

111TH CONGRESS
1ST SESSION

S. 320

To ensure that short- and long-term investment decisions critical to economic stimulus and job creation in clean energy are supported by Federal programs and reliable tax incentives.

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 2009

Ms. CANTWELL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To ensure that short- and long-term investment decisions critical to economic stimulus and job creation in clean energy are supported by Federal programs and reliable tax incentives.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Clean Energy Stimulus and Investment Assurance Act
6 of 2009”.

7 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
8 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code fo 1986.

5 (c) TABLE OF CONTENTS.—The table of contents for
 6 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—CREATING HIGH-WAGE GREEN COLLAR JOBS

Sec. 101. Alternative energy equipment manufacturing project credit.

Sec. 102. Fund Green Jobs Act.

TITLE II—REVITALIZING OUR NATION’S ELECTRICITY GRID

Sec. 201. Smart grid research and development program.

Sec. 202. Smart grid regional demonstration initiative.

Sec. 203. Smart grid Federal matching fund.

Sec. 204. Recovery period for depreciation of smart meters and smart grid systems.

Sec. 205. Bonneville Power Administration.

TITLE III—ENSURING CLEAN ENERGY DEPLOYMENT

Sec. 301. Shift in carryback and carryforward of unused general business credits.

Sec. 302. Extension and modification of renewable electricity production credit.

Sec. 303. Expansion and extension of new clean renewable energy bonds.

Sec. 304. 30-year contracts for Federal purchases of electricity generated by renewable energy.

TITLE IV—REDUCING FOREIGN OIL DEPENDENCE

Sec. 401. Incentives for manufacturing facilities producing plug-in electric drive motor vehicle and components.

Sec. 402. Consumer incentives for plug-in electric drive motor vehicles.

Sec. 403. Transportation sector electrification programs.

Sec. 404. Energy storage competitiveness.

Sec. 405. Advanced battery manufacturing.

Sec. 406. Extension of credits for biodiesel and renewable diesel.

Sec. 407. Expansion and extension of electric and alternative fuel vehicle refueling property credit.

TITLE V—ENERGY EFFICIENCY INVESTMENTS

Sec. 501. Modification of credit for residential energy efficient property.

Sec. 502. Business credit for qualified energy storage air conditioner property.

Sec. 503. Extension and modification of new energy efficient home credit.

Sec. 504. Extension and modification of deduction for energy efficient commercial buildings.

Sec. 505. Extension and modification of nonbusiness energy property.

Sec. 506. Tax credits for green roofs.

Sec. 507. Repeal of certain limitations on credit for renewable energy property.

Sec. 508. Energy efficient appliance rebate program and Energy Star.

1 **TITLE I—CREATING HIGH-WAGE**
 2 **GREEN COLLAR JOBS**

3 **SEC. 101. ALTERNATIVE ENERGY EQUIPMENT MANUFAC-**
 4 **TURING PROJECT CREDIT.**

5 (a) IN GENERAL.—Section 46 (relating to amount of
 6 credit) is amended by striking “and” at the end of para-
 7 graph (3), by striking the period at the end of paragraph
 8 (4), and by adding at the end the following new para-
 9 graph:

10 “(5) the alternative energy equipment manufac-
 11 turing project credit.”.

12 (b) AMOUNT OF CREDIT.—Subpart E of part IV of
 13 subchapter A of chapter 1 (relating to rules for computing
 14 investment credit) is amended by inserting after section
 15 48B the following new section:

16 **“SEC. 48C. ALTERNATIVE ENERGY EQUIPMENT MANUFAC-**
 17 **TURING PROJECT CREDIT.**

18 “(a) IN GENERAL.—For purposes of section 46, the
 19 alternative energy equipment manufacturing project credit
 20 for any taxable year is an amount equal to 30 percent
 21 of the qualified investment for such taxable year with re-
 22 spect to any alternative energy equipment manufacturing
 23 project of the taxpayer.

1 “(b) QUALIFIED INVESTMENT.—

2 “(1) IN GENERAL.—For purposes of subsection
3 (a), the qualified investment for any taxable year is
4 the basis of eligible property placed in service by the
5 taxpayer during such taxable year which is part of
6 an alternative energy equipment manufacturing
7 project—

8 “(A)(i) the construction, reconstruction, or
9 erection of which is completed by the taxpayer
10 after October 31, 2008, or

11 “(ii) which is acquired by the taxpayer if
12 the original use of such property commences
13 with the taxpayer after October 31, 2008,

14 “(B) with respect to which depreciation (or
15 amortization in lieu of depreciation) is allow-
16 able.

17 “(2) SPECIAL RULE FOR DUAL USE PROP-
18 erty.—In the case of any eligible property which is
19 used to produce both property described in sub-
20 section (c)(1)(A) and other property which is prop-
21 erty so described, the amount of qualified investment
22 taken into account under subsection (a) shall be re-
23 duced by an amount equal to—

1 “(A) the total amount of such qualified in-
2 vestment (determined before the application of
3 this paragraph), multiplied by

4 “(B) the percentage of property expected
5 to be produced which is not property so de-
6 scribed.

7 “(3) CERTAIN QUALIFIED PROGRESS EXPENDI-
8 TURES RULES MADE APPLICABLE.—Rules similar to
9 the rules of subsections (c)(4) and (d) of section 46
10 (as in effect on the day before the enactment of the
11 Revenue Reconciliation Act of 1990) shall apply for
12 purposes of this section.

13 “(c) DEFINITIONS.—

14 “(1) ALTERNATIVE ENERGY EQUIPMENT MANU-
15 FACTURING PROJECT.—The term ‘alternative energy
16 equipment manufacturing project’ means a project—

17 “(A) which re-equips, expands, or estab-
18 lishes an eligible manufacturing facility for the
19 production of property which is—

20 “(i) designed to be used to produce
21 energy from the sun, wind, geothermal de-
22 posits (within the meaning of section
23 613(e)(2)), fuel cells, or microturbines,

24 “(ii) any battery, electric motor or
25 generator, or power control unit which is

1 designed specifically for use in a new quali-
2 fied plug-in electric drive motor vehicle (as
3 defined by section 30D(c)),

4 “(iii) electricity generation, trans-
5 mission, or distribution infrastructure or
6 equipment directly related to enabling
7 smart grid functions (as defined in section
8 1306(d) of Energy Independence and Se-
9 curity Act of 2007), or,

10 “(iv) otherwise approved by the Sec-
11 retary, in consultation with the Secretary
12 of Energy, as property designed to be used
13 in the production of energy from alter-
14 native sources,

15 “(B) any portion of the qualified invest-
16 ment of which is certified under the qualifying
17 advanced energy project program as eligible for
18 a credit under this section.

19 “(2) ELIGIBLE PROPERTY.—The term ‘eligible
20 property’ means any property which is part of a
21 qualifying advanced energy project and is necessary
22 for the production of property described in para-
23 graph (1)(A).

24 “(3) ELIGIBLE MANUFACTURING FACILITY.—
25 The term ‘eligible manufacturing facility’ means any

1 manufacturing facility for which more than 50 per-
2 cent of the gross receipts for the taxable year are de-
3 rived from sales of eligible property.

4 “(d) ALTERNATIVE ENERGY EQUIPMENT PROJECT
5 PROGRAM.—

6 “(1) ESTABLISHMENT.—Not later than 180
7 days after the date of enactment of this section, the
8 Secretary, in consultation with the Secretary of En-
9 ergy, shall establish a alternative energy equipment
10 project program to consider and award certifications
11 for qualified investments eligible for credits under
12 this section to qualifying energy project sponsors
13 under this section.

14 “(2) CERTIFICATION.—

15 “(A) APPLICATION PERIOD.—Each appli-
16 cant for certification under this paragraph shall
17 submit an application meeting the requirements
18 of subparagraph (B). An applicant may only
19 submit an application during the 3-year period
20 beginning on the date the Secretary establishes
21 the program under paragraph (1).

