTIC SOLAR, QUALIFIED FUEL
20 CELL, AND QUALIFIED SMALL WIND ENERGY PROP-
21 erty.—Section 48(a)(7) of such Code is amended—

22 (A) in subparagraph (A)—

23 (i) in clause (i), by striking “after De-
24 cember 31, 2019, and before January 1,

1 2021” and inserting “after December 31,
2 2022, and before January 1, 2024”, and
3 (ii) in clause (ii), by striking “after
4 December 31, 2020, and before January 1,
5 2022” and inserting “after December 31,
6 2023, and before January 1, 2025”, and
7 (B) in subparagraph (B), by striking
8 “January 1, 2024” and inserting “January 1,
9 2027”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to periods after December 31,
12 2019.

13 SEC. 4011. PERMANENT EXTENSION OF ENERGY EFFICIENT
14 COMMERCIAL BUILDINGS DEDUCTION.

15 (a) IN GENERAL.—Section 179D of the Internal Rev-
16 enue Code of 1986 is amended by striking subsection (h).

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to property placed in service after
19 December 31, 2020.

20 SEC. 4012. UPDATING NEW ENERGY EFFICIENT HOME
21 CREDIT.

22 (a) IN GENERAL.—Section 45L of the Internal Rev-
23 enue Code of 1986 is amended—

24 (1) in subsection (a)(2)—

1 (A) in subparagraph (A), by striking
2 “\$2,000” and inserting “\$2,500”; and

3 (B) in subparagraph (B), by inserting “or
4 (4)” after “paragraph (3)”;
5 (2) in subsection (b)—

6 (A) in paragraph (2)(B), by striking “this
7 section” and inserting “the American Energy
8 Innovation Act of 2020”; and

9 (B) by adding at the end the following:

10 “(5) 2018 IECC.—

11 “(A) IN GENERAL.—The term ‘2018
12 IECC’ means the 2018 International Energy
13 Conservation Code, as such Code (including
14 supplements) is in effect on the date of the en-
15 actment of the American Energy Innovation
16 Act of 2020.

17 “(B) SPECIAL RULE.—For purposes of
18 subsection (c)(1)(B)(i)(I), in determining
19 whether a dwelling unit has been constructed in
20 accordance with the standards of chapter 4 of
21 the 2018 IECC by achieving a level of energy
22 efficiency which meets Section R406.4
23 (N1106.4) of such Code, such determination
24 shall be made without accounting for on-site en-
25 ergy generation.”;

1 (3) by striking subsection (c) and inserting the
2 following:

3 “(c) ENERGY SAVING REQUIREMENTS.—A dwelling
4 unit meets the energy saving requirements of this sub-
5 section if such unit—

6 “(1)(A) is certified—

7 “(i) to have a level of annual heating and
8 cooling energy consumption which is at least 60
9 percent below the annual level of heating and
10 cooling energy consumption of a comparable
11 dwelling unit—

12 “(I) which is constructed in accord-
13 ance with the standards of chapter 4 of the
14 2006 International Energy Conservation
15 Code, as such Code (including supple-
16 ments) is in effect on January 1, 2006,
17 and

18 “(II) for which the heating and cool-
19 ing equipment efficiencies correspond to
20 the minimum allowed under the regula-
21 tions established by the Department of En-
22 ergy pursuant to the National Appliance
23 Energy Conservation Act of 1987 and in
24 effect at the time of completion of con-
25 struction, and

1 “(ii) to have building envelope component
2 improvements account for at least $\frac{1}{5}$ of such
3 60 percent, or

4 “(B) is certified—

5 “(i) to have a level of annual energy con-
6 sumption which is at least 15 percent below the
7 annual level of energy consumption of a com-
8 parable dwelling unit—

9 “(I) which is constructed in accord-
10 ance with the standards of chapter 4 of the
11 2018 IECC, and

12 “(II) which meets the requirements
13 described in subparagraph (A)(i)(II), and

14 “(ii) to have building envelope component
15 improvements account for at least $\frac{1}{5}$ of such
16 15 percent,

17 “(2) is a manufactured home which—

18 “(A) conforms to Federal Manufactured
19 Home Construction and Safety Standards (part
20 3280 of title 24, Code of Federal Regulations),
21 and

22 “(B) meets the requirements described in
23 subparagraph (A) or (B) of paragraph (1),

24 “(3) meets the requirements established by the
25 Administrator of the Environmental Protection

23

1 Agency under the Energy Star Labeled Homes pro-
2 gram, or

3 “(4) is a manufactured home which—

4 “(A) conforms to the standards described
5 in paragraph (2)(A), and

6 “(B) meets the requirements described in
7 paragraph (3).”; and

8 (4) in subsection (g), by striking “December
9 31, 2020” and inserting “December 31, 2022”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to qualified new energy efficient
12 homes acquired after December 31, 2020.

