

1 (b) STUDY.—The Secretary of the Treasury, or the  
 2 Secretary’s delegate, shall conduct a study of the effects  
 3 of the amendment made by subsection (a). Not later than  
 4 1 year after the date of the enactment of this Act, the  
 5 Secretary of the Treasury, or the Secretary’s delegate,  
 6 shall report to Congress on the results of the studies con-  
 7 ducted under this paragraph, including the Secretary’s  
 8 recommendations regarding such amendment.

9 (c) EFFECTIVE DATE.—The amendment made by  
 10 subsection (a) shall apply to obligations issued after the  
 11 date of the enactment of this Act.

12 **PART 5—REPEAL OF WITHHOLDING TAX ON**  
 13 **GOVERNMENT CONTRACTORS**

14 **SEC. 1541. REPEAL OF WITHHOLDING TAX ON GOVERN-**  
 15 **MENT CONTRACTORS.**

16 Section 3402 is amended by striking subsection (t).

17 **Subtitle G—Energy Incentives**

18 **PART 1—RENEWABLE ENERGY INCENTIVES**

19 **SEC. 1601. EXTENSION OF CREDIT FOR ELECTRICITY PRO-**  
 20 **DUCED FROM CERTAIN RENEWABLE RE-**  
 21 **SOURCES.**

22 (a) IN GENERAL.—Subsection (d) of section 45 is  
 23 amended—

24 (1) by striking “2010” in paragraph (1) and in-  
 25 serting “2013”,

1           (2) by striking “2011” each place it appears in  
2           paragraphs (2), (3), (4), (6), (7) and (9) and insert-  
3           ing “2014”, and

4           (3) by striking “2012” in paragraph (11)(B)  
5           and inserting “2014”.

6           (b) TECHNICAL AMENDMENT.—Paragraph (5) of  
7           section 45(d) is amended by striking “and before” and  
8           all that follows and inserting “ and before October 3,  
9           2008.”.

10          (c) EFFECTIVE DATE.—

11           (1) IN GENERAL.—The amendments made by  
12           subsection (a) shall apply to property placed in serv-  
13           ice after the date of the enactment of this Act.

14           (2) TECHNICAL AMENDMENT.—The amendment  
15           made by subsection (b) shall take effect as if in-  
16           cluded in section 102 of the Energy Improvement  
17           and Extension Act of 2008.

18   **SEC. 1602. ELECTION OF INVESTMENT CREDIT IN LIEU OF**  
19                           **PRODUCTION CREDIT.**

20           (a) IN GENERAL.—Subsection (a) of section 48 is  
21           amended by adding at the end the following new para-  
22           graph:

23                   “(5) ELECTION TO TREAT QUALIFIED FACILI-  
24           TIES AS ENERGY PROPERTY.—

1           “(A) IN GENERAL.—In the case of any  
2 qualified investment credit facility placed in  
3 service in 2009 or 2010—

4           “(i) such facility shall be treated as  
5 energy property for purposes of this sec-  
6 tion, and

7           “(ii) the energy percentage with re-  
8 spect to such property shall be 30 percent.

9           “(B) DENIAL OF PRODUCTION CREDIT.—  
10 No credit shall be allowed under section 45 for  
11 any taxable year with respect to any qualified  
12 investment credit facility.

13           “(C) QUALIFIED INVESTMENT CREDIT FA-  
14 CILITY.—For purposes of this paragraph, the  
15 term ‘qualified investment credit facility’ means  
16 any facility described in paragraph (1), (2), (3),  
17 (4), (6), (7), (9), or (11) of section 45(d) if no  
18 credit has been allowed under section 45 with  
19 respect to such facility and the taxpayer makes  
20 an irrevocable election to have this paragraph  
21 apply to such facility.”.

22           (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to facilities placed in service after  
24 December 31, 2008.

1 **SEC. 1603. REPEAL OF CERTAIN LIMITATIONS ON CREDIT**  
2 **FOR RENEWABLE ENERGY PROPERTY.**

3 (a) REPEAL OF LIMITATION ON CREDIT FOR QUALI-  
4 FIED SMALL WIND ENERGY PROPERTY.—Paragraph (4)  
5 of section 48(c) is amended by striking subparagraph (B)  
6 and by redesignating subparagraphs (C) and (D) as sub-  
7 paragraphs (B) and (C).