22 “(B) REQUIREMENTS FOR APPLICATIONS
23 FOR CERTIFICATION.—An application under
24 subparagraph (A) shall contain such informa-
25 tion as the Secretary may require in order to

1 make a determination to accept or reject an ap-
2 plication for certification as meeting the re-
3 quirements under subsection (c)(1). Any infor-
4 mation contained in the application shall be
5 protected as provided in section 552(b)(4) of
6 title 5, United States Code.

7 “(C) TIME TO ACT UPON APPLICATIONS
8 FOR CERTIFICATION.—The Secretary shall issue
9 a determination as to whether an applicant has
10 met the requirements under subsection (c)(1)
11 within 60 days following the date of submittal
12 of the application for certification.

13 “(D) TIME TO MEET CRITERIA FOR CER-
14 TIFICATION.—Each applicant for certification
15 shall have 2 years from the date of acceptance
16 by the Secretary of the application during
17 which to provide to the Secretary evidence that
18 the requirements under subsection (c)(1) have
19 been met.

20 “(E) PERIOD OF ISSUANCE.—An applicant
21 which receives a certification shall have 5 years
22 from the date of issuance of the certification in
23 order to place the project in service and if such
24 project is not placed in service by that time pe-

1 riod then the certification shall no longer be
2 valid.

3 “(3) AGGREGATE CREDITS.—The aggregate
4 credits allowed under subsection (a) for projects cer-
5 tified by the Secretary under paragraph (2) may not
6 exceed \$6,000,000,000 per calendar year.”.

7 (c) COORDINATION WITH ENERGY CREDIT.—

8 (1) IN GENERAL.—Section 48(a)(2)(B) is
9 amended by inserting “or to a qualified investment
10 (as defined under section 48C(b))” before the period
11 at the end.

12 (2) CONFORMING AMENDMENT.—The heading
13 of section 48(a)(2)(B) is amended by striking “RE-
14 HABILITATION CREDIT” and inserting “OTHER
15 CREDITS”.

16 (d) CONFORMING AMENDMENTS.—

17 (1) Section 49(a)(1)(C) is amended by striking
18 “and” at the end of clause (iii), by striking clause
19 (iv), and by adding after clause (iv) the following
20 new clause:

21 “(v) the basis of any property which
22 is part of an alternative energy equipment
23 manufacturing project credit under section
24 48C.”.

1 (2) The table of sections for subpart E of part
 2 IV of subchapter A of chapter 1 is amended by in-
 3 serting after the item relating to section 48B the fol-
 4 lowing new item:

“48C. Alternative energy equipment manufacturing project credit.”.

5 (e) **EFFECTIVE DATE.**—The amendments made by
 6 this section shall apply to periods after the date of the
 7 enactment of this Act, under rules similar to the rules of
 8 section 48(m) of the Internal Revenue Code of 1986 (as
 9 in effect on the day before the date of the enactment of
 10 the Revenue Reconciliation Act of 1990).

11 **SEC. 102. FUND GREEN JOBS ACT.**

12 Out of any sums in the Treasury of the United States
 13 not otherwise appropriated, \$125,000,000,000 is appro-
 14 priated for expenses necessary for the manufacturing of
 15 advanced batteries authorized under section 136(b)(1)(B)
 16 of the Energy Independence and Security Act of 2007 (42
 17 U.S.C. 17013(b)(1)(B)). Such sums shall remain available
 18 until expended.

19 **TITLE II—REVITALIZING OUR**
 20 **NATION’S ELECTRICITY GRID**

21 **SEC. 201. SMART GRID RESEARCH AND DEVELOPMENT**
 22 **PROGRAM.**

23 Out of any sums in the Treasury of the United States
 24 not otherwise appropriated, \$400,000,000 shall be appro-
 25 priated for expenses necessary for the program authorized

1 under section 1304(a) of the Energy Independence and
2 Security Act of 2007 (42 U.S.C. 17384(a)). Such sums
3 shall remain available until expended.

4 **SEC. 202. SMART GRID REGIONAL DEMONSTRATION INITIA-**
5 **TIVE.**

6 Out of any sums in the Treasury of the United States
7 not otherwise appropriated, \$200,000,000 is appropriated
8 for expenses necessary for the initiative authorized under
9 section 1304(b) of the Energy Independence and Security
10 Act of 2007 (42 U.S.C. 17384(b)). Such sums shall re-
11 main available until expended.

12 **SEC. 203. SMART GRID FEDERAL MATCHING FUND.**

13 Out of any sums in the Treasury of the United States
14 not otherwise appropriated, \$200,000,000 is appropriated
15 for expenses necessary for grant program authorized
16 under section 1306 of the Energy Independence and Secu-
17 rity Act of 2007 (42 U.S.C. 17386). Such sums shall re-
18 main available until expended.

19 **SEC. 204. RECOVERY PERIOD FOR DEPRECIATION OF**
20 **SMART METERS AND SMART GRID SYSTEMS.**

21 (a) 5-YEAR RECOVERY PERIOD.—

22 (1) IN GENERAL.—Subparagraph (B) of section
23 168(e)(3) is amended by striking “and” at the end
24 of clause (vi), by striking the period at the end of

1 clause (vii) and inserting “, and”, and by adding at
2 the end the following new clauses:

3 “(viii) any qualified smart electric
4 meter, and

5 “(ix) any qualified smart electric grid
6 system.”.

7 (2) CONFORMING AMENDMENTS.—Subpara-
8 graph (D) of section 168(e)(3) is amended by insert-
9 ing “and” at the end of clause (i), by striking the
10 comma at the end of clause (ii) and inserting a pe-
11 riod, and by striking clauses (iii) and (iv).

12 (b) TECHNICAL AMENDMENTS.—Paragraphs
13 (18)(A)(ii) and (19)(A)(ii) of section 168(i) are each
14 amended by striking “16 years” and inserting “10 years”.

15 (c) EFFECTIVE DATES.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2), the amendments made by this section
18 shall apply to property placed in service after the
19 date of the enactment of this Act.

20 (2) TECHNICAL AMENDMENT.—The amend-
21 ments made by subsection (b) shall take effect as if
22 included in section 306 of the Energy Improvement
23 and Extension Act of 2008.

1 **SEC. 205. BONNEVILLE POWER ADMINISTRATION.**

2 For the purposes of providing funds to assist in fi-
 3 nancing the construction, acquisition, and replacement of
 4 the transmission system of the Bonneville Power Adminis-
 5 tration and to implement the authority of the Adminis-
 6 trator under the Pacific Northwest Electric Power Plan-
 7 ning and Conservation Act (16 U.S.C. 839 et seq.), an
 8 additional \$5,000,000,000 in borrowing authority is made
 9 available under the Federal Columbia River Transmission
 10 System Act (16 U.S.C. 838 et seq.), to remain outstanding
 11 at any time.

12 **TITLE III—ENSURING CLEAN**
 13 **ENERGY DEPLOYMENT**

14 **SEC. 301. SHIFT IN CARRYBACK AND CARRYFORWARD OF**
 15 **UNUSED GENERAL BUSINESS CREDITS.**

16 (a) IN GENERAL.—Section 39(a)(1) is amended—

17 (1) by striking “the taxable year” in subpara-
 18 graph (A) and inserting “each of the 5 taxable
 19 years”, and

20 (2) by striking “20 taxable years” in subpara-
 21 graph (B) and inserting “15 taxable years”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) The heading for paragraph (1) of section
 24 39(a) is amended—

25 (A) by striking “1-YEAR” and inserting “5-
 26 YEAR”, and

1 (B) by striking “20-YEAR” and inserting
2 “15-YEAR”.

3 (2) Section 39(a)(2)(A) is amended by striking
4 “21 taxable years” and inserting “20 taxable years”.