13 **SEC. 4013. UPDATING CREDIT FOR NONBUSINESS ENERGY**
14 **PROPERTY.**

15 (a) IN GENERAL.—Section 25C of the Internal Rev-
16 enue Code of 1986 is amended—

17 (1) in subsection (a)(1), by striking “10 per-
18 cent” and inserting “15 percent”,

19 (2) in subsection (b)—

20 (A) in paragraph (1)—

21 (i) by striking “\$500” and inserting
22 “\$1,200”, and

23 (ii) by striking “December 31, 2005”
24 and inserting “December 31, 2019”, and

1 (B) by striking paragraphs (2) and (3) and
2 inserting the following:

3 “(2) LIMITATION ON INSULATION MATERIAL OR
4 SYSTEM.—In the case of amounts paid or incurred
5 for components described in subsection (c)(3)(A) by
6 any taxpayer for any taxable year, the credit allowed
7 under this section with respect to such amounts for
8 such year shall not exceed the excess (if any) of
9 \$600 over the aggregate credits allowed under this
10 section with respect to such amounts for all prior
11 taxable years ending after December 31, 2019.

12 “(3) LIMITATION ON WINDOWS.—

13 “(A) IN GENERAL.—

14 “(i) ENERGY STAR MOST EFFI-
15 CIENT.—In the case of amounts paid or in-
16 curred by any taxpayer for any taxable
17 year for components described in sub-
18 section (c)(3)(B) which meet the most effi-
19 cient certification under applicable Energy
20 Star program requirements, the credit al-
21 lowed under this section with respect to
22 such amounts for such year shall not ex-
23 ceed the excess (if any) of \$600 over the
24 aggregate credits allowed under this sec-
25 tion with respect to such amounts for all

1 prior taxable years ending after December
2 31, 2019.

3 “(ii) ENERGY STAR.—In the case of
4 amounts paid or incurred by any taxpayer
5 for any taxable year for components de-
6 scribed in subsection (c)(3)(B) which do
7 not meet the most efficient certification
8 under applicable Energy Star program re-
9 quirements, the credit allowed under this
10 section with respect to such amounts for
11 such year shall not exceed the excess (if
12 any) of \$200 over the aggregate credits al-
13 lowed under this section with respect to
14 such amounts for all prior taxable years
15 ending after December 31, 2019.

16 “(B) ELECTION.—

17 “(i) IN GENERAL.—For purposes of
18 any amounts paid or incurred by any tax-
19 payer for components described in sub-
20 section (c)(3)(B), the credit allowed under
21 this section shall only be allowed for com-
22 ponents described in clause (i) of subpara-
23 graph (A) or clause (ii) of such subpara-
24 graph, but not both, as elected by the tax-
25 payer during the first taxable year in

1 “(5) LIMITATION ON RESIDENTIAL ENERGY
2 PROPERTY EXPENDITURES.—The amount of the
3 credit allowed under this section by reason of sub-
4 section (a)(2) shall not exceed—

5 “(A) in the case of any energy-efficient
6 building property—

7 “(i) for any item of property described
8 in subparagraph (A), (B), or (C) of sub-
9 section (d)(3), \$600, and

10 “(ii) for any item of property de-
11 scribed in subparagraph (D) or (E) of such
12 subsection, \$400, and

13 “(B) in the case of any qualified natural
14 gas, propane, or oil furnace or hot water boiler
15 (as defined in subsection (d)(4)), an amount
16 equal to—

17 “(i) \$600 for a hot water boiler, and

18 “(ii) in the case of a furnace, an
19 amount equal to the sum of—

20 “(I) \$300, plus

21 “(II) if the taxpayer is converting
22 from a non-condensing furnace to a
23 condensing furnace, \$300.”,

24 (3) in subsection (c)—

25 (A) in paragraph (2)—

2

1 (i) by striking subparagraphs (A) and
2 (B) and inserting the following:

3 “(A) applicable Energy Star program re-
4 quirements, in the case of an exterior window,
5 a skylight, or an exterior door, and”,

6 (ii) by redesignating subparagraph
7 (C) as subparagraph (B), and

8 (iii) in subparagraph (B), as so redes-
9 ignated, by striking “2009 International”
10 and all that follows through “Act of 2009”
11 and inserting “2015 IECC (as defined in
12 section 45L(b)(5))”,