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

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

12 (2) CONFORMING AMENDMENTS.—

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

15 (B) Section 25D(e) is amended by striking  
16 paragraph (9).

17 (c) EFFECTIVE DATE.—

18 (1) IN GENERAL.—Except as provided in para-  
19 graph (2),the amendment made by this section shall  
20 apply to periods after December 31, 2008, under  
21 rules similar to the rules of section 48(m) of the In-  
22 ternal Revenue Code of 1986 (as in effect on the day  
23 before the date of the enactment of the Revenue  
24 Reconciliation Act of 1990).

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

4 **SEC. 1604. COORDINATION WITH RENEWABLE ENERGY**  
5           **GRANTS.**

6           Section 48 is amended by adding at the end the fol-  
7           lowing new subsection:

8           “(d) COORDINATION WITH DEPARTMENT OF EN-  
9           ERGY GRANTS.—In the case of any property with respect  
10          to which the Secretary of Energy makes a grant under  
11          section 1721 of the American Recovery and Reinvestment  
12          Tax Act of 2009—

13                 “(1) DENIAL OF PRODUCTION AND INVEST-  
14                 MENT CREDITS.—No credit shall be determined  
15                 under this section or section 45 with respect to such  
16                 property for the taxable year in which such grant is  
17                 made or any subsequent taxable year.

18                 “(2) RECAPTURE OF CREDITS FOR PROGRESS  
19                 EXPENDITURES MADE BEFORE GRANT.—If a credit  
20                 was determined under this section with respect to  
21                 such property for any taxable year ending before  
22                 such grant is made—

23                         “(A) the tax imposed under subtitle A on  
24                         the taxpayer for the taxable year in which such

1 grant is made shall be increased by so much of  
2 such credit as was allowed under section 38,

3 “(B) the general business carryforwards  
4 under section 39 shall be adjusted so as to re-  
5 capture the portion of such credit which was  
6 not so allowed, and

7 “(C) the amount of such grant shall be de-  
8 termined without regard to any reduction in the  
9 basis of such property by reason of such credit.

10 “(3) TREATMENT OF GRANTS.—Any such grant  
11 shall—

12 “(A) not be includible in the gross income  
13 of the taxpayer, but

14 “(B) shall be taken into account in deter-  
15 mining the basis of the property to which such  
16 grant relates, except that the basis of such  
17 property shall be reduced under section 50(c) in  
18 the same manner as a credit allowed under sub-  
19 section (a).”.

1 **PART 2—INCREASED ALLOCATIONS OF NEW**  
2 **CLEAN RENEWABLE ENERGY BONDS AND**  
3 **QUALIFIED ENERGY CONSERVATION BONDS**

4 **SEC. 1611. INCREASED LIMITATION ON ISSUANCE OF NEW**  
5 **CLEAN RENEWABLE ENERGY BONDS.**

6 Subsection (c) of section 54C is amended by adding  
7 at the end the following new paragraph:

8 “(4) **ADDITIONAL LIMITATION.**—The national  
9 new clean renewable energy bond limitation shall be  
10 increased by \$1,600,000,000. Such increase shall be  
11 allocated by the Secretary consistent with the rules  
12 of paragraphs (2) and (3).”.

13 **SEC. 1612. INCREASED LIMITATION AND EXPANSION OF**  
14 **QUALIFIED ENERGY CONSERVATION BONDS.**

15 (a) **INCREASED LIMITATION.**—Subsection (e) of sec-  
16 tion 54D is amended by adding at the end the following  
17 new paragraph:

18 “(4) **ADDITIONAL LIMITATION.**—The national  
19 qualified energy conservation bond limitation shall  
20 be increased by \$2,400,000,000. Such increase shall  
21 be allocated by the Secretary consistent with the  
22 rules of paragraphs (1), (2), and (3).”.

23 (b) **LOANS AND GRANTS TO IMPLEMENT GREEN**  
24 **COMMUNITY PROGRAMS.**—

25 (1) **IN GENERAL.**—Subparagraph (A) of section  
26 54D(f)(1) is amended by inserting “(or loans or

1 grants for capital expenditures to implement any  
2 green community program)” after “Capital expendi-  
3 tures”.

