

110TH CONGRESS
2D SESSION

H. R. 5437

To promote alternative and renewable fuels, domestic energy production, conservation, and efficiency, to increase American energy independence, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2008

Mr. Ross (for himself and Mr. NUNES) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Science and Technology, Oversight and Government Reform, Armed Services, Agriculture, Natural Resources, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote alternative and renewable fuels, domestic energy production, conservation, and efficiency, to increase American energy independence, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “American-Made Energy Act of 2008”.

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

Sec. 1. Short title; table of contents.

**TITLE I—TAX INCENTIVES FOR ALTERNATIVE ENERGY AND
CONSERVATION**

Subtitle A—Alternative Energy

- Sec. 101. Credit for investment in cellulosic biomass ethanol projects.
- Sec. 102. Investment tax credit for investments in nuclear power facilities.
- Sec. 103. Expansion of special allowance to cellulosic biomass alcohol fuel plant property.

Subtitle B—Electricity and Renewables

- Sec. 111. Extension and modification of energy investment tax credit.
- Sec. 112. Credit rate parity for all renewable resources under electricity production credit.
- Sec. 113. Extension of credit for producing electricity from certain renewable resources.
- Sec. 114. Expansion of credit for electricity produced from agricultural livestock waste nutrients.
- Sec. 115. Credit for installation of wind energy property including by rural homeowners, farmers, ranchers, and small businesses.
- Sec. 116. 3-year accelerated depreciation period for wind energy property.
- Sec. 117. Repeal of dollar limitation and allowance against alternative minimum tax for residential solar and fuel cell property credit.
- Sec. 118. New clean renewable energy bonds.
- Sec. 119. Extension and modification of credit for residential energy efficient property.

Subtitle C—Coal-to-Liquid Fuel

- Sec. 121. Extension of alternative fuel credit for fuel derived from coal.

Subtitle D—Energy Efficiency

- Sec. 131. Extension of new energy efficient home credit.
- Sec. 132. Modification and extension of energy efficient commercial buildings deduction.

Subtitle E—Alternative Vehicle Fuels

- Sec. 141. Consumer credit for purchase of flexible fuel motor vehicle.
- Sec. 142. Repeal of prohibition on procurement and acquisition of alternative fuels.

Subtitle F—Biofuel Production

- Sec. 151. Extension and modification of credits for biodiesel and renewable diesel.

Subtitle G—Oil and Gas Provisions

- Sec. 161. Expensing for crude oil refineries.
- Sec. 162. Extension of suspension of taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
- Sec. 163. Increase in depletion rate for marginal oil or gas production.
- Sec. 164. Suspension of taxable income limitation on percentage depletion.
- Sec. 165. Study on fair and transparent fuel pricing.

Subtitle H—Carbon Capture and Sequestration

Sec. 171. Expansion and modification of advanced coal project investment credit.

TITLE II—AMERICAN-MADE ENERGY TRUST FUND

Sec. 201. Establishment of American-Made Energy Trust Fund.

TITLE III—DEVELOPMENT OF OIL AND GAS RESOURCES OF THE COASTAL PLAIN OF ALASKA

Sec. 301. Definitions.

Sec. 302. Leasing program for lands within the Coastal Plain.

Sec. 303. Lease sales.

Sec. 304. Grant of leases by the Secretary.

Sec. 305. Lease terms and conditions.

Sec. 306. Coastal plain environmental protection.

Sec. 307. Expedited judicial review.

Sec. 308. Federal and State distribution of revenues.

Sec. 309. Rights-of-way across the Coastal Plain.

Sec. 310. Conveyance.

Sec. 311. Local government impact aid and community service assistance.

TITLE IV—COAL-TO-LIQUID FUEL PROMOTION

Sec. 401. Strategic Petroleum Reserve.

Sec. 402. Procurement of unconventional fuels by the Department of Defense.

Sec. 403. Government auction of long term put option contracts on coal-to-liquid fuel produced by qualified coal-to-liquid facilities.

Sec. 404. Definitions.

TITLE V—BIOFUEL PROGRAM

Sec. 501. Grants for cellulosic ethanol production.

Sec. 502. Loan guarantees for biorefineries and biofuel production plants.

Sec. 503. Biomass Research and Development Act of 2000.

Sec. 504. Forest bioenergy research program.

Sec. 505. Early action renewable fuel marketing.

TITLE VI—ALTERNATIVE VEHICLE FUELS

Sec. 601. Credit for plug-in hybrid vehicles.

Sec. 602. Use of credits.

TITLE VII—OFFSHORE OIL AND GAS LEASING

Sec. 701. Termination of prohibitions on expenditures for, and withdrawals from, offshore leasing.

Sec. 702. Outer Continental Shelf leasing program.

Sec. 703. Sharing of revenues.

TITLE VIII—INCREASING NUCLEAR GENERATED ELECTRIC ENERGY

Sec. 801. Increasing nuclear generated electric energy.

1 **TITLE I—TAX INCENTIVES FOR**
2 **ALTERNATIVE ENERGY AND**
3 **CONSERVATION**

4 **Subtitle A—Alternative Energy**

5 **SEC. 101. CREDIT FOR INVESTMENT IN CELLULOSIC BIO-**
6 **MASS ETHANOL PROJECTS.**

7 (a) **QUALIFYING CELLULOSIC BIOMASS ETHANOL**
8 **PROJECT INVESTMENT.—**

9 (1) **IN GENERAL.**—Subpart E of part IV of
10 subchapter A of chapter 1 of the Internal Revenue
11 Code of 1986 (relating to rules for computing invest-
12 ment credit) is amended by inserting after section
13 48B the following new section:

14 **“SEC. 48C. QUALIFYING CELLULOSIC BIOMASS ETHANOL**
15 **PROJECT CREDIT.**

16 “(a) **IN GENERAL.**—For purposes of section 46, the
17 qualifying cellulosic biomass ethanol project credit for any
18 taxable year is an amount equal to 50 percent of the qual-
19 fied investment for such taxable year.

20 “(b) **DOLLAR LIMITATION.**—The amount of the cred-
21 it determined under this section for any taxable year shall
22 not exceed \$100,000,000.

23 “(c) **QUALIFIED INVESTMENT.**—For purposes of sub-
24 section (a), the qualified investment for any taxable year
25 is the basis of property placed in service by the taxpayer

1 during the taxable year which is part of a qualifying cel-
2 lulosic biomass ethanol project—

3 “(1)(A) the construction, reconstruction, or
4 erection of which is completed by the taxpayer, or

5 “(B) which is acquired by the taxpayer if the
6 original use of such property commences with the
7 taxpayer, and

8 “(2) with respect to which depreciation (or am-
9 ortization in lieu of depreciation) is allowable.

10 “(d) **QUALIFYING CELLULOSIC BIOMASS ETHANOL**
11 **PROJECT.**—For purposes of this section, the term ‘quali-
12 fying cellulosic biomass ethanol project’ means any domes-
13 tic project which produces not less than 5,000,000 gallons
14 of ethanol per year by enzymatic hydrolysis of any
15 lignocellulosic or hemicellulosic feedstock that is available
16 on a renewable or recurring basis, including agricultural
17 residues, agricultural fibers, dedicated energy crops,
18 grasses, plants, and wood and wood residues.

19 “(e) **QUALIFYING CELLULOSIC BIOMASS ETHANOL**
20 **PROJECT PROGRAM.**—

21 “(1) **IN GENERAL.**—The Secretary, in consulta-
22 tion with the Secretary of Energy, shall establish a
23 qualifying cellulosic biomass ethanol project program
24 to consider and award certifications for qualified in-
25 vestment eligible for credits under this section to

1 qualifying cellulosic biomass ethanol project sponsors
2 under this section. The total amounts of credit that
3 may be allocated under this program shall not ex-
4 ceed \$2,000,000,000.

5 “(2) SELECTION CRITERIA.—The Secretary
6 shall not make a competitive certification award for
7 qualified investment for credit eligibility under this
8 section unless the recipient has documented to the
9 satisfaction of the Secretary that—

10 “(A) the proposal of the award recipient is
11 financially viable,

12 “(B) the recipient will provide sufficient
13 information to the Secretary for the Secretary
14 to ensure that the qualified investment is spent
15 efficiently and effectively,

16 “(C) the award recipient’s project team is
17 competent in the planning and construction of
18 cellulosic biomass ethanol facilities, and

19 “(D) the award recipient has met other
20 criteria established and published by the Sec-
21 retary.

22 “(3) PERIOD OF CERTIFICATION.—The Sec-
23 retary may issue the certifications described in para-
24 graph (1) during the 10-year period beginning on
25 October 1, 2008.

1 “(f) DENIAL OF DOUBLE BENEFIT.—No deduction
2 or other credit shall be allowed with respect to the basis
3 of any property taken into account in determining the
4 credit allowed under this section.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 46 of such Code is amended by
7 striking “and” at the end of paragraph (3), by strik-
8 ing the period at the end of paragraph (4) and in-
9 serting “, and”, and by adding at the end the fol-
10 lowing new paragraph:

11 “(5) the qualifying cellulosic biomass ethanol
12 project credit.”.

13 (2) The table of sections for subpart E of part
14 IV of subchapter A of chapter 1 of such Code is
15 amended by inserting after the item relating to sec-
16 tion 48B the following new item:

“Sec. 48C. Qualifying cellulosic biomass ethanol project.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to qualified investment made after
19 the date of the enactment of this Act.

20 **SEC. 102. INVESTMENT TAX CREDIT FOR INVESTMENTS IN**
21 **NUCLEAR POWER FACILITIES.**

22 (a) NEW CREDIT FOR NUCLEAR POWER FACILI-
23 TIES.—Section 46 of the Internal Revenue Code of 1986,
24 as amended by this Act, is amended by—

25 (1) striking “and” at the end of paragraph (4);

3 (3) inserting after paragraph (5) the following
4 new paragraph:

5 “(6) the nuclear power facility construction
6 credit.”.

7 (b) NUCLEAR POWER FACILITY CONSTRUCTION
8 CREDIT.—Subpart E of part IV of subchapter A of chap-
9 ter 1 of such Code, as amended by this Act, is amended
10 by inserting after section 48C the following new section:

11 "SEC. 48D. NUCLEAR POWER FACILITY CONSTRUCTION

CREDIT.

13 “(a) IN GENERAL.—For purposes of section 46, the
14 nuclear power facility construction credit for any taxable
15 year is 20 percent of the qualified nuclear power facility
16 expenditures with respect to a qualified nuclear power fa-
17 cility.

18 "(b) WHEN EXPENDITURES TAKEN INTO AC-
19 COUNT.—

20 “(1) IN GENERAL.—Qualified nuclear power fa-
21 cility expenditures shall be taken into account for
22 the taxable year in which the qualified nuclear power
23 facility is placed in service.

24 “(2) COORDINATION WITH SUBSECTION (C).—
25 The amount which would (but for this paragraph) be

1 taken into account under paragraph (1) with respect
2 to any qualified nuclear power facility shall be re-
3 duced (but not below zero) by any amount of quali-
4 fied nuclear power facility expenditures taken into
5 account under subsection (c) by the taxpayer or a
6 predecessor of the taxpayer (or, in the case of a sale
7 and leaseback described in section 50(a)(2)(C), by
8 the lessee), to the extent any amount so taken into
9 account has not been required to be recaptured
10 under section 50(a).

11 “(c) PROGRESS EXPENDITURES.—

12 “(1) IN GENERAL.—A taxpayer may elect to
13 take into account qualified nuclear power facility ex-
14 penditures—

15 “(A) SELF-CONSTRUCTED PROPERTY.—In
16 the case of a qualified nuclear power facility
17 which is a self-constructed facility, in the tax-
18 able year for which such expenditures are prop-
19 erly chargeable to capital account with respect
20 to such facility.

21 “(B) ACQUIRED FACILITY.—In the case of
22 a qualified nuclear facility which is not self-con-
23 structed property, in the taxable year in which
24 such expenditures are paid.

1 “(2) SPECIAL RULES FOR APPLYING PARA-
2 GRAPH (1).—For purposes of paragraph (1)—

3 “(A) COMPONENT PARTS, ETC.—Property
4 which is not self-constructed property and
5 which is to be a component part of, or is other-
6 wise to be included in, any facility to which this
7 subsection applies shall be taken into account in
8 accordance with paragraph (1)(B).

9 “(B) CERTAIN BORROWING DIS-
10 REGARDED.—Any amount borrowed directly or
11 indirectly by the taxpayer on a nonrecourse
12 basis from the person constructing the facility
13 for the taxpayer shall not be treated as an
14 amount expended for such facility.

15 “(C) LIMITATION FOR FACILITIES OR COM-
16 PONENTS WHICH ARE NOT SELF-CON-
17 STRUCTED.—

18 “(i) IN GENERAL.—In the case of a
19 facility or a component of a facility which
20 is not self-constructed, the amount taken
21 into account under paragraph (1)(B) for
22 any taxable year shall not exceed the
23 amount which represents the portion of the
24 overall cost to the taxpayer of the facility
25 or component of a facility which is prop-

1 erly attributable to the portion of the facil-
2 ity or component which is completed dur-
3 ing such taxable year.

4 “(ii) CARRY-OVER OF CERTAIN
5 AMOUNTS.—In the case of a facility or
6 component of a facility which is not self-
7 constructed—

8 “(I) if the amount which (but for
9 clause (i)) would have been taken into
10 account under paragraph (1)(B) for
11 the taxable year exceeds the limitation
12 of clause (i), then the amount of such
13 excess shall be taken into account
14 under paragraph (1)(B) for the suc-
15 ceeding taxable year, and

16 “(II) if the limitation of clause
17 (i) for the taxable year exceeds the
18 amount taken into account under
19 paragraph (1)(B), then the amount of
20 such excess shall increase the limita-
21 tion of clause (i) for the succeeding
22 taxable year.

23 “(D) DETERMINATION OF PERCENTAGE OF
24 COMPLETION.—The determination under sub-
25 paragraph (C)(i) of the portion of the overall

cost to the taxpayer of the construction which is properly attributable to construction completed during any taxable year shall be made on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

17 “(F) No PROGRESS EXPENDITURES FOR
18 PROPERTY FOR YEAR IT IS PLACED IN SERVICE,
19 ETC.—In the case of any qualified nuclear facil-
20 ity, no qualified nuclear facility expenditures
21 shall be taken into account under this sub-
22 section for the earlier of—

1 “(ii) the first taxable year for which
2 recapture is required under section
3 50(a)(2) with respect to such facility, or
4 for any taxable year thereafter.

5 “(3) SELF-CONSTRUCTED.—For purposes of
6 this subsection—

7 “(A) The term ‘self-constructed facility’
8 means any facility if it is reasonable to believe
9 that more than half of the qualified nuclear fa-
10 cility expenditures for such facility will be made
11 directly by the taxpayer.

12 “(B) A component of a facility shall be
13 treated as not self-constructed if the cost of the
14 component is at least 5 percent of the expected
15 cost of the facility and the component is ac-
16 quired by the taxpayer.

17 “(4) ELECTION.—An election shall be made
18 under this section for a qualified nuclear power facil-
19 ity by claiming the nuclear power facility construc-
20 tion credit for expenditures described in paragraph
21 (1) on a tax return filed by the due date for such
22 return (taking into account extensions). Such an
23 election shall apply to the taxable year for which
24 made and all subsequent taxable years. Such an

1 election, once made, may be revoked only with the
2 consent of the Secretary.

3 “(d) NATIONAL LIMITATION ON AMOUNT OF INVEST-
4 MENTS DESIGNATED.—Subsection (a) shall not apply to
5 the extent that the aggregate nuclear power facility con-
6 struction credit allowed under such subsection exceeds
7 \$2,000,000,000.

8 “(e) DEFINITIONS AND SPECIAL RULES.—For pur-
9 poses of this section—

10 “(1) QUALIFIED NUCLEAR POWER FACILITY.—
11 The term ‘qualified nuclear power facility’ means an
12 advanced nuclear power facility (as defined in sec-
13 tion 45J), the construction of which was approved
14 by the Nuclear Regulatory Commission on or before
15 December 31, 2013.

16 “(2) QUALIFIED NUCLEAR POWER FACILITY
17 EXPENDITURES.—

18 “(A) IN GENERAL.—The term ‘qualified
19 nuclear power facility expenditures’ means any
20 amount properly chargeable to capital ac-
21 count—

22 “(i) with respect to a qualified nuclear
23 power facility,

24 “(ii) for which depreciation is allow-
25 able under section 168, and

1 “(iii) which are incurred before the
2 qualified nuclear power facility is placed in
3 service or in connection with the placement
4 of such facility in service.

5 “(B) PRE-EFFECTIVE DATE EXPENDI-
6 TURES.—Qualified nuclear power facility ex-
7 penditures do not include any expenditures in-
8 curred by the taxpayer before January 1, 2008,
9 unless such expenditures constitute less than 20
10 percent of the total qualified nuclear power fa-
11 cility expenditures (determined without regard
12 to this subparagraph) for the qualified nuclear
13 power facility.

14 “(3) DELAYS AND SUSPENSION OF CONSTRUC-
15 TION.—

16 “(A) IN GENERAL.—For purposes of ap-
17 plying this section and section 50, a nuclear
18 power facility that is under construction shall
19 cease to be treated as a facility that will be a
20 qualified nuclear power facility as of the earlier
21 of—

22 “(i) the date on which the taxpayer
23 decides to terminate construction of the fa-
24 cility, or

1 “(ii) the last day of any 24 month pe-
2 riod in which the taxpayer has failed to
3 incur qualified nuclear power facility ex-
4 penditures totaling at least 20 percent of
5 the expected total cost of the nuclear
6 power facility.

7 “(B) AUTHORITY TO WAIVE.—The Sec-
8 retary may waive the application of clause (ii)
9 of subparagraph (A) if the Secretary deter-
10 mines that the taxpayer intended to continue
11 the construction of the qualified nuclear power
12 facility and the expenditures were not incurred
13 for reasons outside the control of the taxpayer.

14 “(C) RESUMPTION OF CONSTRUCTION.—If
15 a nuclear power facility that is under construc-
16 tion ceases to be a qualified nuclear power facil-
17 ity by reason of paragraph (2) and work is sub-
18 sequently resumed on the construction of such
19 facility—

20 “(i) the date work is subsequently re-
21 sumed shall be treated as the date that
22 construction began for purposes of para-
23 graph (1), and

24 “(ii) if the facility is a qualified nu-
25 clear power facility, the qualified nuclear

1 power facility expenditures shall be deter-
2 mined without regard to any delay or tem-
3 porary termination of construction of the
4 facility.”.

5 (c) PROVISIONS RELATING TO CREDIT RECAP-
6 TURE.—

7 (1) PROGRESS EXPENDITURE RECAPTURE
8 RULES.—

9 (A) BASIC RULES.—Subparagraph (A) of
10 section 50(a)(2) of such Code is amended to
11 read as follows:

12 “(A) IN GENERAL.—If during any taxable
13 year any building to which section 47(d) applied
14 or any facility to which section 48D(c) applied
15 ceases (by reason of sale or other disposition,
16 cancellation or abandonment of contract, or
17 otherwise) to be, with respect to the taxpayer,
18 property which, when placed in service, will be
19 a qualified rehabilitated building or a qualified
20 nuclear power facility, then the tax under this
21 chapter for such taxable year shall be increased
22 by an amount equal to the aggregate decrease
23 in the credits allowed under section 38 for all
24 prior taxable years which would have resulted
25 solely from reducing to zero the credit deter-

3 (B) AMENDMENT TO EXCESS CREDIT RE-
4 CAPTURE RULE.—Subparagraph (B) of section
5 50(a)(2) of such Code is amended by—

6 (i) inserting “or paragraph (2) of sec-
7 tion 48D(b)” after “paragraph (2) of sec-
8 tion 47(b),

9 (ii) inserting “or section 48D(b)(1)”
10 after “section 47(b)(1)”, and

11 (iii) inserting “or facility” after
12 “building”.