13 (B) in paragraph (3)—

14 (i) in subparagraph (B), by adding
15 “and” at the end,

16 (ii) in subparagraph (C), by striking
17 “, and” and inserting a period, and

18 (iii) by striking subparagraph (D),
19 and

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

22 “(5) LABOR COSTS.—The term ‘qualified en-
23 ergy efficiency improvements’ includes expenditures
24 for labor costs properly allocable to the onsite prepa-

1 ration, assembly, or original installation of any en-
2 ergy efficient building envelope component.”,

3 (4) in subsection (d)—

4 (A) in paragraph (2)(A)—

5 (i) in clause (i), by adding “or” at the
6 end,

7 (ii) in clause (ii), by striking “, or”
8 and inserting a period, and

9 (iii) by striking clause (iii),

10 (B) in paragraph (3)—

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

13 “(A) an electric heat pump water heater
14 which, in the standard Department of Energy
15 test procedure, yields a uniform energy factor
16 of at least 3.0,”

17 (ii) in subparagraph (B), by striking
18 “January 1, 2009” and inserting “the date
19 of enactment of the American Energy In-
20 novation Act of 2020”,

21 (iii) in subparagraph (C), by striking
22 “January 1, 2009” and inserting “the date
23 of enactment of the American Energy In-
24 novation Act of 2020”,

1 (iv) by striking subparagraph (D) and
2 inserting the following:

3 “(D) a natural gas, propane, or oil water
4 heater which, in the standard Department of
5 Energy test procedure, yields—

6 “(i) in the case of a storage tank
7 water heater—

8 “(I) in the case of a medium-
9 draw water heater, a uniform energy
10 factor of not less than 0.78, and

11 “(II) in the case of a high-draw
12 water heater, a uniform energy factor
13 of not less than 0.80, and

14 “(ii) in the case of a tankless water
15 heater—

16 “(I) in the case of a medium-
17 draw water heater, a uniform energy
18 factor of not less than 0.87, and

19 “(II) in the case of a high-draw
20 water heater, a uniform energy factor
21 of not less than 0.90, and”, and

22 (v) in subparagraph (E), by striking
23 “of at least 75 percent” and inserting the
24 following: “(as determined pursuant to the
25 applicable list published by the Environ-

1 mental Protection Agency for certified
2 wood stoves, hydronic heaters, or forced-air
3 furnaces) of at least—

4 “(i) in the case of any stove placed in
5 service before January 1, 2021, 73 per-
6 cent, and

7 “(ii) in the case of any stove placed in
8 service after December 31, 2020, 75 per-
9 cent.”,

10 (C) in paragraph (4), by striking “not less
11 than 95” and inserting the following: “not less
12 than—

13 “(A) in the case of a furnace, 97 percent,
14 and

15 “(B) in the case of a hot water boiler, 95
16 percent.”,

17 (D) by striking paragraph (5), and

18 (E) by redesignating paragraph (6) as
19 paragraph (5),

20 (5) in subsection (e), by adding the following
21 new paragraphs at the end:

22 “(4) INSTALLATION STANDARDS.—The terms
23 ‘energy efficient building envelope component’ and
24 ‘qualified energy property’ shall not include any
25 components or property which are not installed ac-

1 cording to any applicable Air Conditioning Contrac-
2 tors of America Quality Installation standards which
3 are in effect at the time that such components or
4 property are placed in service.

5 “(5) REPLACEMENT OF TERMINATED STAND-
6 ARDS.—In the case of any standard, requirement, or
7 criteria applicable to any energy efficient building
8 envelope component or qualified energy property
9 which is terminated after the date of enactment of
10 the American Energy Innovation Act of 2020, the
11 Secretary, in consultation with the Secretary of En-
12 ergy, shall identify a similar standard, requirement,
13 or criteria for purposes of determining the eligibility
14 of any such component or property for purposes of
15 credit allowed under this section.”, and

16 (6) in subsection (g)(2), by striking “December
17 31, 2020” and inserting “December 31, 2024”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to property placed in service after
20 December 31, 2020.