4 (2) BONDS TO IMPLEMENT GREEN COMMUNITY  
5 PROGRAMS NOT TREATED AS PRIVATE ACTIVITY  
6 BONDS FOR PURPOSES OF LIMITATIONS ON QUALI-  
7 FIED ENERGY CONSERVATION BONDS.—Subsection  
8 (e) of section 54D is amended by adding at the end  
9 the following new paragraph:

10 “(4) BONDS TO IMPLEMENT GREEN COMMU-  
11 NITY PROGRAMS NOT TREATED AS PRIVATE ACTIV-  
12 ITY BONDS.—For purposes of paragraph (3) and  
13 subsection (f)(2), a bond shall not be treated as a  
14 private activity bond solely because proceeds of the  
15 issue of which such bond is a part are to be used  
16 for loans or grants for capital expenditures to imple-  
17 ment any green community program.”.

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



1     **PART 3—ENERGY CONSERVATION INCENTIVES**  
2     **SEC. 1621. EXTENSION AND MODIFICATION OF CREDIT FOR**  
3                     **NONBUSINESS ENERGY PROPERTY.**

4             (a) IN GENERAL.—Section 25C is amended by strik-  
5 ing subsections (a) and (b) and inserting the following new  
6 subsections:

7             “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
8 dividual, there shall be allowed as a credit against the tax  
9 imposed by this chapter for the taxable year an amount  
10 equal to 30 percent of the sum of—

11                 “(1) the amount paid or incurred by the tax-  
12 payer during such taxable year for qualified energy  
13 efficiency improvements, and

14                 “(2) the amount of the residential energy prop-  
15 erty expenditures paid or incurred by the taxpayer  
16 during such taxable year.

17             “(b) LIMITATION.—The aggregate amount of the  
18 credits allowed under this section for taxable years begin-  
19 ning in 2009 and 2010 with respect to any taxpayer shall  
20 not exceed \$1,500.”.

21             (b) EXTENSION.—Section 25C(g)(2) is amended by  
22 striking “December 31, 2009” and inserting “December  
23 31, 2010”.

24             (c) EFFECTIVE DATE.—The amendments made by  
25 this section shall apply to taxable years beginning after  
26 December 31, 2008.

1 **SEC. 1622. MODIFICATION OF CREDIT FOR RESIDENTIAL**  
2 **ENERGY EFFICIENT PROPERTY.**

3 (a) **REMOVAL OF CREDIT LIMITATION FOR PROP-**  
4 **ERTY PLACED IN SERVICE.—**

5 (1) **IN GENERAL.—**Paragraph (1) of section  
6 25D(b) is amended to read as follows:

7 “(1) **MAXIMUM CREDIT FOR FUEL CELLS.—**In  
8 the case of any qualified fuel cell property expendi-  
9 ture, the credit allowed under subsection (a) (deter-  
10 mined without regard to subsection (c)) for any tax-  
11 able year shall not exceed \$500 with respect to each  
12 half kilowatt of capacity of the qualified fuel cell  
13 property (as defined in section 48(c)(1)) to which  
14 such expenditure relates.”.

15 (2) **CONFORMING AMENDMENT.—**Paragraph (4)  
16 of section 25D(e) is amended—

17 (A) by striking all that precedes subpara-  
18 graph (B) and inserting the following:

19 “(4) **FUEL CELL EXPENDITURE LIMITATIONS**  
20 **IN CASE OF JOINT OCCUPANCY.—**In the case of any  
21 dwelling unit with respect to which qualified fuel cell  
22 property expenditures are made and which is jointly  
23 occupied and used during any calendar year as a  
24 residence by two or more individuals the following  
25 rules shall apply:

1           “(A) MAXIMUM EXPENDITURES FOR FUEL  
2           CELLS.—The maximum amount of such ex-  
3           penditures which may be taken into account  
4           under subsection (a) by all such individuals  
5           with respect to such dwelling unit during such  
6           calendar year shall be \$1,667 in the case of  
7           each half kilowatt of capacity of qualified fuel  
8           cell property (as defined in section 48(c)(1))  
9           with respect to which such expenditures re-  
10          late.”, and

11                       (B) by striking subparagraph (C).