5 (3) Section 39(a)(2)(B) is amended—

6 (A) by striking “20 taxable years” and in-
7 serting “19 taxable years”, and

8 (B) by striking “20 YEARS” in the heading
9 thereof and inserting “19 YEARS”.

10 (4) Section 39(a) is amended by striking para-
11 graph (3).

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to credits arising in taxable years
14 beginning after the date of the enactment of this Act.

15 **SEC. 302. EXTENSION AND MODIFICATION OF RENEWABLE**
16 **ELECTRICITY PRODUCTION CREDIT.**

17 (a) EXTENSION.—Section 45(d) is amended—

18 (1) by striking “January 1, 2010” in paragraph
19 (1) and inserting “January 1, 2014”,

20 (2) by striking “January 1, 2011” each place
21 it appears in paragraphs (2), (3), (4), (5), (6), (7),
22 and (9) and inserting “January 1, 2014”, and

23 (3) by striking “January 1, 2012” in paragraph
24 (11)(B) and inserting “January 1, 2014”.

1 (b) CREDIT TO INCLUDE PRODUCTION OF THERMAL
2 ENERGY.—

3 (1) IN GENERAL.—Section 45 is amended by
4 adding at the end the following new subsection:

5 “(f) CREDIT FOR PRODUCTION OF THERMAL EN-
6 ERGY.—

7 “(1) IN GENERAL.—In the case of a taxpayer
8 who—

9 “(A) produces thermal energy from closed-
10 loop biomass, open-loop biomass, or geothermal
11 energy at a qualified facility, and

12 “(B) makes an election under this sub-
13 section with respect to such facility,

14 subsection (a) shall be applied by substituting ‘each
15 3,413 Btus of thermal energy (or fraction thereof)’
16 for ‘the kilowatt hours of electricity’ in paragraph
17 (2) thereof.

18 “(2) DENIAL OF DOUBLE BENEFIT.—If an elec-
19 tion under this subsection is in effect with respect
20 to any facility, no credit shall be allowed under sub-
21 section (a) with respect to the production of elec-
22 tricity at such facility.

23 “(3) ELECTION.—

24 “(A) IN GENERAL.—An election under this
25 subsection shall specify the facility to which the

1 election applies and shall be in such manner as
2 the Secretary may by regulations prescribe.

3 “(B) ELECTION IRREVOCABLE.—Any elec-
4 tion made under this subsection may not be re-
5 voked except with the consent of the Sec-
6 retary.”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 45(c)(2) is amended by insert-
9 ing “or thermal energy” after “electricity”.

10 (B) Section 45(d) is amended by inserting
11 “or thermal energy” after “electricity” each
12 place it appears in paragraphs (2), (3), and (4).

13 (C) Section 45(e) is amended by inserting
14 “or thermal energy” after “electricity” each
15 place it appears in paragraphs (1) and (4).

16 (D) The heading of section 45 is amended
17 by inserting “**AND THERMAL ENERGY**” after
18 “**ELECTRICITY**”.

19 (E) The item relating to section 45 in the
20 table of sections for subpart D of part IV of
21 subchapter A of chapter 1 is amended by in-
22 serting “and thermal energy” after “Elec-
23 tricity”.

24 (c) ELIMINATION OF REDUCED CREDIT RATE FOR
25 ELECTRICITY PRODUCED AND SOLD FROM CERTAIN FA-

1 CILITIES.—Paragraph (4) of section 45(b) is amended to
 2 read as follows:

3 “(4) CREDIT PERIOD FOR ELECTRICITY PRO-
 4 DUCED AND SOLD FROM CERTAIN FACILITIES.—

5 “(A) IN GENERAL.—Except as provided in
 6 subparagraph (B) or subparagraph (C), in the
 7 case of any facility described in paragraph (3),
 8 (4), (5), (6), or (7) of subsection (d), the 5-year
 9 period beginning on the date the facility was
 10 originally placed in service shall be substituted
 11 for the 10-year period in subsection
 12 (a)(2)(A)(ii).

13 “(B) CERTAIN OPEN-LOOP BIOMASS FA-
 14 CILITIES.—In the case of any facility described
 15 in subsection (d)(3)(A)(ii) placed in service be-
 16 fore October 22, 2004, the 5-year period begin-
 17 ning on January 1, 2005, shall be substituted
 18 for the 10-year period in subsection
 19 (a)(2)(A)(ii).

20 “(C) TERMINATION.—Subparagraph (A)
 21 shall not apply to any facility placed in service
 22 after August 8, 2005.”

23 (d) CREDIT ALLOWED FOR ZERO-CARBON EMIS-
 24 SIONS RESOURCE FACILITIES.—

1 (1) IN GENERAL.—Section 45(c)(1) is amended
2 by striking “and” at the end of subparagraph (H),
3 by striking the period at the end of subparagraph
4 (I) and inserting “, and”, and by adding at the end
5 the following new subparagraph:

6 “(J) zero-carbon emissions resources.”.

7 (2) DEFINITION OF RESOURCES.—Section 45(c)
8 is amended by adding at the end the following new
9 paragraph:

10 “(11) ZERO-CARBON EMISSIONS RESOURCE.—
11 The term ‘zero-carbon emission resource’ means any
12 resource—

13 “(A) not described in paragraphs (2)
14 through (10),

15 “(B) from which electricity or thermal en-
16 ergy can be produced without producing carbon
17 emissions, and

18 “(C) which is approved by the Secretary,
19 after consultation with the Secretary of En-
20 ergy.”.

21 (3) FACILITIES.—Section 45(d) is amended by
22 adding at the end the following new paragraph:

23 “(11) ZERO-CARBON EMISSIONS RESOURCE FA-
24 CILITY.—In the case of a facility using a zero-carbon
25 emissions resource to produce electricity or thermal

1 energy, the term ‘qualified facility’ means any facil-
 2 ity owned by the taxpayer which is originally placed
 3 in service after the date of the enactment of this
 4 paragraph and before January 1, 2014.”.

5 (e) MODIFICATION OF RENEWABLE ELECTRICITY
 6 PRODUCTION CREDIT FOR BIOMASS FACILITIES.—

7 (1) IN GENERAL.—Section 45(e) is amended by
 8 adding at the end the following new paragraph:

9 “(12) CREDIT ALLOWED FOR ELECTRICITY
 10 PRODUCED FROM BIOMASS FOR ON-SITE USE.—In
 11 the case of electricity produced after December 31,
 12 2008, at any facility described in paragraph (2) or
 13 (3) of subsection (d) which is equipped with a meter-
 14 ing device to determine electricity consumption or
 15 sale, subsection (a)(2) shall be applied without re-
 16 gard to subparagraph (B) thereof with respect to
 17 such electricity produced and consumed at such fa-
 18 cility.”.

19 (2) CREDIT PERIOD FOR ELECTRICITY PRO-
 20 DUCED FROM OPEN-LOOP BIOMASS FOR ON-SITE
 21 USE.—Section 45(b)(4), as amended by subsection
 22 (c), is amended—

23 (A) by striking “subparagraph (B) or sub-
 24 paragraph (C)” in subparagraph (A) and in-
 25 serting “subparagraph (B), (C), or (D)”,

1 (B) by redesignating subparagraph (C) as
2 subparagraph (D), and

3 (C) by inserting after subparagraph (B)
4 the following new subparagraph:

5 “(C) ELECTRICITY PRODUCED FOR ON-
6 SITE USE AT CERTAIN OPEN-LOOP BIOMASS FA-
7 CILITIES.—In the case of electricity produced
8 and consumed as described in subsection
9 (e)(12) at any facility described in subsection
10 (d)(3)(A)(ii) which is placed in service before
11 the date of the enactment of this clause, the 5-
12 year period beginning on January 1, 2009, shall
13 be substituted for the 10-year period in sub-
14 section (a)(2)(A)(ii).”.

15 (f) EFFECTIVE DATES.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2), the amendments made by this section
18 shall apply to electricity and thermal energy pro-
19 duced and sold after the date of the enactment of
20 this Act, in taxable years ending after such date.