13 (C) AMENDMENT OF SALE AND LEASE-
14 BACK RULE.—Subparagraph (C) of section
15 50(a)(2) of such Code is amended by—

16 (i) inserting “or qualified nuclear
17 power facility expenditures” after “quali-
18 fied rehabilitation expenditures”, and

19 (ii) inserting “or section 48D(c)”
20 after “section 47(d)”.

21 (D) OTHER AMENDMENT.—Subparagraph
22 (D) of section 50(a)(2) of such Code is amend-
23 ed by inserting “or section 48D(c)” after “sec-
24 tion 47(d)”.

1 (d) NO BASIS ADJUSTMENT.—Section 50(c) of such
2 Code is amended by inserting at the end thereof the fol-
3 lowing new paragraph:

4 “(6) NUCLEAR POWER FACILITY CONSTRUC-
5 TION CREDIT.—Paragraphs (1) and (2) shall not
6 apply to the nuclear power facility construction cred-
7 it.”.

8 (e) TECHNICAL AMENDMENTS.—The table of sec-
9 tions for subpart E of part IV of subchapter A of chapter
10 1 of such Code is amended by inserting after the item
11 relating to section 48C the following new item:

“Sec. 48D. Nuclear power facility construction credit.”.

12 (f) EFFECTIVE DATE.—The amendments made by
13 this section shall be effective for expenditures incurred and
14 property placed in service in taxable years beginning after
15 the date of the enactment of this Act.

16 **SEC. 103. EXPANSION OF SPECIAL ALLOWANCE TO CEL-**
17 **LULOSIC BIOMASS ALCOHOL FUEL PLANT**
18 **PROPERTY.**

19 (a) IN GENERAL.—Paragraph (3) of section 168(l)
20 of the Internal Revenue Code of 1986 (relating to special
21 allowance for cellulosic biomass ethanol plant property) is
22 amended to read as follows:

23 “(3) CELLULOSIC BIOMASS ALCOHOL.—For
24 purposes of this subsection, the term ‘cellulosic bio-
25 mass alcohol’ means any alcohol produced from any

1 lignocellulosic or hemicellulosic matter that is avail-
2 able on a renewable or recurring basis.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Subsection (l) of section 168 of such Code
5 is amended by striking “cellulosic biomass ethanol”
6 each place it appears and inserting “cellulosic bio-
7 mass alcohol”.

8 (2) The heading of section 168(l) of such Code
9 is amended by striking “CELLULOSIC BIOMASS ETH-
10 ANOL” and inserting “CELLULOSIC BIOMASS ALCO-
11 HOL”.

12 (3) The heading of paragraph (2) of section
13 168(l) of such Code is amended by striking “CEL-
14 LULOSIC BIOMASS ETHANOL” and inserting “CEL-
15 LULOSIC BIOMASS ALCOHOL”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to property placed in service after
18 the date of the enactment of this Act, in taxable years
19 ending after such date.

20 **Subtitle B—Electricity and
21 Renewables**

22 **SEC. 111. EXTENSION AND MODIFICATION OF ENERGY IN-
23 VESTMENT TAX CREDIT.**

24 (a) EXTENSION OF CREDIT.—

11 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-
12 TERNATIVE MINIMUM TAX.—Subparagraph (B) of section
13 38(c)(4) of such Code (relating to specified credits) is
14 amended by striking “and” at the end of clause (iii), by
15 striking the period at the end of clause (iv) and inserting
16 “, and”, and by adding at the end the following new
17 clause:

18 “(v) the credit determined under section 46 to the
19 extent that such credit is attributable to the energy credit
20 determined under section 48.”.

21 (c) INCREASE OF CREDIT LIMITATION FOR FUEL
22 CELL PROPERTY.—Subparagraph (B) of section 48(c)(1)
23 of such Code is amended by striking “\$500” and inserting
24 “\$1,500”.

1 (d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN
2 INTO ACCOUNT.—

3 (1) IN GENERAL.—Paragraph (3) of section
4 48(a) of such Code is amended by striking the sec-
5 ond sentence thereof.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Paragraph (1) of section 48(c) of such
8 Code is amended by striking subparagraph (D)
9 and redesignating subparagraph (E) as sub-
10 paragraph (D).

11 (B) Paragraph (2) of section 48(c) of such
12 Code is amended by striking subparagraph (D)
13 and redesignating subparagraph (E) as sub-
14 paragraph (D).

15 (e) CLERICAL AMENDMENTS.—Paragraphs (1)(B)
16 and (2)(B) of section 48(c) of such Code are each amend-
17 ed by striking “paragraph (1)” and inserting “subsection
18 (a)”.

19 (f) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, the amendments made by
22 this section shall take effect on the date of the en-
23 actment of this Act.

24 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-
25 IMUM TAX.—The amendments made by subsection

1 (b) shall apply to credits determined under section
2 46 of the Internal Revenue Code of 1986 in taxable
3 years beginning after the date of the enactment of
4 this Act and to carrybacks of such credits.

5 (3) INCREASE IN LIMITATION FOR FUEL CELL
6 PROPERTY.—The amendment made by subsection
7 (c) shall apply to periods after the date of the enact-
8 ment of this Act, in taxable years ending after such
9 date, under rules similar to the rules of section
10 48(m) of the Internal Revenue Code of 1986 (as in
11 effect on the day before the date of the enactment
12 of the Revenue Reconciliation Act of 1990).

13 (4) PUBLIC ELECTRIC UTILITY PROPERTY.—
14 The amendments made by subsection (d) shall apply
15 to periods after June 20, 2008, in taxable years end-
16 ing after such date, under rules similar to the rules
17 of section 48(m) of the Internal Revenue Code of
18 1986 (as in effect on the day before the date of the
19 enactment of the Revenue Reconciliation Act of
20 1990).

1 **SEC. 112. CREDIT RATE PARITY FOR ALL RENEWABLE RE-**
2 **SOURCES UNDER ELECTRICITY PRODUCTION**
3 **CREDIT.**

4 (a) IN GENERAL.—Section 45(b)(4)(A) of the Inter-
5 nal Revenue Code of 1986 (relating to credit rate) is
6 amended by inserting “and before 2008” after “2003”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to electricity produced and sold
9 after December 31, 2007.

10 **SEC. 113. EXTENSION OF CREDIT FOR PRODUCING ELEC-**
11 **TRICITY FROM CERTAIN RENEWABLE RE-**
12 **SOURCES.**

13 Subsection (d) of section 45 of the Internal Revenue
14 Code of 1986 is amended by striking “January 1, 2009”
15 each place it appears and inserting “January 1, 2014”.

16 **SEC. 114. EXPANSION OF CREDIT FOR ELECTRICITY PRO-**
17 **DUCED FROM AGRICULTURAL LIVESTOCK**
18 **WASTE NUTRIENTS.**

19 (a) INCREASE IN CREDIT RATE.—Subparagraph (A)
20 of section 45(b)(4) of the Internal Revenue Code of 1986
21 (relating to credit rate) is amended by striking “para-
22 graph (3),” and inserting “paragraph (3) (other than sub-
23 paragraph (A)(i) thereof),”.

24 (b) BIOGAS AND THERMAL ENERGY PRODUCED
25 FROM AGRICULTURAL LIVESTOCK WASTE NUTRIENTS.—
26 Section 45(e) of such Code (relating to definitions and

1 special rules) is amended by adding at the end the fol-
2 lowing new paragraph:

3 “(12) BIOGAS AND THERMAL ENERGY PRO-
4 DUCED FROM AGRICULTURAL LIVESTOCK WASTE NU-
5 TRIENTS.—

6 “(A) IN GENERAL.—In the case of an
7 open-loop biomass facility, the term ‘kilowatt
8 hour of electricity’ in paragraph (2) of sub-
9 section (a) shall mean kilowatt hours of elec-
10 tricity and kilowatt-equivalent hours of biogas,
11 synthesis gas, and thermal energy produced
12 from agricultural livestock waste nutrients.

13 “(B) CLARIFICATION.—Any requirements
14 related to electricity production under para-
15 graph (3) of subsection (d) shall not cause a fa-
16 cility producing biogas, synthesis gas, or ther-
17 mal energy from agricultural livestock waste
18 nutrients to fail to be treated as a qualified fa-
19 cility under subsection (d).”.

20 (c) CREDIT ALLOWED FOR ON-SITE USE.—Section
21 45(e) of such Code (relating to definitions and special
22 rules) is amended by adding at the end the following new
23 paragraph:

24 “(13) CREDIT ALLOWED FOR ON-SITE USE.—In
25 the case of electricity or biogas, synthesis gas, or

1 thermal energy produced at any facility described in
2 paragraph (3) of subsection (d) which is equipped
3 with net metering to determine electricity consump-
4 tion or sale (such consumption or sale to be verified
5 by a third party as determined by the Secretary),
6 subsection (a)(2) shall be applied without regard to
7 subparagraph (B) thereof.”.

8 (d) EFFECTIVE DATES.—

16 SEC. 115. CREDIT FOR INSTALLATION OF WIND ENERGY
17 PROPERTY INCLUDING BY RURAL HOME-
18 OWNERS, FARMERS, RANCHERS, AND SMALL
19 BUSINESSES.

20 (a) IN GENERAL.—Subpart B of part IV of sub-
21 chapter A of chapter 1 of the Internal Revenue Code of
22 1986 is amended by adding at the end the following new
23 section:

1 **“SEC. 30D. WIND ENERGY PROPERTY.**

2 “(a) ALLOWANCE OF CREDIT.—There shall be al-
3 lowed as a credit against the tax imposed by this chapter
4 for the taxable year an amount equal to \$1,500 with re-
5 spect to each half kilowatt of capacity of qualified wind
6 energy property placed in service or installed by the tax-
7 payer during such taxable year.

8 “(b) LIMITATION.—No credit shall be allowed under
9 subsection (a) unless at least 50 percent of the energy pro-
10 duced annually by the qualified wind energy property is
11 consumed on the site on which the property is placed in
12 service or installed.

13 “(c) QUALIFIED WIND ENERGY PROPERTY.—For
14 purposes of this section, the term ‘qualified wind energy
15 property’ means a wind turbine of 100 kilowatts of rated
16 capacity or less if—

17 “(1) such turbine is placed in service or in-
18 stalled on or in connection with property located in
19 the United States,

20 “(2) in the case of an individual, the property
21 on or in connection with which such turbine is in-
22 stalled is a dwelling unit, and

23 “(3) the original use of such turbine commences
24 with the taxpayer.

25 “(d) LIMITATION BASED ON AMOUNT OF TAX.—

1 “(1) IN GENERAL.—The credit allowed under
2 subsection (a) for any taxable year shall not exceed
3 the excess of—

4 “(A) the sum of the regular tax liability
5 (as defined in section 26(b)) plus the tax im-
6 posed by section 55, over

7 “(B) the sum of the credits allowable
8 under this part (other than under this section
9 and subpart C thereof, relating to refundable
10 credits) and section 1397E.

11 “(2) CARRYOVER OF UNUSED CREDIT.—If the
12 credit allowable under subsection (a) exceeds the
13 limitation imposed by paragraph (1) for such taxable
14 year, such excess shall be carried to the succeeding
15 taxable year and added to the credit allowable under
16 subsection (a) for such taxable year.

17 “(e) SPECIAL RULES.—For purposes of this sec-
18 tion—

19 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
20 HOUSING CORPORATION.—In the case of an indi-
21 vidual who is a tenant-stockholder (as defined in sec-
22 tion 216(b)(2)) in a cooperative housing corporation
23 (as defined in section 216(b)(1)), such individual
24 shall be treated as having paid his tenant-stock-
25 holder’s proportionate share (as defined in section

1 216(b)(3)) of any expenditures paid or incurred for
2 qualified wind energy property by such corporation,
3 and such credit shall be allocated appropriately to
4 such individual.

5 “(2) CONDOMINIUMS.—

6 “(A) IN GENERAL.—In the case of an indi-
7 vidual who is a member of a condominium man-
8 agement association with respect to a condo-
9 minium which he owns, such individual shall be
10 treated as having paid his proportionate share
11 of expenditures paid or incurred for qualified
12 wind energy property by such association, and
13 such credit shall be allocated appropriately to
14 such individual.

15 “(B) CONDOMINIUM MANAGEMENT ASSO-
16 CIATION.—For purposes of this paragraph, the
17 term ‘condominium management association’
18 means an organization which meets the require-
19 ments of section 528(c)(2) with respect to a
20 condominium project of which substantially all
21 of the units are used by individuals as dwelling
22 units.

23 “(f) BASIS ADJUSTMENT.—For purposes of this sub-
24 title, if a credit is allowed under this section for any ex-
25 penditure with respect to a dwelling unit or other prop-

1 erty, the increase in the basis of such dwelling unit or
2 other property which would (but for this subsection) result
3 from such expenditure shall be reduced by the amount of
4 the credit so allowed.

5 “(g) APPLICATION OF CREDIT.—The credit allowed
6 under this section shall apply to property placed in service
7 or installed after December 31, 2007, and before January
8 1, 2012.”.

9 (b) CONFORMING AMENDMENT.—Subsection (a) of
10 section 1016 of the Internal Revenue Code of 1986 (relat-
11 ing to general rule for adjustments to basis) is amended
12 by striking “and” at the end of paragraph (36), by strik-
13 ing the period at the end of paragraph (37) and inserting
14 “, and”, and by adding at the end the following new para-
15 graph:

16 “(38) in the case of a dwelling unit or other
17 property with respect to which a credit was allowed
18 under section 30D, to the extent provided in section
19 30D(f).”.

20 (c) CLERICAL AMENDMENT.—The table of sections
21 for subpart B of part IV of subchapter A of chapter 1
22 of the Internal Revenue Code of 1986 is amended by in-
23 serting after the item relating to section 30C the following
24 new item:

“Sec. 30D. Wind energy property.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years ending after the
3 date of the enactment of this Act.

4 SEC. 116. 3-YEAR ACCELERATED DEPRECIATION PERIOD
5 FOR WIND ENERGY PROPERTY.

6 (a) IN GENERAL.—Subparagraph (A) of section
7 168(e)(3) of the Internal Revenue Code of 1986 is amend-
8 ed by striking “and” at the end of clause (ii), by striking
9 the period at the end of clause (iii) and inserting “, and”,
10 and by inserting after clause (iii) the following new clause:

17 (b) CONFORMING AMENDMENT.—Section
18 168(e)(3)(B)(vi)(I) of such Code is amended to read as
19 follows:

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to property placed in service in

1 taxable years ending after the date of the enactment of
2 this Act.

3 **SEC. 117. REPEAL OF DOLLAR LIMITATION AND ALLOW-**
4 **ANCE AGAINST ALTERNATIVE MINIMUM TAX**
5 **FOR RESIDENTIAL SOLAR AND FUEL CELL**
6 **PROPERTY CREDIT.**

7 (a) REPEAL OF MAXIMUM DOLLAR LIMITATION.—

8 (1) IN GENERAL.—Subsection (b) of section
9 25D of the Internal Revenue Code of 1986 (relating
10 to limitations) is amended to read as follows:

11 “(b) CERTIFICATION OF SOLAR WATER HEATING
12 PROPERTY.—No credit shall be allowed under this section
13 for an item of property described in subsection (d)(1) un-
14 less such property is certified for performance by the non-
15 profit Solar Rating Certification Corporation or a com-
16 parable entity endorsed by the government of the State
17 in which such property is installed.”.

18 (2) CONFORMING AMENDMENTS.—

19 (A) Subsection (e) of section 25D of such
20 Code is amended by striking paragraph (4) and
21 by redesignating paragraphs (5) through (9) as
22 paragraphs (4) through (8), respectively.

23 (B) Paragraph (1) of section 25C(e) of
24 such Code is amended by striking “(8), and
25 (9)” and inserting “and (8) (and paragraph (4)

1 as in effect before its repeal by the American-
2 Made Energy Act of 2008)’’.

3 (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
4 IMUM TAX.—

5 (1) IN GENERAL.—Subsection (c) of section
6 25D of such Code is amended to read as follows:

7 “(c) LIMITATION BASED ON AMOUNT OF TAX;

8 CARRYFORWARD OF UNUSED CREDIT.—

9 “(1) LIMITATION BASED ON AMOUNT OF
10 TAX.—In the case of a taxable year to which section
11 26(a)(2) does not apply, the credit allowed under
12 subsection (a) for the taxable year shall not exceed
13 the excess of—

14 “(A) the sum of the regular tax liability
15 (as defined in section 26(b)) plus the tax im-
16 posed by section 55, over

17 “(B) the sum of the credits allowable
18 under this subpart (other than this section) and
19 section 27 for the taxable year.

20 “(2) CARRYFORWARD OF UNUSED CREDIT.—

21 “(A) RULE FOR YEARS IN WHICH ALL
22 PERSONAL CREDITS ALLOWED AGAINST REG-
23 ULAR AND ALTERNATIVE MINIMUM TAX.—In
24 the case of a taxable year to which section
25 26(a)(2) applies, if the credit allowable under

1 subsection (a) exceeds the limitation imposed by
2 section 26(a)(2) for such taxable year reduced
3 by the sum of the credits allowable under this
4 subpart (other than this section), such excess
5 shall be carried to the succeeding taxable year
6 and added to the credit allowable under sub-
7 section (a) for such succeeding taxable year.

8 “(B) RULE FOR OTHER YEARS.—In the
9 case of a taxable year to which section 26(a)(2)
10 does not apply, if the credit allowable under
11 subsection (a) exceeds the limitation imposed by
12 paragraph (1) for such taxable year, such ex-
13 cess shall be carried to the succeeding taxable
14 year and added to the credit allowable under
15 subsection (a) for such succeeding taxable
16 year.”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 23(b)(4)(B) of such Code is
19 amended by inserting “and section 25D” after
20 “this section”.

21 (B) Section 24(b)(3)(B) of such Code is
22 amended by striking “and 25B” and inserting
23 “, 25B, and 25D”.

1 (C) Section 25B(g)(2) of such Code is
2 amended by striking “section 23” and inserting
3 “sections 23 and 25D”.

4 (D) Section 26(a)(1) of such Code is
5 amended by striking “and 25B” and inserting
6 “25B, and 25D”.

7 (c) EFFECTIVE DATES.—

12 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-
13 IMUM TAX.—

18 (B) APPLICATION OF EGTRRA SUNSET.—
19 The amendments made by subparagraphs (A)
20 and (B) of subsection (b)(2) shall be subject to
21 title IX of the Economic Growth and Tax Relief
22 Reconciliation Act of 2001 in the same manner
23 as the provisions of such Act to which such
24 amendments relate.

1 SEC. 118. NEW CLEAN RENEWABLE ENERGY BONDS.

2 (a) IN GENERAL.—Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to credits against tax) is amended by adding at the end the following new subpart:

6 “Subpart I—Qualified Tax Credit Bonds

“Sec. 54A. Credit to holders of qualified tax credit bonds.

“Sec. 54B. New clean renewable energy bonds.

7 “SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CREDIT BONDS.

9 “(a) ALLOWANCE OF CREDIT.—If a taxpayer holds 10 a qualified tax credit bond on one or more credit allowance 11 dates of the bond during any taxable year, there shall be 12 allowed as a credit against the tax imposed by this chapter 13 for the taxable year an amount equal to the sum of the 14 credits determined under subsection (b) with respect to 15 such dates.