12          (b) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2008.

15 **SEC. 1623. TEMPORARY INCREASE IN CREDIT FOR ALTER-**  
16                       **NATIVE FUEL VEHICLE REFUELING PROP-**  
17                       **ERTY.**

18          (a) IN GENERAL.—Section 30C(e) is amended by  
19 adding at the end the following new paragraph:

20                       “(6) SPECIAL RULE FOR PROPERTY PLACED IN  
21           SERVICE DURING 2009 AND 2010.—In the case of  
22           property placed in service in taxable years beginning  
23           after December 31, 2008, and before January 1,  
24           2011—

1           “(A) in the case of any such property  
2           which does not relate to hydrogen—

3                   “(i) subsection (a) shall be applied by  
4                   substituting ‘50 percent’ for ‘30 percent’,

5                   “(ii) subsection (b)(1) shall be applied  
6                   by substituting ‘\$50,000’ for ‘\$30,000’,  
7                   and

8                   “(iii) subsection (b)(2) shall be ap-  
9                   plied by substituting ‘\$2,000’ for ‘\$1,000’,  
10                  and

11           “(B) in the case of any such property  
12           which relates to hydrogen, subsection (b) shall  
13           be applied by substituting ‘\$200,000’ for  
14           ‘\$30,000’.”.

15           (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2008.

## 18           **PART 4—ENERGY RESEARCH INCENTIVES**

### 19           **SEC. 1631. INCREASED RESEARCH CREDIT FOR ENERGY RE-** 20           **SEARCH.**

21           (a) IN GENERAL.—Section 41 is amended by redesi-  
22           gnating subsection (h) as subsection (i) and by inserting  
23           after subsection (g) the following new subsection:

24                   “(h) ENERGY RESEARCH CREDIT.—In the case of  
25           any taxable year beginning in 2009 or 2010—

1           “(1) IN GENERAL.—The credit determined  
2           under subsection (a)(1) shall be increased by 20 per-  
3           cent of the qualified energy research expenses for  
4           the taxable year.

5           “(2) QUALIFIED ENERGY RESEARCH EX-  
6           PENSES.—For purposes of this subsection, the term  
7           ‘qualified energy research expenses’ means so much  
8           of the taxpayer’s qualified research expenses as are  
9           related to the fields of fuel cells and battery tech-  
10          nology, renewable energy, energy conservation tech-  
11          nology, efficient transmission and distribution of  
12          electricity, and carbon capture and sequestration.

13          “(3) COORDINATION WITH OTHER RESEARCH  
14          CREDITS.—

15                 “(A) INCREMENTAL CREDIT.—The amount  
16                 of qualified energy research expenses taken into  
17                 account under subsection (a)(1)(A) shall not ex-  
18                 ceed the base amount.

19                 “(B) ALTERNATIVE SIMPLIFIED CREDIT.—  
20                 For purposes of subsection (c)(5), the amount  
21                 of qualified energy research expenses taken into  
22                 account for the taxable year for which the cred-  
23                 it is being determined shall not exceed—

24                         “(i) in the case of subsection  
25                         (c)(5)(A), 50 percent of the average quali-

1           fied research expenses for the 3 taxable  
2           years preceding the taxable year for which  
3           the credit is being determined, and

4                   “(ii) in the case of subsection  
5                   (c)(5)(B)(ii), zero.

6                   “(C) BASIC RESEARCH AND ENERGY RE-  
7           SEARCH CONSORTIUM PAYMENTS.—Any amount  
8           taken into account under paragraph (1) shall  
9           not be taken into account under paragraph (2)  
10          or (3) of subsection (a).”.

11          (b) CONFORMING AMENDMENT.—Subparagraph (B)  
12          of section 41(i)(1)(B), as redesignated by subsection (a),  
13          is amended by inserting “(in the case of the increase in  
14          the credit determined under subsection (h), December 31,  
15          2010)” after “December 31, 2009”.

16          (c) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply to taxable years beginning after  
18          December 31, 2008.