21 (2) BIOMASS FACILITIES.—The amendments
22 made by subsection (e) shall take effect on the date
23 of the enactment of this Act.

1 **SEC. 303. EXPANSION AND EXTENSION OF NEW CLEAN RE-**
2 **NEWABLE ENERGY BONDS.**

3 (a) IN GENERAL.—Section 54C(c)(2) is amended by
4 inserting “, for calendar years 2009, 2010, 2011, 2012,
5 and 2013, an additional \$5,000,000,000 for each year,
6 and, except as provided in paragraph (4) for years after
7 2013, zero,” after “\$800,000,000”.

8 (b) CARRYOVER OF UNUSED LIMITATION.—Section
9 54C(c) is amended by adding at the end the following new
10 paragraph:

11 “(4) CARRYOVER OF UNUSED LIMITATION.—If
12 for any calendar year—

13 “(A) the amount allocated under para-
14 graph (2) for such calendar year, exceeds

15 “(B) the amount of bonds issued during
16 such year which are designated under sub-
17 section (a) pursuant to such allocation, the limi-
18 tation amount under such paragraph for the
19 following calendar year shall be increased by
20 the amount of such excess.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to obligations issued after Decem-
23 ber 31, 2008.

1 **SEC. 304. 30-YEAR CONTRACTS FOR FEDERAL PURCHASES**
2 **OF ELECTRICITY GENERATED BY RENEW-**
3 **ABLE ENERGY.**

4 Section 203 of the Energy Policy Act of 2005 (42
5 U.S.C. 15852) is amended by adding at the end the fol-
6 lowing new subsection:

7 “(e) **CONTRACT LENGTH.**—

8 “(1) **IN GENERAL.**—Notwithstanding section
9 501(b)(1)(B) of title 40, United States Code, a con-
10 tract for renewable energy may be made for a period
11 of not more than 30 years.

12 “(2) **EXCLUSION.**—For purposes of this sub-
13 section, the term ‘renewable energy’ shall be deemed
14 to exclude energy generated from municipal solid
15 waste.

16 “(3) **TECHNICAL ASSISTANCE.**—The Secretary
17 shall provide technical assistance to Federal agencies
18 regarding the implementation of this subsection.

19 “(4) **STANDARDIZED RENEWABLE ENERGY PUR-**
20 **CHASE AGREEMENT.**—Not later than 90 days after
21 the date of enactment of this subsection, the Sec-
22 retary, through the Federal Energy Management
23 Program, shall publish a standardized renewable en-
24 ergy purchase agreement setting forth commercial
25 terms and conditions that can be utilized by Federal
26 agencies to acquire renewable energy.

1 “(5) LIMITATION.—The maximum amount obli-
 2 gated or expended under this subsection shall not
 3 exceed \$480,000,000.”.

4 **TITLE IV—REDUCING FOREIGN**
 5 **OIL DEPENDENCE**

6 **SEC. 401. INCENTIVES FOR MANUFACTURING FACILITIES**
 7 **PRODUCING PLUG-IN ELECTRIC DRIVE**
 8 **MOTOR VEHICLE AND COMPONENTS.**

9 (a) DEDUCTION FOR MANUFACTURING FACILI-
 10 TIES.—Part VI of subchapter B of chapter 1 (relating to
 11 itemized deductions for individuals and corporations) is
 12 amended by inserting after section 179E the following new
 13 section:

14 **“SEC. 179F. ELECTION TO EXPENSE MANUFACTURING FA-**
 15 **CILITIES PRODUCING PLUG-IN ELECTRIC**
 16 **DRIVE MOTOR VEHICLE AND COMPONENTS.**

17 “(a) TREATMENT AS EXPENSES.—A taxpayer may
 18 elect to treat the applicable percentage of the cost of any
 19 qualified plug-in electric drive motor vehicle manufac-
 20 turing facility property as an expense which is not charge-
 21 able to a capital account. Any cost so treated shall be al-
 22 lowed as a deduction for the taxable year in which the
 23 qualified manufacturing facility property is placed in serv-
 24 ice.

1 “(b) APPLICABLE PERCENTAGE.—For purposes of
2 subsection (a), the applicable percentage is—

3 “(1) 100 percent, in the case of qualified plug-
4 in electric drive motor vehicle manufacturing facility
5 property which is placed in service before January 1,
6 2012, and

7 “(2) 50 percent, in the case of qualified plug-
8 in electric drive motor vehicle manufacturing facility
9 property which is placed in service after December
10 31, 2011, and before January 1, 2015.

11 “(c) ELECTION.—

12 “(1) IN GENERAL.—An election under this sec-
13 tion for any taxable year shall be made on the tax-
14 payer’s return of the tax imposed by this chapter for
15 the taxable year. Such election shall be made in such
16 manner as the Secretary may by regulations pre-
17 scribe.

18 “(2) ELECTION IRREVOCABLE.—Any election
19 made under this section may not be revoked except
20 with the consent of the Secretary.

21 “(d) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR
22 VEHICLE MANUFACTURING FACILITY PROPERTY.—For
23 purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualified plug-in
2 electric drive motor vehicle manufacturing facility
3 property’ means any qualified property—

4 “(A) the original use of which commences
5 with the taxpayer,

6 “(B) which is placed in service by the tax-
7 payer after the date of the enactment of this
8 section and before January 1, 2015, and

9 “(C) no written binding contract for the
10 construction of which was in effect on or before
11 the date of the enactment of this section.

12 “(2) QUALIFIED PROPERTY.—

13 “(A) IN GENERAL.—The term ‘qualified
14 property’ means any property which is a facility
15 or a portion of a facility used for the production
16 of—

17 “(i) any new qualified plug-in electric
18 drive motor vehicle (as defined by section
19 30D(c)), or

20 “(ii) any eligible component.

21 “(B) ELIGIBLE COMPONENT.—The term
22 ‘eligible component’ means any battery, any
23 electric motor or generator, or any power con-
24 trol unit which is designed specifically for use

1 with a new qualified plug-in electric drive motor
2 vehicle (as so defined).

3 “(e) SPECIAL RULE FOR DUAL USE PROPERTY.—In
4 the case of any qualified plug-in electric drive motor vehi-
5 cle manufacturing facility property which is used to
6 produce both qualified property and other property which
7 is not qualified property, the amount of costs taken into
8 account under subsection (a) shall be reduced by an
9 amount equal to—

10 “(1) the total amount of such costs (determined
11 before the application of this subsection), multiplied
12 by

13 “(2) the percentage of property expected to be
14 produced which is not qualified property.”.

15 (b) REFUND OF CREDIT FOR PRIOR YEAR MINIMUM
16 TAX LIABILITY.—Section 53 (relating to credit for prior
17 year minimum tax liability) is amended by adding at the
18 end the following new subsection:

19 “(g) ELECTION TO TREAT AMOUNTS ATTRIBUTABLE
20 TO QUALIFIED MANUFACTURING FACILITY.—

21 “(1) IN GENERAL.—In the case of an eligible
22 taxpayer, the amount determined under subsection
23 (c) for the taxable year (after the application of sub-
24 section (e)) shall be increased by an amount equal
25 to the applicable percentage of any qualified plug-in

1 electric drive motor vehicle manufacturing facility
2 property which is placed in service during the tax-
3 able year.

4 “(2) APPLICABLE PERCENTAGE.—For purposes
5 of paragraph (1), the applicable percentage is—

6 “(A) 35 percent, in the case of qualified
7 plug-in electric drive motor vehicle manufac-
8 turing facility property which is placed in serv-
9 ice before January 1, 2012, and

10 “(B) 17.5 percent, in the case of qualified
11 plug-in electric drive motor vehicle manufac-
12 turing facility property which is placed in serv-
13 ice after December 31, 2011, and before Janu-
14 ary 1, 2015.