16 “(b) AMOUNT OF CREDIT.—

17 “(1) IN GENERAL.—The amount of the credit 18 determined under this subsection with respect to any 19 credit allowance date for a qualified tax credit bond 20 is 25 percent of the annual credit determined with 21 respect to such bond.

22 “(2) ANNUAL CREDIT.—The annual credit de- 23 termined with respect to any qualified tax credit 24 bond is the product of—

1 “(A) the applicable credit rate, multiplied
2 by

3 “(B) the outstanding face amount of the
4 bond.

5 “(3) APPLICABLE CREDIT RATE.—For purposes
6 of paragraph (2), the applicable credit rate is the
7 rate which the Secretary estimates will permit the
8 issuance of qualified tax credit bonds with a speci-
9 fied maturity or redemption date without discount
10 and without interest cost to the qualified issuer. The
11 applicable credit rate with respect to any qualified
12 tax credit bond shall be determined as of the first
13 day on which there is a binding, written contract for
14 the sale or exchange of the bond.

15 “(4) SPECIAL RULE FOR ISSUANCE AND RE-
16 DEMPTION.—In the case of a bond which is issued
17 during the 3-month period ending on a credit allow-
18 ance date, the amount of the credit determined
19 under this subsection with respect to such credit al-
20 lowance date shall be a ratable portion of the credit
21 otherwise determined based on the portion of the 3-
22 month period during which the bond is outstanding.
23 A similar rule shall apply when the bond is redeemed
24 or matures.

25 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

1 “(1) IN GENERAL.—The credit allowed under
2 subsection (a) for any taxable year shall not exceed
3 the excess of—

4 “(A) the sum of the regular tax liability
5 (as defined in section 26(b)) plus the tax im-
6 posed by section 55, over

7 “(B) the sum of the credits allowable
8 under this part (other than subpart C and this
9 subpart).

10 “(2) CARRYOVER OF UNUSED CREDIT.—If the
11 credit allowable under subsection (a) exceeds the
12 limitation imposed by paragraph (1) for such taxable
13 year, such excess shall be carried to the succeeding
14 taxable year and added to the credit allowable under
15 subsection (a) for such taxable year (determined be-
16 fore the application of paragraph (1) for such suc-
17 ceeding taxable year).

18 “(d) QUALIFIED TAX CREDIT BOND.—For purposes
19 of this section—

20 “(1) QUALIFIED TAX CREDIT BOND.—The term
21 ‘qualified tax credit bond’ means a new clean renew-
22 able energy bond which is part of an issue that
23 meets the requirements of paragraphs (2), (3), (4),
24 (5), and (6).

1 “(2) SPECIAL RULES RELATING TO EXPENDI-
2 TURES.—

3 “(A) IN GENERAL.—An issue shall be
4 treated as meeting the requirements of this
5 paragraph if, as of the date of issuance, the
6 issuer reasonably expects—

7 “(i) 100 percent or more of the avail-
8 able project proceeds to be spent for 1 or
9 more qualified purposes within the 3-year
10 period beginning on such date of issuance,
11 and

12 “(ii) a binding commitment with a
13 third party to spend at least 10 percent of
14 such available project proceeds will be in-
15 curred within the 6-month period begin-
16 ning on such date of issuance.

17 “(B) FAILURE TO SPEND REQUIRED
18 AMOUNT OF BOND PROCEEDS WITHIN 3
19 YEARS.—

20 “(i) IN GENERAL.—To the extent that
21 less than 100 percent of the available
22 project proceeds of the issue are expended
23 by the close of the expenditure period for
24 1 or more qualified purposes, the issuer
25 shall redeem all of the nonqualified bonds

1 within 90 days after the end of such pe-
2 riod. For purposes of this paragraph, the
3 amount of the nonqualified bonds required
4 to be redeemed shall be determined in the
5 same manner as under section 142.

6 “(ii) EXPENDITURE PERIOD.—For
7 purposes of this subpart, the term ‘expend-
8 iture period’ means, with respect to any
9 issue, the 3-year period beginning on the
10 date of issuance. Such term shall include
11 any extension of such period under clause
12 (iii).

13 “(iii) EXTENSION OF PERIOD.—Upon
14 submission of a request prior to the expira-
15 tion of the expenditure period (determined
16 without regard to any extension under this
17 clause), the Secretary may extend such pe-
18 riod if the issuer establishes that the fail-
19 ure to expend the proceeds within the
20 original expenditure period is due to rea-
21 sonable cause and the expenditures for
22 qualified purposes will continue to proceed
23 with due diligence.

1 “(C) QUALIFIED PURPOSE.—For purposes
2 of this paragraph, the term ‘qualified purpose’
3 means a purpose specified in section 54B(a)(1).

4 “(D) REIMBURSEMENT.—For purposes of
5 this subtitle, available project proceeds of an
6 issue shall be treated as spent for a qualified
7 purpose if such proceeds are used to reimburse
8 the issuer for amounts paid for a qualified pur-
9 pose after the date that the Secretary makes an
10 allocation of bond limitation with respect to
11 such issue, but only if—

12 “(i) prior to the payment of the origi-
13 nal expenditure, the issuer declared its in-
14 tent to reimburse such expenditure with
15 the proceeds of a qualified tax credit bond,

16 “(ii) not later than 60 days after pay-
17 ment of the original expenditure, the issuer
18 adopts an official intent to reimburse the
19 original expenditure with such proceeds,
20 and

21 “(iii) the reimbursement is made not
22 later than 18 months after the date the
23 original expenditure is paid.

24 “(3) REPORTING.—An issue shall be treated as
25 meeting the requirements of this paragraph if the

1 issuer of qualified tax credit bonds submits reports
2 similar to the reports required under section 149(e).

3 “(4) SPECIAL RULES RELATING TO ARBI-
4 TRAGE.—

5 “(A) IN GENERAL.—An issue shall be
6 treated as meeting the requirements of this
7 paragraph if the issuer satisfies the require-
8 ments of section 148 with respect to the pro-
9 ceeds of the issue.

10 “(B) SPECIAL RULE FOR INVESTMENTS
11 DURING EXPENDITURE PERIOD.—An issue shall
12 not be treated as failing to meet the require-
13 ments of subparagraph (A) by reason of any in-
14 vestment of available project proceeds during
15 the expenditure period.

16 “(C) SPECIAL RULE FOR RESERVE
17 FUNDS.—An issue shall not be treated as fail-
18 ing to meet the requirements of subparagraph
19 (A) by reason of any fund which is expected to
20 be used to repay such issue if—

21 “(i) such fund is funded at a rate not
22 more rapid than equal annual installments,

23 “(ii) such fund is funded in a manner
24 that such fund will not exceed the amount
25 necessary to repay the issue if invested at

1 the maximum rate permitted under clause
2 (iii), and

7 “(5) MATURITY LIMITATION.—

8 “(A) IN GENERAL.—An issue shall not be
9 treated as meeting the requirements of this
10 paragraph if the maturity of any bond which is
11 part of such issue exceeds the maximum term
12 determined by the Secretary under subpara-
13 graph (B).

1 more which are issued during the month. If the
2 term as so determined is not a multiple of a
3 whole year, such term shall be rounded to the
4 next highest whole year.

5 “(6) PROHIBITION ON FINANCIAL CONFLICTS
6 OF INTEREST.—An issue shall be treated as meeting
7 the requirements of this paragraph if the issuer cer-
8 tifies that—

9 “(A) applicable State and local law re-
10 quirements governing conflicts of interest are
11 satisfied with respect to such issue, and

12 “(B) if the Secretary prescribes additional
13 conflicts of interest rules governing the appro-
14 priate Members of Congress, Federal, State,
15 and local officials, and their spouses, such addi-
16 tional rules are satisfied with respect to such
17 issue.

18 “(e) OTHER DEFINITIONS.—For purposes of this
19 subchapter—

20 “(1) CREDIT ALLOWANCE DATE.—The term
21 ‘credit allowance date’ means—

22 “(A) March 15,

23 “(B) June 15,

24 “(C) September 15, and

25 “(D) December 15.

1 Such term includes the last day on which the bond
2 is outstanding.

3 “(2) BOND.—The term ‘bond’ includes any ob-
4 ligation.

5 “(3) STATE.—The term ‘State’ includes the
6 District of Columbia and any possession of the
7 United States.

8 “(4) AVAILABLE PROJECT PROCEEDS.—The
9 term ‘available project proceeds’ means—

10 “(A) the excess of—

11 “(i) the proceeds from the sale of an
12 issue, over

13 “(ii) the issuance costs financed by
14 the issue (to the extent that such costs do
15 not exceed 2 percent of such proceeds),
16 and

17 “(B) the proceeds from any investment of
18 the excess described in subparagraph (A).

19 “(f) CREDIT TREATED AS INTEREST.—For purposes
20 of this subtitle, the credit determined under subsection (a)
21 shall be treated as interest which is includible in gross in-
22 come.

23 “(g) S CORPORATIONS AND PARTNERSHIPS.—In the
24 case of a tax credit bond held by an S corporation or part-
25 nership, the allocation of the credit allowed by this section

1 to the shareholders of such corporation or partners of such
2 partnership shall be treated as a distribution.

3 “(h) BONDS HELD BY REGULATED INVESTMENT
4 COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—
5 If any qualified tax credit bond is held by a regulated in-
6 vestment company or a real estate investment trust, the
7 credit determined under subsection (a) shall be allowed to
8 shareholders of such company or beneficiaries of such
9 trust (and any gross income included under subsection (f)
10 with respect to such credit shall be treated as distributed
11 to such shareholders or beneficiaries) under procedures
12 prescribed by the Secretary.

13 “(i) CREDITS MAY BE STRIPPED.—Under regula-
14 tions prescribed by the Secretary—

15 “(1) IN GENERAL.—There may be a separation
16 (including at issuance) of the ownership of a qual-
17 ified tax credit bond and the entitlement to the credit
18 under this section with respect to such bond. In case
19 of any such separation, the credit under this section
20 shall be allowed to the person who on the credit al-
21 lowance date holds the instrument evidencing the en-
22 titlement to the credit and not to the holder of the
23 bond.

24 “(2) CERTAIN RULES TO APPLY.—In the case
25 of a separation described in paragraph (1), the rules

1 of section 1286 shall apply to the qualified tax credit
2 bond as if it were a stripped bond and to the credit
3 under this section as if it were a stripped coupon.

4 **“SEC. 54B. NEW CLEAN RENEWABLE ENERGY BONDS.**

5 “(a) NEW CLEAN RENEWABLE ENERGY BOND.—For
6 purposes of this subpart, the term ‘new clean renewable
7 energy bond’ means any bond issued as part of an issue
8 if—

9 “(1) 100 percent of the available project pro-
10 ceeds of such issue are to be used for capital expend-
11 itures incurred by public power providers or coopera-
12 tive electric companies for one or more qualified re-
13 newable energy facilities,

14 “(2) the bond is issued by a qualified issuer,
15 and

16 “(3) the issuer designates such bond for pur-
17 poses of this section.

18 “(b) REDUCED CREDIT AMOUNT.—The annual credit
19 determined under section 54A(b) with respect to any new
20 clean renewable energy bond shall be 70 percent of the
21 amount so determined without regard to this subsection.

22 “(c) LIMITATION ON AMOUNT OF BONDS DES-
23 IGNATED.—

24 “(1) IN GENERAL.—The maximum aggregate
25 face amount of bonds which may be designated

1 under subsection (a) by any issuer shall not exceed
2 the limitation amount allocated under this sub-
3 section to such issuer.

4 “(2) NATIONAL LIMITATION ON AMOUNT OF
5 BONDS DESIGNATED.—There is a national new clean
6 renewable energy bond limitation of \$2,000,000,000
7 which shall be allocated by the Secretary as provided
8 in paragraph (3), except that—

9 “(A) not more than 60 percent thereof
10 may be allocated to qualified projects of public
11 power providers, and

12 “(B) not more than 40 percent thereof
13 may be allocated to qualified projects of cooper-
14 ative electric companies.

15 “(3) METHOD OF ALLOCATION.—

16 “(A) ALLOCATION AMONG PUBLIC POWER
17 PROVIDERS.—After the Secretary determines
18 the qualified projects of public power providers
19 which are appropriate for receiving an alloca-
20 tion of the national new clean renewable energy
21 bond limitation, the Secretary shall, to the max-
22 imum extent practicable, make allocations
23 among such projects in such manner that the
24 amount allocated to each such project bears the
25 same ratio to the cost of such project as the

1 limitation under subparagraph (2)(A) bears to
2 the cost of all such projects.

3 “(B) ALLOCATION AMONG COOPERATIVE
4 ELECTRIC COMPANIES.—The Secretary shall
5 make allocations of the amount of the national
6 new clean renewable energy bond limitation de-
7 scribed in paragraph (2)(B) among qualified
8 projects of cooperative electric companies in
9 such manner as the Secretary determines ap-
10 propriate.

11 “(d) DEFINITIONS.—For purposes of this section—
12 “(1) QUALIFIED RENEWABLE ENERGY FACIL-
13 ITY.—The term ‘qualified renewable energy facility’
14 means a qualified facility (as determined under sec-
15 tion 45(d) without regard to paragraphs (8) and
16 (10) thereof and to any placed in service date)
17 owned by a public power provider or a cooperative
18 electric company.

19 “(2) PUBLIC POWER PROVIDER.—The term
20 ‘public power provider’ means a State utility with a
21 service obligation, as such terms are defined in sec-
22 tion 217 of the Federal Power Act (as in effect on
23 the date of the enactment of this paragraph).

24 “(3) COOPERATIVE ELECTRIC COMPANY.—The
25 term ‘cooperative electric company’ means a mutual

1 or cooperative electric company described in section
2 501(c)(12) or section 1381(a)(2)(C).

3 “(4) CLEAN RENEWABLE ENERGY BOND LEND-
4 ER.—The term ‘clean renewable energy bond lender’
5 means a lender which is a cooperative which is
6 owned by, or has outstanding loans to, 100 or more
7 cooperative electric companies and is in existence on
8 February 1, 2002, and shall include any affiliated
9 entity which is controlled by such lender.

10 “(5) QUALIFIED ISSUER.—The term ‘qualified
11 issuer’ means a public power provider, a cooperative
12 electric company, a clean renewable energy bond
13 lender, or a not-for-profit electric utility which has
14 received a loan or loan guarantee under the Rural
15 Electrification Act.”.

16 (b) REPORTING.—Subsection (d) of section 6049 of
17 such Code (relating to returns regarding payments of in-
18 terest) is amended by adding at the end the following new
19 paragraph:

20 “(9) REPORTING OF CREDIT ON QUALIFIED
21 TAX CREDIT BONDS.—

22 “(A) IN GENERAL.—For purposes of sub-
23 section (a), the term ‘interest’ includes amounts
24 includable in gross income under section 54A
25 and such amounts shall be treated as paid on

1 the credit allowance date (as defined in section
2 54A(e)(1)).

10 “(C) REGULATORY AUTHORITY.—The Sec-
11 retary may prescribe such regulations as are
12 necessary or appropriate to carry out the pur-
13 poses of this paragraph, including regulations
14 which require more frequent or more detailed
15 reporting.”.

16 (c) CONFORMING AMENDMENTS.—

“SUBPART H. NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE ENERGY BONDS.

“SUBPART I. QUALIFIED TAX CREDIT BONDS.”.

9 (d) EFFECTIVE DATES.—The amendments made by
10 this section shall apply to obligations issued after the date
11 of the enactment of this Act.

12 SEC. 119. EXTENSION AND MODIFICATION OF CREDIT FOR
13 RESIDENTIAL ENERGY EFFICIENT PROP-
14 ERTY.

15 (a) EXTENSION.—Subsection (g) of section 25D of
16 the Internal Revenue Code of 1986 (relating to termi-
17 nation) is amended by striking “2008” and inserting
18 “2016”

19 (b) SOLAR ELECTRIC PROPERTY.—Paragraph (1) of
20 section 25D(a) of such Code (relating to allowance of cred-
21 it) is amended by striking “30 percent of”.

22 (c) MODIFICATION OF MAXIMUM CREDIT.—Para-
23 graph (1) of section 25D(b) of the Internal Revenue Code

1 of 1986 (relating to limitations) is amended to read as
2 follows:

3 “(1) MAXIMUM CREDIT.—The credit allowed
4 under subsection (a) for any taxable year shall not
5 exceed—

6 “(A) \$1,500 with respect to each half kilo-
7 watt of installed capacity of qualified solar elec-
8 tric property for which qualified solar electric
9 property expenditures are made,

10 “(B) \$2,000 with respect to any qualified
11 solar water heating property expenditures, and

12 “(C) \$500 with respect to each half kilo-
13 watt of capacity of qualified fuel cell property
14 (as defined in section 48(c)(1)) for which qual-
15 fied fuel cell property expenditures are made.”.

16 (d) DEFINITION OF QUALIFIED SOLAR WATER
17 HEATING PROPERTY EXPENDITURE.—Paragraph (1) of
18 section 25D(d) of such Code is amended by striking “to
19 heat water for use in” and inserting “to heat or cool (or
20 provide hot water for use in)”.

21 (e) DEFINITION OF QUALIFIED PHOTOVOLTAIC
22 PROPERTY EXPENDITURE.—Paragraph (2) of section
23 25D(d) of such Code is amended by inserting “, including
24 advanced energy storage systems installed as an inte-
25 grated component of the foregoing” after “taxpayer”.

1 (f) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
2 IMUM TAX.—

3 (1) IN GENERAL.—Section 25D(b) of the Inter-
4 nal Revenue Code of 1986 (as amended by sub-
5 section (b)) is amended by adding at the end the fol-
6 lowing new paragraph:

7 “(3) CREDIT ALLOWED AGAINST ALTERNATIVE
8 MINIMUM TAX.—The credit allowed under subsection
9 (a) for the taxable year shall not exceed the excess
10 of—

11 “(A) the sum of the regular tax liability
12 (as defined in section 26(b)) plus the tax im-
13 posed by section 55, over

14 “(B) the sum of the credits allowable
15 under subpart A of part IV of subchapter A
16 (other than this section) and section 27 for the
17 taxable year.”.

18 (2) CONFORMING AMENDMENTS.—

19 (A) Subsection (c) of section 25D of such
20 Code is amended to read as follows:

21 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the
22 credit allowable under subsection (a) for any taxable year
23 exceeds the limitation imposed by subsection (b)(3) for
24 such taxable year, such excess shall be carried to the suc-

1 ceeding taxable year and added to the credit allowable
2 under subsection (a) for such succeeding taxable year.”.

3 (B) Section 23(b)(4)(B) of such Code is
4 amended by inserting “and section 25D” after
5 “this section”.

6 (C) Section 24(b)(3)(B) of such Code is
7 amended by striking “sections 23 and 25B”
8 and inserting “sections 23, 25B, and 25D”.

9 (D) Section 26(a)(1) of such Code is
10 amended by striking “and 25B” and inserting
11 “25B, and 25D”.

12 (g) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to expenditures made in taxable
14 years beginning after December 31, 2006.

15 **Subtitle C—Coal-to-Liquid Fuel**

16 **SEC. 121. EXTENSION OF ALTERNATIVE FUEL CREDIT FOR** 17 **FUEL DERIVED FROM COAL.**

18 (a) ALTERNATIVE FUEL CREDIT.—Paragraph (4) of
19 section 6426(d) of the Internal Revenue Code of 1986 is
20 amended to read as follows:

21 “(4) TERMINATION.—This subsection shall not
22 apply to—

23 “(A) any sale or use involving liquid fuel
24 derived from a feedstock that is primarily do-

1 mestic coal (including peat) for any period after
2 September 30, 2020,

3 “(B) any sale or use involving liquified hy-
4 drogen for any period after September 30,
5 2014, and

6 “(C) any other sale or use for any period
7 after September 30, 2009.”.

