

Recovery Act Announcement: Treasury, Energy Announce More than \$2 Billion in Recovery Act Tax Credits for Energy Manufacturers

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As part of an innovative partnership aimed at increasing economic development while setting our nation on the path to energy independence, the U.S. Department of the Treasury and the U.S. Department of Energy today announced a program to award \$2.3 billion in tax credits for manufacturers of advanced energy equipment. Authorized by the American Recovery and Reinvestment Act (Recovery Act), this new program will provide tax credits to manufacturers who produce clean energy equipment.

"This program will help encourage innovation in design of clean energy technologies," said Treasury Secretary Tim Geithner. "This partnership between Treasury and Energy adds an important new dimension to the incentives created in the Recovery Act to increase U.S. manufacturing output, improve energy efficiency, and develop alternative sources of energy."

The Recovery Act created a new tax credit program by authorizing Treasury to provide developers with an investment tax credit of 30% for facilities that manufacture particular types of energy equipment. Qualifying manufactures will produce solar, wind, and geothermal energy equipment; fuel cells, microturbines, and batteries; electric cars; electric grids to support the transmission of renewable energy; energy conservation technologies; and equipment that captures and sequesters carbon dioxide or reduces greenhouse gas emissions.

Said Energy Secretary Steven Chu: "These tax credits will help create thousands of high quality manufacturing jobs in some of the highest growth segments of the economy. This is an opportunity to develop our global leadership in clean energy manufacturing and build a secure, sustained base of jobs for America's workers."

The manufacturing tax credit is capped at \$2.3 billion, and credits are available for two years or until the cap is reached. Companies can expect to receive payments within 180 days of filing for the credit. To view the program summary and guidance for applying for the tax credit, see the U.S. Department of Energy's [Advanced Energy Manufacturing Tax Credit Web page](#).

The announcement of the manufacturing tax credit is the next step in an innovative partnership between Treasury and Energy aimed at promoting energy production and energy independence. Tax programs have provided successful incentives for encouraging the development of renewable energy in the past—in 2006 alone, approximately \$550 million in renewable energy tax credits were provided to 450 businesses. In July, Treasury and Energy announced the availability of a payment in lieu of tax credits for facilities that produce renewable energy, a program that is expected to result in more than \$3 billion of stimulus for energy development in rural and urban communities.