15 “(3) ELIGIBLE TAXPAYER.—For purposes of
16 this subsection, the term ‘eligible taxpayer’ means
17 any taxpayer—

18 “(A) who places in service qualified plug-
19 in electric drive motor vehicle manufacturing fa-
20 cility property during the taxable year,

21 “(B) who does not make an election under
22 section 179F(c), and

23 “(C) who makes an election under this
24 subsection.

1 “(4) OTHER DEFINITIONS AND SPECIAL
2 RULES.—

3 “(A) QUALIFIED PLUG-IN ELECTRIC DRIVE
4 MOTOR VEHICLE MANUFACTURING FACILITY
5 PROPERTY.—The term ‘qualified plug-in electric
6 drive motor vehicle manufacturing facility prop-
7 erty’ has the meaning given such term under
8 section 179F(d).

9 “(B) SPECIAL RULE FOR DUAL USE PROP-
10 ERTY.—In the case of any qualified plug-in
11 electric drive motor vehicle manufacturing facil-
12 ity property which is used to produce both
13 qualified property (as defined in section
14 179F(d)) and other property which is not quali-
15 fied property, the amount of costs taken into
16 account under paragraph (1) shall be reduced
17 by an amount equal to—

18 “(i) the total amount of such costs
19 (determined before the application of this
20 subparagraph), multiplied by

21 “(ii) the percentage of property ex-
22 pected to be produced which is not quali-
23 fied property.

24 “(C) ELECTION.—

1 “(i) IN GENERAL.—An election under
2 this subsection for any taxable year shall
3 be made on the taxpayer’s return of the
4 tax imposed by this chapter for the taxable
5 year. Such election shall be made in such
6 manner as the Secretary may by regula-
7 tions prescribe.

8 “(ii) ELECTION IRREVOCABLE.—Any
9 election made under this subsection may
10 not be revoked except with the consent of
11 the Secretary.

12 “(5) CREDIT REFUNDABLE.—For purposes of
13 this title (other than this section), the credit allowed
14 by reason of this subsection shall be treated as if it
15 were allowed under subpart C.”.

16 (c) CLERICAL AMENDMENT.—The table of sections
17 for part VI of subchapter B of chapter 1 is amended by
18 adding at the end the following new item:

“Sec. 179F. Election to expense manufacturing facilities producing plug-in elec-
tric drive motor vehicle and components.”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 the date of the enactment of this Act.

1 **SEC. 402. CONSUMER INCENTIVES FOR PLUG-IN ELECTRIC**
 2 **DRIVE MOTOR VEHICLES.**

3 (a) INCREASE IN NUMBER OF PLUG-IN ELECTRIC
 4 DRIVE MOTOR VEHICLES ELIGIBLE FOR TAX CREDIT.—

5 (1) IN GENERAL.—Subparagraph (B) of section
 6 30D(b)(2) is amended by striking “250,000” and in-
 7 serting “500,000”.

8 (2) EFFECTIVE DATE.—The amendment made
 9 by this subsection shall apply to taxable years begin-
 10 ning after December 31, 2008.

11 (b) CONVERSION KITS.—

12 (1) IN GENERAL.—Section 30B (relating to al-
 13 ternative motor vehicle credit) is amended by redес-
 14 ignating subsections (i) and (j) as subsections (j)
 15 and (k), respectively, and by inserting after sub-
 16 section (h) the following new subsection:

17 “(i) PLUG-IN CONVERSION CREDIT.—

18 “(1) IN GENERAL.—For purposes of subsection
 19 (a), the plug-in conversion credit determined under
 20 this subsection with respect to any motor vehicle
 21 which is converted to a qualified plug-in electric
 22 drive motor vehicle is the lesser of—

23 “(A) an amount equal to—

24 “(i) \$1,250, plus

25 “(ii) \$100 for each half kilowatt hour
 26 of capacity of the plug-in traction battery

1 module installed in such vehicle in excess
2 of 2.5 kilowatt hours, or

3 “(B) 50 percent of the cost of the plug-in
4 traction battery module installed in such vehicle
5 as part of such conversion.

6 “(2) LIMITATIONS.—The amount of the credit
7 allowed under this subsection shall not exceed
8 \$4,000 with respect to the conversion of any motor
9 vehicle.

10 “(3) DEFINITIONS AND SPECIAL RULES.—For
11 purposes of this subsection—

12 “(A) QUALIFIED PLUG-IN ELECTRIC DRIVE
13 MOTOR VEHICLE.—The term ‘qualified plug-in
14 electric drive motor vehicle’ means any new
15 qualified plug-in electric drive motor vehicle (as
16 defined in section 30D(e), determined without
17 regard to paragraphs (4) and (6) thereof).

18 “(B) PLUG-IN TRACTION BATTERY MOD-
19 ULE.—The term ‘plug-in traction battery mod-
20 ule’ means an electro-chemical energy storage
21 device which—

22 “(i) has a traction battery capacity of
23 not less than 2.5 kilowatt hours,

24 “(ii) is equipped with an electrical
25 plug by means of which it can be energized

1 and recharged when plugged into an exter-
2 nal source of electric power,

3 “(iii) consists of a standardized con-
4 figuration and is mass produced,

5 “(iv) has been tested and approved by
6 the National Highway Transportation
7 Safety Administration as compliant with
8 applicable motor vehicle and motor vehicle
9 equipment safety standards when installed
10 by a mechanic with standardized training
11 in protocols established by the battery
12 manufacturer as part of a nationwide dis-
13 tribution program, and

14 “(v) is certified by a battery manufac-
15 turer as meeting the requirements of
16 clauses (i) through (iv).

17 “(C) CREDIT ALLOWED TO LESSOR OF
18 BATTERY MODULE.—In the case of a plug-in
19 traction battery module which is leased to the
20 taxpayer, the credit allowed under this sub-
21 section shall be allowed to the lessor of the
22 plug-in traction battery module.

23 “(D) CREDIT ALLOWED IN ADDITION TO
24 OTHER CREDITS.—The credit allowed under
25 this subsection shall be allowed with respect to

1 a motor vehicle notwithstanding whether a cred-
2 it has been allowed with respect to such motor
3 vehicle under this section (other than this sub-
4 section) in any preceding taxable year.

5 “(4) TERMINATION.—This subsection shall not
6 apply to conversions made after December 31,
7 2012.”.

8 (2) CREDIT TREATED AS PART OF ALTER-
9 NATIVE MOTOR VEHICLE CREDIT.—Section 30B(a)
10 is amended by striking “and” at the end of para-
11 graph (3), by striking the period at the end of para-
12 graph (4) and inserting “, and”, and by adding at
13 the end the following new paragraph:

14 “(5) the plug-in conversion credit determined
15 under subsection (i).”.

16 (3) NO RECAPTURE FOR VEHICLES CONVERTED
17 TO QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VE-
18 HICLES.—Paragraph (8) of section 30B(h) is
19 amended by adding at the end the following: “, ex-
20 cept that no benefit shall be recaptured if such prop-
21 erty ceases to be eligible for such credit by reason
22 of conversion to a qualified plug-in electric drive
23 motor vehicle.”.

24 (4) EFFECTIVE DATE.—The amendments made
25 by this subsection shall apply to property placed in

1 service after December 31, 2008, in taxable years
2 beginning after such date.

3 (c) CERTAIN 2- OR 3-WHEELED MOTOR VEHICLES
4 ELIGIBLE FOR CREDIT.—

5 (1) IN GENERAL.—Section 30D is amended—

6 (A) by redesignating subsections (f) and
7 (g) as subsections (g) and (h), respectively, and

8 (B) by inserting after subsection (e) the
9 following new subsection:

10 “(f) 2- OR 3-WHEELED MOTOR VEHICLES.—For
11 purposes of this section—

12 “(1) IN GENERAL.—Except as provided in para-
13 graph (2), 2- or 3-wheeled motor vehicles shall be
14 treated in the same manner as motor vehicles.