8 (b) PAYMENTS.—

15 “(E) any alternative fuel or alternative fuel
16 mixture (as so defined) involving transportation
17 grade liquid fuel derived from coal (including
18 peat) sold or used after September 30, 2020.”.

23 (c) CONFORMING AMENDMENT.—Section
24 6426(d)(2)(E) of such Code is amended by inserting

1 “transportation grade” before “liquid fuel” and by strik-
2 ing “through the Fischer-Tropsch process”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to any sale or use for any period
5 after the date of enactment of this Act.

6 **Subtitle D—Energy Efficiency**

7 **SEC. 131. EXTENSION OF NEW ENERGY EFFICIENT HOME 8 CREDIT.**

9 (a) IN GENERAL.—Section 45L(g) of the Internal
10 Revenue Code of 1986 is amended by striking “December
11 31, 2008” and inserting “December 31, 2013”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to qualified new energy efficient
14 homes acquired after the date of enactment of this Act,
15 in taxable years ending after such date.

16 **SEC. 132. MODIFICATION AND EXTENSION OF ENERGY EF- 17 FICIENT COMMERCIAL BUILDINGS DEDUC- 18 TION.**

19 (a) INCREASE IN CREDIT AMOUNT.—

20 (1) IN GENERAL.—Subparagraph (A) of section
21 179D(b)(1) of the Internal Revenue Code of 1986 is
22 amended by striking “\$1.80” and inserting “\$2.25”.

23 (2) PARTIAL ALLOWANCE.—Subparagraph (A)
24 of section 179D(d)(1) of such Code is amended—

5 (b) EXTENSION.—Section 179D(h) of such Code is
6 amended by striking “December 31, 2007” and inserting
7 “December 31, 2013”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to property placed in service after
10 December 31, 2006.

13 SEC. 141. CONSUMER CREDIT FOR PURCHASE OF FLEXIBLE
14 FUEL MOTOR VEHICLE.

15 (a) IN GENERAL.—Section 30B of the Internal Rev-
16 enue Code of 1986 (relating to alternative motor vehicle
17 credit) is amended—

18 (1) in subsection (a) by striking “and” at the
19 end of paragraph (3), by striking the period and in-
20 serting “, and” at the end of paragraph (4), and by
21 adding at the end the following new paragraph:

22 “(5) the qualified flexible fuel motor vehicle
23 credit determined under subsection (f).”, and

24 (2) by redesignating subsections (f), (g), (h),
25 (i), and (j) as subsections (g), (h), (i), (j), and (k).

1 respectively, and by inserting after subsection (e) the
2 following new subsection:

3 “(f) QUALIFIED FLEXIBLE FUEL MOTOR VEHICLE
4 CREDIT.—

5 “(1) ALLOWANCE OF CREDIT.—For purposes of
6 subsection (a), the qualified flexible fuel motor vehi-
7 cle credit determined under this subsection for the
8 taxable year is an amount equal to the sum of—

9 “(A) \$100 for each qualified flexible fuel
10 motor vehicle placed in service by the taxpayer
11 during the taxable year that is not a new qual-
12 iied hybrid motor vehicle (as described in sub-
13 section (d)(3)), plus

14 “(B) \$200 for each qualified flexible fuel
15 motor vehicle placed in service by the taxpayer
16 during the taxable year that is a new qualified
17 hybrid motor vehicle (as described in subsection
18 (d)(3)).

19 “(2) QUALIFIED FLEXIBLE FUEL MOTOR VEHI-
20 CLE.—For purposes of this subsection—

21 “(A) IN GENERAL.—The term ‘qualified
22 flexible fuel motor vehicle’ means a vehicle ca-
23 pable of operating on gasoline and on any mix-
24 ture containing gasoline and up to 85 percent
25 ethanol.

1 “(B) OTHER REQUIREMENTS.—A vehicle
2 meets the requirements of this paragraph if—

3 “(i) the original use of the vehicle
4 commences with the taxpayer,

5 “(ii) the vehicle is acquired for use or
6 lease by the taxpayer and not for resale,
7 and

8 “(iii) the vehicle is made by a manu-
9 facturer in the United States.”.

10 (b) TERMINATION.—Subsection (k) of section 30B of
11 such Code (as redesignated by subsection (a)) is amended
12 by striking “and” at the end of paragraph (3), by striking
13 the period and inserting “, and” at the end of paragraph
14 (4), and by adding at the end the following new para-
15 graph:

16 “(5) in the case of a qualified flexible fuel
17 motor vehicle (as described in subsection (f)(2)), De-
18 cember 31, 2012.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Paragraph (4) of section 30B(i) of such
21 Code (as redesignated by subsection (a)) is amended
22 by striking “subsection (g)” and inserting “sub-
23 section (h)”.

24 (2) Paragraph (6) of section 30B(i) of such
25 Code (as redesignated by subsection (a)) is amended

1 by striking “subsection (g)” each place it appears
2 and inserting “subsection (h)”.

3 (3) Paragraph (25) of section 38(b) of such
4 Code is amended by striking “section 30B(g)(1)”
5 and inserting “section 30B(h)(1)”.

6 (4) Paragraph (3) of section 55(c) of such Code
7 is amended by striking “30B(g)(2)” and inserting
8 “30B(h)(2)”.

9 (5) Paragraph (36) of section 1016(a) of such
10 Code is amended by striking “section 30B(h)(4)”
11 and inserting “section 30B(i)(4)”.

12 (6) Subsection (m) of section 6501 of such
13 Code is amended by striking “30B(h)(9)” and in-
14 serting “30B(i)(9)”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to purchases made after the date
17 of the enactment of this Act, in taxable years ending after
18 such date.

19 **SEC. 142. REPEAL OF PROHIBITION ON PROCUREMENT
20 AND ACQUISITION OF ALTERNATIVE FUELS.**

21 Section 526 of the Energy Independence and Security
22 Act of 2007 is hereby repealed.

1 **Subtitle F—Biofuel Production**

2 **SEC. 151. EXTENSION AND MODIFICATION OF CREDITS FOR** 3 **BIODIESEL AND RENEWABLE DIESEL.**

4 (a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and
5 6427(e)(5)(B) of the Internal Revenue Code of 1986 are
6 each amended by striking “December 31, 2008” and in-
7 serting “December 31, 2010”.

8 (b) UNIFORM TREATMENT OF DIESEL PRODUCED
9 FROM BIOMASS.—Paragraph (3) of section 40A(f) of such
10 Code is amended by striking “using a thermal
11 depolymerization process”.

12 (c) ELIGIBILITY OF CERTAIN AVIATION FUEL.—Sec-
13 tion 40A(f)(3) of such Code (defining renewable diesel)
14 is amended by adding at the end the following new flush
15 sentence: “The term ‘renewable diesel’ also means fuel de-
16 rived from biomass (as defined in section 45K(e)(3)) using
17 a thermal depolymerization process which meets the re-
18 quirements of a Department of Defense specification for
19 military jet fuel or an American Society of Testing and
20 Materials specification for aviation turbine fuel.”.

21 (d) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendments made by this section
24 shall apply to fuel produced, and sold or used, after
25 the date of the enactment of this Act.

6 Subtitle G—Oil and Gas Provisions

7 SEC. 161. EXPENSING FOR CRUDE OIL REFINERIES.

8 (a) IN GENERAL.—Subsection (c) of section 179C of
9 the Internal Revenue Code of 1986 (relating to election
10 to expense certain refineries) is amended by adding at the
11 end the following new paragraph:

12 “(4) EXTENSION TO CERTAIN FACILITIES.—
13 The term ‘qualified refinery property’ shall also
14 mean any refinery or portion of a refinery—

15 “(A) the original use of which commences
16 with the taxpayer,

1 “(ii) in the case of self-constructed
2 property, began after December 31, 2008,
3 and

4 “(C) which is placed in service by the tax-
5 payer after the date of the enactment of this
6 paragraph and before January 1, 2020.”.

7 **SEC. 162. EXTENSION OF SUSPENSION OF TAXABLE IN-**
8 **COME LIMIT ON PERCENTAGE DEPLETION**
9 **FOR OIL AND NATURAL GAS PRODUCED**
10 **FROM MARGINAL PROPERTIES.**

11 (a) IN GENERAL.—Subparagraph (H) of section
12 613A(c)(6) is amended by striking “January 1, 2008” and
13 inserting “January 1, 2012”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 subsection (a) shall apply to taxable years beginning after
16 December 31, 2007.

17 **SEC. 163. INCREASE IN DEPLETION RATE FOR MARGINAL**
18 **OIL OR GAS PRODUCTION.**

19 (a) BASE RATE.—Clause (i) of section 613A(c)(6)(C)
20 of the Internal Revenue Code of 1986 is amended by strik-
21 ing “15 percent” and inserting “20 percent”.

22 (b) MAXIMUM RATE.—Section 613A(c)(6)(C) of such
23 Code is amended by striking “25 percent” and inserting
24 “30 percent”.

1 (c) REFERENCE PRICE.—Section 613A(e)(6)(C)(ii)
2 of such Code is amended by striking “\$20” and inserting
3 “\$40”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2007.

7 SEC. 164. SUSPENSION OF TAXABLE INCOME LIMITATION
8 ON PERCENTAGE DEPLETION.

9 (a) IN GENERAL.—The first sentence of paragraph
10 (1) of section 613A(d) of the Internal Revenue Code of
11 1986 (relating to limitation based on taxable income) is
12 amended by striking “The deduction” and inserting “In
13 the case of taxable years beginning before January 1,
14 2008, or after December 31, 2011, the deduction”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to taxable years beginning after
17 December 31, 2007.

18 SEC. 165. STUDY ON FAIR AND TRANSPARENT FUEL PRIC-
19 ING.

20 (a) STUDY.—The Federal Trade Commission shall
21 conduct a study to determine—

22 (1) the effects on competitive gasoline pricing of
23 State guaranteed profit laws, also known as “min-
24 imum mark-up” or “below cost sales” statutes; and

1 (2) the effect of credit card processing fees on
2 gasoline costs to consumers.

3 (b) REPORT.—Not later than 1 year after the date
4 of enactment of this Act, the Federal Trade Commission
5 shall transmit to Congress a report on the findings of the
6 study conducted pursuant to subsection (a) and shall pub-
7 lish such report on the Commission's Internet website.

10 SEC. 171. EXPANSION AND MODIFICATION OF ADVANCED
11 COAL PROJECT INVESTMENT CREDIT.

12 (a) MODIFICATION OF CREDIT AMOUNT.—Section
13 48A(a) (relating to qualifying advanced coal project cred-
14 it) is amended by striking “and” at the end of paragraph
15 (1), by striking the period at the end of paragraph (2)
16 and inserting “, and”, and by adding at the end the fol-
17 lowing the paragraph:

18 “(3) 30 percent of the qualified investment for
19 such taxable year in the case of projects described
20 in clauses (iii) or (iv) of subsection (d)(3)(B).”.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48A(d)(3)(A) (relating to aggregate credits) is amended by striking “\$1,300,000,000” and inserting “\$1,500,000,000”.

25 (c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

4 “(B) PARTICULAR PROJECTS.—Of the dol-
5 lar amount in subparagraph (A), the Secretary
6 is authorized to certify—

22 (2) APPLICATION PERIOD FOR ADDITIONAL
23 PROJECTS.—Subparagraph (A) of section 48A(d)(2)
24 (relating to certification) is amended to read as fol-
25 lows:

1 “(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

6 “(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(A) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

12 “(ii) for an allocation from the dollar amount specified in clause (iii) or (iv) of paragraph (3)(A) during the 3-year period beginning at the earlier of the termination of the period described in clause (i) or the date prescribed by the Secretary.”.

18 (3) CAPTURE AND SEQUESTRATION OF CARBON DIOXIDE EMISSIONS REQUIREMENT.—

20 (A) IN GENERAL.—Section 48A(e)(1) (relating to requirements) is amended by striking “and” at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting “; and”, and by adding at the end the following new subparagraph:

1 “(G) in the case of any project the applica-
2 tion for which is submitted during the period
3 described in subsection (d)(2)(A)(ii), the project
4 includes equipment which separates and seque-
5 ters at least 65 percent (70 percent in the case
6 of an application for reallocated credits under
7 subsection (d)(4)) of such project’s total carbon
8 dioxide emissions.”.

9 (B) HIGHEST PRIORITY FOR PROJECTS
10 WHICH SEQUESTER CARBON DIOXIDE EMIS-
11 SIONS.—Section 48A(e)(3) is amended by strik-
12 ing “and” at the end of subparagraph (A)(iii),
13 by striking the period at the end of subpara-
14 graph (B)(3) and inserting “, and”, and by
15 adding at the end the following new subpara-
16 graph:

17 “(C) give highest priority to projects with
18 the greatest separation and sequestration per-
19 centage of total carbon dioxide emissions.”.

20 (C) RECAPTURE OF CREDIT FOR FAILURE
21 TO SEQUESTER.—Section 48A (relating to
22 qualifying advanced coal project credit) is
23 amended by adding at the end the following
24 new subsection:

1 “(h) RECAPTURE OF CREDIT FOR FAILURE TO SE-
2 QUESTER.—The Secretary shall provide for recapturing
3 the benefit of any credit allowable under subsection (a)
4 with respect to any project which fails to attain or main-
5 tain the separation and sequestration requirements of sub-
6 section (e)(1)(G).”.

7 (4) ADDITIONAL PRIORITY FOR RESEARCH
8 PARTNERSHIPS.—Section 48A(e)(3)(B), as amended
9 by paragraph (3)(B), is amended—

10 (A) by striking “and” at the end of clause
11 (ii),
12 (B) by redesignating clause (iii) as clause
13 (iv), and
14 (C) by inserting after clause (ii) the fol-
15 lowing new clause:

16 “(iii) applicant participants who have
17 a research partnership with an eligible edu-
18 cational institution (as defined in section
19 529(e)(5)), and”.

20 (5) CLERICAL AMENDMENT.—Section 48A(e)(3)
21 is amended by striking “INTEGRATED GASIFICATION
22 COMBINED CYCLE” in the heading and inserting
23 “CERTAIN”.

24 (d) COMPETITIVE CERTIFICATION AWARDS MODI-
25 FICATION AUTHORITY.—Section 48A (relating to quali-

1 fying advanced coal project credit), as amended by sub-
2 section (c)(3), is amended by adding at the end the fol-
3 lowing new subsection:

4 “(i) COMPETITIVE CERTIFICATION AWARDS MODI-
5 FICATION AUTHORITY.—In implementing this section or
6 section 48B, the Secretary is directed to modify the terms
7 of any competitive certification award and any associated
8 closing agreement where such modification—

9 “(1) is consistent with the objectives of such
10 section,

11 “(2) is requested by the recipient of the com-
12 petitive certification award, and

13 “(3) involves moving the project site to improve
14 the potential to capture and sequester carbon dioxide
15 emissions, reduce costs of transporting feedstock,
16 and serve a broader customer base,

17 unless the Secretary determines that the dollar amount
18 of tax credits available to the taxpayer under such section
19 would increase as a result of the modification or such
20 modification would result in such project not being origi-
21 nally certified. In considering any such modification, the
22 Secretary shall consult with other relevant Federal agen-
23 cies, including the Department of Energy.”.

24 (e) EFFECTIVE DATES.—

16 (3) TECHNICAL AMENDMENT.—The amendment
17 made by subsection (c)(5) shall take effect as if in-
18 cluded in the amendment made by section 1307(b)
19 of the Energy Tax Incentives Act of 2005.

1 **TITLE II—AMERICAN-MADE**
2 **ENERGY TRUST FUND**

3 **SEC. 201. ESTABLISHMENT OF AMERICAN-MADE ENERGY**
4 **TRUST FUND.**

5 (a) CREATION OF TRUST FUND.—Subchapter A of
6 chapter 98 of the Internal Revenue Code of 1986 is
7 amended by inserting at the end the following new section:
8 **“SEC. 9511. AMERICAN-MADE ENERGY TRUST FUND.**

9 “(a) ESTABLISHMENT OF TRUST FUND.—There is
10 established in the Treasury of the United States a trust
11 fund to be known as the ‘American-Made Energy Trust
12 Fund’, consisting of such amounts as may be appropriated
13 or credited to the American-Made Energy Trust Fund as
14 provided in this section or section 9602(b).

15 “(b) TRANSFERS TO TRUST FUND.—There are here-
16 by appropriated to the American-Made Energy Trust
17 Fund amounts required to be transferred under section
18 308 of the American-Made Energy Act of 2008 and under
19 section 8(g)(6) of the Outer Continental Shelf Lands Act
20 (as added by section 703 of the American-Made Energy
21 Act of 2008).

22 “(c) EXPENDITURES FROM AMERICAN-MADE EN-
23 ERGY TRUST FUND.—As provided by appropriation Acts,
24 amounts in the American-Made Energy Trust Fund shall
25 be available in any year for transfer to the general fund

1 of the Treasury to offset any reduction in revenue to the
2 United States that the Secretary estimates results from
3 the amendments made by the American-Made Energy Act
4 of 2008.”.

5 (b) CLERICAL AMENDMENT.—The table of sections
6 for subchapter A of chapter 98 of such Code is amended
7 by inserting at the end the following new item:

“Sec. 9511. American-Made Energy Trust Fund.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply after the date of the enactment
10 of this Act.

11 **TITLE III—DEVELOPMENT OF**
12 **OIL AND GAS RESOURCES OF**
13 **THE COASTAL PLAIN OF**
14 **ALASKA**

15 **SEC. 301. DEFINITIONS.**

16 In this title:

17 (1) COASTAL PLAIN.—The term “Coastal
18 Plain” means that area described in appendix I to
19 part 37 of title 50, Code of Federal Regulations.

20 (2) SECRETARY.—The term “Secretary”, except
21 as otherwise provided, means the Secretary of the
22 Interior or the Secretary’s designee.

1 **SEC. 302. LEASING PROGRAM FOR LANDS WITHIN THE**
2 **COASTAL PLAIN.**

3 (a) IN GENERAL.—The Secretary shall take such ac-
4 tions as are necessary—

5 (1) to establish and implement, in accordance
6 with this title and acting through the Director of the
7 Bureau of Land Management in consultation with
8 the Director of the United States Fish and Wildlife
9 Service, a competitive oil and gas leasing program
10 that will result in an environmentally sound program
11 for the exploration, development, and production of
12 the oil and gas resources of the Coastal Plain; and

13 (2) to administer the provisions of this title
14 through regulations, lease terms, conditions, restric-
15 tions, prohibitions, stipulations, and other provisions
16 that ensure the oil and gas exploration, development,
17 and production activities on the Coastal Plain will
18 result in no significant adverse effect on fish and
19 wildlife, their habitat, subsistence resources, and the
20 environment, including, in furtherance of this goal,
21 by requiring the application of the best commercially
22 available technology for oil and gas exploration, de-
23 velopment, and production to all exploration, devel-
24 opment, and production operations under this title
25 in a manner that ensures the receipt of fair market

1 value by the public for the mineral resources to be
2 leased.

3 The Secretary shall not commence leasing under the pro-
4 gram described in paragraph (1) unless a finding has been
5 made that bonus bids for offered leases are estimated to
6 be not less than \$6,000,000,000.

7 (b) REPEAL.—

8 (1) REPEAL.—Section 1003 of the Alaska Na-
9 tional Interest Lands Conservation Act of 1980 (16
10 U.S.C. 3143) is repealed.

11 (2) CONFORMING AMENDMENT.—The table of
12 contents in section 1 of such Act is amended by
13 striking the item relating to section 1003.