21 **SEC. 4014. GREEN ENERGY PUBLICLY TRADED PARTNER-**
22 **SHIPS.**

23 (a) IN GENERAL.—Section 7704(d)(1)(E) is amend-
24 ed—

33

1 (1) by striking “income and gains derived from
2 the exploration” and inserting “income and gains
3 derived from—

4 “(i) the exploration”,

5 (2) by inserting “or” before “industrial
6 source”,

7 (3) by striking “, or the transportation or stor-
8 age” and all that follows and inserting the following:

9 “(ii) the generation of electric power
10 or thermal energy exclusively using any
11 qualified energy resource (as defined in
12 section 45(c)(1)),

13 “(iii) the operation of energy property
14 (as defined in section 48(a)(3), determined
15 without regard to any date by which the
16 construction of the facility is required to
17 begin),

18 “(iv) in the case of a facility described
19 in paragraph (3) or (7) of section 45(d)
20 (determined without regard to any placed
21 in service date or date by which construc-
22 tion of the facility is required to begin),
23 the accepting or processing of open-loop
24 biomass or municipal solid waste,

34

1 “(v) the storage of electric power or
2 thermal energy exclusively using energy
3 property that is energy storage property
4 (as defined in section 48(c)(5)),

5 “(vi) the generation, storage, or dis-
6 tribution of electric power or thermal en-
7 ergy exclusively using energy property that
8 is combined heat and power system prop-
9 erty (as defined in section 48(c)(3), deter-
10 mined without regard to subparagraph
11 (B)(iii) thereof and without regard to any
12 date by which the construction of the facil-
13 ity is required to begin),

14 “(vii) the transportation or storage of
15 any fuel described in subsection (b), (c),
16 (d), or (e) of section 6426,

17 “(viii) the conversion of renewable bio-
18 mass (as defined in subparagraph (I) of
19 section 211(o)(1) of the Clean Air Act (as
20 in effect on the date of the enactment of
21 this clause)) into renewable fuel (as de-
22 fined in subparagraph (J) of such section
23 as so in effect), or the storage or transpor-
24 tation of such fuel,

35

1 “(ix) the production, storage, or
2 transportation of any fuel which—

3 “(I) uses as its primary feedstock
4 carbon oxides captured from an an-
5 thropogenic source or the atmosphere,

6 “(II) does not use as its primary
7 feedstock carbon oxide which is delib-
8 erately released from naturally occur-
9 ring subsurface springs, and

10 “(III) is determined by the Sec-
11 retary, after consultation with the
12 Secretary of Energy and the Adminis-
13 trator of the Environmental Protec-
14 tion Agency, to achieve a reduction of
15 not less than a 60 percent in lifecycle
16 greenhouse gas emissions (as defined
17 in section 211(o)(1)(H) of the Clean
18 Air Act, as in effect on the date of the
19 enactment of this clause) compared to
20 baseline lifecycle greenhouse gas emis-
21 sions (as defined in section
22 211(o)(1)(C) of such Act, as so in ef-
23 fect),

24 “(x) the generation of electric power
25 from, a qualifying gasification project (as

1 defined in section 48B(c)(1) without re-
2 gard to subparagraph (C)) that is de-
3 scribed in section 48(d)(1)(B), or

4 “(xi) in the case of a qualified facility
5 (as defined in section 45Q(d), without re-
6 gard to any date by which construction of
7 the facility is required to begin) not less
8 than 50 percent (30 percent in the case of
9 a facility placed in service before January
10 1, 2020) of the total carbon oxide produc-
11 tion of which is qualified carbon oxide (as
12 defined in section 45Q(c))—

13 “(I) the generation, availability
14 for such generation, or storage of elec-
15 tric power at such facility, or

16 “(II) the capture of carbon diox-
17 ide by such facility,”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section apply to taxable years beginning after Decem-
20 ber 31, 2019.

21 **SEC. 4015. EXTENSION OF CREDIT FOR RESIDENTIAL EN-**
22 **ERGY EFFICIENT PROPERTY.**

23 (a) EXTENSION.—Section 25D(h) of the Internal
24 Revenue Code of 1986 is amended by striking “December
25 31, 2021” and inserting “December 31, 2024”.

37

1 (b) APPLICABLE PERCENTAGE.—Section 25D(g) of
2 the Internal Revenue Code of 1986 is amended—

3 (1) in paragraph (1), by striking “January 1,
4 2020” and inserting “January 1, 2023”,

5 (2) in paragraph (2), by striking “after Decem-
6 ber 31, 2019, and before January 1, 2021” and in-
7 serting “after December 31, 2022, and before Janu-
8 ary 1, 2024”, and

9 (3) in paragraph (3), by striking “after Decem-
10 ber 31, 2020, and before January 1, 2022” and in-
11 serting “after December 31, 2023, and before Janu-
12 ary 1, 2025”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to property placed in service after
15 December 31, 2019.