15 “(2) EXCEPTIONS.—

16 “(A) APPLICABLE AMOUNT.—For purposes
17 of this subsection, the applicable amount shall
18 be \$1,250.

19 “(B) OTHER EXCEPTIONS.—

20 “(i) Subparagraph (B) of subsection
21 (a)(2) shall be applied with respect to 2- or
22 3-wheeled motor vehicles by substituting
23 ‘\$100 for each half kilowatt hour’ for
24 ‘\$417 for each kilowatt hour’.

1 “(ii) Subparagraph (A) of subsection
2 (b)(1) shall be applied with respect to 2- or
3 3-wheeled motor vehicles by substituting
4 ‘\$3,750’ for ‘\$7,500’.

5 “(iii) Subsection (c)(1) shall be ap-
6 plied with respect to 2- or 3-wheeled motor
7 vehicles by substituting ‘2.5 kilowatt hours’
8 for ‘4 kilowatt hours’.

9 “(iv) Subsection (c)(3) shall not apply
10 with respect to 2- or 3-wheeled motor vehi-
11 cles.

12 “(3) APPLICATION OF LIMITATION.—The limi-
13 tation provided in subsection (b)(2) shall be applied
14 separately with respect to 2- or 3-wheeled vehicles
15 and with respect to other motor vehicles, and in ap-
16 plying such limitation to 2- or 3-wheeled vehicles,
17 ‘50,000’ shall be substituted for ‘500,000’.

18 “(4) 2- OR 3-WHEELED MOTOR VEHICLE.—The
19 term ‘2- or 3-wheeled vehicle’ means any vehicle—

20 “(A) which would be described in section
21 30(c)(2) except that it has 2 or 3 wheels,

22 “(B) with motive power having a seat or
23 saddle for the use of the rider and designed to
24 travel on not more than 3 wheels in contact
25 with the ground,

1 “(C) which has an electric motor that pro-
2 duces in excess of 5-brake horsepower,

3 “(D) which draws propulsion from 1 or
4 more traction batteries, and

5 “(E) which has been certified to the De-
6 partment of Transportation pursuant to section
7 567 of title 49, Code of Federal Regulations, as
8 conforming to all applicable Federal motor vehi-
9 cle safety standards in effect on the date of the
10 manufacture of the vehicle.”.

11 (2) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply to property placed in
13 service after December 31, 2008, in taxable years
14 beginning after such date.

15 (d) CREDIT WITH RESPECT TO LOW-SPEED VEHI-
16 CLES.—

17 (1) IN GENERAL.—Subsection (e) of section
18 30D is amended by adding at the end the following
19 new paragraph:

20 “(11) SPECIAL RULES FOR LOW-SPEED VEHI-
21 CLES.—In the case of a low-speed vehicle which
22 meets the requirements of section 571.500 of title
23 49, Code of Federal Regulations—

1 “(A) subparagraph (A) of subsection
2 (a)(2) shall be applied with respect low-speed
3 vehicles by substituting ‘\$1,250’ for ‘\$2,500’,

4 “(B) subparagraph (B) of subsection
5 (a)(2) shall be applied with respect to low-speed
6 vehicles by substituting ‘\$100 for each half kilo-
7 watt hour’ for ‘\$417 for each kilowatt hour’,

8 “(C) subparagraph (A) of subsection (b)(1)
9 shall be applied with respect to low-speed vehi-
10 cles by substituting ‘\$3,750’ for ‘\$7,500’,

11 “(D) the limitation provided in subsection
12 (b)(2) shall be applied separately with respect
13 to low-speed vehicles and with respect to other
14 motor vehicles, and in applying such limitation
15 to low-speed vehicles, ‘50,000’ shall be sub-
16 stituted for ‘500,000’, and

17 “(E) subsection (c)(3) shall not apply with
18 respect to low-speed vehicles.”.

19 (2) EFFECTIVE DATE.—The amendment made
20 by this subsection shall apply to property placed in
21 service after December 31, 2008, in taxable years
22 beginning after such date.

1 **SEC. 403. TRANSPORTATION SECTOR ELECTRIFICATION**
2 **PROGRAMS.**

3 (a) Out of any sums in the Treasury of the United
4 States not otherwise appropriated, \$600,000,000 is appro-
5 priated for expenses necessary to implement the programs
6 authorized under section 131(b) of the Energy Independ-
7 ence and Security Act of 2007 (42 U.S.C. 17011(b)). Such
8 sums shall remain available until expended.

9 (b) Out of any sums in the Treasury of the United
10 States not otherwise appropriated, \$600,000,000 is appro-
11 priated for expenses necessary to implement the programs
12 authorized under section 131(c) of the Energy Independ-
13 ence and Security Act of 2007 (42 U.S.C. 17011(c)). Such
14 sums shall remain available until expended.

15 **SEC. 404. ENERGY STORAGE COMPETITIVENESS.**

16 Out of any sums in the Treasury of the United States
17 not otherwise appropriated, \$1,800,000,000 is appro-
18 priated for expenses necessary to implement the programs
19 authorized under section 641 of the Energy Independence
20 and Security Act of 2007 (42 U.S.C. 17231). Such sums
21 shall remain available until expended.

22 **SEC. 405. ADVANCED BATTERY MANUFACTURING.**

23 Out of any sums in the Treasury of the United States
24 not otherwise appropriated, \$1,000,000,000 is appro-
25 priated for expenses necessary for the manufacturing of
26 advanced batteries authorized under section 136(b)(1)(B)

1 of the Energy Independence and Security Act of 2007 (42
2 U.S.C. 17013(b)(1)(B)). Such sums shall remain available
3 until expended.

4 **SEC. 406. EXTENSION OF CREDITS FOR BIODIESEL AND RE-**
5 **NEWABLE DIESEL.**

6 Sections 40A(g), 6426(c)(6), and 6427(e)(6)(B) are
7 each amended by striking “December 31, 2009” and in-
8 serting “December 31, 2010”.

9 **SEC. 407. EXPANSION AND EXTENSION OF ELECTRIC AND**
10 **ALTERNATIVE FUEL VEHICLE REFUELING**
11 **PROPERTY CREDIT.**

12 (a) EXPANSION.—

13 (1) IN GENERAL.—Section 30C is amended—

14 (A) by striking “30 percent” in subsection

15 (a) and inserting “50 percent”, and

16 (B) by striking “\$30,000” in subsection

17 (b)(1) and inserting “\$50,000”.

18 (2) EFFECTIVE DATE.—The amendments made

19 by this subsection shall apply to property placed in

20 service after the date of the enactment of this Act,

21 in taxable years ending after such date.

22 (b) EXTENSION.—Subsection (g) of section 30C is

23 amended to read as follows:

24 “(g) TERMINATION.—This section shall not apply to

25 any property placed in service after December 31, 2014.”.

1 **TITLE V—ENERGY EFFICIENCY**
 2 **INVESTMENTS**

3 **SEC. 501. MODIFICATION OF CREDIT FOR RESIDENTIAL EN-**
 4 **ERGY EFFICIENT PROPERTY.**

5 (a) INCREASE IN CREDIT PERCENTAGE.—Section
 6 25D(a) is amended by striking “30 percent” each place
 7 it appears and inserting “50 percent”.

8 (b) CREDIT FOR QUALIFIED ENERGY STORAGE AIR
 9 CONDITIONER PROPERTY INSTALLED IN A PRINCIPAL
 10 RESIDENCE.—

11 (1) IN GENERAL.—Section 25D(a), as amended
 12 by subsection (a), is amended by striking “and” at
 13 the end of paragraph (4), by striking the period at
 14 the end of paragraph (5) and inserting “, and”, and
 15 by adding at the end the following new paragraph:

16 “(6) 50 percent of the qualified energy storage
 17 air conditioner property expenditures made by the
 18 taxpayer during such year.”.