14 (c) COMPLIANCE WITH REQUIREMENTS UNDER CER-
15 TAIN OTHER LAWS.—

16 (1) COMPATIBILITY.—For purposes of the Na-
17 tional Wildlife Refuge System Administration Act of
18 1966 (16 U.S.C. 668dd et seq.), the oil and gas
19 leasing program and activities authorized by this
20 section in the Coastal Plain are deemed to be com-
21 patible with the purposes for which the Arctic Na-
22 tional Wildlife Refuge was established, and no fur-
23 ther findings or decisions are required to implement
24 this determination.

(2) ADEQUACY OF THE DEPARTMENT OF THE
INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT
STATEMENT.—The “Final Legislative Environmental
Impact Statement” (April 1987) on the
Coastal Plain prepared pursuant to section 1002 of
the Alaska National Interest Lands Conservation
Act of 1980 (16 U.S.C. 3142) and section 102(2)(C)
of the National Environmental Policy Act of 1969
(42 U.S.C. 4332(2)(C)) is deemed to satisfy the re-
quirements under the National Environmental Policy
Act of 1969 that apply with respect to prelease ac-
tivities, including actions authorized to be taken by
the Secretary to develop and promulgate the regula-
tions for the establishment of a leasing program au-
thorized by this title before the conduct of the first
lease sale.

17 (3) COMPLIANCE WITH NEPA FOR OTHER AC-
18 TIONS.—Before conducting the first lease sale under
19 this title, the Secretary shall prepare an environ-
20 mental impact statement under the National Envi-
21 ronmental Policy Act of 1969 with respect to the ac-
22 tions authorized by this title that are not referred to
23 in paragraph (2). Notwithstanding any other law,
24 the Secretary is not required to identify nonleasing
25 alternative courses of action or to analyze the envi-

1 ronmental effects of such courses of action. The Sec-
2 retary shall only identify a preferred action for such
3 leasing and a single leasing alternative, and analyze
4 the environmental effects and potential mitigation
5 measures for those two alternatives. The identifica-
6 tion of the preferred action and related analysis for
7 the first lease sale under this title shall be completed
8 within 18 months after the date of enactment of this
9 title. The Secretary shall only consider public com-
10 ments that specifically address the Secretary's pre-
11 ferred action and that are filed within 20 days after
12 publication of an environmental analysis. Notwith-
13 standing any other law, compliance with this para-
14 graph is deemed to satisfy all requirements for the
15 analysis and consideration of the environmental ef-
16 fects of proposed leasing under this title.

17 (d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-
18 ITY.—Nothing in this title shall be considered to expand
19 or limit State and local regulatory authority.

20 (e) SPECIAL AREAS.—

21 (1) IN GENERAL.—The Secretary, after con-
22 sultation with the State of Alaska, the city of
23 Kaktovik, and the North Slope Borough, may des-
24 ignate up to a total of 45,000 acres of the Coastal
25 Plain as a Special Area if the Secretary determines

1 that the Special Area is of such unique character
2 and interest so as to require special management
3 and regulatory protection. The Secretary shall des-
4 ignate as such a Special Area the Sadlerochit Spring
5 area, comprising approximately 4,000 acres.

6 (2) MANAGEMENT.—Each such Special Area
7 shall be managed so as to protect and preserve the
8 area's unique and diverse character including its
9 fish, wildlife, and subsistence resource values.

10 (3) EXCLUSION FROM LEASING OR SURFACE
11 OCCUPANCY.—The Secretary may exclude any Spe-
12 cial Area from leasing. If the Secretary leases a Spe-
13 cial Area, or any part thereof, for purposes of oil
14 and gas exploration, development, production, and
15 related activities, there shall be no surface occu-
16 pancy of the lands comprising the Special Area.

17 (4) DIRECTIONAL DRILLING.—Notwithstanding
18 the other provisions of this subsection, the Secretary
19 may lease all or a portion of a Special Area under
20 terms that permit the use of horizontal drilling tech-
21 nology from sites on leases located outside the Spe-
22 cial Area.

23 (f) LIMITATION ON CLOSED AREAS.—The Sec-
24 retary's sole authority to close lands within the Coastal

1 Plain to oil and gas leasing and to exploration, develop-
2 ment, and production is that set forth in this title.

3 (g) REGULATIONS.—

4 (1) IN GENERAL.—The Secretary shall pre-
5 scribe such regulations as may be necessary to carry
6 out this title, including rules and regulations relating
7 to protection of the fish and wildlife, their habitat,
8 subsistence resources, and environment of the Coast-
9 al Plain, by no later than 15 months after the date
10 of enactment of this title.

11 (2) REVISION OF REGULATIONS.—The Sec-
12 retary shall periodically review and, if appropriate,
13 revise the rules and regulations issued under sub-
14 section (a) to reflect any significant biological, envi-
15 ronmental, or engineering data that come to the Sec-
16 retary's attention.

17 **SEC. 303. LEASE SALES.**

18 (a) IN GENERAL.—Lands may be leased pursuant to
19 this title to any person qualified to obtain a lease for de-
20 posits of oil and gas under the Mineral Leasing Act (30
21 U.S.C. 181 et seq.).

22 (b) PROCEDURES.—The Secretary shall, by regula-
23 tion, establish procedures for—

24 (1) receipt and consideration of sealed nomina-
25 tions for any area in the Coastal Plain for inclusion

1 in, or exclusion (as provided in subsection (c)) from,
2 a lease sale;

3 (2) the holding of lease sales after such nomina-
4 tion process; and

5 (3) public notice of and comment on designa-
6 tion of areas to be included in, or excluded from, a
7 lease sale.

8 (c) LEASE SALE BIDS.—Bidding for leases under
9 this title shall be by sealed competitive cash bonus bids.

10 (d) ACREAGE MINIMUM IN FIRST SALE.—In the first
11 lease sale under this title, the Secretary shall offer for
12 lease those tracts the Secretary considers to have the
13 greatest potential for the discovery of hydrocarbons, tak-
14 ing into consideration nominations received pursuant to
15 subsection (b)(1), but in no case less than 200,000 acres.

16 (e) TIMING OF LEASE SALES.—The Secretary
17 shall—

18 (1) conduct the first lease sale under this title
19 within 22 months after the date of the enactment of
20 this title; and

21 (2) conduct additional sales so long as sufficient
22 interest in development exists to warrant, in the Sec-
23 retary's judgment, the conduct of such sales.

1 **SEC. 304. GRANT OF LEASES BY THE SECRETARY.**

2 (a) IN GENERAL.—The Secretary may grant to the
3 highest responsible qualified bidder in a lease sale con-
4 ducted pursuant to section 303 any lands to be leased on
5 the Coastal Plain upon payment by the lessee of such
6 bonus as may be accepted by the Secretary.

7 (b) SUBSEQUENT TRANSFERS.—No lease issued
8 under this title may be sold, exchanged, assigned, sublet,
9 or otherwise transferred except with the approval of the
10 Secretary. Prior to any such approval the Secretary shall
11 consult with, and give due consideration to the views of,
12 the Attorney General.

13 **SEC. 305. LEASE TERMS AND CONDITIONS.**

14 (a) IN GENERAL.—An oil or gas lease issued pursu-
15 ant to this title shall—

16 (1) provide for the payment of a royalty of not
17 less than 12½ percent in amount or value of the
18 production removed or sold from the lease, as deter-
19 mined by the Secretary under the regulations appli-
20 cable to other Federal oil and gas leases;

21 (2) provide that the Secretary may close, on a
22 seasonal basis, portions of the Coastal Plain to ex-
23 ploratory drilling activities as necessary to protect
24 caribou calving areas and other species of fish and
25 wildlife;

10 (4) provide that the lessee may not delegate or
11 convey, by contract or otherwise, the reclamation re-
12 sponsibility and liability to another person without
13 the express written approval of the Secretary;

14 (5) provide that the standard of reclamation for
15 lands required to be reclaimed under this title shall
16 be, as nearly as practicable, a condition capable of
17 supporting the uses which the lands were capable of
18 supporting prior to any exploration, development, or
19 production activities, or upon application by the les-
20 see, to a higher or better use as approved by the
21 Secretary;

22 (6) contain terms and conditions relating to
23 protection of fish and wildlife, their habitat, subsist-
24 ence resources, and the environment as required
25 pursuant to section 302(a)(2);

10 (8) contain such other provisions as the Sec-
11 retary determines necessary to ensure compliance
12 with the provisions of this title and the regulations
13 issued under this title.

14 (b) PROJECT LABOR AGREEMENTS.—The Secretary,
15 as a term and condition of each lease under this title and
16 in recognizing the Government's proprietary interest in
17 labor stability and in the ability of construction labor and
18 management to meet the particular needs and conditions
19 of projects to be developed under the leases issued pursu-
20 ant to this title and the special concerns of the parties
21 to such leases, shall require that the lessee and its agents
22 and contractors negotiate to obtain a project labor agree-
23 ment for the employment of laborers and mechanics on
24 production, maintenance, and construction under the
25 lease.

1 **SEC. 306. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

2 (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD

3 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—

4 The Secretary shall, consistent with the requirements of

5 section 302, administer the provisions of this title through

6 regulations, lease terms, conditions, restrictions, prohibi-

7 tions, stipulations, and other provisions that—

8 (1) ensure the oil and gas exploration, develop-

9 ment, and production activities on the Coastal Plain

10 will result in no significant adverse effect on fish

11 and wildlife, their habitat, and the environment;

12 (2) require the application of the best commer-

13 cially available technology for oil and gas explo-

14 ration, development, and production on all new ex-

15 ploration, development, and production operations;

16 and

17 (3) ensure that the maximum amount of sur-

18 face acreage covered by production and support fa-

19 cilities, including airstrips and any areas covered by

20 gravel berms or piers for support of pipelines, does

21 not exceed 2,000 acres on the Coastal Plain.

22 (b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—

23 The Secretary shall also require, with respect to any pro-

24 posed drilling and related activities, that—

25 (1) a site-specific analysis be made of the prob-

26 able effects, if any, that the drilling or related activi-

1 ties will have on fish and wildlife, their habitat, sub-
2 sistence resources, and the environment;

3 (2) a plan be implemented to avoid, minimize,
4 and mitigate (in that order and to the extent prac-
5 ticable) any significant adverse effect identified
6 under paragraph (1); and

7 (3) the development of the plan shall occur
8 after consultation with the agency or agencies hav-
9 ing jurisdiction over matters mitigated by the plan.

10 (c) REGULATIONS TO PROTECT COASTAL PLAIN
11 FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,

12 AND THE ENVIRONMENT.—Before implementing the leas-
13 ing program authorized by this title, the Secretary shall
14 prepare and promulgate regulations, lease terms, condi-
15 tions, restrictions, prohibitions, stipulations, and other
16 measures designed to ensure that the activities undertaken
17 on the Coastal Plain under this title are conducted in a
18 manner consistent with the purposes and environmental
19 requirements of this title.

20 (d) COMPLIANCE WITH FEDERAL AND STATE ENVI-
21 RONMENTAL LAWS AND OTHER REQUIREMENTS.—The
22 proposed regulations, lease terms, conditions, restrictions,
23 prohibitions, and stipulations for the leasing program
24 under this title shall require compliance with all applicable

1 provisions of Federal and State environmental law, and
2 shall also require the following:

3 (1) Standards at least as effective as the safety
4 and environmental mitigation measures set forth in
5 items 1 through 29 at pages 167 through 169 of the
6 "Final Legislative Environmental Impact State-
7 ment" (April 1987) on the Coastal Plain.

8 (2) Seasonal limitations on exploration, develop-
9 ment, and related activities, where necessary, to
10 avoid significant adverse effects during periods of
11 concentrated fish and wildlife breeding, denning,
12 nesting, spawning, and migration.

13 (3) That exploration activities, except for sur-
14 face geological studies, be limited to the period be-
15 tween approximately November 1 and May 1 each
16 year and that exploration activities shall be sup-
17 ported, if necessary, by ice roads, winter trails with
18 adequate snow cover, ice pads, ice airstrips, and air
19 transport methods, except that such exploration ac-
20 tivities may occur at other times if the Secretary
21 finds that such exploration will have no significant
22 adverse effect on the fish and wildlife, their habitat,
23 and the environment of the Coastal Plain.

4 (A) minimize, to the maximum extent pos-
5 sible, adverse effects upon the passage of mi-
6 gratory species such as caribou; and

(B) minimize adverse effects upon the flow of surface water by requiring the use of culverts, bridges, and other structural devices.

10 (5) Prohibitions on general public access and
11 use on all pipeline access and service roads.

24 (7) Appropriate prohibitions or restrictions on
25 access by all modes of transportation.

3 (9) Consolidation of facility siting.

4 (10) Appropriate prohibitions or restrictions on
5 use of explosives.

12 (12) Avoidance or minimization of air traffic-re-
13 lated disturbance to fish and wildlife.

21 (14) Fuel storage and oil spill contingency plan-
22 ning.

23 (15) Research, monitoring, and reporting re-
24 quirements.

25 (16) Field crew environmental briefings.

(17) Avoidance of significant adverse effects upon subsistence hunting, fishing, and trapping by subsistence users.

4 (18) Compliance with applicable air and water
5 quality standards.

(19) Appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited.

9 (20) Reasonable stipulations for protection of
10 cultural and archeological resources.

11 (21) All other protective environmental stipula-
12 tions, restrictions, terms, and conditions deemed
13 necessary by the Secretary.

14 (e) CONSIDERATIONS.—In preparing and promul-
15 gating regulations, lease terms, conditions, restrictions,
16 prohibitions, and stipulations under this section, the Sec-
17 retary shall consider the following:

23 (2) The environmental protection standards
24 that governed the initial Coastal Plain seismic explo-

1 ration program under parts 37.31 to 37.33 of title
2 50, Code of Federal Regulations.

3 (3) The land use stipulations for exploratory
4 drilling on the KIC—ASRC private lands that are set
5 forth in Appendix 2 of the August 9, 1983, agree-
6 ment between Arctic Slope Regional Corporation and
7 the United States.

8 (f) FACILITY CONSOLIDATION PLANNING.—

9 (1) IN GENERAL.—The Secretary shall, after
10 providing for public notice and comment, prepare
11 and update periodically a plan to govern, guide, and
12 direct the siting and construction of facilities for the
13 exploration, development, production, and transpor-
14 tation of Coastal Plain oil and gas resources.

15 (2) OBJECTIVES.—The plan shall have the fol-
16 lowing objectives:

17 (A) Avoiding unnecessary duplication of fa-
18 cilities and activities.

19 (B) Encouraging consolidation of common
20 facilities and activities.

21 (C) Locating or confining facilities and ac-
22 tivities to areas that will minimize impact on
23 fish and wildlife, their habitat, and the environ-
24 ment.

3 (E) Enhancing compatibility between wild-
4 life values and development activities.

5 (g) ACCESS TO PUBLIC LANDS.—The Secretary
6 shall—

14 SEC. 307. EXPEDITED JUDICIAL REVIEW.

15 (a) FILING OF COMPLAINT.—

16 (1) DEADLINE.—Subject to paragraph (2), any
17 complaint seeking judicial review of any provision of
18 this title or any action of the Secretary under this
19 title shall be filed—

20 (A) except as provided in subparagraph
21 (B), within the 90-day period beginning on the
22 date of the action being challenged; or

23 (B) in the case of a complaint based solely
24 on grounds arising after such period, within 90
25 days after the complainant knew or reasonably

1 should have known of the grounds for the com-
2 plaint.

3 (2) VENUE.—Any complaint seeking judicial re-
4 view of any provision of this title or any action of
5 the Secretary under this title may be filed only in
6 the United States Court of Appeals for the District
7 of Columbia.

8 (3) LIMITATION ON SCOPE OF CERTAIN RE-
9 VIEW.—Judicial review of a Secretarial decision to
10 conduct a lease sale under this title, including the
11 environmental analysis thereof, shall be limited to
12 whether the Secretary has complied with the terms
13 of this title and shall be based upon the administra-
14 tive record of that decision. The Secretary's identi-
15 fication of a preferred course of action to enable
16 leasing to proceed and the Secretary's analysis of
17 environmental effects under this title shall be pre-
18 sumed to be correct unless shown otherwise by clear
19 and convincing evidence to the contrary.

20 (b) LIMITATION ON OTHER REVIEW.—Actions of the
21 Secretary with respect to which review could have been
22 obtained under this section shall not be subject to judicial
23 review in any civil or criminal proceeding for enforcement.

1 **SEC. 308. FEDERAL AND STATE DISTRIBUTION OF REVE-
2 NUES.**

3 (a) IN GENERAL.—Notwithstanding any other provi-
4 sion of law, of the amount of adjusted bonus, rental, and
5 royalty revenues from Federal oil and gas leasing and op-
6 erations authorized under this title—

7 (1) 50 percent shall be paid to the State of
8 Alaska; and

9 (2) except as provided in section 311(d), the
10 balance shall be transferred to the American-Made
11 Energy Trust Fund.

12 (b) PAYMENTS TO ALASKA.—Payments to the State
13 of Alaska under this section shall be made semiannually.

14 **SEC. 309. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

15 (a) IN GENERAL.—The Secretary shall issue rights-
16 of-way and easements across the Coastal Plain for the
17 transportation of oil and gas—

18 (1) except as provided in paragraph (2), under
19 section 28 of the Mineral Leasing Act (30 U.S.C.
20 185), without regard to title XI of the Alaska Na-
21 tional Interest Lands Conservation Act (30 U.S.C.
22 3161 et seq.); and

23 (2) under title XI of the Alaska National Inter-
24 est Lands Conservation Act (30 U.S.C. 3161 et
25 seq.), for access authorized by sections 1110 and
26 1111 of that Act (16 U.S.C. 3170 and 3171).

1 (b) TERMS AND CONDITIONS.—The Secretary shall
2 include in any right-of-way or easement issued under sub-
3 section (a) such terms and conditions as may be necessary
4 to ensure that transportation of oil and gas does not result
5 in a significant adverse effect on the fish and wildlife, sub-
6 sistence resources, their habitat, and the environment of
7 the Coastal Plain, including requirements that facilities be
8 sited or designed so as to avoid unnecessary duplication
9 of roads and pipelines.

10 (c) REGULATIONS.—The Secretary shall include in
11 regulations under section 302(g) provisions granting
12 rights-of-way and easements described in subsection (a)
13 of this section.

14 **SEC. 310. CONVEYANCE.**

15 In order to maximize Federal revenues by removing
16 clouds on title to lands and clarifying land ownership pat-
17 terns within the Coastal Plain, the Secretary, notwith-
18 standing the provisions of section 1302(h)(2) of the Alas-
19 ka National Interest Lands Conservation Act (16 U.S.C.
20 3192(h)(2)), shall convey—

21 (1) to the Kaktovik Inupiat Corporation the
22 surface estate of the lands described in paragraph 1
23 of Public Land Order 6959, to the extent necessary
24 to fulfill the Corporation's entitlement under sec-
25 tions 12 and 14 of the Alaska Native Claims Settle-

1 ment Act (43 U.S.C. 1611 and 1613) in accordance
2 with the terms and conditions of the Agreement be-
3 tween the Department of the Interior, the United
4 States Fish and Wildlife Service, the Bureau of
5 Land Management, and the Kaktovik Inupiat Cor-
6 poration effective January 22, 1993; and

7 (2) to the Arctic Slope Regional Corporation
8 the remaining subsurface estate to which it is enti-
9 tled pursuant to the August 9, 1983, agreement be-
10 tween the Arctic Slope Regional Corporation and the
11 United States of America.

12 **SEC. 311. LOCAL GOVERNMENT IMPACT AID AND COMMU-**
13 **NITY SERVICE ASSISTANCE.**

14 (a) **FINANCIAL ASSISTANCE AUTHORIZED.—**

15 (1) **IN GENERAL.**—The Secretary may use
16 amounts available from the Coastal Plain Local Gov-
17 ernment Impact Aid Assistance Fund established by
18 subsection (d) to provide timely financial assistance
19 to entities that are eligible under paragraph (2) and
20 that are directly impacted by the exploration for or
21 production of oil and gas on the Coastal Plain under
22 this title.