19 (2) QUALIFIED ENERGY STORAGE AIR CONDI-
 20 TIONER PROPERTY EXPENDITURE.—Section 25D(d)
 21 is amended by adding at the end the following new
 22 paragraph:

23 “(6) QUALIFIED ENERGY STORAGE AIR CONDI-
 24 TIONER PROPERTY EXPENDITURE.—The term
 25 ‘qualified energy storage air conditioner property ex-

1 penditure’ means an expenditure for qualified energy
2 storage air conditioner property (as defined in sec-
3 tion 48(c)(5)) installed on or in connection with a
4 dwelling unit located in the United States and used
5 as a principal residence (within the meaning of sec-
6 tion 121) by the taxpayer.”.

7 (3) MODIFICATION OF MAXIMUM CREDIT.—

8 (A) IN GENERAL.—Paragraph (1) of sec-
9 tion 25D(b) is amended by striking “and” at
10 the end of subparagraph (C), by striking the
11 period at the end of subparagraph (D) and in-
12 serting “, and”, and by adding at the end the
13 following new subparagraph:

14 “(E) \$500 with respect to each half kilo-
15 watt of peak demand reduction (as defined in
16 section 48(c)(5)) of qualified energy storage air
17 conditioner property (as defined in section
18 48(c)(5)) for which qualified energy storage air
19 conditioner expenditures are made.”.

20 (B) CONFORMING AMENDMENTS.—

21 (i) Subparagraph (A) of section
22 25D(e)(4) is amended by striking “and” at
23 the end of clause (iii), by striking the pe-
24 riod at the end of clause (iv) and inserting

1 “, and”, and by adding at the end the fol-
2 lowing new clause:

3 “(v) \$1,667 in the case of each half
4 kilowatt of peak demand reduction (as de-
5 fined in section 48(c)(5)) of qualified en-
6 ergy storage air conditioner property (as
7 defined in section 48(c)(5)) for which
8 qualified energy storage air conditioner ex-
9 penditures are made.”.

10 (ii) Subparagraph (C) of section
11 25D(e)(4) is amended by striking “para-
12 graphs (1), (2), and (3)” and inserting
13 “paragraphs (1), (3), (4), (5), and (6)”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to property placed in service after
16 December 31, 2008, in taxable years ending after such
17 date.

18 **SEC. 502. BUSINESS CREDIT FOR QUALIFIED ENERGY STOR-**
19 **AGE AIR CONDITIONER PROPERTY.**

20 (a) IN GENERAL.—Subparagraph (A) of section
21 48(a)(3) is amended by deleting “or” at the end of clause
22 (vi), by inserting “or” at the end of clause (vii), and by
23 inserting after clause (vii) the following new clause:

24 “(viii) qualified energy storage air
25 conditioner property but only with respect

1 to periods ending before January 1,
2 2017.”.

3 (b) 30 PERCENT CREDIT.—Clause (i) of section
4 48(a)(2)(A) is amended by striking “and” at the end of
5 subclause (III) and by inserting after subclause (IV) the
6 following new subclause:

7 “(V) qualified energy storage air
8 conditioner property, and”.

9 (c) QUALIFIED ENERGY STORAGE AIR CONDITIONER
10 PROPERTY.—Section 48(c) is amended by adding at the
11 end the following new paragraph:

12 “(5) QUALIFIED ENERGY STORAGE AIR CONDI-
13 TIONER PROPERTY.—For the purposes of this sec-
14 tion—

15 “(A) IN GENERAL.—The term ‘qualified
16 energy storage air conditioner property’ means
17 a cooling system which—

18 “(i) consists of thermal storage or ice
19 storage components which create, store,
20 and supply cooling energy to reduce peak
21 electricity demand by displacing the day-
22 time peak electrical demand of conven-
23 tional mechanical cooling equipment,

24 “(ii) has a nameplate operational ca-
25 pability to deliver a minimum of 29,000

1 Btu and a maximum of 240,000 Btu of
2 cooling capacity,

3 “(iii) is designed to deliver such cool-
4 ing capacity for a minimum continuous pe-
5 riod of 3 hours, available daily from May
6 1 through September 30, coincident with
7 daytime peak load periods,

8 “(iv) is designed so as to reduce peak
9 kilowatt demand by 90 percent for the
10 cooling load served, and

11 “(v) is designed so as not to exceed
12 the 24 hour energy consumption of conven-
13 tional cooling equipment by more than 10
14 percent.

15 “(B) INCLUSION OF RELATED EQUIP-
16 MENT.—Such term shall include any secondary
17 components which integrate the cooling system
18 described in paragraph (1) with the conven-
19 tional cooling system, including equipment and
20 controls for measuring and reporting operation
21 and performance, but shall not include any por-
22 tion of the conventional cooling system.

23 “(C) LIMITATION.—

24 “(i) IN GENERAL.—In the case of
25 qualified energy storage air conditioner

1 property placed in service during the tax-
2 able year, the credit otherwise determined
3 under this section for such year with re-
4 spect to such property shall not exceed an
5 amount equal to \$500 for each 0.5 kilo-
6 watt of peak demand reduction of such
7 property.

8 “(ii) PEAK DEMAND REDUCTION.—
9 For purposes of this subsection, the term
10 ‘peak demand reduction’ means the re-
11 moval of electrical demand (kW) on the
12 utility grid system during the daily time
13 period of high electrical demand. The peak
14 demand reduction shall be determined
15 based on Energy Efficiency Ratio (EER)
16 standards for residential and commercial
17 air conditioning equipment, established
18 under the Energy Policy and Conservation
19 Act of 1975.”.

20 (d) CONFORMING AMENDMENT.—Section 48(a)(1) is
21 amended by striking “and (3)(B)” and inserting “(3)(B),
22 (4)(B), and (5)(C)”.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to periods after December 31,
25 2008, under rules similar to the rules of section 48(m)

1 of the Internal Revenue Code of 1986 (as in effect before
2 the date of the enactment of the Revenue Reconciliation
3 Act of 1990).

4 **SEC. 503. EXTENSION AND MODIFICATION OF NEW ENERGY**
5 **EFFICIENT HOME CREDIT.**

6 (a) EXTENSION.—Subsection (g) of section 45L (re-
7 lating to termination) is amended by striking “December
8 31, 2009” and inserting “December 31, 2012”.

9 (b) INCREASE.—Paragraph (2)(A) of section 45L(a)
10 (relating to allowance of credit) is amended by striking
11 “\$2,000” and inserting “\$4,000”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to homes constructed and acquired
14 after December 31, 2008.

15 **SEC. 504. EXTENSION AND MODIFICATION OF DEDUCTION**
16 **FOR ENERGY EFFICIENT COMMERCIAL**
17 **BUILDINGS.**

18 (a) INCREASE IN MAXIMUM AMOUNT OF DEDUC-
19 TION.—

20 (1) IN GENERAL.—Subparagraph (A) of section
21 179D(b)(1) is amended by striking “\$1.80” and in-
22 serting “\$2.25”.

23 (2) PARTIAL ALLOWANCE.—Paragraph (1) of
24 section 179D(d) is amended—

1 (A) by striking “\$.60” and inserting
2 “\$.75”, and

3 (B) by striking “\$1.80” and inserting
4 “\$2.25”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to property placed in service in
7 taxable years beginning after the date of the enactment
8 of this Act.

9 **SEC. 505. EXTENSION AND MODIFICATION OF NONBUSI-**
10 **NESS ENERGY PROPERTY.**

11 (a) EXTENSION.—Subsection (g)(2) of section 25C
12 (relating to termination) is amended by striking “Decem-
13 ber 31, 2009” and inserting “December 31, 2010”.

14 (b) INCREASE IN TAXPAYER LIMITATION.—Para-
15 graph (1) of section 25C(b) is amended by striking
16 “\$500” and inserting “\$2,000”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to property placed in service after
19 December 31, 2008.

20 **SEC. 506. TAX CREDITS FOR GREEN ROOFS.**

21 (a) GREEN ROOFS ELIGIBLE FOR ENERGY CRED-
22 IT.—

23 (1) IN GENERAL.—Subparagraph (A) of section
24 48(a)(3), as amended by section 502, is amended by
25 striking “or” at the end of clause (vii), by striking

1 the period at the end of clause (viii) and inserting
 2 “, or”, and by adding at the end the following new
 3 clause:

4 “(ix) a qualified green roof (as de-
 5 fined in section 25D(d)(7)(B)).”.

6 (2) 30 PERCENT CREDIT.—Clause (i) of section
 7 48(a)(2)(A), as amended by section 502, is amended
 8 by striking “and” at the end of subclause (IV) and
 9 by inserting after subclause (V) the following new
 10 subclause:

11 “(VI) qualified green roof (as de-
 12 fined in section 25D(d)(7)(B)), and”.

13 (3) EFFECTIVE DATE.—The amendments made
 14 by this subsection shall apply to periods after De-
 15 cember 31, 2009, under rules similar to the rules of
 16 section 48(m) of the Internal Revenue Code of 1986
 17 (as in effect before the date of the enactment of the
 18 Revenue Reconciliation Act of 1990).

19 (b) CREDIT FOR RESIDENTIAL GREEN ROOFS.—

20 (1) IN GENERAL.—

21 (A) ALLOWANCE OF CREDIT.—Section
 22 25D(a) (relating to allowance of credit), as
 23 amended by section 501, is amended by striking
 24 “and” at the end of paragraph (5), by striking
 25 the period at the end of paragraph (6) and in-

1 serting “, and”, and by adding at the end the
2 following new paragraph:

3 “(7) 30 percent of the qualified green roof
4 property expenditures made by the taxpayer during
5 such year.”.

6 (B) LIMITATION.—Section 25D(b) (relat-
7 ing to limitations), as amended by section 501,
8 is amended—

9 (i) by striking “and” at the end of
10 paragraph (1)(D), by striking the period at
11 the end of paragraph (1)(E) and inserting
12 “, and”, and by adding at the end of para-
13 graph (1) the following new subparagraph:

14 “(F) \$5,000 with respect to any qualified
15 green roof property expenditures.”, and

16 (ii) by adding at the end the following
17 new paragraph:

18 “(3) CERTIFICATION FOR GREEN ROOF PROP-
19 ERTY.—No credit shall be allowed under this section
20 for an item of property described in subsection
21 (d)(7), unless the taxpayer certifies that—

22 “(A) such taxpayer has received all re-
23 quired permits and approvals to construct the
24 green roof,

1 “(B) such roof is designed and constructed
2 by licensed design professionals, consultants
3 and contractors under applicable building codes
4 and appropriate licensing laws, and

5 “(C) such taxpayer has received a written
6 analysis confirming that—

7 “(i) the structural capacity of the roof
8 would support the proposed green roof,
9 and

10 “(ii) the condition of the roof is satis-
11 factory for green roof construction and
12 there is appropriate safe access to the roof
13 for maintenance purposes.”.

14 (C) QUALIFIED GREEN ROOF PROPERTY
15 EXPENDITURES.—Section 25D(d) (relating to
16 definitions), as amended by section 501, is
17 amended by adding at the end the following
18 new paragraph:

19 “(7) QUALIFIED GREEN ROOF PROPERTY EX-
20 PENDITURE.—

21 “(A) IN GENERAL.—The term ‘qualified
22 green roof property expenditure’ means an ex-
23 penditure described in subparagraph (B) for a
24 qualified green roof which is installed on a

1 building located in the United States and used
2 as a residence by the taxpayer.

3 “(B) EXPENDITURES DESCRIBED.—An ex-
4 penditure described in this subparagraph is an
5 expenditure for—

6 “(i) design and construction services,

7 “(ii) permit process expenses,

8 “(iii) structural analysis,

9 “(iv) design, construction, materials,
10 and installation of irrigation systems plans,

11 “(v) design, construction, materials,
12 and installation of waterproofing,

13 “(vi) purchase and installation of
14 growing media, vegetation, and other green
15 roof matter,

16 “(vii) leak detection systems and
17 membrane protection and quality control,

18 “(viii) design, assembly, and original
19 installation,

20 “(ix) labor costs properly allocable to
21 on-site preparation, and

22 “(x) monitoring and maintenance ac-
23 tivities until vegetation is established, in-
24 cluding monitoring and maintenance plan

1 for the system once established for the life
2 of the green roof system.

3 “(C) QUALIFIED GREEN ROOF.—The term
4 ‘qualified green roof’ means any green roof at
5 least 50 percent of which is a vegetated green
6 roof system constructed under building code
7 ASTM standards, where applicable. Such term
8 includes any retrofit or new construction green
9 roof.

10 “(D) GREEN ROOF.—The term ‘green roof’
11 means any roof which consists of vegetation and
12 soil, or a growing medium with a minimum 3
13 inch depth, planted over a waterproofing mem-
14 brane and its associated components, such as a
15 protection course, a root barrier, a drainage
16 layer, or thermal insulation and an aeration
17 layer.”.

18 (D) MAXIMUM EXPENDITURES IN CASE OF
19 JOINT OCCUPANCY.—

20 (i) IN GENERAL.—Section
21 25D(e)(4)(A) (relating to maximum ex-
22 penditures), as amended by section 501, is
23 amended by striking “and” at the end of
24 clause (iv), by striking the period at the
25 end of clause (v) and inserting “, and”,

1 and by adding at the end the following new
2 clause:

3 “(vi) \$1,667 in the case of any quali-
4 fied green roof property expenditures.”.

5 (ii) CONFORMING AMENDMENT.—Sub-
6 paragraph (C) of section 25D(e)(4), as
7 amended by section 501, is amended by
8 striking “and (6)” and inserting “(6), and
9 (7)”.

10 (2) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to property placed in
12 service after December 31, 2008, in taxable years
13 ending after such date.

14 **SEC. 507. REPEAL OF CERTAIN LIMITATIONS ON CREDIT**
15 **FOR RENEWABLE ENERGY PROPERTY.**

16 (a) REPEAL OF LIMITATION ON CREDIT FOR QUALI-
17 FIED SMALL WIND ENERGY PROPERTY.—Paragraph (4)
18 of section 48(c) is amended by striking subparagraph (B)
19 and by redesignating subparagraphs (C) and (D) as sub-
20 paragraphs (B) and (C), respectively.

21 (b) REPEAL OF LIMITATION ON PROPERTY FI-
22 NANCED BY SUBSIDIZED ENERGY FINANCING.—

23 (1) IN GENERAL.—Subsection (a) of section 48
24 is amended by striking paragraph (4).

25 (2) CONFORMING AMENDMENTS.—

1 (A) Section 25C(e)(1) is amended by strik-
2 ing ““(8), and (9)”” and inserting ““(8)””.

3 (B) Section 25D(e) is amended by striking
4 paragraph (9).

5 (c) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as provided in para-
7 graph (2), the amendment made by this section shall
8 apply to periods after December 31, 2008, under
9 rules similar to the rules of section 48(m) of the In-
10 ternal Revenue Code of 1986 (as in effect on the day
11 before the date of the enactment of the Revenue
12 Reconciliation Act of 1990).

13 (2) CONFORMING AMENDMENTS.—The amend-
14 ments made by subsection (b)(2) shall apply to tax-
15 able years beginning after December 31, 2008.

16 **SEC. 508. ENERGY EFFICIENT APPLIANCE REBATE PRO-**
17 **GRAM AND ENERGY STAR.**

18 Out of any sums in the Treasury of the United States
19 not otherwise appropriated, \$300,000,000 is appropriated
20 for expenses necessary to implement the program author-
21 ized under section 124 of the Energy Policy Act of 2005
22 (42 U.S.C. 15821) and the Energy Star program. Such
23 sums shall remain available until expended.

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