23 (2) **ELIGIBLE ENTITIES.**—The North Slope
24 Borough, the City of Kaktovik, and any other bor-
25 ough, municipal subdivision, village, or other com-

1 munity in the State of Alaska that is directly im-
2 pacted by exploration for, or the production of, oil
3 or gas on the Coastal Plain under this title, as de-
4 termined by the Secretary, shall be eligible for finan-
5 cial assistance under this section.

6 (b) USE OF ASSISTANCE.—Financial assistance
7 under this section may be used only for—

8 (1) planning for mitigation of the potential ef-
9 fects of oil and gas exploration and development on
10 environmental, social, cultural, recreational, and sub-
11 sistence values;

12 (2) implementing mitigation plans and main-
13 taining mitigation projects;

14 (3) developing, carrying out, and maintaining
15 projects and programs that provide new or expanded
16 public facilities and services to address needs and
17 problems associated with such effects, including fire-
18 fighting, police, water, waste treatment, medivac,
19 and medical services; and

20 (4) establishment of a coordination office, by
21 the north slope borough, in the city of kaktovik,
22 which shall—

23 (A) coordinate with and advise developers
24 on local conditions, impact, and history of the
25 areas utilized for development; and

1 (B) provide to the Committee on Resources
2 of the House of Representatives and the Com-
3 mittee on Energy and Natural Resources of the
4 Senate an annual report on the status of co-
5 ordination between developers and the commu-
6 nities affected by development.

7 (c) APPLICATION.—

23 (d) ESTABLISHMENT OF FUND.—

12 (4) LIMITATION ON DEPOSITS.—The total
13 amount in the fund may not exceed \$11,000,000.

14 (5) INVESTMENT OF BALANCES.—The Sec-
15 retary of the Treasury shall invest amounts in the
16 fund in interest bearing government securities.

17 (e) AUTHORIZATION OF APPROPRIATIONS.—To pro-
18 vide financial assistance under this section there is author-
19 ized to be appropriated to the Secretary from the Coastal
20 Plain Local Government Impact Aid Assistance Fund
21 \$5,000,000 for each fiscal year.

1 **TITLE IV—COAL-TO-LIQUID**
2 **FUEL PROMOTION**

3 **SEC. 401. STRATEGIC PETROLEUM RESERVE.**

4 (a) DEVELOPMENT, OPERATION, AND MAINTENANCE
5 OF RESERVE.—Section 159 of the Energy Policy and Con-
6 servation Act (42 U.S.C. 6239) is amended—

7 (1) by redesignating subsections (f), (g), (j),
8 (k), and (l) as subsections (a), (b), (e), (f), and (g),
9 respectively; and

10 (2) by inserting after subsection (b) (as redesign-
11 ated by paragraph (1)) the following:

12 “(c) STUDY OF MAINTAINING COAL-TO-LIQUID
13 PRODUCTS IN RESERVE.—Not later than 1 year after the
14 date of enactment of the American-Made Energy Act of
15 2008, the Secretary and the Secretary of Defense shall—

16 “(1) conduct a study of the feasibility and suit-
17 ability of maintaining coal-to-liquid products in the
18 Reserve; and

19 “(2) submit to the Committee on Energy and
20 Natural Resources and the Committee on Armed
21 Services of the Senate and the Committee on Energy
22 and Commerce and the Committee on Armed Serv-
23 ices of the House of Representatives a report de-
24 scribing the results of the study.

1 “(d) CONSTRUCTION OF STORAGE FACILITIES.—As
2 soon as practicable after the date of enactment of the
3 American-Made Energy Act of 2008, the Secretary may
4 construct 1 or more storage facilities—

5 “(1) in the vicinity of pipeline infrastructure
6 and at least 1 military base; but

7 “(2) outside the boundaries of any State on the
8 coast of the Gulf of Mexico.”.

9 (b) PETROLEUM PRODUCTS FOR STORAGE IN RE-
10 SERVE.—Section 160 of the Energy Policy and Conserva-
11 tion Act (42 U.S.C. 6240) is amended—

12 (1) in subsection (a)—

13 (A) in paragraph (1), by inserting a semi-
14 colon at the end;

15 (B) in paragraph (2), by striking “and” at
16 the end;

17 (C) in paragraph (3), by striking the pe-
18 riod at the end and inserting “; and”; and

19 (D) by adding at the end the following:

20 “(4) coal-to-liquid fuel (as defined in section
21 404 of the American-Made Energy Act of 2008), as
22 the Secretary determines to be appropriate, in a
23 quantity not to exceed 20 percent of the total quan-
24 tity of petroleum products in the Reserve.”;

4 (3) by redesignating subsections (f) and (h) as
5 subsections (d) and (e), respectively.

6 (c) CONFORMING AMENDMENTS.—Section 167 of the
7 Energy Policy and Conservation Act (42 U.S.C. 6247) is
8 amended—

9 (1) in subsection (b)—

10 (A) by redesignating paragraphs (2) and
11 (3) as paragraphs (1) and (2), respectively; and

12 (B) in paragraph (2) (as redesignated by
13 subparagraph (A)), by striking “section 160(f)”
14 and inserting “section 160(e)”; and

18 SEC. 402. PROCUREMENT OF UNCONVENTIONAL FUELS BY
19 THE DEPARTMENT OF DEFENSE.

20 Section 2398a of title 10, United States Code, is
21 amended—

22 (1) in subsection (b)—

23 (A) by striking “The Secretary” and in-
24 serting “(1) The Secretary”;

1 (B) by inserting after “covered fuel” the
2 following: “, biobased fuel, or coal-to-liquid
3 fuel”; and

4 (C) by adding at the end the following:

5 “(2)(A) The Secretary of Defense may enter into con-
6 tracts or other agreements with private companies or other
7 entities to develop and operate qualified coal-to-liquid fa-
8 cilities (as defined in section 404 of the American-Made
9 Energy Act of 2008) on or near military installations.

10 “(B) In entering into contracts and other agreements
11 under subparagraph (A), the Secretary shall consider land
12 availability, testing opportunities, and proximity to raw
13 materials.”;

14 (2) in subsection (d)—

15 (A) by inserting after “covered fuel” the
16 following: “biobased fuel, or coal-to-liquid fuel”;
17 and

18 (B) by striking “1 or more years” and in-
19 serting “up to 25 years”; and

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

21 "(f) DEFINITIONS.—In this section:

22 “(1) The term ‘coal-to-liquid fuel’ means a fuel
23 produced from a coal-to-liquid process or technology
24 in a qualified coal-to-liquid facility (as defined in
25 section 404 of American-Made Energy Act of 2008.

1 “(2) The term ‘coal-to-liquid’ means a process
2 within the meaning of section 404 of the American-
3 Made Energy Act of 2008.”.

4 **SEC. 403. GOVERNMENT AUCTION OF LONG TERM PUT OP-**
5 **TION CONTRACTS ON COAL-TO-LIQUID FUEL**
6 **PRODUCED BY QUALIFIED COAL-TO-LIQUID**
7 **FACILITIES.**

8 (a) **IN GENERAL.**—The Secretary shall, from time to
9 time, auction to the public coal-to-liquid fuel put option
10 contracts having expiration dates of 5 years, 10 years, 15
11 years, or 20 years.

12 (b) **CONSULTATION WITH SECRETARY OF EN-**
13 **ERGY.**—The Secretary shall consult with the Secretary of
14 Energy regarding—

15 (1) the frequency of the auctions;
16 (2) the strike prices specified in the contracts;
17 (3) the number of contracts to be auctioned
18 with a given strike price and expiration date; and
19 (4) the capacity of existing or planned facilities
20 to produce coal-to-liquid fuel.

21 (c) **DEFINITIONS.**—In this section:

22 (1) **COAL-TO-LIQUID PUT OPTION CONTRACT.**—
23 The term “coal-to-liquid put option contract” means
24 a contract, written by the Secretary, which—

1 (A) gives the holder the right (but not the
2 obligation) to sell to the Government of the
3 United States a certain quantity of a specific
4 type of coal-to-liquid fuel produced by a qualifi-
5 fied coal-to-liquid facility specified in the con-
6 tract, at a strike price specified in the contract,
7 on or before an expiration date specified in the
8 contract; and

9 (B) is transferable by the holder to any
10 other entity.

18 (d) REGULATIONS.—The Secretary shall prescribe
19 such regulations as may be necessary to carry out this
20 section.

21 (e) EFFECTIVE DATE.—This section shall take effect
22 1 year after the date of the enactment of this Act.

23 SEC. 404. DEFINITIONS.

24 For purposes of this title (except as otherwise pro-
25 vided)—

16 TITLE V—BIOFUEL PROGRAM

17 SEC. 501. GRANTS FOR CELLULOSIC ETHANOL PRODUC-
18 TION.

19 Subsection (s) of section 211 of the Clean Air Act
20 (as added by section 1512 of the Energy Policy Act of
21 2005) (and as redesignated by section 9307 of this Act),
22 relating to conversion assistance for cellulosic biomass,
23 waste-derived ethanol, and approved renewable fuels, is
24 amended as follows:

1 (1) By adding the following new subparagraphs
2 at the end of paragraph (3):

5 (2) By adding the following new paragraph at
6 the end thereof:

7 “(5) CRITERIA.—In awarding grants under this
8 section, the Secretary shall give priority to applica-
9 tions that promote feedstock diversity and the geo-
10 graphic dispersion of production facilities.”.

11 SEC. 502. LOAN GUARANTEES FOR BIOREFINERIES AND
12 BIOFUEL PRODUCTION PLANTS.

13 Section 9003 of the Farm Security and Rural Invest-
14 ment Act of 2002 (7 U.S.C. 8103) is amended—

15 (1) in the section heading, by inserting “;
16 **LOAN GUARANTEES FOR BIOREFINERIES AND**
17 **BIOFUEL PRODUCTION PLANTS”** after
18 “**GRANTS**”;

19 (2) in subsection (b)(2)(A), by striking "and"
20 the 1st place it appears and inserting "or";

1 “(d) LOAN GUARANTEES.—

2 “(1) IN GENERAL.—The Secretary shall make
3 loan guarantees to eligible entities to assist in pay-
4 ing the cost of development and construction of bio-
5 refineries and biofuel production plants (including
6 retrofitting) to carry out projects to demonstrate the
7 commercial viability of 1 or more processes for con-
8 verting biomass to fuels or chemicals.

9 “(2) LIMITATIONS.—

10 “(A) MAXIMUM PERCENTAGE OF LOAN
11 GUARANTEED.—A loan guarantee under para-
12 graph (1) shall be for not more than 90 percent
13 of the principal and interest due on the loan.

14 “(B) TOTAL AMOUNTS GUARANTEED.—
15 The total amount of principal and interest
16 guaranteed under paragraph (1) shall not ex-
17 ceed—

18 “(i) \$600,000,000, in the case of
19 loans valued at not more than
20 \$100,000,000; or

21 “(ii) \$1,000,000,000, in the case of
22 loans valued at more than \$100,000,000
23 but not more than \$250,000,000.

24 “(C) MAXIMUM TERM OF LOAN GUARAN-
25 TEED.—The Secretary shall determine the max-

3 (4) in subsection (f) (as so redesignated)—

4 (A) in paragraph (1), by inserting “and
5 loan guarantees under subsection (d)” after
6 “(c);

10 (C) in paragraph (2)(B)—

11 (i) by striking “and” at the end of
12 clause (viii);

13 (ii) by striking the period at the end
14 of clause (ix) and inserting “; and”; and

15 (iii) by adding at the end the fol-
16 lowing:

17 "(x) The level of local ownership."); and

18 (D) by adding at the end the following:

19 “(3) PRIORITY IN AWARDING LOAN GUARAN-
20 TEES.—In selecting projects to receive loan guaran-
21 tees under subsection (d), the Secretary shall give
22 priority to projects based on the criteria set forth in
23 paragraph (2)(B) of this subsection.”;

24 (5) in subsection (i), by striking “2007” and in-
25 serting “2012”; and

1 (6) by adding at the end the following new sub-
2 sections:

3 “(j) ADDITIONAL FUNDING FOR LOAN GUARAN-
4 TEES.—Of the funds of the Commodity Credit Corpora-
5 tion, the Secretary shall use to carry out this section—

6 “(1) \$50,000,000 for fiscal year 2008;

7 “(2) \$65,000,000 for fiscal year 2009;

8 “(3) \$75,000,000 for fiscal year 2010;

9 “(4) \$150,000,000 for fiscal year 2011; and

11 "(k) CONTINUATION OF OPERATIONS.—

12 “(1) FUNDING.—The Secretary shall continue
13 to carry out this section at the rate of operation in
14 effect on September 30, 2012, from sums in the
15 Treasury not otherwise appropriated, through Sep-
16 tember 30, 2017.

17 “(2) AUTHORITY.—The program and authori-
18 ties provided under this section shall continue in
19 force and effect through September 30, 2017.”.

20 SEC. 503. BIOMASS RESEARCH AND DEVELOPMENT ACT OF
21 2000.

22 (a) RESTATEMENT, EXTENSION, AND INCREASED
23 FUNDING OF ACT.—Section 9008 of the Farm Security
24 and Rural Investment Act of 2002 (Public Law 107–171;
25 116 Stat. 486) is amended to read as follows:

1 **“SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT ACT**2 **OF 2000.**3 “(a) SHORT TITLE.—This section may be cited as the
4 ‘Biomass Research and Development Act of 2000’.

5 “(b) FINDINGS.—Congress finds that—

6 “(1) conversion of biomass into biobased indus-
7 trial products offers outstanding potential for benefit
8 to the national interest through—9 “(A) improved strategic security and bal-
10 ance of payments;

11 “(B) healthier rural economies;

12 “(C) improved environmental quality;

13 “(D) near-zero net greenhouse gas emis-
14 sions;

15 “(E) technology export; and

16 “(F) sustainable resource supply;

17 “(2) the key technical challenges to be overcome
18 in order for biobased industrial products to be cost-
19 competitive are finding new technology and reducing
20 the cost of technology for converting biomass into
21 desired biobased industrial products;22 “(3) biobased fuels have the clear potential to
23 be sustainable, low cost, and high performance fuels
24 that are compatible with both current and future
25 transportation systems and provide near-zero net
26 greenhouse gas emissions;

1 “(4) biobased chemicals have the clear potential
2 for environmentally benign product life cycles;

3 “(5) biobased power can—

4 “(A) provide environmental benefits;

5 “(B) promote rural economic development;

6 and

7 “(C) diversify energy resource options;

8 “(6) many biomass feedstocks suitable for in-
9 dustrial processing show the clear potential for sus-
10 tainable production, in some cases resulting in im-
11 proved soil fertility and carbon sequestration;

12 “(7)(A) grain processing mills are biorefineries
13 that produce a diversity of useful food, chemical,
14 feed, and fuel products; and

15 “(B) technologies that result in further diver-
16 sification of the range of value-added biobased in-
17 dustrial products can meet a key need for the grain
18 processing industry;

19 “(8)(A) cellulosic feedstocks are attractive be-
20 cause of their low cost and widespread availability;
21 and

22 “(B) research resulting in cost-effective tech-
23 nology to overcome the recalcitrance of cellulosic bio-
24 mass would allow biorefineries to produce fuels and
25 bulk chemicals on a very large scale, with a commen-

1 surately large realization of the benefit described in
2 paragraph (1);

3 “(9) research into the fundamentals to under-
4 stand important mechanisms of biomass conversion
5 can be expected to accelerate the application and ad-
6 vancement of biomass processing technology by—

7 “(A) increasing the confidence and speed
8 with which new technologies can be scaled up;
9 and

10 “(B) giving rise to processing innovations
11 based on new knowledge;

12 “(10) the added utility of biobased industrial
13 products developed through improvements in proc-
14 essing technology would encourage the design of
15 feedstocks that would meet future needs more effec-
16 tively;

17 “(11) the creation of value-added biobased in-
18 dustrial products would create new jobs in construc-
19 tion, manufacturing, and distribution, as well as new
20 higher-valued exports of products and technology;

21 “(12)(A) because of the relatively short-term
22 time horizon characteristic of private sector invest-
23 ments, and because many benefits of biomass proc-
24 essing are in the national interest, it is appropriate
25 for the Federal Government to provide

1 precommercial investment in fundamental research
2 and research-driven innovation in the biomass pro-
3 cessing area; and

4 “(B) such an investment would provide a val-
5 able complement to ongoing and past governmental
6 support in the biomass processing area; and

7 “(13) several prominent studies, including stud-
8 ies by the President’s Committee of Advisors on
9 Science and Technology and the National Research
10 Council—

11 “(A) support the potential for large re-
12 search-driven advances in technologies for pro-
13 duction of biobased industrial products as well
14 as associated benefits; and

15 “(B) document the need for a focused, in-
16 tegrated, and innovation-driven research effort
17 to provide the appropriate progress in a timely
18 manner.

19 “(c) DEFINITIONS.—In this section:

20 “(1) ADVISORY COMMITTEE.—The term ‘Advi-
21 sory Committee’ means the Biomass Research and
22 Development Technical Advisory Committee estab-
23 lished by this section.

1 “(2) BIOBASED FUEL.—The term ‘biobased
2 fuel’ means any transportation or heating fuel pro-
3 duced from biomass.

4 “(3) BIOBASED PRODUCT.—The term ‘biobased
5 product’ means an industrial product (including
6 chemicals, materials, and polymers) produced from
7 biomass, or a commercial or industrial product (in-
8 cluding animal feed and electric power) derived in
9 connection with the conversion of biomass to fuel.

10 “(4) BIOMASS.—The term ‘biomass’ means any
11 organic matter that is available on a renewable or
12 recurring basis, including agricultural crops and
13 trees, wood and wood wastes and residues, plants
14 (including aquatic plants), grasses, residues, fibers,
15 and animal wastes, municipal wastes, and other
16 waste materials.

17 “(5) BOARD.—The term ‘Board’ means the
18 Biomass Research and Development Board estab-
19 lished by this section.

20 “(6) DEMONSTRATION.—The term ‘demonstra-
21 tion’ means demonstration of technology in a pilot
22 plant or semi-works scale facility.

23 “(7) INITIATIVE.—The term ‘Initiative’ means
24 the Biomass Research and Development Initiative
25 established under this section.

1 “(8) INSTITUTION OF HIGHER EDUCATION.—

2 The term ‘institution of higher education’ has the
3 meaning given the term in section 102(a) of the
4 Higher Education Act of 1965 (20 U.S.C. 1002(a)).

5 “(9) NATIONAL LABORATORY.—The term ‘Na-
6 tional Laboratory’ has the meaning given that term
7 in section 2 of the Energy Policy Act of 2005.

8 “(10) POINT OF CONTACT.—The term ‘point of
9 contact’ means a point of contact designated under
10 this section.

11 “(d) COOPERATION AND COORDINATION IN BIOMASS
12 RESEARCH AND DEVELOPMENT.—

13 “(1) IN GENERAL.—The Secretary of Agri-
14 culture and the Secretary of Energy shall cooperate
15 with respect to, and coordinate, policies and proce-
16 dures that promote research and development lead-
17 ing to the production of biobased fuels and biobased
18 products.

19 “(2) POINTS OF CONTACT.—

20 “(A) IN GENERAL.—To coordinate re-
21 search and development programs and activities
22 relating to biobased fuels and biobased products
23 that are carried out by their respective Depart-
24 ments—

1 “(i) the Secretary of Agriculture shall
2 designate, as the point of contact for the
3 Department of Agriculture, an officer of
4 the Department of Agriculture appointed
5 by the President to a position in the De-
6 partment before the date of the designa-
7 tion, by and with the advice and consent of
8 the Senate; and

9 “(ii) the Secretary of Energy shall
10 designate, as the point of contact for the
11 Department of Energy, an officer of the
12 Department of Energy appointed by the
13 President to a position in the Department
14 before the date of the designation, by and
15 with the advice and consent of the Senate.

16 “(B) DUTIES.—The points of contact shall
17 jointly—

18 “(i) assist in arranging interlabora-
19 tory and site-specific supplemental agree-
20 ments for research and development
21 projects relating to biobased fuels and
22 biobased products;

23 “(ii) serve as cochairpersons of the
24 Board;

25 “(iii) administer the Initiative; and

1 “(iv) respond in writing to each rec-
2 ommendation of the Advisory Committee
3 made under subsection (f).

4 “(e) BIOMASS RESEARCH AND DEVELOPMENT
5 BOARD.—

6 “(1) ESTABLISHMENT.—There is established
7 the Biomass Research and Development Board,
8 which shall supersede the Interagency Council on
9 Biobased Products and Bioenergy established by Ex-
10 ecutive Order No. 13134, to coordinate programs
11 within and among departments and agencies of the
12 Federal Government for the purpose of promoting
13 the use of biobased fuels and biobased products by—

14 “(A) maximizing the benefits deriving from
15 Federal grants and assistance; and
16 “(B) bringing coherence to Federal stra-
17 tegic planning.

18 “(2) MEMBERSHIP.—The Board shall consist
19 of—

20 “(A) the point of contact of the Depart-
21 ment of Energy designated under subsection
22 (d), who shall serve as cochairperson of the
23 Board;

24 “(B) the point of contact of the Depart-
25 ment of Agriculture designated under sub-

1 section (d), who shall serve as cochairperson of
2 the Board;

3 “(C) a senior officer of each of the Depart-
4 ment of the Interior, the Environmental Protec-
5 tion Agency, the National Science Foundation,
6 and the Office of Science and Technology Pol-
7 icy, each of whom shall—

8 “(i) be appointed by the head of the
9 respective agency; and

10 “(ii) have a rank that is equivalent to
11 the rank of the points of contact; and

12 “(D) at the option of the Secretary of Ag-
13 riculture and the Secretary of Energy, other
14 members appointed by the Secretaries (after
15 consultation with the members described in sub-
16 paragraphs (A) through (C)).

17 “(3) DUTIES.—The Board shall—

18 “(A) coordinate research and development
19 activities relating to biobased fuels and biobased
20 products—

21 “(i) between the Department of Agri-
22 culture and the Department of Energy;
23 and

24 “(ii) with other departments and
25 agencies of the Federal Government;

1 “(B) provide recommendations to the
2 points of contact concerning administration of
3 this title;

4 “(C) ensure that—

5 “(i) solicitations are open and com-
6 petitive with awards made annually; and

7 “(ii) objectives and evaluation criteria
8 of the solicitations are clearly stated and
9 minimally prescriptive, with no areas of
10 special interest; and

11 “(D) ensure that the panel of scientific
12 and technical peers assembled under subsection
13 (g) to review proposals is composed predomi-
14 nantly of independent experts selected from out-
15 side the Departments of Agriculture and En-
16 ergy.

17 “(4) FUNDING.—Each agency represented on
18 the Board is encouraged to provide funds for any
19 purpose under this section.

20 “(5) MEETINGS.—The Board shall meet at
21 least quarterly to enable the Board to carry out the
22 duties of the Board under paragraph (3).

23 “(f) BIOMASS RESEARCH AND DEVELOPMENT TECH-
24 NICAL ADVISORY COMMITTEE.—

1 “(1) ESTABLISHMENT.—There is established
2 the Biomass Research and Development Technical
3 Advisory Committee, which shall supersede the Advi-
4 sory Committee on Biobased Products and Bio-
5 energy established by Executive Order No. 13134—

6 “(A) to advise the Secretary of Energy, the
7 Secretary of Agriculture, and the points of con-
8 tact concerning—

9 “(i) the technical focus and direction
10 of requests for proposals issued under the
11 Initiative; and

12 “(ii) procedures for reviewing and
13 evaluating the proposals;

14 “(B) to facilitate consultations and part-
15 nerships among Federal and State agencies, ag-
16 ricultural producers, industry, consumers, the
17 research community, and other interested
18 groups to carry out program activities relating
19 to the Initiative; and

20 “(C) to evaluate and perform strategic
21 planning on program activities relating to the
22 Initiative.

23 “(2) MEMBERSHIP.—

24 “(A) IN GENERAL.—The Advisory Com-
25 mittee shall consist of—

- 1 “(i) an individual affiliated with the
- 2 biofuels industry;
- 3 “(ii) an individual affiliated with the
- 4 biobased industrial and commercial prod-
- 5 ucts industry;
- 6 “(iii) an individual affiliated with an
- 7 institution of higher education who has ex-
- 8 pertise in biobased fuels and biobased
- 9 products;
- 10 “(iv) two prominent engineers or sci-
- 11 entists from government or academia who
- 12 have expertise in biobased fuels and
- 13 biobased products;
- 14 “(v) an individual affiliated with a
- 15 commodity trade association;
- 16 “(vi) 2 individuals affiliated with an
- 17 environmental or conservation organiza-
- 18 tion;
- 19 “(vii) an individual associated with
- 20 State government who has expertise in
- 21 biobased fuels and biobased products;
- 22 “(viii) an individual with expertise in
- 23 energy and environmental analysis;

1 “(ix) an individual with expertise in
2 the economics of biobased fuels and
3 biobased products;

4 “(x) an individual with expertise in
5 agricultural economics;

6 “(xi) an individual with expertise in
7 agronomy, crop science, or soil science; and

8 “(xii) at the option of the points of
9 contact, other members.

10 “(B) APPOINTMENT.—The members of the
11 Advisory Committee shall be appointed by the
12 points of contact.

13 “(3) DUTIES.—The Advisory Committee
14 shall—

15 “(A) advise the points of contact with re-
16 spect to the Initiative; and

17 “(B) evaluate whether, and make rec-
18 ommendations in writing to the Board to en-
19 sure that—

20 “(i) funds authorized for the Initiative
21 are distributed and used in a manner that
22 is consistent with the objectives, purposes,
23 and considerations of the Initiative;

24 “(ii) solicitations are open and com-
25 petitive with awards made annually and

1 that objectives and evaluation criteria of
2 the solicitations are clearly stated and
3 minimally prescriptive, with no areas of
4 special interest;

5 “(iii) the points of contact are funding
6 proposals under this title that are selected
7 on the basis of merit, as determined by an
8 independent panel of scientific and tech-
9 nical peers predominantly from outside the
10 Departments of Agriculture and Energy;
11 and

12 “(iv) activities under this section are
13 carried out in accordance with this section.

14 “(4) COORDINATION.—To avoid duplication of
15 effort, the Advisory Committee shall coordinate its
16 activities with those of other Federal advisory com-
17 mittees working in related areas.

18 “(5) MEETINGS.—The Advisory Committee
19 shall meet at least quarterly to enable the Advisory
20 Committee to carry out the duties of the Advisory
21 Committee.

22 “(6) TERMS.—Members of the Advisory Com-
23 mittee shall be appointed for a term of 3 years, ex-
24 cept that—

1 “(A) one-third of the members initially ap-
2 pointed shall be appointed for a term of 1 year;
3 and

4 “(B) one-third of the members initially ap-
5 pointed shall be appointed for a term of 2
6 years.

7 “(g) BIOMASS RESEARCH AND DEVELOPMENT INITI-
8 ATIVE.—

9 “(1) IN GENERAL.—The Secretary of Agri-
10 culture and the Secretary of Energy, acting through
11 their respective points of contact and in consultation
12 with the Board, shall establish and carry out a Bio-
13 mass Research and Development Initiative under
14 which competitively awarded grants, contracts, and
15 financial assistance are provided to, or entered into
16 with, eligible entities to carry out research on, and
17 development and demonstration of, biobased fuels
18 and biobased products, and the methods, practices
19 and technologies, for their production.

20 “(2) OBJECTIVES.—The objectives of the Initiative
21 are to develop—

22 “(A) technologies and processes necessary
23 for abundant commercial production of biobased
24 fuels at prices competitive with fossil fuels;

25 “(B) high-value biobased products—

1 “(i) to enhance the economic viability
2 of biobased fuels and power;
3 “(ii) as substitutes for petroleum-
4 based feedstocks and products; and
5 “(iii) to enhance the value of coprod-
6 ucts arise from such technologies and proc-
7 esses; and
8 “(C) a diversity of sustainable domestic
9 sources of biomass for conversion to biobased
10 fuels and biobased products.

11 “(3) PURPOSES.—The purposes of the Initiative
12 are—

13 “(A) to increase the energy security of the
14 United States;
15 “(B) to create jobs and enhance the eco-
16 nomic development of the rural economy;
17 “(C) to enhance the environment and pub-
18 lic health; and
19 “(D) to diversify markets for raw agricul-
20 tural and forestry products.

21 “(4) TECHNICAL AREAS.—To advance the ob-
22 jectives and purposes of the Initiative, the Secretary
23 of Agriculture and the Secretary of Energy, in con-
24 sultation with the Administrator of the Environ-
25 mental Protection Agency and heads of other appro-

1 priate departments and agencies (referred to in this
2 subsection as the ‘Secretaries’), shall direct research,
3 development, and commercial applications toward—

4 “(A) feedstocks and feedstock systems rel-
5 evant to production of raw materials for conver-
6 sion to biobased fuels and biobased products,
7 including—

8 “(i) development of advanced and
9 dedicated crops and other biomass sources
10 with desired features, including enhanced
11 productivity, broader site range, low re-
12 quirements for chemical inputs, and en-
13 hanced processing;

14 “(ii) advanced crop production meth-
15 ods to achieve the features described in
16 clause (i);

17 “(iii) feedstock harvest, handling,
18 transport, and storage;

19 “(iv) strategies for integrating feed-
20 stock production into existing managed
21 land; and

22 “(v) improving the value and quality
23 of coproducts, including materials used for
24 animal feeding;

1 “(B) overcoming recalcitrance of cellulosic
2 biomass through developing technologies for
3 converting cellulosic biomass into intermediates
4 that can subsequently be converted into
5 biobased fuels and biobased products, includ-
6 ing—

7 “(i) pretreatment in combination with
8 enzymatic or microbial hydrolysis;

9 “(ii) thermochemical approaches, in-
10 cluding gasification and pyrolysis; and

11 “(iii) self-processing crops that ex-
12 press enzymes capable of degrading cel-
13 lulosic biomass;

14 “(C) product diversification through tech-
15 nologies relevant to production of a range of
16 biobased products (including chemicals, animal
17 feeds, and cogenerated power) that eventually
18 can increase the feasibility of fuel production in
19 a biorefinery, including—

20 “(i) catalytic processing, including
21 thermochemical fuel production;

22 “(ii) metabolic engineering, enzyme
23 engineering, and fermentation systems for
24 biological production of desired products,
25 coproducts, or cogeneration of power;

1 “(iii) product recovery;

2 “(iv) power production technologies;

3 “(v) integration into existing biomass

4 processing facilities, including starch eth-

5 anol plants, sugar processing or refining

6 plants, paper mills, and power plants; and

7 “(vi) enhancement of products and co-

8 products, including dried distillers grains

9 (including substantially elevated starch

10 content, increased oil content, improved

11 fatty acid profiles, and improved resistance

12 to mold and mycotoxins;

13 “(D) analysis that provides strategic guid-

14 ance for the application of biomass technologies

15 in accordance with realization of improved sus-

16 tainability and environmental quality, cost ef-

17 fectiveness, security, and rural economic devel-

18 opment, usually featuring system-wide ap-

19 proaches;

20 “(E) the improvement and development of

21 analytical tools to facilitate the analysis of life-

22 cycle energy and greenhouse gas emissions, in-

23 cluding emissions related to direct and indirect

24 land use changes, attributable to all potential

1 biofuel feedstocks and production processes;
2 and

3 “(F) the systematic evaluation of the im-
4 pact of expanded biofuel production on the envi-
5 ronment, including forest lands, and on the
6 food supply for humans and animals.

7 “(5) ADDITIONAL CONSIDERATIONS.—Within
8 the technical areas described in paragraph (4), and
9 in addition to advancing the purposes described in
10 paragraph (3) and the objectives described in para-
11 graph (2), the Secretaries shall support research and
12 development—

13 “(A) to create continuously expanding op-
14 portunities for participants in existing biofuels
15 production by seeking synergies and continuity
16 with current technologies and practices, such as
17 improvements in dried distillers grains as a
18 bridge feedstock;

19 “(B) to maximize the environmental, eco-
20 nomic, and social benefits of production of
21 biobased fuels and biobased products on a large
22 scale through life-cycle economic and environ-
23 mental analysis and other means;

24 “(C) to assess the potential of Federal
25 land and land management programs as feed-

1 stock resources for biobased fuels and biobased
2 products, consistent with the integrity of soil
3 and water resources and with other environ-
4 mental considerations; and

5 “(D) to facilitate small-scale production,
6 local, and on-farm use of biofuels, including the
7 development of small-scale gasification tech-
8 nologies for production of biofuel from cellulosic
9 feedstocks.

10 “(6) ELIGIBLE ENTITIES.—To be eligible for a
11 grant, contract, or assistance under this subsection,
12 an applicant shall be—

13 “(A) an institution of higher education;
14 “(B) a National Laboratory;
15 “(C) a Federal research agency;
16 “(D) a State research agency;
17 “(E) a private sector entity;
18 “(F) a nonprofit organization; or
19 “(G) a consortium of two or more entities
20 described in subparagraphs (A) through (F).

21 “(7) ADMINISTRATION.—

22 “(A) IN GENERAL.—After consultation
23 with the Board, the points of contact shall—

24 “(i) publish annually one or more
25 joint requests for proposals for grants,

1 contracts, and assistance under this sub-
2 section;

3 “(ii) require that grants, contracts,
4 and assistance under this section be
5 awarded competitively, on the basis of
6 merit, after the establishment of proce-
7 dures that provide for scientific peer review
8 by an independent panel of scientific and
9 technical peers; and

10 “(iii) give some preference to applica-
11 tions that—

12 “(I) involve a consortia of experts
13 from multiple institutions;

14 “(II) encourage the integration
15 of disciplines and application of the
16 best technical resources; and

17 “(III) increase the geographic di-
18 versity of demonstration projects.

19 “(B) DISTRIBUTION OF FUNDING BY
20 TECHNICAL AREA.—Of the funds authorized to
21 be appropriated for activities described in this
22 subsection, funds shall be distributed for each
23 of fiscal years 2007 through 2012 so as to
24 achieve an approximate distribution of—

1 “(i) 20 percent of the funds to carry
2 out activities for feedstock production
3 under paragraph (4)(A);

4 “(ii) 45 percent of the funds to carry
5 out activities for overcoming recalcitrance
6 of cellulosic biomass under paragraph
7 (4)(B), of which not less than 10 percent
8 shall be used for activities referred to in
9 each clause of paragraph (4)(B);

10 “(iii) 30 percent of the funds to carry
11 out activities for product diversification
12 under paragraph (4)(C); and

13 “(iv) 5 percent of the funds to carry
14 out activities for strategic guidance under
15 paragraph (4)(D).

16 “(C) DISTRIBUTION OF FUNDING WITHIN
17 EACH TECHNICAL AREA.—Within each technical
18 area described in subparagraphs (A) through
19 (C) of paragraph (4), funds shall be distributed
20 for each of fiscal years 2007 through 2012 so
21 as to achieve an approximate distribution of—

22 “(i) 15 percent of the funds for ap-
23 plied fundamentals;

24 “(ii) 35 percent of the funds for inno-
25 vation; and

1 “(iii) 50 percent of the funds for dem-
2 onstration and commercial applications.

3 “(D) MATCHING FUNDS.—

4 “(i) IN GENERAL.—A minimum 20
5 percent funding match shall be required
6 for demonstration projects under this sec-
7 tion.

8 “(ii) COMMERCIAL APPLICATIONS.—A
9 minimum of 50 percent funding match
10 shall be required for commercial applica-
11 tion projects under this section.

12 “(E) TECHNOLOGY AND INFORMATION
13 TRANSFER TO AGRICULTURAL USERS.—The Ad-
14 ministrator of the Cooperative State Research,
15 Education, and Extension Service and the Chief
16 of the Natural Resources Conservation Service
17 shall ensure that applicable research results and
18 technologies from the Initiative are adapted,
19 made available, and disseminated through those
20 services, as appropriate.

21 “(h) ADMINISTRATIVE SUPPORT AND FUNDS.—

22 “(1) IN GENERAL.—To the extent administra-
23 tive support and funds are not provided by other
24 agencies under paragraph (2)(b), the Secretary of
25 Energy and the Secretary of Agriculture may pro-

1 vide such administrative support and funds of the
2 Department of Energy and the Department of Agri-
3 culture to the Board and the Advisory Committee as
4 are necessary to enable the Board and the Advisory
5 Committee to carry out their duties under this sec-
6 tion.

7 “(2) OTHER AGENCIES.—The heads of the
8 agencies referred to in subsection (e)(2)(C), and the
9 other members appointed under subsection
10 (e)(2)(D), may, and are encouraged to, provide ad-
11 ministrative support and funds of their respective
12 agencies to the Board and the Advisory Committee.

13 “(3) LIMITATION.—Not more than 4 percent of
14 the amount appropriated for each fiscal year under
15 subsection (g)(6) may be used to pay the adminis-
16 trative costs of carrying out this section.

17 “(i) REPORTS.—

18 “(1) ANNUAL REPORTS.—For each fiscal year
19 for which funds are made available to carry out this
20 section, the Secretary of Energy and the Secretary
21 of Agriculture shall jointly submit to Congress a de-
22 tailed report on—

23 “(A) the status and progress of the Initia-
24 tive, including a report from the Advisory Com-
25 mittee on whether funds appropriated for the

1 Initiative have been distributed and used in a
2 manner that—

3 “(i) is consistent with the objectives,
4 purposes, and additional considerations de-
5 scribed in paragraphs (2) through (5) of
6 subsection (g);

7 “(ii) uses the set of criteria estab-
8 lished in the initial report submitted under
9 title III of the Agricultural Risk Protection
10 Act of 2000;

11 “(iii) achieves the distribution of
12 funds described in subparagraphs (B) and
13 (C) of subsection (g)(7); and

14 “(iv) takes into account any rec-
15 commendations that have been made by the
16 Advisory Committee;

17 “(B) the general status of cooperation and
18 research and development efforts carried out at
19 each agency with respect to biobased fuels and
20 biobased products, including a report from the
21 Advisory Committee on whether the points of
22 contact are funding proposals that are selected
23 under subsection (g)(3)(B)(iii); and

24 “(C) the plans of the Secretary of Energy
25 and the Secretary of Agriculture for addressing

1 concerns raised in the report, including con-
2 cerns raised by the Advisory Committee.

3 “(2) UPDATES.—The Secretary and the Sec-
4 retary of Energy shall update the Vision and Road-
5 map documents prepared for Federal biomass re-
6 search and development activities.

7 “(3) MANAGEMENT PLAN.—The Secretary shall
8 every five years, in consultation with the Secretary
9 of Energy, submit to Congress a detailed manage-
10 ment plan for the implementation of this section.
11 The management plan shall include—

12 “(A) consideration of the contribution of
13 the section towards achieving the objectives re-
14 ferred to in paragraphs (2) and (3) of sub-
15 section (g) and in achieving the goals of the
16 biomass program of the Department of Energy;

17 “(B) consideration of input solicited from
18 the Advisory Committee, State, and private
19 sources; and

20 “(C) specific and quantifiable near and
21 long-term goals.

22 “(j) FUNDING.—

23 “(1) IN GENERAL.—Of the funds of the Com-
24 modity Credit Corporation, the Secretary of Agri-

1 culture shall make available to carry out this sec-
2 tion—

3 “(A) \$35,000,000 for fiscal year 2008;
4 “(B) \$60,000,000 for fiscal year 2009;
5 “(C) \$75,000,000 for fiscal year 2010;
6 “(D) \$100,000,000 for fiscal year 2011;

7 and

8 “(E) \$150,000,000 for fiscal year 2012.

9 “(2) ADDITIONAL FUNDING.—In addition to
10 amounts transferred under paragraph (1), there are
11 authorized to be appropriated to carry out this sec-
12 tion \$200,000,000 for each of fiscal years 2006
13 through 2015.”.

14 (b) REPEAL.—Title III of the Agricultural Risk Pro-
15 tection Act of 2000 (Public Law 106–224; 7 U.S.C. 8601
16 et seq.) is hereby repealed.

17 (c) MANAGEMENT PLAN SUBMISSION DATE.—The
18 first management plan required to be submitted under sec-
19 tion 9008(i)(3) of the Biomass Research and Development
20 Act of 2000, as added by subsection (a), shall be sub-
21 mitted not later than 180 days after the date of the enact-
22 ment of this Act.

1 **SEC. 504. FOREST BIOENERGY RESEARCH PROGRAM.**

2 Title IX of the Farm Security and Rural Investment
3 Act of 2002 (7 U.S.C. 8101 et seq.) is further amended
4 by adding at the end the following new section:

5 **“SEC. 9013. FOREST BIOENERGY RESEARCH PROGRAM.**

6 “(a) IN GENERAL.—The Secretary of Agriculture,
7 working through the Forest Service, in cooperation with
8 other Federal agencies, land grant colleges and univer-
9 sities, and private entities, shall conduct a competitive re-
10 search and development program to encourage new forest-
11 to-energy technologies. The Secretary may use grants, co-
12 operative agreements, and other methods to partner with
13 cooperating entities on projects that the Secretary deter-
14 mines shall best promote new forest-to-energy tech-
15 nologies.

16 “(b) PRIORITY FOR PROJECT SELECTION.—The Sec-
17 retary shall give priority to projects that—

18 “(1) develop technology and techniques to use
19 low value forest materials, such as byproducts of for-
20 est health treatments and hazardous fuel reduction,
21 for the production of energy;

22 “(2) develop processes for the conversion of cel-
23 lulosic forest materials that integrate production of
24 energy into existing manufacturing steams or in in-
25 tegrated forest biorefineries;

1 “(3) develop new transportation fuels that use
2 forest materials as a feedstock for the production of
3 such fuels; or

4 “(4) improve the of growth and yield of trees
5 for the purpose of renewable energy and other forest
6 product use.

7 “(c) FUNDING.—Of the funds of the Commodity
8 Credit Corporation, the Secretary of Agriculture shall
9 make available to carry out this section—

10 “(1) \$4,000,000 for fiscal year 2008;
11 “(2) \$6,000,000 for fiscal year 2009;
12 “(3) \$7,000,000 for fiscal year 2010;
13 “(4) \$9,000,000 for fiscal year 2011; and
14 “(5) \$10,000,000 for fiscal year 2012.”.

15 **SEC. 505. EARLY ACTION RENEWABLE FUEL MARKETING.**

16 (a) ADMINISTRATION.—Section 211(o)(5) of the
17 Clean Air Act (as amended by by Public Law 110–140)
18 is amended by adding the following new subparagraph at
19 the end thereof:

20 “(E) USE OF EARLY RENEWABLE FUEL
21 CREDITS FOR ADVANCED BIOFUEL.—Any per-
22 son who generates credits for renewable fuel
23 that exceed it annual obligation for renewable
24 fuel and its obligation for renewable fuel during
25 the 12 month period specified in subparagraph

1 (C) may retain such credits and use the credits
2 (on a volume equivalent basis) for the purpose
3 of complying with such person's obligation
4 under paragraph (2) with respect to advanced
5 biofuel in any future year (notwithstanding the
6 12-month limitation referred to in subpara-
7 graph (C)).”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall take effect on January 1, 2009.

10 **TITLE VI—ALTERNATIVE** 11 **VEHICLE FUELS**

12 SEC. 601. CREDIT FOR PLUG-IN HYBRID VEHICLES.

13 (a) IN GENERAL.—Subpart B of part IV of sub-
14 chapter A of chapter 1 of the Internal Revenue Code of
15 1986 (relating to other credits), as amended by this Act,
16 is amended by adding at the end the following new section:

17. "SEC. 30E. PLUG-IN HYBRID VEHICLES.

18 "(a) ALLOWANCE OF CREDIT.—There shall be al-
19 lowed as a credit against the tax imposed by this chapter
20 for the taxable year an amount equal to the cost of any
21 qualified plug-in hybrid vehicle placed in service by the
22 taxpayer during the taxable year.

23 “(b) LIMITATIONS.—

1 “(1) LIMITATION PER VEHICLE.—The amount
2 of the credit allowed under subsection (a) for any ve-
3 hicle shall not exceed the sum of—

4 “(A) \$4,000 in the case of a plug-in elec-
5 tric drive vehicle with 4kWh traction battery,
6 and

7 “(B) \$250 for each additional kWh of
8 traction battery capacity of such vehicle as ex-
9 ceeds 4 kWh but does not exceed 50 kWh.

10 “(2) APPLICATION WITH OTHER CREDITS.—

11 “(A) BUSINESS CREDIT TREATED AS PART
12 OF GENERAL BUSINESS CREDIT.—So much of
13 the credit which would be allowed under sub-
14 section (a) for any taxable year (determined
15 without regard to this paragraph) that is attrib-
16 utable to property of a character subject to an
17 allowance for depreciation shall be treated as a
18 credit listed in section 38(b) for such taxable
19 year (and not allowed under subsection (a)).

20 “(B) PERSONAL CREDITS.—The credit al-
21 lowed by subsection (a) for any taxable year
22 shall not exceed the excess (if any) of—

23 “(i) the sum of the regular tax liabil-
24 ity (as defined in section 26(b)) plus the
25 tax imposed by section 55, over

1 “(ii) the sum of the credits allowable
2 under subpart A and subpart B (other
3 than this section).

4 “(c) QUALIFIED PLUG-IN HYBRID VEHICLE.—For
5 purposes of this section—

6 “(1) IN GENERAL.—The term ‘qualified plug-in
7 hybrid vehicle’ means a motor vehicle (as defined in
8 section 30(c)(2))—

9 “(A) the original use of which commences
10 with the taxpayer,

11 “(B) which is acquired for use or lease by
12 the taxpayer and not for resale,

13 “(C) which is made by a manufacturer,

14 “(D) which has received a certificate of
15 conformity under the Clean Air Act, and

16 “(E) which has not less than 2 onboard
17 sources of stored energy, different in character
18 from each other, from which to draw propulsion
19 energy, where—

20 “(i) at least 1 of such sources is ener-
21 gized by plugging into an external source
22 of electric power, and

23 “(ii) at least 1 of such sources is ener-
24 gized from an internal combustion engine,

1 fuel cell, or other means, and such
2 source—

3 “(I) is utilized to provide me-
4 chanical propulsion to the vehicle, or

5 “(II) is used to recharge the bat-
6 tery as an on-board recharging system
7 that is used to maintain charge to the
8 battery.

9 “(2) EXCEPTION.—The term ‘qualified plug-in
10 hybrid vehicle’ shall not include any vehicle which is
11 not a passenger automobile or light truck if such ve-
12 hicle has a gross vehicle weight rating of less than
13 8,500 pounds.

14 “(3) OTHER TERMS.—The terms “automobile”,
15 “passenger automobile”, “light truck”, and “manu-
16 facturer” have the meanings given such terms in
17 regulations prescribed by the Administrator of the
18 Environmental Protection Agency for purposes of
19 the administration of title II of the Clean Air Act
20 (42 U.S.C. 7521 et seq.).

21 “(4) Kwh TRACTION BATTERY CAPACITY.—The
22 term ‘kWh traction battery capacity’ means the size
23 of an electro chemical storage device, expressed in
24 kWh, as measured from a 100 percent state of
25 charge to 0 percent state of charge.

1 “(d) SPECIAL RULES.—

2 “(1) BASIS REDUCTION.—The basis of any
3 property for which a credit is allowable under sub-
4 section (a) shall be reduced by the amount of such
5 credit (determined without regard to subsection
6 (b)(2)).

7 “(2) RECAPTURE.—The Secretary shall, by reg-
8 ulations, provide for recapturing the benefit of any
9 credit allowable under subsection (a) with respect to
10 any property which ceases to be property eligible for
11 such credit.

12 “(3) PROPERTY USED OUTSIDE UNITED
13 STATES, ETC., NOT QUALIFIED.—No credit shall be
14 allowed under subsection (a) with respect to any
15 property referred to in section 50(b) or with respect
16 to the portion of the cost of any property taken into
17 account under section 179.

18 “(4) DENIAL OF DOUBLE BENEFIT.—No credit
19 shall be allowed under this section with respect to a
20 vehicle if a credit or deduction is allowed with re-
21 spect to such vehicle under any other provision of
22 this title.

23 “(5) ELECTION NOT TO TAKE CREDIT.—No
24 credit shall be allowed under subsection (a) for any

1 vehicle if the taxpayer elects to not have this section
2 apply to such vehicle.

3 “(6) PROPERTY USED BY TAX-EXEMPT ENTITY;
4 INTERACTION WITH AIR QUALITY AND MOTOR VEHI-
5 CLE SAFETY STANDARDS.—Rules similar to the rules
6 of paragraphs (6) and (10) of section 30B(h) shall
7 apply for purposes of this section.

8 “(e) TERMINATION.—This section shall not apply to
9 any property placed in service after December 31, 2014.”.

10 (b) PLUG-IN HYBRID VEHICLES NOT COUNTED To-
11 WARD LIMITATION ON NUMBER OF NEW QUALIFIED HY-
12 BRID VEHICLES ELIGIBLE FOR 30B CREDIT.—Section
13 30B(f)(5) of such Code (defining qualified vehicle) is
14 amended by adding at the end the following new sentence:
15 “Such term shall not include a qualified plug-in hybrid
16 vehicle (as defined in section 30E(c)).”.

17 (c) CREDIT MADE PART OF GENERAL BUSINESS
18 CREDIT.—Section 38(b) of such Code, as amended by this
19 Act, is amended by striking “and” at the end of paragraph
20 (31), by striking the period at the end of paragraph (32)
21 and inserting “, plus”, and by adding at the end the fol-
22 lowing new paragraph:

23 “(33) the portion of the plug-in hybrid vehicle
24 credit to which section 30E(b)(2)(A) applies.”.

1 (d) CONFORMING AMENDMENT.—Section 6501(m) of
2 such Code is amended by inserting “30E(d)(5),” after
3 “30D(e)(5),”.

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2007.

7 **SEC. 602. USE OF CREDITS.**

8 Section 312(b) of the Energy Policy Act of 1992 (42
9 U.S.C. 13220(b)) is amended—

10 (1) by striking “(b) USE OF CREDITS.—” and
11 all that follows through “At the request” and insert-
12 ing “(b) USE OF CREDITS.—At the request”; and

13 (2) by striking paragraph (2).

14 **TITLE VII—OFFSHORE OIL AND
15 GAS LEASING**

16 **SEC. 701. TERMINATION OF PROHIBITIONS ON EXPENDI-
17 TURES FOR, AND WITHDRAWALS FROM, OFF-
18 SHORE LEASING.**

19 (a) PROHIBITIONS ON EXPENDITURES.—All provi-
20 sions of Federal law that prohibit the expenditure of ap-
21 propriated funds to conduct oil or natural gas leasing and
22 preleasing activities for any area of the Outer Continental
23 Shelf shall have no force or effect with respect to such
24 activities.

1 (b) REVOCATION WITHDRAWALS.—All withdrawals
2 of Federal submerged lands of the Outer Continental Shelf
3 from leasing, including withdrawals by the President
4 under the authority of section 12(a) of the Outer Conti-
5 nental Shelf Lands Act (43 U.S.C. 1341(a)), are hereby
6 revoked and are no longer in effect with respect to the
7 leasing of areas for exploration for, and development and
8 production of, oil and natural gas.

9 SEC. 702. OUTER CONTINENTAL SHELF LEASING PROGRAM.

10 The Outer Continental Shelf Lands Act (43 U.S.C.
11 1331 et seq.) is amended by inserting after section 9 the
12 following:

16 "(a) BUFFER ZONE.—The Secretary may not grant
17 any oil or natural gas lease for any area of the outer Con-
18 tinental Shelf that is located within 25 miles of the coast-
19 line of a State.

20 "(b) STATE APPROVAL REQUIREMENT.—

21 “(1) IN GENERAL.—The Secretary may not
22 issue any lease authorizing exploration for, or devel-
23 opment of, natural gas in any area of the outer Con-
24 tinental Shelf that is located within 50 miles of the
25 coastline of a State unless the State has enacted a

1 law approving of the issuance of such leases by the
2 Secretary.

3 “(2) STATE APPROVAL PERMANENT.—Repeal of
4 such a law by a State shall have no effect for pur-
5 poses of paragraph (1).

6 “(c) STATE DISAPPROVAL AUTHORITY.—

7 “(1) IN GENERAL.—The Secretary may not
8 issue any lease authorizing exploration for, or devel-
9 opment of, oil or natural gas in any area of the
10 outer Continental Shelf that is located more than 50
11 miles and less than 100 miles from the coastline of
12 a State if the State has enacted a law disapproving
13 of the issuance of such leases by the Secretary.

14 “(2) REQUIREMENTS FOR STATE LAW.—A law
15 enacted by a State for purposes of paragraph (1)—

16 “(A) shall have no force or effect for pur-
17 poses of paragraph (1) unless first enacted by
18 the State within the one-year period beginning
19 on the date of the enactment of the National
20 Environment and Energy Development Act; and

21 “(B) shall have no force or effect for pur-
22 poses of paragraph (1) after the end of the 2-
23 year period beginning on the date it first takes
24 effect, unless the State, in the 2-year period
25 preceding the application of the law for pur-

1 poses of paragraph (1), enacted legislation ex-
2 tending the effectiveness of the law.”.

3 SEC. 703. SHARING OF REVENUES.

4 (a) IN GENERAL.—Section 8(g) of the Outer Conti-
5 nental Shelf Lands Act (43 U.S.C. 1337(g)) is amended—

6 (1) in paragraph (2) by striking “Notwith-
7 standing” and inserting “Except as provided in
8 paragraph (6), and notwithstanding”;

9 (2) by redesignating paragraphs (6) and (7) as
10 paragraphs (8) and (9); and

11 (3) by inserting after paragraph (5) the fol-
12 lowing:

13 “(6) BONUS BIDS AND ROYALTIES UNDER
14 QUALIFIED OIL AND GAS LEASES.—

15 “(A) NEW OIL AND GAS LEASES.—Of
16 amounts received by the United States as bonus
17 bids and royalties under any qualified oil or gas
18 lease on submerged lands that are located with-
19 in the seaward boundaries of a State estab-
20 lished under section 4(a)(2)(A)—

1 Fund established by section 9511 of the
2 Internal Revenue Code of 1986.

3 “(B) LEASED TRACT THAT LIES PAR-
4 TIALLY WITHIN THE SEAWARD BOUNDARIES OF
5 A STATE.—In the case of a leased tract that lies
6 partially within the seaward boundaries of a
7 State, the amounts of bonus bids and royalties
8 from such tract that are subject to subpara-
9 graph (A) with respect to such State shall be a
10 percentage of the total amounts of bonus bids
11 and royalties from such tract that is equivalent
12 to the total percentage of surface acreage of the
13 tract that lies within such seaward boundaries.

14 “(C) USE OF PAYMENTS TO STATES.—
15 Amounts paid to a State under subparagraph
16 (A)(ii) shall be used by the State for one or
17 more of the following:

18 “(i) Education.
19 “(ii) Transportation.
20 “(iii) Reducing taxes.
21 “(iv) Coastal and environmental res-
22 toration.
23 “(v) Energy infrastructure and
24 projects.

1 “(vi) State seismic monitoring pro-
2 grams.

3 “(vii) Alternative energy development.

4 “(viii) Energy efficiency and conserva-
5 tion.

6 “(ix) Hurricane and natural disaster
7 insurance programs.

8 “(x) Any other purpose determined by
9 State law.

10 “(D) DEFINITIONS.—In this paragraph:

11 “(i) ADJACENT STATE.—The term
12 ‘adjacent State’ means, with respect to any
13 program, plan, lease sale, leased tract or
14 other activity, proposed, conducted, or ap-
15 proved pursuant to the provisions of this
16 Act, any State the laws of which are de-
17 clared, pursuant to section 4(a)(2), to be
18 the law of the United States for the por-
19 tion of the outer Continental Shelf on
20 which such program, plan, lease sale,
21 leased tract, or activity appertains or is, or
22 is proposed to be, conducted.

23 “(ii) ADJACENT ZONE.—The term
24 ‘adjacent zone’ means, with respect to any
25 program, plan, lease sale, leased tract, or

1 other activity, proposed, conducted, or ap-
2 proved pursuant to the provisions of this
3 Act, the portion of the outer Continental
4 Shelf for which the laws of a particular ad-
5 jacent State are declared, pursuant to sec-
6 tion 4(a)(2), to be the law of the United
7 States.

1 “(E) APPLICATION.—This paragraph shall
2 apply to bonus bids and royalties received by
3 the United States after September 30, 2007.

4 “(7) MAINTENANCE OF EFFORT BY STATES.—
5 The Secretary of the Interior shall ensure that fi-
6 nancial assistance provided to a State for any pur-
7 pose with amounts made available under this sub-
8 section supplement, and do not replace, the amounts
9 expended by the State for that purpose before the
10 date of the enactment of this paragraph.”.

11 (b) ESTABLISHMENT OF STATE SEAWARD BOUND-
12 ARIES.—Section 4(a)(2)(A) of the Outer Continental Shelf
13 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the
14 first sentence by striking “, and the President” and all
15 that follows through the end of the sentence and inserting
16 the following: “. Such extended lines are deemed to be as
17 indicated on the maps for each Outer Continental Shelf
18 region entitled ‘Alaska OCS Region State Adjacent Zone
19 and OCS Planning Areas’, ‘Pacific OCS Region State Ad-
20 jacent Zones and OCS Planning Areas’, ‘Gulf of Mexico
21 OCS Region State Adjacent Zones and OCS Planning
22 Areas’, and ‘Atlantic OCS Region State Adjacent Zones
23 and OCS Planning Areas’, all of which are dated Sep-
24 tember 2005 and on file in the Office of the Director, Min-
25 erals Management Service. The preceding sentence shall

1 not apply with respect to the treatment under section 105
2 of the Gulf of Mexico Energy Security Act of 2006 (title
3 I of division C of Public Law 109–432) of qualified outer
4 Continental Shelf revenues deposited and disbursed under
5 subsection (a)(2) of that section.”.

6 **TITLE VIII—INCREASING NU-**
7 **CLEAR GENERATED ELEC-**
8 **TRIC ENERGY**

9 **SEC. 801. INCREASING NUCLEAR GENERATED ELECTRIC**
10 **ENERGY.**

11 Notwithstanding any other provision of law, the
12 President is authorized to take such steps as are necessary
13 to increase the share of electricity generated from nuclear
14 power to 40 percent of the total domestic generation by
15 the year 2050.

○